



2026 **SUPPLEMENTAL HEALTH, DI AND LTC** CONFERENCE

Navigating Change

Care Delivery Innovation: Designing LTC Benefits for an Uncertain Future



Navigate With Confidence



**Society of
Actuaries®**



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Pricing an LTC Product – Past and Future Innovation



What comes to mind when we say innovation in long term care?

General Pricing Considerations



Morbidity

- ☐ Incidence rates
- ☐ Claim continuance
- ☐ Utilization



Persistence

- ☐ Lapse
- ☐ Active mortality



Cost of Care & Interest

- ☐ Pandemic effects
- ☐ AI cost reduction



Data

- ☐ Company vs industry
- ☐ Pandemic data
- ☐ UW period



Modeling

- ☐ First principles vs claim cost
- ☐ Stochastic
- ☐ Pricing cells (BP, EP, BIO, Age)



Expenses

- ☐ Acquisition
- ☐ Maintenance
- ☐ Claims adjudication



Pricing Objectives

- ☐ Target returns
- ☐ Competitive positioning

Policy Design Considerations

Traditional



**Inflation
Protection**



Shared Care



**Restoration
of Benefits**

Innovative



**Wellness
Programs**



Family Caregiving



Robotics/AI

Modeling the Unknown



LTC Care Innovations... Past, Present, and Future



Past

LTC Wellness
Programs

Fall Prevention



Present

Social
Companion
Robots

GLP-1s

Family
Caregiving



Future

Robots

MedCottages

AI and Predictive
Analytics

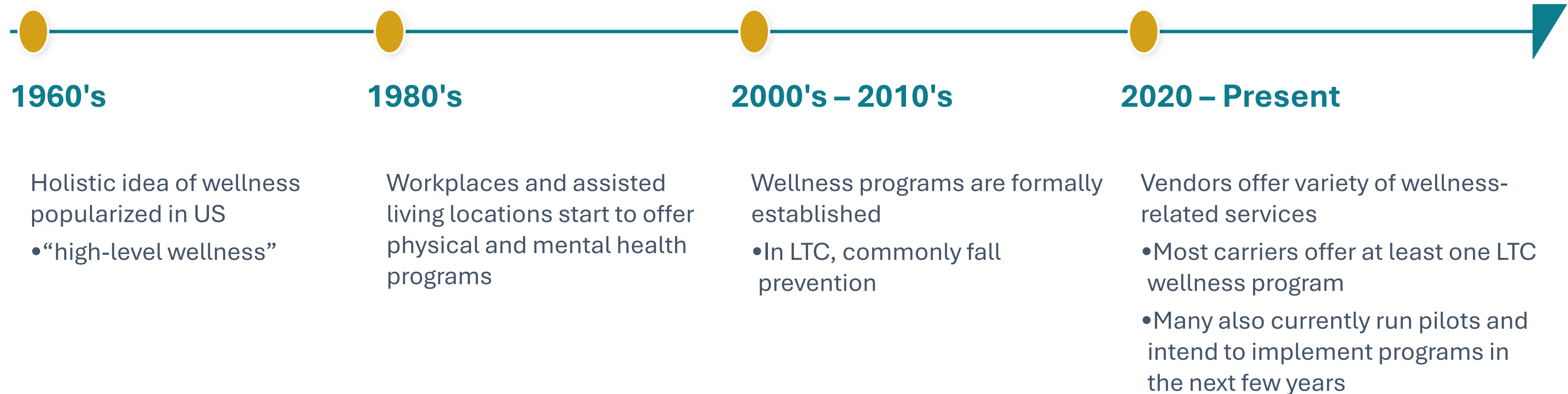


Past Innovations: Wellness



History of Wellness

Evolution of Wellness Programs



Wellness Programs Today

Goal:

Delay/Reduce the need for long-term care services through physical/mental health support while reducing costs

Currently a wide variety of wellness programs in the LTC industry, including:



Caregiver
Coordination
and Training



Home Safety
Modifications



Social
Engagement



Medication
Monitoring



Fitness and
Mobility



What the Data is Showing



Pros

May delay/reduce long-term care claims

Differentiates products
Has competitive aspect

Health benefit to policy holder
promotes aging in place initiative



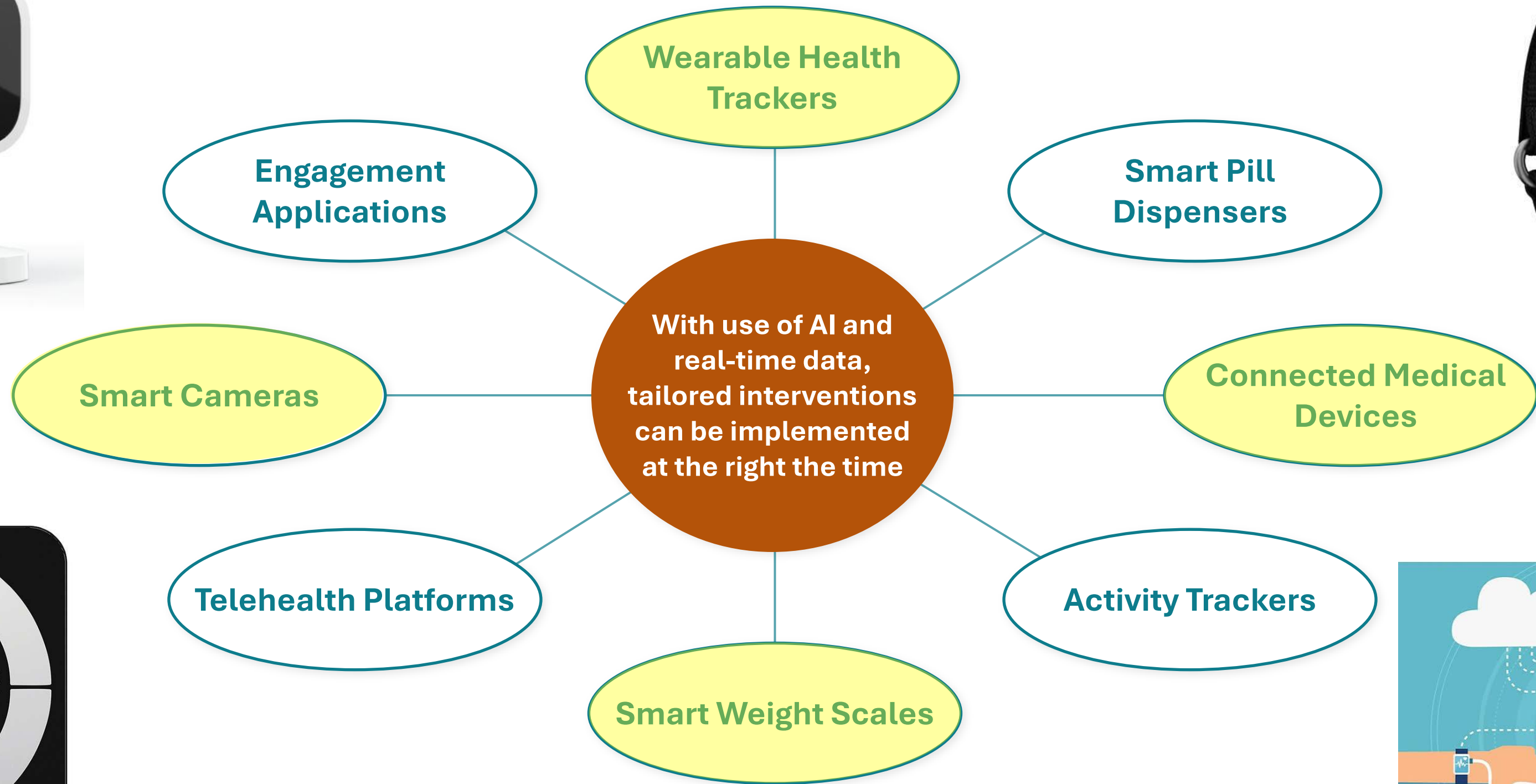
Cons

Financial uncertainty
Cost of wellness programs

Results are variable
This contradicts expectations of consistent benefits

Difficultly targeting condition specific policy holders

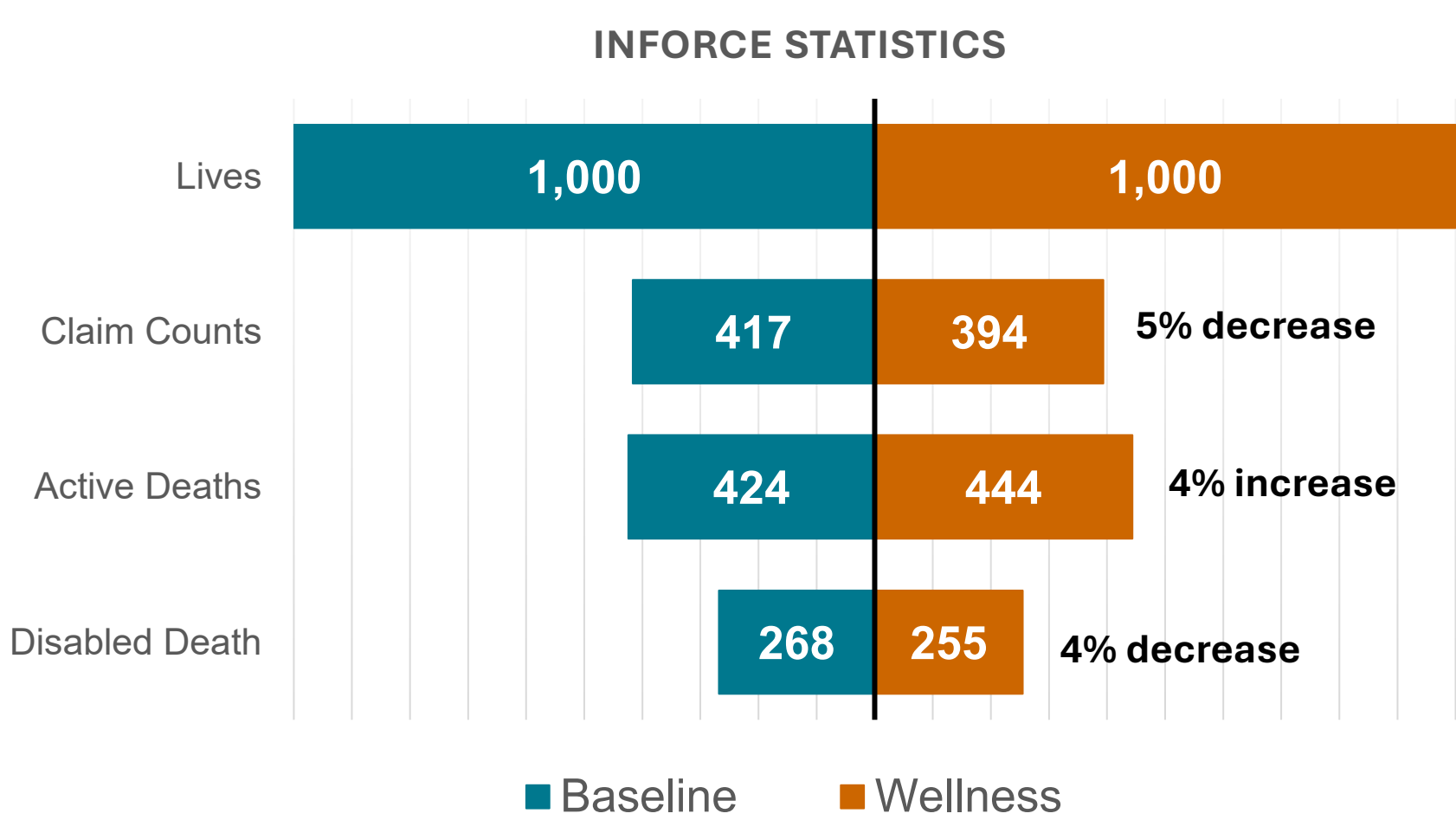
Innovation Improving Wellness Programs



Wellness Sample Pricing

- Sample pricing model developed with 1,000 policy cohort with large variety of characteristics & benefits
- Baseline assumptions use SOA 2000-2011 Long Term Care Intercompany Experience Study and industry data
- Wellness scenario has reduced/delayed incidence for key younger ages and higher HHC & ALF situs mix

Illustrative Projection



	Baseline		Wellness
Average Claim Age	88.6	→	89.3
Delaying claims leading to an older average claim age			
PV of Claims (\$M)	60.9	→	57.5
Fewer claims across the projection leading to lower paid claims			
Lifetime Loss Ratio	73%	→	68%
Fewer claims across the projection leading to improved LLR			



Present Innovations: Caregiver Innovation



Recognizing a Crisis



Recent social and economic headwinds have made it more difficult for many to find affordable homecare—or any homecare at all—as public policies and political sentiment have driven a **shortage in the labor market** for this sector



All together, these family caregivers provided a total of **49.5 billion hours** of care during the year, adding up to a total economic value of **\$1.01 trillion** (an average of \$20.41 per hour)



An estimated **59 million family caregivers** helped an adult family member, neighbor, or friend with daily activities during the year; about 37 million of these caregivers (63 percent) were providing care each month



The economic value of family caregiving **exceeded the total amount of federal, state, and local Medicaid spending** in 2024 (\$932 billion)

“One in every four adults is a caregiver...Half report negative financial impact due to caregiving, and one in five cannot afford basic needs like food.”

-AARP & National Alliance for Caregiving

Why a Solution is Needed

Family caregiving has been largely acknowledged by medical experts, economists, and industry specialists as a growing workforce that often results in adverse impacts on the caregiver.

Many policies today do not reimburse for this unpaid expense.

Considerations for Designing an Attractive Benefit



Discuss with internal policyholder facing representatives and read policyholder complaints



Host several cross-functional brainstorming sessions to discuss what a few different version this benefit could look like



Test potential designs with look-a-like policyholders to see how they would respond to various benefit features



Evaluate how different benefit packages or enhancements would look in states with different premium rate increase histories

Saying we will pay family caregivers is the easy part. Figuring out how to make that happen within a policy issued 20 years ago is the challenge.

Who gets the benefit?

How do they get the benefit?

Is it reimbursement or indemnity?

How much should family caregivers be paid?

Is the claim subject to an elimination period?

How do we support the caregivers?

Quantifying the Risk



Will this encourage fraud?

By allowing family members to be compensated for care they are providing, and without the oversight of an agency, a company could be opening an avenue for fraud. The benefit design should contemplate how to limit or mitigate this risk.



What could this do to claims?

Without having direct data to build assumptions, a company should consider looking at other historical data markers to estimate how access to the Family caregivers could change incidence rate, utilization, and situs mix.

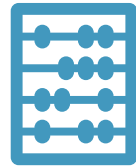


How many policyholders will have access to this?

Giving a family caregiver benefit to everyone could result in a large risk exposure. If morbidity increases with access to the family caregiver, that could result in additional strain to already struggling policies.

While offering a family caregiver benefit will meet a societal need, a company should consider evaluating any benefit they are designing in a way that is measured and anticipates whether the proper controls are in place to mitigate the risk it entails.

Speed-to-Market Considerations



Pricing Effort

How much effort is involved to either develop rates or estimate increased claim costs before submitting filings to states?



IT Effort

How complicated of system builds are needed before options can be elected or benefits can be paid?



Legal Effort

To what degree to policy contracts and policyholder communications need to be updated?

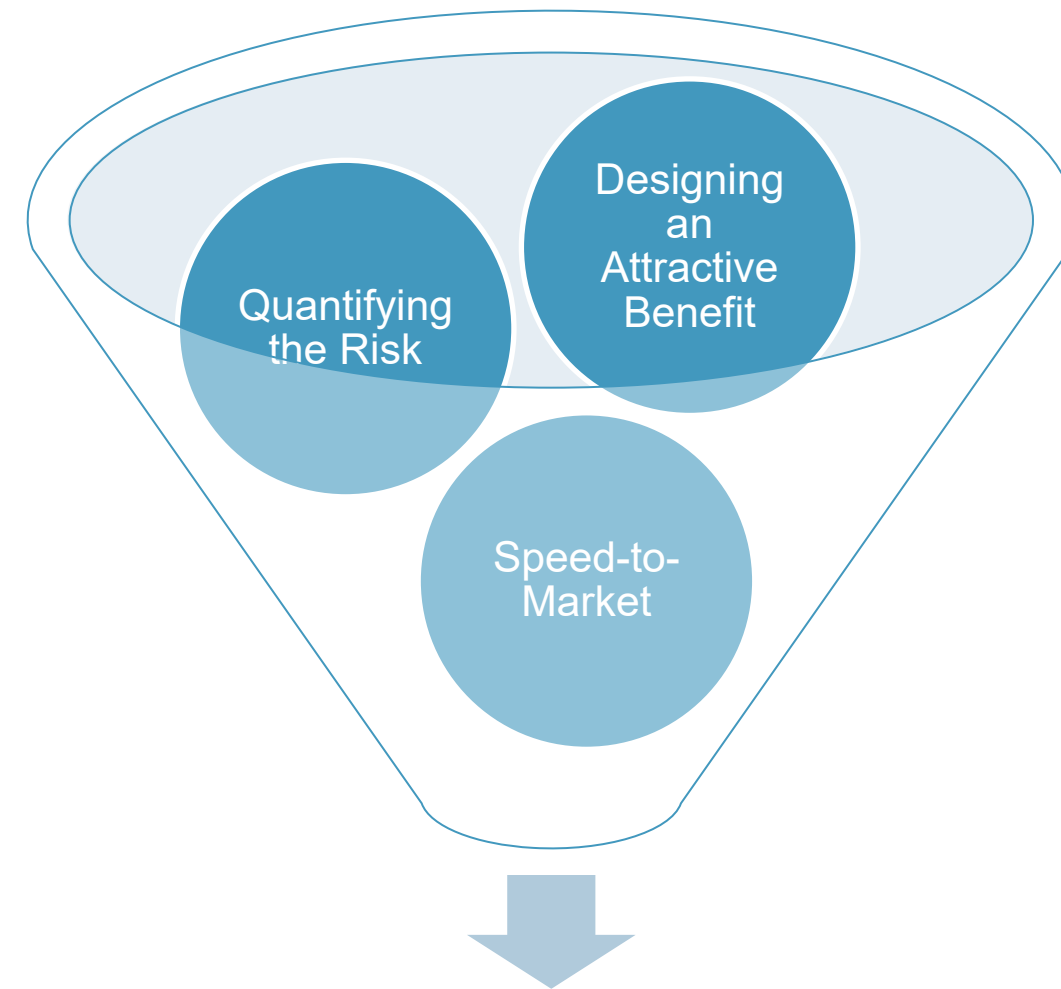


Regulatory Process

What needs to be filed for approval? Are you submitting new rates which require actuarial justification? Are you in a state that requires policyholder communications to be filed for approval?

Designing a benefit is important, but a company also needs to consider how antiquated IT systems will handle the benefits, how the policies will be updated to effectuate any change, and what regulatory approvals are required.

Putting it Together

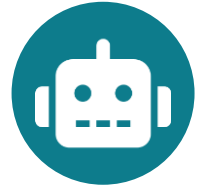


**A Family
Caregiver Benefit**



Today's Innovations: Caregiver Alternatives — Robots

Robots – Today's Use Case



Delivery + logistics robots (very real today)

- ☐ Used for: meals, meds, supplies, lab samples
- ☐ Already operating in hospitals and senior living



Cleaning / sanitation robots

- ☐ Used for floor cleaning, disinfection, infection control
- ☐ Started seeing in facilities, post COVID

Robots – Today's Use Case



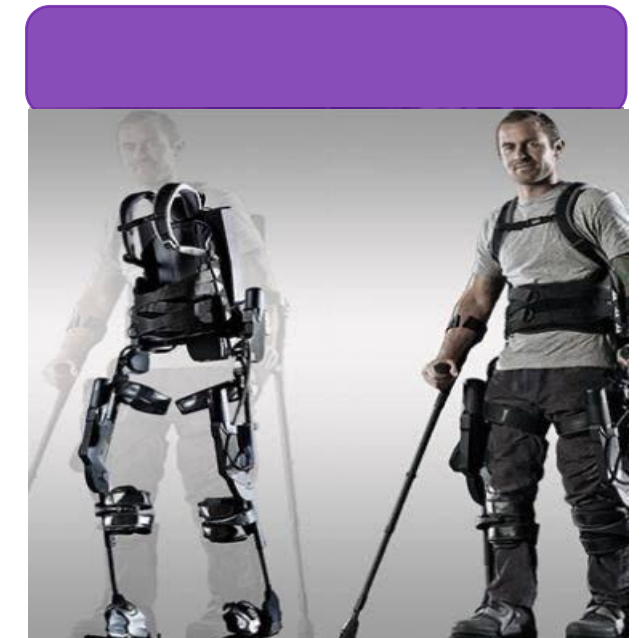
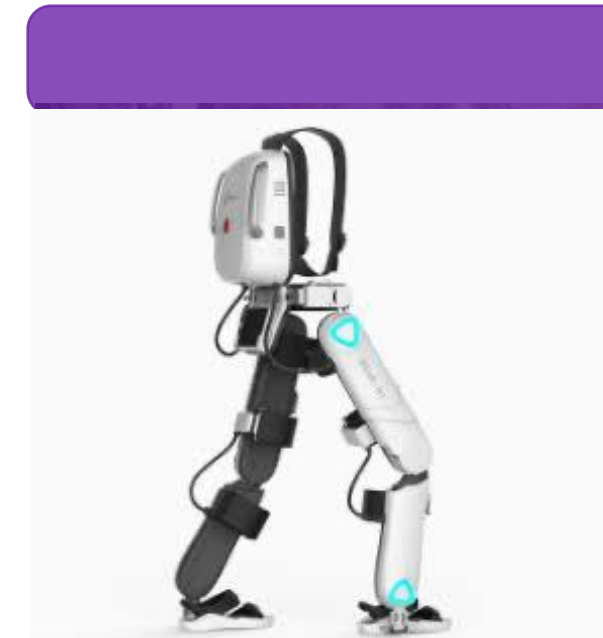
Mobility + transfer assist robots

- ❑ Used for transfers
- ❑ Mainly seen in facilities



Rehabilitation / exoskeleton robots

- ❑ Stroke recovery, gait training, strength building
- ❑ Starting to become standard in higher end facilities



Robots – Today's Use Case



Social and Companionship Robots

- ❑ Engage in conversation, games, music
- ❑ Provide reminders (medications, routines)
- ❑ Reduce loneliness and agitation, especially in dementia



Monitoring and Safety Robots

- ❑ Track movement, detect falls, monitor sleep or activity
- ❑ Alert caregivers in real time
- ❑ Integrate with facility systems or home monitoring
- ❑ Utilize AI and sensors

Why Implement AI Fall Detection in Elderly Care & Hospitals



Robot – 2026 Use Case

John has mild cognitive impairment. While he is safe to live alone, he has trouble remembering doctors' appointments, when to pay bills and when to take his medication. John is not yet Chronically ill but needs some reminders. He lives in a remote area, with no family near by.

✗ Without ELLI Q

John receives no assistance/oversight

- John does not take his medications
- John becomes socially isolated leading to rapid decrease in cognitive functioning
- John becomes Chronically Ill within 6 months
- John goes on claim with 24/7 care
- \$131,000/year × 4 years until he passes

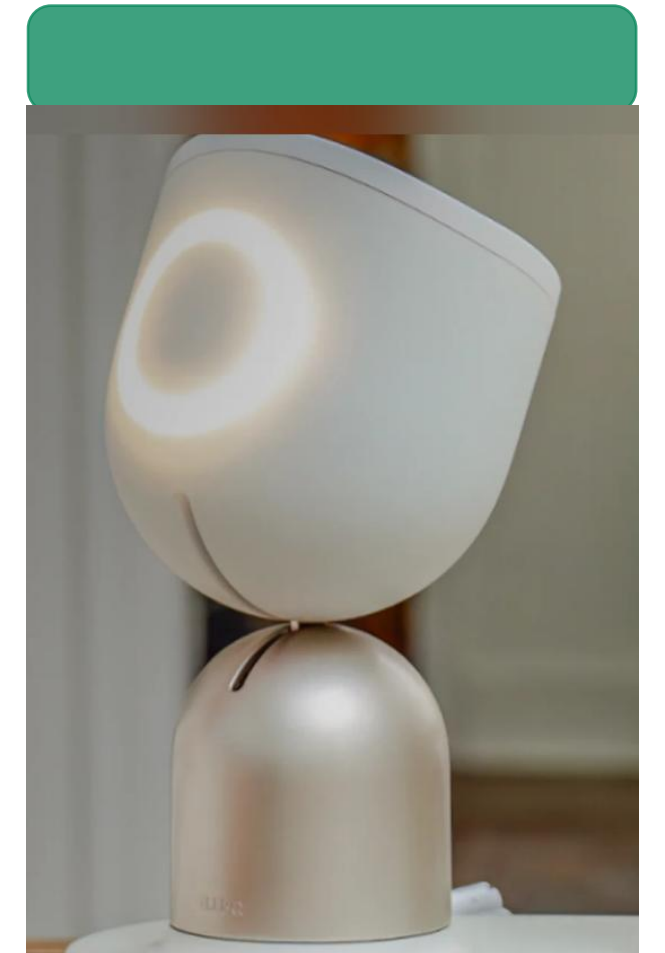
Cost of claim = \$525,600

✓ With ELLI Q

John's LTC Wellness benefit covers ELLI Q

- John engages with ELLI Q multiple times per day for 18 months
- Cost of ELLI Q: \$900 (\$50/month)
- John becomes Chronically Ill and goes on claim with 24/7 care until he passes 2.5 years later
- 131,000/year × 2.5 years until he passes

Cost of claim: \$327,500





Future Innovation: Caregiver Alternatives — Humanoids

Humanoid Robots – Today

General caregiving / humanoid robots

What it does

- ☐ Not fully autonomous today
- ☐ **Currently used for simple tasks:**
 - Companionship, reminders, conversational engagement in facilities, wayfinding, leading therapy exercises, getting supplies

Cost considerations

Consumer models

\$15k–\$30k

Commercial models

\$30k–\$100k

Enterprise models

\$100K–\$250K

Acceptance rates

- ☐ Home studies show robots used 20+ times per day
- ☐ High engagement for social robots
- ☐ Reports of decreased loneliness and improved overall well-being

Humanoid Robots Industry Gaining Momentum



ENERGY SCIENCE MILITARY HEALTH TRANSPORTATION SPACE INNOVATION CULTURE | FUTURE

China's EV-maker targets 1,000 Iron humanoid robots monthly ahead of 2027 global rollout

Iron's 22-DoF hands handle delicate and heavy tasks, while its expressive display enhances human-robot interaction.

Humanoid Robots – Tomorrow's Use Case



Improved Dexterity

- ❑ Research and improvements in soft robotics will lead to ADL support



Improved 'Embodied Intelligence'

- ❑ Advancements in natural conversation, empathy, and ability to understand context
- ❑ Able to adapt to unpredictable



Decrease in cost of ownership

- ❑ Mass production, standard hardware, rapid AI improvements
- ❑ Purchase (by 2030):
~\$10k-\$30k
- ❑ Lease (by 2030):
~\$500-\$1,500/mo



2030 Robot Use Case

Jane has Parkinson’s and requires assistance with bathing, dressing, and transferring in and out of bed. Her Plan of Care includes a home health aide, 12 hours per day, 7 days per week. She has an Unlimited Lifetime Maximum, with a current inflated DBA of \$600.

Human Caregiver

Rate
\$45/hr

Annual cost of care
\$197,100

Total claim (10 yrs)
\$1,971,000

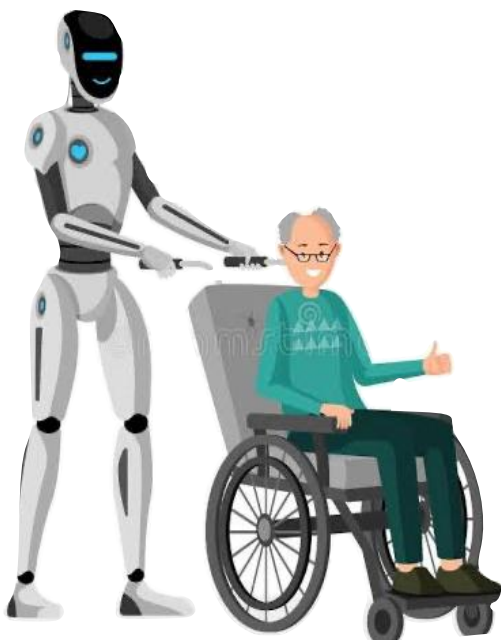
Robot Caregiver

One-time purchase
\$30,000

Yearly maintenance
\$1,500/yr

Total claim (10 yrs)
\$45,000

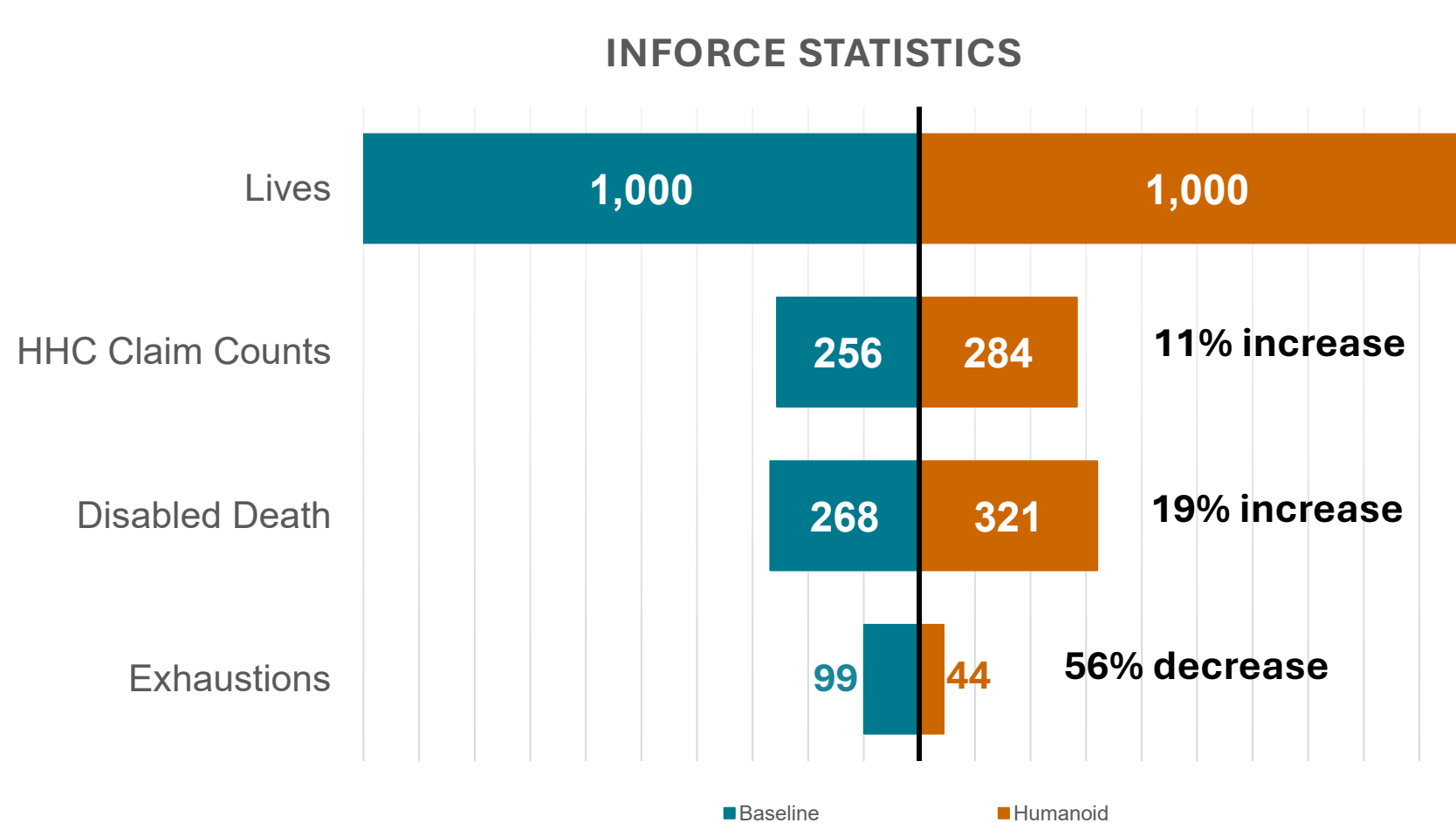
If robot replaced (10 yrs)
\$90,000



Humanoid Sample Pricing

- Materially reduced HHC utilization to reflect savings from use of humanoid robot in lieu of professional care.
- Adjusted baseline claim site mix to reflect more HHC claims

Illustrative Projection



	Baseline		Humanoid
Avg Claim Size (\$K)	145	→	89
Reduced utilization leading to lower average claim size			
PV of Claims (\$M)	60.9	→	37.6
Reduced utilization leading to fewer exhaustions & paid claims			
Lifetime Loss Ratio	73%	→	45%
Reduced claim severity leading to improved LLR			



Would you rather have a family member care for you or a robot?



Care Setting Innovations: Caregiver Alternatives

MedCottages

MedCottage

aka Granny Pod

What is an ADU?

A secondary housing unit on a single-family residential lot.

What is a MedCottage?

A prefabricated, medically equipped temporary structure placed in a family caregiver's backyard.

History & Zoning

1980s: Separate granny pod structures emerge

2005–2010: Modern Med Cottages introduced

Virginia: first to allow zoning • CA & others followed

Key Features



Hospital-Grade Amenities

Handrails, adjustable beds & built-in medical monitoring systems like vital signs monitoring



Remote Monitoring

Smart cameras & sensors — check in via smartphone or computer anytime



Safety-First Design

Non-slip flooring, grab bars, wide doorways for wheelchair access, medication management



Connected Technology

Emergency alert systems, fall detection, and voice-activated controls



Innovative Usage in Long Term Care

Coverage & Cost

Offered at Time of Claim

Carriers can propose a MedCottage in lieu of home health services or ALF confinement at time of claim.

DME Provision

May fall under Durable Medical Equipment (DME) policy provisions.

Lease Cost

Approximately \$2,000–\$5,000/month — a temporary structure that can be delivered and removed as needed.

Pros

Promotes Aging in Place

Supports independence while keeping seniors close to family — a growing priority in elder care.

Cost-Effective for Carriers

Leasing a MedCottage can be significantly cheaper than long-term facility or in-home nursing costs.

Family Caregiver Convenience

Loved ones are steps away, reducing caregiver travel burden and enabling faster response times.

Built-In Claim Mitigation

Medical monitoring, fall detection, and safety features actively reduce adverse health events.

Cons

Zoning Restrictions

Not all municipalities permit ADUs. Varies significantly by city, county, and state.

HOA Conflicts

Homeowners associations may prohibit or restrict placement, requiring approvals or waivers.

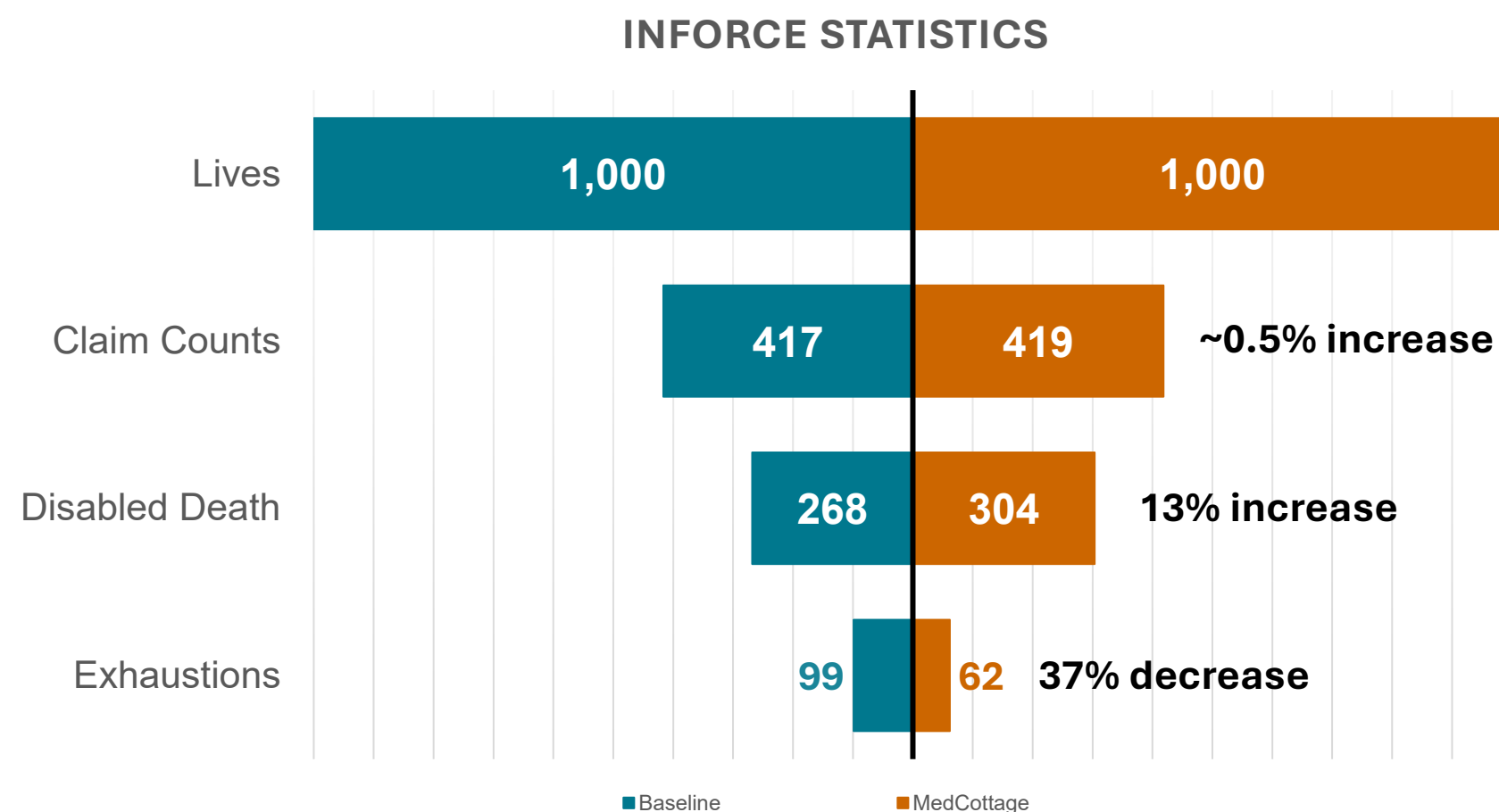
Setup Lead Time

Time gap between claim incurred and unit delivery/setup may delay care initiation.

MEDCottages Sample Pricing

- Reduced baseline HHC utilization
 - Assume family caregiving and no professional care
- Changed baseline situs mix to reflect more HHC claims

Illustrative Projection



	Baseline		MEDCottage
Avg Claim Size (\$K)	146	→	115
Reduced utilization leading to lower average claim size			
PV of Claims (\$M)	60.9	→	48.7
Reduced utilization leading to fewer exhaustions & paid claims			
Lifetime Loss Ratio	73%	→	58%
Reduced claim severity leading to improved LLR			

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Welcome and General Session 1:
AI and Regulation: Where
Innovation Meets Oversight
1:30 PM - 2:45 PM 07/29/2026 0.0 ★
Harborside Ballroom (0 reviews)

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Description

Artificial intelligence is rapidly transforming how insurers price, underwrite, adjudicate claims, and file products — but how are regulators responding? This session explores how state departments are evaluating AI-driven innovations today, where they're drawing cautionary lines, and what they

0.0 ★
(0 reviews)

Thank You

