

The Growing Threat of Long-Term Care Fraud



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Presenters:



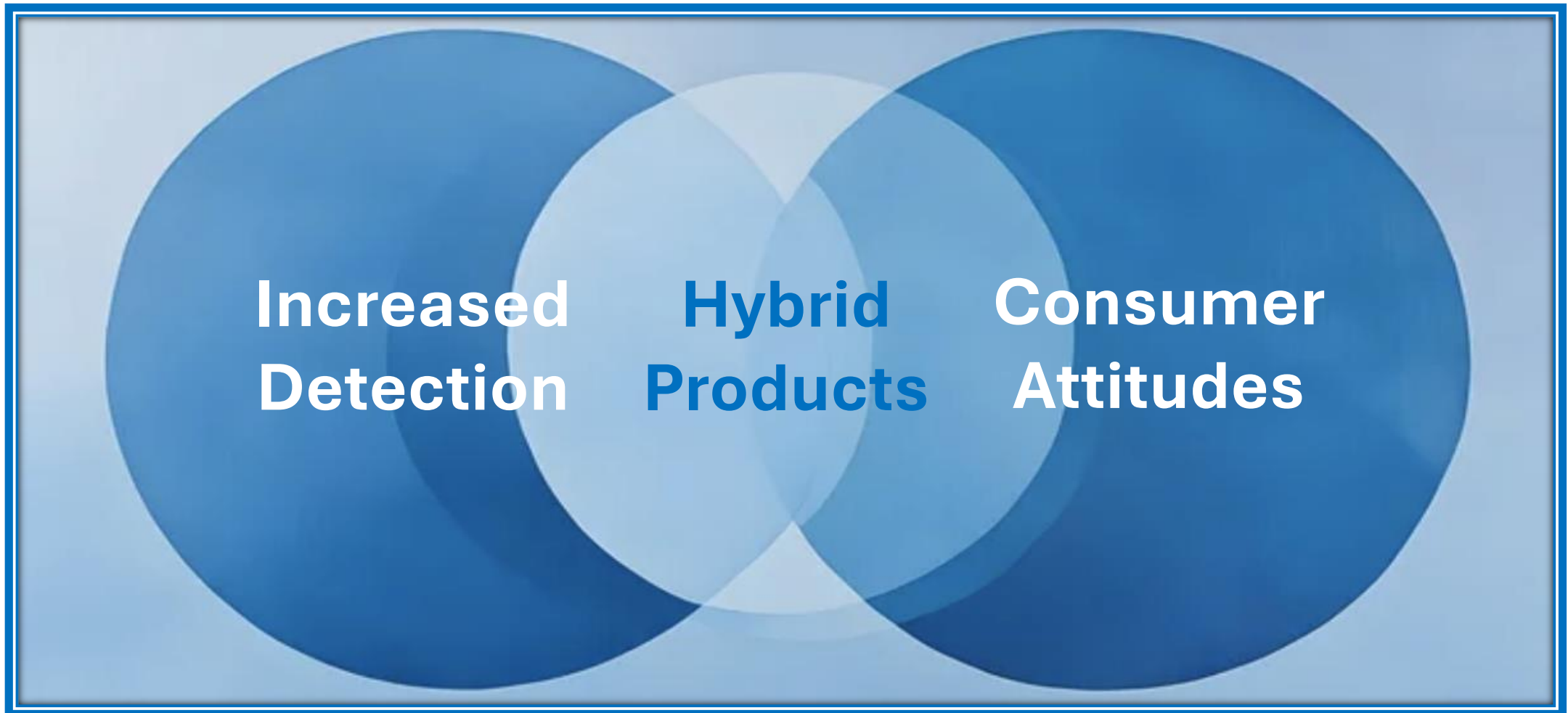
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The Growing Concern Over LTC Fraud



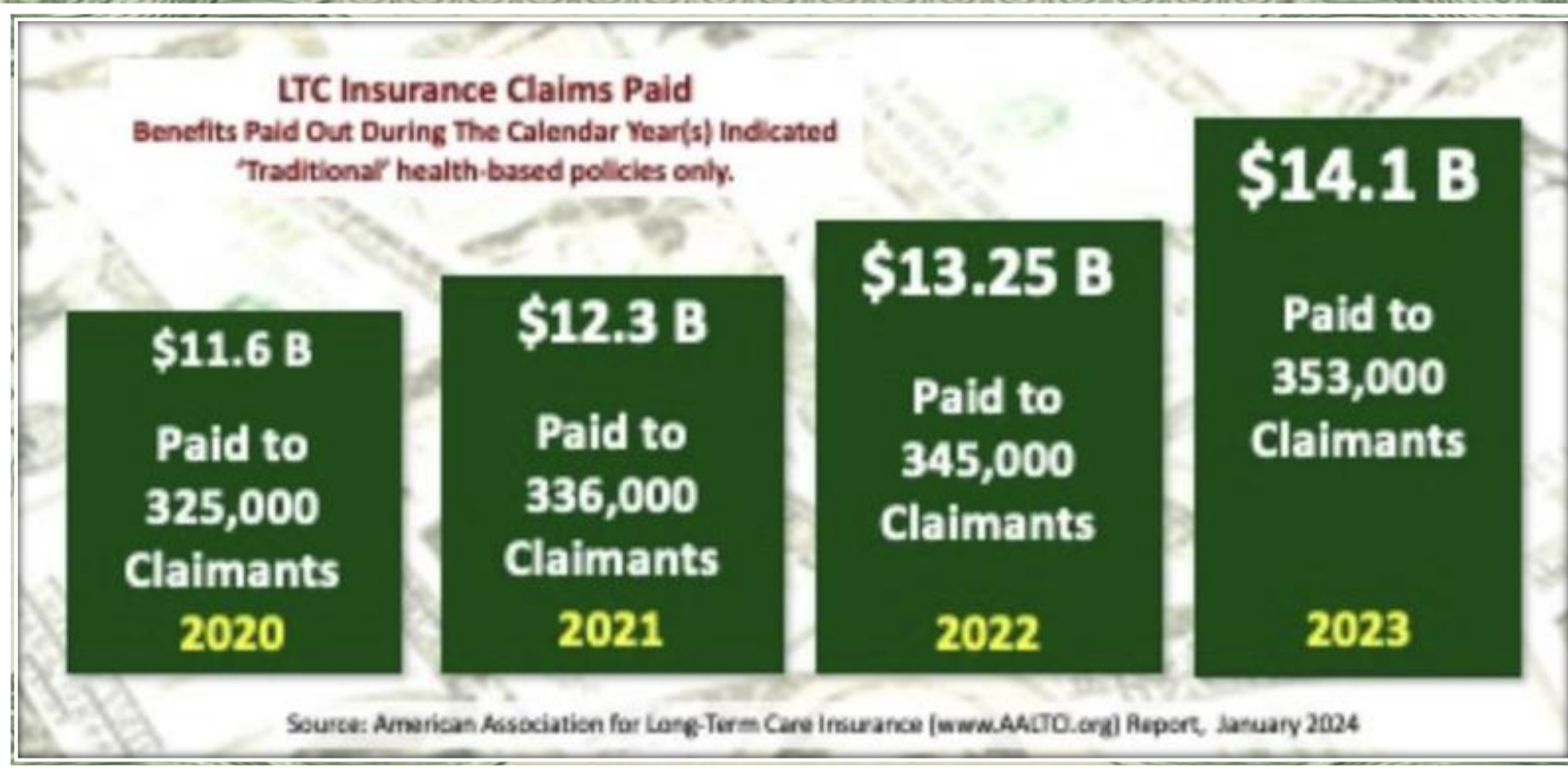
The Scope of The Problem



Aging Population =
Increased Utilization
of LTC Insurance



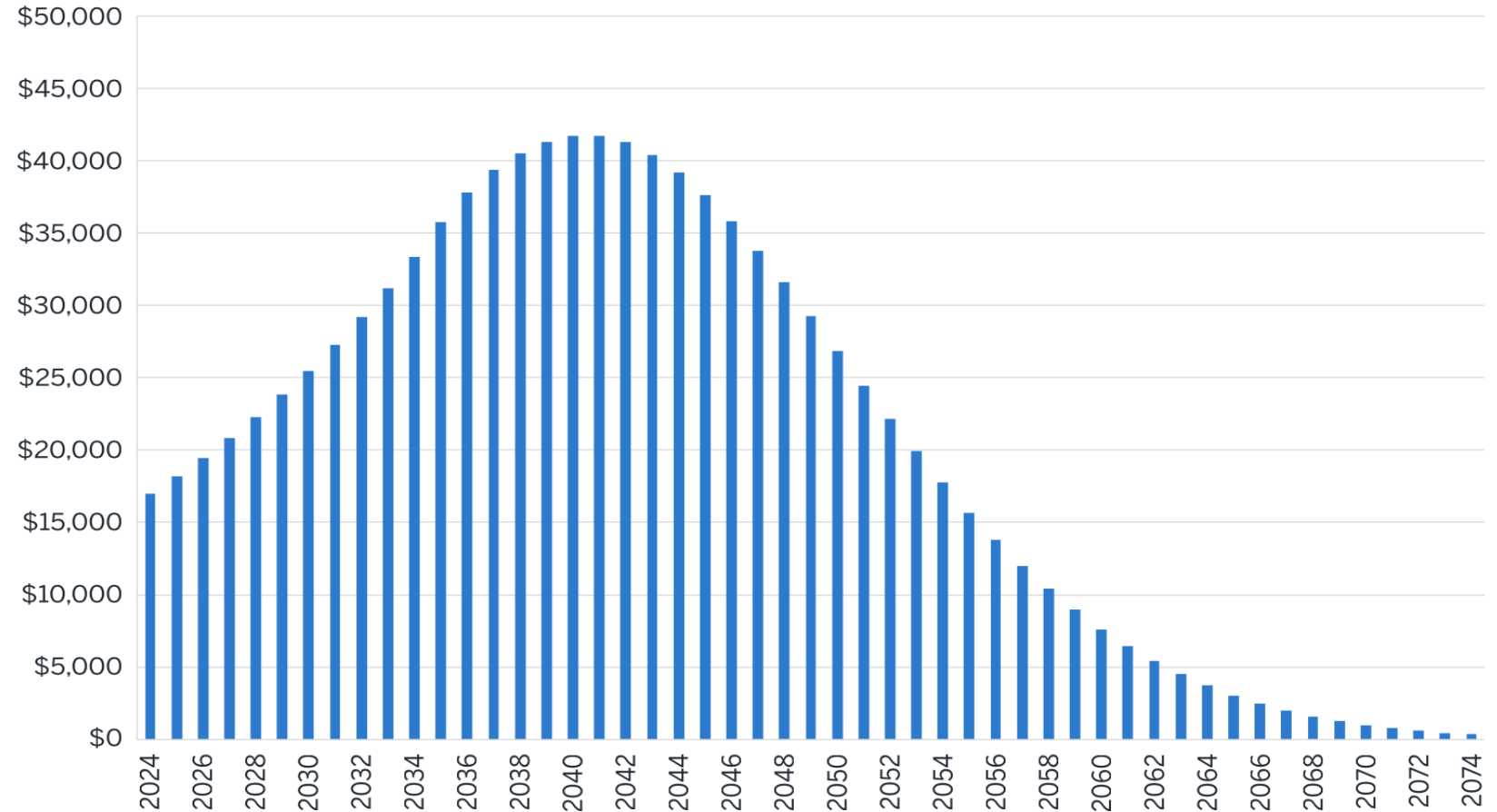
Past LTC Payments



Future LTC Payment Projections



Figure 1: Expected future U.S. LTCI paid claims (millions)



Taken From Milliman's Annual U.S. Industry LTCI Claims Projection



Benefit Eligibility

LTC insurance provides benefits when an individual is no longer able to perform a set number of activities of daily living, such as bathing, dressing, eating, using the toilet, getting in and out of bed and chairs, and managing incontinence, or becomes cognitively impaired.



What Does LTC Insurance Cover?

After a typical 90-day waiting period, costs associated with:

Home Care Services

Assisted Living Facilities

Skilled Nursing Facilities

Homemaker Services

Durable Medical Equipment

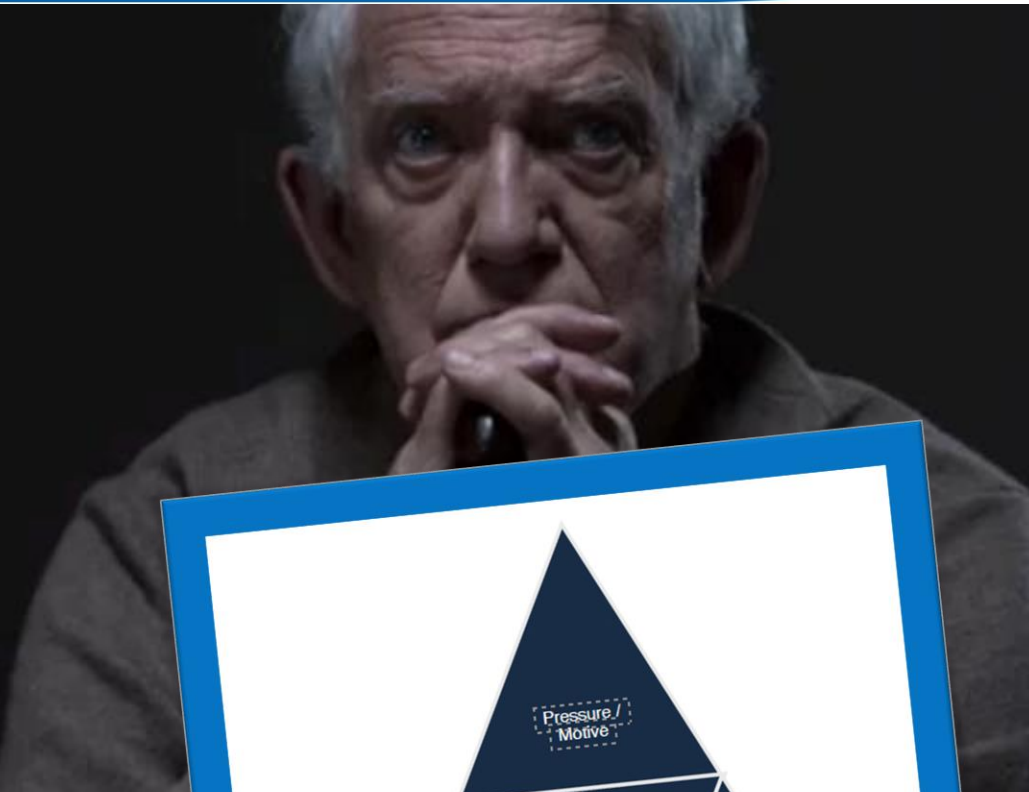
Adult Day Care



Fraudsters Look For The Vulnerable



Growing Concern Around LTC Fraud



- Guaranteed renewable policies, often with high limits or unlimited benefits, waiver of premium
- Low threshold triggers (transferring, bathing, dressing, toileting) with heavy reliance on self-reports
- Vulnerable claimant population, commonly over the age of 80
- Lack of industry standardization of provider services and pricing
- State of long-term care insurance industry and lack of fraud expertise



Common Fraud Schemes



**Policyholder
Fraud**



**Provider
Fraud**




**Facility &
Home Care
Fraud**



Financial Impact of Insurance Fraud



**Annual Cost Of
Insurance Fraud
\$308.6 Billion**




250 NFL Stadiums




**880,000 Homes In
The US**



**134 Empire
State Buildings**



**5,128 Gulf
Stream Jets**



**12.3 Million
College Educations**



**4.1 Million
Chevy Suburbans**



Challenges Detecting & Addressing LTC Fraud



Insurer Strategies To Reduce LTC Fraud



What Is Needed



- ☐ Industry Collaboration
- ☐ Education
- ☐ Training
- ☐ Greater Reporting



Conclusion

- LTC fraud is on the rise.
- Proactive training and awareness are essential to improving fraud detection and prevention.
- Stronger collaboration between regulators, insurers, law enforcement, and prosecutors is critical to protecting consumers and preserving the integrity of LTC insurance programs.

