

CALIFORNIA BROKER

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JANUARY 2019



2019 Industry Outlook:

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CALIFORNIA BROKER WELCOMES OUR 2019 EDITORIAL ADVISORS!

**THESE ESTEEMED PROFESSIONALS
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INSIGHT AND WORDS**

We extend a warm welcome to these in-the-know industry professionals who will be offering their knowledge in our pages this year. You'll notice that several of our editorial board members have contributed 2019 outlook stories this issue. Look for much more wisdom from each of them throughout the year!

Phil Calhoun

Phil earned a bachelor's degree at CSULB in 1979 and in 1983 he completed an MBA at Cal Poly Pomona. Phil earned his health and life license in 1990 which led to the development and launch of a private label Medicare HMO, Golden Outlook. He was recruited into Orange County as vice president of business development for a large hospital in 1993 where he started an insurance agency as a subsidiary for the non-profit hospital. Phil's 24 sales and admin staff offered group, individual and Medicare plans. In 2016 he executed a three-year plan and sold his agency and moved all of his retail clients to Integrity Advisors. He also helps brokers with succession planning through Lambda Insurance. Phil is married and has three children. Phil contributed to an article on page 37 this issue.



Louis H. Brownstone



Louis Brownstone is chairman of California Long Term Care Insurance Services, Inc. located in Burlingame, California. California Long Term Care is the largest indepen-

dent specialist long term care insurance agency in California, and is broker for a group of high-producing long term care specialist agents. Brownstone is also very active in NAIFA, the National Association of Insurance and Financial Advisors. Louis wrote a story on page 22 this issue.



David L. Fear, Sr.

David L. Fear, Sr. RHU is managing partner of Shepler & Fear General Agency and a 40-year veteran of the employee benefits industry. He is a past-President of CAHU and NAHU and 2015 recipient of the NAHU Harold R. Gordon Memorial Award as Health Insurance Person of the Year. David wrote a story on page 18 this issue.

Naama O. Pozniak

Naama O. Pozniak is Valley Village-based Paz Holding Inc.'s (dba A+ Insurance Service) CEO. Pozniak has been delivering employer benefits for 30 years. She's a mother, a yogi, a speaker, a consultant, a health-care strategic innovator, and a meditation instructor, certified by the Chopra Center. She is currently a certified healthcare reform and Medicare certified specialist and a Covered California Champion Certified agent. Pozniak was recognized as the Most influential Woman in benefit advising for 2016 and 2017. She is a Top of the Table producer and holds the life time Soaring Eagle Award. Pozniak was the recipient of the NAHU Distinguished Service Award for 2018 and is currently the NAHU Region 8 Media chair and LAAHU Community Outreach chair.



Jesse Slome

Jesse Slome is the founder and director of the American Association for Long-Term Care Insurance (www.aaltci.org) as well as the American Association for Medicare Supplement Insurance (www.medicare-supply.org). The organizations are headquartered in Westlake Village, California. Jesse wrote a story on page 25 this issue.

Jeffery D. Smith

Jeffery D. Smith is the Workplace Possibilities program practice consultant for The Standard, and has worked in the vocational rehabilitation field for more than 30 years. In his role, Jeff is continually looking at ways to improve the Workplace Possibilities program to provide new and better stay-at-work and return-to-work services for both employers and employees. He shares the benefits of the program with new and existing clients, creates white papers and writes case studies to help make a difference for employers who are looking to be more successful in managing employee absence and disability. Jeff wrote a story on page 32 this year.



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Modern Healthcare Says CMS Star Rating Doesn't Account for Socioeconomic Status

A recent analysis by the consulting firm SullivanCotter and Modern Healthcare of the new CMS star ratings for hospitals concludes that those institutions with a high percentage of dual-eligible stays do worse than other hospitals in the readmissions category of the CMS ratings, hurting their overall star rating. In a preview report of the upcoming release of the star ratings on Hospital Compare, the CMS didn't risk-adjust hospitals by dual-eligible stays as it currently does in the Hospital Readmissions Reduction Program. Thus, hospitals in peer groups four and five of that program—or those with the largest percentage of dual-eligible stays—fared worse on average than other hospitals in the readmissions category of the star ratings.



Financial Education Creates Better College Borrowers

The National Endowment for Financial Education (NEFE) released research findings reinforcing the benefits of financial education—as provided through state mandates—and how it leads to a shift in the ways in which families borrow for college. The NEFE-funded study, performed by researchers at Montana State University, finds that students in states where financial education is required to graduate from high school make better financial aid decisions as college freshman, moving from higher-cost to lower-cost borrowing options. Mandated financial education increases applications for grants and federal aid, keeps overall borrowing balances down, and decreases credit card balances. The study concludes that requiring financial education in high school at the state level leads to better borrowing behaviors. Students with lower expected family contributions (EFC) tend to carry smaller credit card balances and are less likely to work during their freshman year when they have been exposed to a mandate. Higher-EFC students take on smaller amounts of private loan debt. Additionally, with access to financial education, there is a notable increase in applications for financial aid, and in acceptance of federally subsidized Stafford Loans. According to the Council for Economic Education 2018 Survey of the States, just 17 states require high school students to take a class in personal finance. While mandates are relatively easy to track, implementation varies widely and changes frequently. Hensley says research on financial education mandates is only as good as the information on the mandates and course offerings themselves. For more on the better borrowing research, check out nefe.com.



MIB Data: Younger Americans Not Buying Life

They may have been thankful in November, but they weren't concerned about the future...that's what some life insurers might think about younger Americans. New data from MIB says the number of U.S. residents ages 44 and younger who applied for coverage in November 2018 was 9.4 percent lower than in November 2017. This follows a 7.3 percent year-over-year drop for the 44-and-under age group in October.

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Newsweek Ranks Colonial Life No. 1 in Customer Service for DI

Newsweek has recognized Colonial Life as one of America's Best Companies for Customer Service for 2019. Colonial Life was named the top customer service provider in disability insurance. Way to go, Colonial Life!

Aflac Inc. to Sell 7% to Japan Post

Aflac announced Japan Post Holdings Co. Ltd. is set to buy 7 percent of the company for about \$2.4 billion. Japan Post, a postal and financial conglomerate majority-owned by the government, will acquire the stake in Aflac through open market or private block purchases. Aflac is the oldest and largest cancer insurance provider in Japan.

Smart Harbor Integrates Smart Digital with HawkSoft's Insurance Agency Management System

Smart Harbor, a digital technology solutions provider for insurance agents, announced that it has integrated Smart Digital with HawkSoft's agency management system. Smart Harbor's digital ecosystem provides agencies with mobile-responsive websites, automated smart forms, chat, automated social media content distribution, local market SEO, online directory listings, and email marketing solutions. The integration with HawkSoft's agency management system allows sales opportunities, including prospect information, quoting and policy requests to populate HawkSoft seamlessly, enabling agents to process new business faster and more efficiently. Smart Harbor's announcement follows the recent introduction of its Smart Producer solution which provides a guided, personalized mobile shopping experience. <https://smartharbor.com/>



FSA Contribution Cap Increases

Good news: The IRS belatedly announced that the 2019 FSA contribution cap rises to \$2,700, up from the 2018 cap of \$2,650. Every 50 dollars counts, right?

Delaware Life Insurance Company Intros Value-Added Sales Consultants

Life and annuity provider Delaware Life Insurance Company announced it added new talent with the introduction of the National Sales Consulting (NSC) team. This group of experienced professionals are highly educated consultants on income and tax planning, as well as business-building strategies for financial advisors. The NSC team is a dedicated resource for guidance and questions on Advanced Markets, Practice Management, and Financial Technology. They can provide actionable sales ideas, meaningful content, resources, and tools that are rich in advisor education and practice management, as well as ways to help simplify complex planning issues for clients. The team partners with wholesalers to provide advisors with consulting, educational workshops, national conference presentations and dedicated internal support. Leading the NSC team's marketing and sales development is Sandy McGuire, MBA, formerly of Janus Henderson Investors and MFS. Brendan Payne, JD, a former advanced strategies consultant at Jackson National, is the western region director. Contact the NSC team at: NationalSalesConsulting@delawarelife.com, or 855-672-6957 (1-855-NSC-OWLS).



Californians Find \$17M in Lost Life Insurance Benefits

The California Department of Insurance announced that The Life Insurance Policy Locator—launched by the Cal DOI through the National Association of Insurance Commissioners—has matched consumers with policies totaling \$17,332,464 just in the past 12 months, and \$33,863,187 since the 2016 launch. Want to see if you have some lost life insurance money? Log on to the locator at insurance.ca.gov.



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¹ visionandlearning.org. *What is vision?* (accessed May 29, 2018): visionandlearning.org.
² Transitions[®] Lenses & Harmful Blue Light Technical Notes, 2016.

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Don't Miss CAHU Webinar- Jan 16!

CAHU is offering a free new year's Webinar. Learn what's changed and what to expect going into 2019. On January 16, 3 p.m. tune in to hear from CAHU's Vice President of Legislation, Jim Morrison, and CAHU's Legislative Advocate, Faith Borges. They'll discuss how elections and more will impact healthcare policy in California. More info at CAHU.org.

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New Book Demystifies Culture Decks



Netflix. Hubspot. LinkedIn. These are among some of the most admired companies in the world and part of the reason has to do with company culture. The companies don't just create a culture, however. They craft culture decks and other vital materials to convey their values, mission, vision and purpose inside as well as outside the organization. Now a new book, *Culture Decks Decoded: Transform Your Culture into a Visible, Conscious and Tangible Asset* (CCF Publishing, Nov. 8, 2018) by startup and growth company culture expert Bretton Putter looks at outstanding culture decks created by top organizations. Learn more at brettonputter.com



VCAHU Charity 5k Walk/Run

Event is Saturday, January 12, 2019, Ventura \$40 registration, register before Jan. 10 4:59pm. VCAHU is extremely excited to bring the community together in an effort to raise a goal of \$10,000 in order to have a Children's Dream Racer built for Ventura County Medical Center's Pediatric Unit / PICU. Children's Dream Racer is a child-sized version of a real NASCAR race car. Built by retired NASCAR builder and founder of CDR, Mark "Smitty" Smith. These cars are built from the same materials used to fabricate a real NASCAR. Smitty's mission is to place a Children's Dream Racer in hospitals and cancer centers all across the U.S. so that children going through treatment have a chance to escape the worries of their circumstances for even a few moments out of their day. Proceeds generated from the 5k will go toward the build and delivery of the Children's Dream Racer. More info and registration at vcahu.com.

PIMA's 2019 Industry Insights Conference

January 24-27, 2019, Margaritaville Beach Resort, Hollywood, Florida
Registration is now open for the Professional Insurance Marketing Association (PIMA) Industry Insights Conference. The conference will host expert speakers from leading

companies around the country including Facebook, Forrester and Action Surge. Conference promises to explore new product and distribution trends; emerging markets that harness growth in new areas; social marketing to drive insurance business; marketing to Millennials and Gen Z; and an insurance industry overview of blockchain. Early bird registration and housing deadline is December 14, 2018. Visit PIMA's conference page for more details and to register or call 817-569-7462 (PIMA).

LAAHU Annual Conference -- Save the date!

April 17, 2019
New Location: Skirball Center
2701 N Sepulveda Blvd.
Los Angeles, CA 90049

LAAHU's Annual Conference is the largest in the state and includes updates from DC, breakout sessions for IFP, small group, large group and medicare. It's a don't miss! More info to come soon.

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CALIFORNIA REPUBLIC

Know All About the Exciting New Medicare Advantage Benefits? Pros Warn The Plans Are Hard For Seniors To Find

By SUSAN JAFFE

For some older adults, private Medicare Advantage plans next year will offer a host of new benefits, such as transportation to medical appointments, home-delivered meals, wheelchair ramps, bathroom grab bars or air conditioners for asthma sufferers.

But the new benefits will not be widely available, and they won't be easy to find. Of the 3,700 plans across the country next year, only 273 in 21 states will offer at least one. About 7 percent of Advantage members—1.5 million people—will have access, Medicare officials estimate.

That means even for the savviest shoppers it will be a challenge to figure out which plans offer the new benefits and who qualifies for them. Medicare officials have touted the expansion as historic and an innovative way to keep seniors healthy and independent. Despite that enthusiasm, a full listing of the new services is not available on the web-based medicare.gov Medicare Plan Finder, the government tool used by beneficiaries, coun-

selors and insurance agents to sort through dozens of plan options.

Even if people sign up for those plans, they won't all be eligible for all the benefits. Advantage members will need a recommendation from a health care provider in the plan's network. Then they may need to have a certain chronic health problem, a recent hospitalization or meet other eligibility requirements.

Medicare counselors from California to Maine say key details are not included on the government's website. In some cases, if insurers

Medicare Advantage plans, which are an alternative to traditional Medicare, serve 21 million beneficiaries and limit their out-of-pocket expenses. But they also restrict members to a network of doctors, hospitals and other medical providers.

offer the new benefits, the plan finder "will indicate 'yes' or 'no,'" said Georgia Gerdes a health care choices specialist at AgeOptions, the Area Agency on Aging in Oak Park, Ill., outside Chicago. That's hardly enough, she said.

"There is a lot of information on the plan finder, but there is a lot of information missing that requires beneficiaries to do more research," said Deb McFarland, Medicare services program supervisor at the Southern Maine Agency on Aging. Nonetheless, officials say the added benefits will help Advantage members prevent costly hospitalizations. Federal approval of additional benefits is "one of the most significant changes made to the Medicare program," Seema Verma, the head of the Centers for Medicare & Medicaid Services, told an insurers' meeting last month. She said she expects plans to expand services in coming years.

Medicare Advantage plans, which are an alternative to traditional Medicare, serve 21 million beneficiaries and

limit their out-of-pocket expenses. But they also restrict members to a network of doctors, hospitals and other medical providers. They often offer benefits not available in traditional Medicare, such as dental and vision care, hearing aids and gym memberships.

The federal government pays a set amount to the plans to help cover the cost of each member. The Trump administration gave insurers more money to spend on benefits next year — an average pay raise of 3.4 percent, seven times more than the rate of increase in 2018.

At presstime, enrollment was underway for Medicare Advantage plans, as well as for people in traditional Medicare who want to buy a policy for drug coverage. Among the new benefits that some Medicare Advantage plans said they will offer are:

Trips to the pharmacy or fitness center in addition to doctor's appointments for plan members, depending on where they live or their health conditions.

A monthly or quarterly al-

...it's much cheaper to give an air conditioner to someone with congestive heart failure to keep that patient healthy than to pay for more expensive medical treatment.

allowance for over-the-counter pharmacy products such as cold and allergy medications, eye drops, vitamins, supplements and compression stockings.

House calls by doctors or other health care providers, under certain conditions.

A home health care aide for a limited number of hours to help with dressing, eating and other daily activities, possibly including household chores and light housekeeping.

However, plans offering these and other services will likely have only some of the options and will have different eligibility criteria and other limitations. The same services likely won't be available in every county the plan

serves. For example, next year an estimated 150,000 Humana Medicare Advantage members in Texas and South Florida—two of the 43 states Humana serves—who cannot be left alone at home will be able to get a free in-home personal care aide for up to 42 hours a year, so that their regular caregiver can get a break. And more than half of the members in Cigna-HealthSpring Advantage plans will have access to free transportation services in all but five of the 16 states and the District of Columbia where the company sells coverage.

To find these supplemental benefits, seniors can use the online plan finder. After they enter their ZIP code and get a list of plans available locally, they can click on a plan name. That will take them to another page that offers more details about coverage, including a tab for health and drug plan benefits. That page might say whether the new services are offered.

But often the website will simply indicate that specific benefits are available—and perhaps not name them—

and advise consumers to contact the plan for more information. A Medicare spokesperson confirmed that there is currently not an indicator on the plan finder for plans offering these expanded health-related supplemental benefits.

In addition to extra benefits, other variables should be considered when choosing an Advantage plan, such as which health care providers and pharmacies participate in a plan's network, which drugs are covered and the costs. Where available, several insurers say the new services will be free with no increase in monthly premiums. "We certainly believe that all of the ancillary

Even if people sign up for those plans, they won't all be eligible for all the benefits. Advantage members will need a recommendation from a health care provider in the plan's network.

benefits we provide will help keep our members healthy, which is good for them, and it's good for us in the long run," said Steve Warner, head of the Medicare Advantage product team at UnitedHealthcare, which insures about one in four Medicare Advantage members.

Insurers are betting that services will eventually pay for themselves. Dawn Maroney, consumer president at Alignment Healthcare, which serves eight counties in Southern California, said it's much cheaper to give an air conditioner to someone with congestive heart failure to keep that patient healthy than to pay for more expensive medical treatment.

But if the new benefits are such a good idea, they should be available to the majority of older adults in traditional Medicare, said David Lipschutz, a senior policy attorney at the Center for Medicare Advocacy.

Susan Jaffe is a Kaiser Health News contributing writer. This story appeared on KHN.org and NPR. Jaffe can be reached at Jaffe.KHN@gmail.com.

2019 INDUSTRY OUTLOOK



With the 2018 midterm elections in the rear-view mirror, there is much speculation on the future of health care reform in Washington, D.C.

By DAVID L. FEAR

Here are the obvious facts:

- 1) The Democrats have re-taken the U.S. House of Representatives from the Republicans and Nancy Pelosi will be back as Speaker of the House, and;
- 2) Even though the Republicans picked up seats in the U.S. Senate, they are still shy of a 60-vote supermajority and so are limited as to what they can enact into law without some compromise with the Democratic minority, and finally;
- 3) The Trump administration has made overtones about working with the Democrats to “fix” some of the problems with the ACA—something the Republicans were unwilling to do when they held the majority in both chambers of Congress.

So, the echoes of “Repeal and Replace” are fading and there is hope that after eight year as law, the ACA might be modified to make things more palatable for both consumers and businesses. Perhaps some real ‘bi-partisan’ work will be done in a polarized Washington, DC.

For us in the industry there remain a long list of things that we would like to have fixed with the ACA including the agent commissions as part of the MLR calculations. NAHU has introduced ‘bi-partisan’ legislation in this matter for several years and it appears that they will continue to do so in the next session of congress. But will such

legislation die again for lack of true bi-partisan support? The long-held opposition to this by the Democrats may be waning as they want to position themselves for a run for the White House in 2020 and appear to be open to negotiations on key parts of the ACA that should have been fixed years ago. At the same time, moderate Republicans who have suffered in the recent election might be open to some other strategy than “repeal and replace” that their leadership was promoting.

One big issue that needs to be addressed is the enforcement of the employer mandate of the ACA.

Even though the Trump administration made a lot of noise about the executive order to no longer enforce the individual mandate penalties, they did not do so regarding the employer mandate. Most large and nearly all mid-sized employers complain loudly about the employer reporting requirements of the ACA. The Trump administration—who is supportive of business and commerce—appears to be non-responsive to complaints from employers about annual reports to IRS. You know, those wildly popular forms 1094-C/1095-C. They are causing huge nightmares with both large and mid-sized employers who have more than 50 full time equivalent employees.

The problem is that many employers thought this was repealed and were not expecting to hear from the IRS. Yet about a year ago, the now infamous IRS Form Letter 226J began to arrive in the mailbox of large employers for the 2015 tax year. This year, another round of letters is going

out to mid-sized employers for their 2016 tax year. And the letters are not very pretty—employers are being billed for hundreds of thousands of dollars in fines and penalties because they either failed to report or failed to offer coverage when they were supposed to.

Recently the Federal government has “tried to help” by sending employers letters through the Federal or State Marketplaces (i.e. Covered California) which have had the effect of confusing employers about their responsibilities under the law. The Trump administration can and should end all of this immediately until they can come up with a fair and simplified method of employer reporting (if the employer mandate remains in place).

And then there is the equally unpopular “Cadillac Tax” which continues to get pushed back yet not quite repealed. The potential to drive up the cost of both fully insured and self-funded health plans is very high. Regulations have been proposed, then withdrawn by the government. This will affect all purchasers of health insurance (employers and consumers) who have seen their rates skyrocket since 2010, when the law was enacted. Today, in the year 2018 when the tax was originally supposed to go into effect, premiums are approaching the original limit of \$10,000/year for single or \$27,000/year for a family. Yes, the Cadillac Tax was pushed down the road, but is still in the law and continues to loom darkly over private benefit plans of employers who struggle to keep up with the ever-increasing cost of health care and health care insurance.

My observation is that now that Congress and the Legislatures have pretty much regulated just about everything in the insurance industry, they need to turn their attention of the bigger problem: The cost of health care. After all it is the cost of health care that directly impacts the cost of our health insurance.

I would speculate that this past election may be a blessing in disguise in that congress and the administration will now be forced to compromise and work in a bi-partisan manner to deal

with the issue of the cost of health care. For some reason, our elected officials seem reticent to tackle this issue. We all know that the cost of hospitalization, medical devices and prescription drugs have skyrocketed since the passage of the ACA in 2010. Lobbyists for these industries continue to have a field day in Washington, DC (and in Sacramento) while we all continue to pay double digit rate increases for our insurance products. There is no question that we need to hold our elected officials accountable for their lack of action to do something about the high cost of health care.

Of course, we here in California like to do things our way and so the question remains: if the ACA is changed at the Federal level, will the Democratically controlled legislature and governor act to ignore those changes and leave things in place anyway? California is one of a handful of states that fully embraced the ACA and we see results in market stability, pricing and carrier choice.

In spite of California’s success in implementing the ACA, many here in California continue to promote a full takeover of the health care system through implementation of a “single payer” program. Twenty years ago, we voted down Proposition 186 by a 75 to 25 percent margin. Today those percentages are growing closer and we need to consider that a new generation of workers seem to care less about government takeover of health care through single payer. Many millennials don’t seem to think that this is an issue.

Governor-Elect Gavin Newsome is a long-time proponent of single payer but was amazingly quiet about it on the campaign trail. Why? Because he probably knows what most in Sacramento know – that we don’t have the money to pay for it and will not get exemptions from the Trump administration to pursue it anyway. Democrats in Sacramento continue to be pushed by the far left to vote for single payer almost as a litmus test of their politics. What’s scary is that with term limits, many politicians in Sacramento can vote for single payer today knowing

that their successor will have to figure out how to pay for it. That is a seriously dangerous situation.

For our industry, other than agent commissions being nearly eliminated in the Individual market and substantially reduced in the group market, the ACA has been a good thing here in California. We have much more stability in our market than do most states. And we have competition that helps keep costs from rising as high as they are in other states. Most agents I talk to are very busy selling group health plans because employers see value in offering group health benefits and agents can show them many competitive plans and innovative ideas. Since 2010, agents have adapted to reduced compensation, standardization of benefits and the new rules and regulations imposed in the market.

But working on a smaller margin means that an agent needs to work smarter and bring value to their clients. Employers are looking for new ideas that will save them money without trashing their benefits and angering their employees. Good agents are using innovation to enhance their position in the market and some—not all—carriers are finding that their agent partners are worth the money to make things work so that the private sector health system can and will flourish in the future!

I am optimistic about the role of agent/advisors in the delivery of health care products and services to American. I believe that 2019 will be a real comeback year for many in our industry as we strive to serve the needs of our clients and grow our blocks of business.



David L. Fear, Sr. RHU is managing partner of Shepler & Fear General Agency and a 40-year veteran of the employee benefits industry. He is a past-president of

CAHU and NAHU and 2015 recipient of the NAHU Harold R. Gordon Memorial Award as ‘Health Insurance Person of the Year’. David is a member of the 2019 Cal Broker editorial advisory board.

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2019 SURE TO BRING CHANGES IN LONG TERM CARE INSURANCE

By LOUIS H. BROWNSTONE

It's sure that there will be more changes in LTC insurance for 2019 than there have been in any of the last 25 years. These changes will tax the knowledge and abilities of both long-term care insurance specialists and general agents and brokers. Let's make a list of the changes...

The Need

The need continues to grow, especially as the almost 80 million baby-boomers enter their seventies. The need will explode in 10 years as they enter their eighties and become sick. It's becoming more apparent that caregiving needs will stress the sandwich generation unless a long-term care plan is in place for their parents. The demographics continue to expand the need.

The Market Penetration

LTC will continue with about a 6 percent or 7 percent penetration and not much more.

There now has been an 87 percent

decline in placed policies per year since 2003 when sales were robust, and we may not have as yet found the end of the decline. Premiums are up to three times more than what they were in the nineties, and the costs of care continue to rise. Prospects hate the "use it or lose it" feature at these high premiums. In addition, rate increases on older blocs continue to degrade the industry's reputation. Premium increases above current rates are unlikely.

Industry Expansion

As a result of rising interest rates, one or two new carriers are likely to enter the traditional long-term care insurance market in 2019. Expect approval delays in California, but not in the compact states.

The California Partnership for Long-Term Care

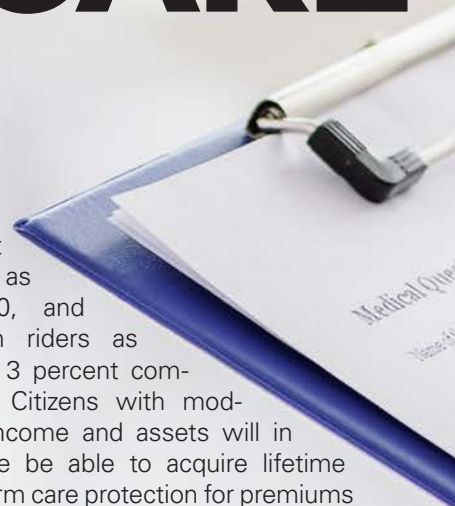
The Partnership will become viable again in 2019. Recent legislation has enabled carriers to file plans with the daily benefit as low as \$100, the bene-

fit limit as low as \$73,000, and inflation riders as low as 3 percent compound. Citizens with moderate income and assets will in essence be able to acquire lifetime long-term care protection for premiums as little as \$100/month per person.

This is a game-changer. This legislation opens up a whole new market: the people with the top 10 percent to 40 percent in income and assets. Carriers will file new and innovative Partnership plans. This will create huge marketing opportunities for agents and brokers who take advantage of this sales potential. It's time to update your Partnership training. It's possible that, in time, almost all long-term care policies sold in California will be Partnership policies.

Other Solutions

The decreases in traditional long-term care insurance will be more than offset by increases in other products



It's becoming more apparent that caregiving needs will stress the sandwich generation unless a long-term care plan is in place for their parents. The demographics continue to expand the need.



containing long-term care solutions... hybrids, linked life, linked annuities, critical illness.

Agents and brokers sold almost as many hybrid policies alone in 2018 as traditional long-term care insurance policies. The hybrids contain true long-term care riders and are regulated by Section 7702(b) of the Internal Revenue Code. Features unique to them are true care coordination, shared care riders and tax deductibility. Most of the linked-life products contain chronic illness, terminal illness and/or critical illness riders, and are regulated by Section 101(g) of the Internal Revenue Code.

The rates are often guaranteed, and the insured always receives a benefit whether or not he or she needs long-term care. The definition of chronically ill in chronic illness riders is increasingly resembling the definition of chronically ill in long-term care riders, but the illness must be permanent in the former.

Training of Agents and Brokers

With the explosion of different long-term care solutions, agents and brokers will not be able to solely rely on their knowledge of traditional long-term care insurance. They will have to be trained on new solutions and know when it is appropriate to present them. Agents can't effectively present any product unless they fully understand it and are comfortable presenting it. They will be most successful by restricting their inventory to a few solutions and becoming expert in selling them.

Genworth/China Oceanwide

At this writing, this merger appears likely to occur in the first quarter. The industry needs a successful deal, especially because Genworth has the largest book of policyholders, many of whom have had their policies for a long time and are getting older and sicker. New market penetration in China could completely revive Genworth's long term care insurance and make that segment of its business healthy again.

Role of the Agent

One major carrier is planning to drastically reduce renewal commissions for agents and brokers. Their commission

structure will be similar to life insurance commission structure. This major carrier is planning to create call centers and stake its future on this type of internet marketing, thus reducing the importance of agents and brokers. Most agents won't be able to make a decent living any more by just selling this carrier's traditional long-term care insurance. They will gravitate toward other carriers with traditional long-term care commission structures and learn to sell other solutions.

Call centers specializing in long-term care insurance have been attempted before with no better than mixed results. However, a carrier may have the ability to acquire leads inexpensively and improve on the profiling of prospects. In addition, the internet technology has improved over time and has become more efficient. Telemarketers will have to be paid a salary plus incentives, and will have to be micro-managed. But, if successful, telemarketers can be far less expensive to the carrier than agents and brokers. Can this approach work? If it can, will other carriers follow suit? Or is long-term care insurance still a product which must be sold, not bought? The industry will be watching this experiment with great interest.

Catastrophic Coverage

Catastrophic coverage is unaffordable and unrealistic except for the very rich, the top 5 percent to 10 percent in income and assets. Nursing homes are becoming less important and will only be utilized as a last resort. People are only entering nursing facilities if they are severely ill, and may be there for shorter periods of time than in the past.

For the 15 to 20 percent that need care beyond five years, they will either have to be very rich and pay for expensive care with other resources or very poor and rely on Medi-Cal.

Home healthcare and assisted living facility care are far less expensive alternatives than nursing facilities most of the time and can be covered by smaller daily and monthly benefits.

Partial Coverage

Agents and brokers are being forced to change their habits and sell partial

coverage instead of catastrophic coverage. Two- or three-year benefit limits are now more commonly sold than five- or six-year benefit limits. Three percent compound inflation has replaced 5 percent compound inflation. Actuarial experience has shown that as small as two-year benefit limits can satisfactorily protect about 70 percent of people needing long-term care. Robotic and sensor technology are available now to make home health care less expensive, minimizing the need for long personal care visits of home health care aides.

Partial protection is far better than no protection, and policyholders may have access to other sources of assets and/or income to make up the difference between the long-term care insurance benefit and the cost of care. However, this may only be true for some of the top 40 percent in income and assets, and the bottom 60 percent will surely have to rely on Medi-Cal for most of their costs of care.

The Employer Market

This market may well become hugely important, but the environment is not right at this time. Health care costs have not stabilized, and companies still cannot project the rise in their health care costs. Very few carriers are marketing seriously in this space. However, there have been some product advances, such as life insurance with an extension of benefits rider for long-term care.

This market could explode if health care costs stabilize. The current health care system is clearly unsustainable in the long run. Pressure is rising for new solutions, not necessarily single payer. Watch for how changes in our health care delivery system could affect LTC.



Louis H. Brownstone, a member of the 2019 Cal Broker editorial advisory board, is chairman of California Long Term Care Insurance Services, Inc. located in Burlingame, California. California Long Term Care is the largest independent specialist long term care insurance agency in California, and is broker for a group of high-producing long term care specialist agents. Brownstone is also very active in NAIFA, the National Association of Insurance and Financial Advisors.

AN LTC OUTLOOK FOR 2019

SIGNIFICANT CHANGES ARE COMING

By JESSE SLOME



Despite all the negativity that surrounds long-term care insurance, I am optimistic about the year to come. Not Pollyannaish optimism, but one based on the recognition that significant changes are going to be good for long-term care insurance. Let's examine a few predictions for the coming year, marketplace changes and what it all can mean to you, the typical insurance professional working with Californians who are in their 50s, 60s and 70s.

What Makes Me Positively Euphoric?

California tops the nation in people 60 and older (I am one of them). The 60-plus population increased by 1.5 million in the last five years from 6.71 million in 2013 to 8.22 million in 2018. California's senior population will continue to grow for the next decade.

Medi-Cal will continue to be the primary source of payment for long-term care services. Nationally, Medicaid pays \$60 billion just for nursing homes. With the election behind

us, expect more media coverage to focus on curtailing burgeoning entitlement programs. Aging Californians will grasp the fact that government programs are going to be more meager in the years ahead. They are not going to be willing to bet their future on expanded government entitlements. Rather, greater self-reliance and planning will be the mantra of many—all positive for future LTC sales.

Finally, we are starting to see newer approaches to traditional long-term care insurance products that are more in line with what consumers today want and are willing and able to afford. New policies have been introduced or are in the works from major insurers. If consumers buy, expect more insurers will follow suit.

Stability for Traditional LTC Insurance

Just over a decade ago (in 2005), some 525,000 Californians owned a traditional long-term care insurance policy. Annual policy sales in the state soared to over 75,000 policies. Our projection is that total policy sales for the entire

Aging Californians... are not going to be willing to bet their future on expanded government entitlements. Rather, greater self-reliance and planning will be the mantra of many—all positive for future LTC sales.



U.S. in 2018 will be around the 60,000 level. We expect that 2019 will be a year of stability and that alone will be good news for a much-beleaguered industry.

Rising interest rates are likely to have two good outcomes for the industry. First, premiums for new policy offerings should remain stable. Likewise, rising yields could help company bottom lines—good news for those concerned about ongoing rate increases and about seeing the few remaining companies exiting the business.

Dramatic Growth for Linked Benefit Products

Sales of these products continue to soar. Unfortunately, this is rarely reflected in consumer-oriented media coverage.

Our prediction is that the trend will continue for a variety of reasons. So long as the stock market doesn't tank, legions of investment advisors and stock brokers will be pitching these products to their clientele. Compared to selling traditional LTCi, this is a relatively easy sale and it can be a lucrative way to move money from one bucket to another.

What is the role of stock market indices you may ask? When portfolios reflect gains, there's no incentive for consumers to move money and, as a result, no income generated as a result of transactions. Thus, stockbrokers in record numbers are recommending linked-benefit options to their clients. Conversely, when markets tank, as they did in 2008, brokers aren't calling clients for fear of having to explain portfolio losses.

Obviously, we can't predict market direction when writing this in late 2018. But we can recommend strategies whichever direction the markets head in 2019. If markets continue to rise, being proficient in comparing various linked-benefit policies will be a way to compete with most brokers who only offer one option. If markets slump, know-

ing you are less likely to face competition from a client's broker gives you a definite advantage when attempting to call new prospects to propose discussions about long-term care planning.

California Partnership: Too Little Too Late?

I was previously quoted on the front page of *The Wall Street Journal* touting the Partnership program as the single greatest way to affordably protect middle income Americans. And, I proudly helped launch the California Partnership program in the 1990s and was the first outside marketing consultant hired by the Department of Health services to promote the program.

So, while I was glad to see sorely needed changes to the California Partnership program, I don't believe it will be enough to significantly turn the tide. For that to occur a significant commitment in terms of marketing dollars to create heightened consumer awareness is needed. I don't see that coming from the State, from insurers nor from individual agents.

That said, on the bright side, California continues to permit agent mailings to solicit leads that look and feel like official State mailings. If they generate cost-effective results, one can expect the number of letters filling California mailboxes to increase. Awareness is the first step to rebuilding sales momentum.



Jesse Slome, a member of the 2019 Cal Broker editorial advisory board, is the founder and director of the American Association for Long-Term Care Insurance (www.aaltci.org) as well as the American Association for Medicare Supplement Insurance (www.medicare-supply.org). The organizations are headquartered in Westlake Village, California.

TRAVEL INSURANCE MARKET FORECAST FOR 2019

Despite record flight delays, lost luggage and plans to engage in risky sports or adventure activities, only 46 percent of US travelers opt to purchase travel insurance when venturing abroad. In contrast, an average of 80 percent of foreign travelers always purchase visitors travel insurance after booking flights and accommodations.

By RAJEEV SHRIVASTAVA

The global travel market continues to grow despite headline-making natural disasters, increased flight disruptions and the threat of terrorism. Travel agencies reported an 80 percent increase in international travel in 2017, and that figure is expected to be met or surpassed for 2018 due to cruise travel, adventure travel, senior and millennial travel.

Foreign travelers know that their government-sponsored health care systems don't extend coverage out-of-country and overwhelmingly purchase visitors travel insurance when traveling to other countries. This is especially true when visiting the U.S., where private health insurance is the norm and treatment rates are the most expensive in the world, but Americans purchase travel insurance at about half that rate. From a world view, the costs of treating uninsured travelers from other countries through national Medicare systems is creating a growing push for mandatory travel health insurance coverage, which will likely spill over into the U.S. over the next few years.

The market opportunity with insurtech-based intermediaries

With a CAGR of 4.7 percent through 2022 for travel insurance purchases [Marketresearch.biz], brokerages that provide health and life insurance to families, singles and seniors owe it to their clients to review health insurance policies and coverage before venturing out of the U.S., and to offer travel insurance to their base.

Third-party intermediaries, driven by the Insurtech boom, make it easy to add travel insurance to a brokerage's portfolio, allowing brokers to offer comprehensive travel insur-

ance coverage to their clients while abroad. Adding travel insurance to your portfolio does not require an additional license or test, and insurtech-based third-party intermediaries offer technical, turn-key solutions that require no IT expenditures for the brokerage.

Americans live in a travel insurance fairyland

Americans largely believe that their U.S.-based health insurance will cover them for emergencies while abroad and that the credit card they used for purchasing flights will cover any flight cancellations, delays or lost luggage. Many end up with these beliefs shattered if they become severely injured or ill while traveling and unable to be medically transported back to the States—or when a natural disaster or global incident occurs before or during travel, forcing them to purchase a new flight, or leaving them stranded in the middle of a disaster, with all expenses out-of-pocket.

Only 46 percent of U.S. travelers opt to purchase travel insurance when venturing abroad [Travelmarket Report], despite record flight delays, skyrocketing numbers of lost bags and plans to engage in risky sports or adventure activities—AAA Travel has that figure even lower, at 38 percent for international travel. Travelers from other nations purchase their flights and accommodations, then immediately purchase a travel insurance policy that includes travel medical insurance and other options.

It is important to educate American travelers now on the importance of securing comprehensive travel insurance coverage as many countries are seriously considering mandatory travel medical coverage to all visitors, much like the Schengen visa (see sidebar).

Most travelers opt for only flight delay or cancellation

Like all growth industries, consumer education is key to create an informed traveler who clearly understands the need for travel insurance and the various coverage options available.



1 Billion

In 2012, over 1 billion people crossed international borders for the first time to experience other countries and cultures, not as a result of a humanitarian crisis or conflict.



1.8 Billion

Over the next ten years 1.8 billion people will cross international borders for travel.



180 Million

By 2025 over 180 million households will travel internationally.



coverage through their credit card. U.S.-based life and health brokerages have a lucrative opportunity to offer comprehensive travel insurance plans that include these primary areas of coverage, and many more options:

- Travel medical insurance—covers your client for illness, injury, hospitalization or surgery until they are stabilized and ready for repatriation.
- Trip insurance—covers your client for flight cancellation and delays. Trip insurance covers emergency medical transport, emergency evacuation and repatriation, even family reunion while abroad and the return of minor children to the U.S. should a parent be too ill or injured to be transported. Pet evacuation is also offered by some providers.
- This travel insurance also covers your client for lost or stolen baggage, lost passports and emergency replacement items such as toiletries, clothes, medication and passports.

Educate Travelers on the Myth of Credit Card Trip Insurance

Unless your client carries a black American Express—which will transport you back to the U.S. if severely injured or ill—without travel insurance, your clients will not be covered for major medical treatments nor any medical transport or repatriation should they fall severely injured or ill while abroad, or worse yet, need repatriation of remains back to the United States.

Every U.S. traveler who purchases an airline ticket online encounters pop-up boxes selling travel insurance, typically from only one travel insurance provider. Many U.S.

Mandatory Travel Insurance?

Life and health brokers are in a unique position to offer travel insurance as part of their portfolio and educate their clients on the importance of purchasing a comprehensive travel insurance policy any time they venture abroad.

Mandatory travel insurance coverage for border entry is on the horizon

The cost burden of medical care for uninsured travelers in other countries has led to a serious debate of requiring mandatory travel health insurance, much like the Schengen visa requirements. The Schengen area consists of 26 European countries that require minimum mandatory travel insurance coverage to obtain a Schengen visa. Travelers to these countries must show proof of at least €30,000 of travel health insurance coverage.

Countries such as Australia have reciprocal Medicare agreements with other countries that allow medical treatment for citizens from each country, but, with uninsured travelers from non-reciprocal countries racking up hundreds of millions in medical treatment costs, there is a push for mandatory travel insurance. That push is also in the U.K. and Ireland (both non-Schengen countries), for mandatory medical travel insurance. Expect the U.S., driven by economic analysis, to seriously consider mandatory visitors coverage in the near future.

...make sure [your] clients' health is protected and that their...loved ones are taken care of when they are gone. It makes sense to ensure they are safe and protected when traveling outside of the U.S

purchasers skip right over these options, confident that the credit card they used for purchasing the flight will cover any delays or cancellations. While that may be true depending on terms and restrictions, most neglect considering comprehensive trip and medical travel insurance. There are 'cancel for any reason' policies that are becoming quite popular—as cancellation reasons often have to fit the credit card company's exact terms, which can be limited.

It is the health insurance agent who must caution clients traveling abroad to purchase travel insurance. While some emergency treatments may be covered by U.S.-based health insurance, this is never true for seniors on Medicare—although some senior supplemental policies may offer limited coverage, no U.S.-based health plans offer emergency medical transport, emergency medical evacuation or repatriation, which are only a few of the many incidents a travel insurance policy may cover.

Make 2019 a Banner Year By Adding Travel Insurance

Life and health agents make sure their clients' health is protected and that their clients' loved ones are taken care of when they are gone. It makes sense to ensure they are safe and protected when traveling outside of the U.S. By adding travel insurance to your portfolio, you will be adding value to the services you provide, while enjoying a lucrative revenue stream for your brokerage.



Rajeev Shrivastava serves as CEO to global InsurTech company VisitorsCoverage, a popular online travel insurance marketplace that allows travelers worldwide to acquire and manage their travel insurance online. He has also founded several online technology brands including TMQuotes, an online platform that empowers insurance agents to sell travel insurance online. VisitorsCoverage works with the travel insurance industry's most trusted providers and underwriters including IMG, Seven Corners and Lloyd's of London. Call 650-735-3640 x139 or email samuel@visitorscoverage.com.

The Hottest Travel Insurance Markets for 2019

Seniors, millennials, solo female travelers and 'bleisure' travelers will lead the explosive growth of the travel insurance industry in 2019.

Senior travel—frequent travelers with pre-existing health conditions

Ninety-nine percent of baby boomers will take at least one and typically up to five travel trips each year, and 45 percent of this travel is international [AARP]. Millions of Americans, mainly seniors, travel with pre-existing conditions such as diabetes, heart conditions and hypertension, which require special policy riders even when these travelers have the foresight to purchase a travel insurance policy. Visitors insurance for parents visiting the U.S. is on a solid growth trajectory as their children want to avoid financial calamities should their aging parents need expensive medical treatment while visiting the U.S.

Millennials—demand seamless, mobile-based transactions

Millennials want experiential and adventure-based travel that entails engaging in risky sports activities such as zip lining, parasailing or surfing. These require a hazardous sports rider, in addition to a comprehensive medical travel insurance policy that includes evacuation from remote areas. Their purchases are overwhelmingly via mobile, making it crucial that a third-party travel insurance provider is insurtech-based with a seamless client interface and the ability to compare and purchase travel insurance policies within minutes.

Female Solo Travelers—the lucrative health and wellness demographic

Over 32 million American women travel alone every year, and that figure is rising as the travel industry continues to cater to this lucrative demographic [Travel Industry Association]. They seek out cultural sites, health and wellness destinations and adventure travel. Over 80 percent of female travelers consider themselves health- and wellness-driven. This demographic spends 130 percent more on total travel expenditures.

Bleisure travelers—adding leisure trips to their business travel

Business travel insurance accounts for the market share of all travel insurance policies purchased and will continue to grow at a CAGR of 5 percent through 2026 [Marketresearch.biz]. Many business travelers opt to add on a few days or a week of personal travel time when they have business abroad. Multi-trip travel insurance policies are an attractive option to ensure they are covered when the business portion of their trip is completed. Corporate business travelers are also an attractive market for travel insurance coverage for kidnapping, ransom, terrorism and emergency evacuation from corporate locations in global hotspots, and quarterly insurance policies.

FORECASTING THE 2019 TRENDS IN VOLUNTARY BENEFITS

By ELIZABETH HALKOS



The current tight job market has employers vying to recruit and retain top talent. So it's no surprise that voluntary benefits are now a critical "must-have" in the employee benefits package.

Do you have to be a psychic to predict industry trends? I think not. Predicting or forecasting about uncertain events isn't based on extrasensory perception, intuition or even black magic—such as if a psychic is predicting when someone might get married. Nor is predicting industry trends about making an informed guess or having a scientific explanation.

Most of the time, predicting industry trends is based on experience or knowledge.

Certainly, with benefits, it's more about understanding the industry and what its players—the workforce, employers, brokers, providers and others—are saying and doing.

No longer a "Nice-Extra" but a "Must-Have"

Gone are the days where voluntary benefits are simply a "nice-extra" for employee benefits. Today's diverse, multigenerational workforce has such varying characteristics, lifestyles and preferences, that employers no longer can provide one-size-fits-all benefits even in the voluntary arena.

The current tight job market has employers vying to recruit and retain top talent. So it's no surprise that voluntary benefits are now a critical "must-have" in the employee benefits package. In addition to explosive growth in the range of available voluntary benefits in recent years, their popularity among employees is reaching new heights as well. A broad benefits package sends a good message to employees and potential recruits. It positions a business as a company that listens, cares and is worth working for.

Voluntary benefits offer employees a variety of specialized benefits so they can choose the ones they want. And the range of options is impressive—from voluntary benefits that supplement "core" benefits including health, life and disability insurance, to the plethora of others that span identity theft protection to pet insurance to employee purchase programs and even student loan refinancing

arrangements and egg harvesting.

In addition, voluntary benefits are a cost-effective method for employers to provide a broad benefits package that give employees options. That's important because only 60 percent of employees believe their employer's benefit plans are competitive with those offered by other organizations, according to the PwC 2018 Employee Financial Wellness Survey.

2019 Predictions

So what can we expect in 2019 in the voluntary benefits arena? Here are my predictions on what we'll see the voluntary benefits industry focusing on next year.

1. Addressing Student Loans

Student loan debt continues to reach record highs and it even exceeds credit card debt and auto loan debt. More than one-third of employees overall (and 55 percent of millennials) said student loan repayment is a must-have benefit, according to a Unum study.

A few employers—Sotheby's, Estee Lauder, and others—have started offering a monthly contribution toward employees' repayment of the principal amount of the student loan debt, up to a maximum dollar amount per year. That's one way to address the issue. And it resonates with employees who are burdened with student loan debt. According to the American Student Assistance, 86 percent of employees would commit to a company for five years if the employer helped pay back their student loans.

With only 4 percent of employers currently offering employees some form of assistance to repay student loans, 2019 is going to see more employers and the industry itself finding ways to offer student loan refinancing and repayment benefits.

2. Taking Care of the Caregivers

Caregivers make up a significant portion of today's work-

The current tight job market has employers vying to recruit and retain top talent. So it's no surprise that voluntary benefits are now a critical "must-have" in the employee benefits package.

force. Today's multigenerational workforce includes employees who care for parents, adult children and even grandchildren. Then there's the "sandwich generation" that has aging parents as well as dependent children that need their help. These caregivers provide support on a variety of levels—emotionally, financially and with general caregiving assistance.

Nearly one in four employees is providing financial support for parents or in-laws; and among employees with adult children, 42 percent are providing financial support to them, according to the PwC study. The National Business Group on Health says that 75 percent of caregivers report having trouble meeting their financial needs.

Elder care support, childcare, adoption assistance, financial wellness benefits—all are increasingly important to the caregivers. Next year will see employers being more comprehensive with benefits that address the comprehensive needs of employees who serve as caregivers.

3. Facilitating Savings

The statistics are staggering -- employees are still struggling to meet their financial obligations paycheck-to-paycheck. GoBankingRates.com reports that 69 percent of Americans don't have \$1,000 or more in savings to use for emergencies; MarketWatch.com (gobankingrates.com); nearly 50 percent of Americans owe \$25,000 or more in non-mortgage debt (marketwatch.com); and the typical worker has saved \$0 for retirement.

It's time for the industry to help employees start to take control of their financial future by encouraging savings. Look for more financial services benefits in 2019 that offer automated savings plans as a voluntary benefit.

4. Encouraging Utilization of Financial Wellness Benefits

Financial wellness has been an industry buzzword for a couple of years now and many employers have added a variety of financial wellness and education voluntary benefits to

their employee packages. But only one-third of employees utilize the financial wellness benefits their employer offers, according to the 2018 Workplace Benefits Report from Bank of America Merrill Lynch. The report also showed that employees want more personalized and direct guidance than macro-level programs.

It's a simple fact that when financial wellness benefits aren't used, they don't work. Adoption and engagement should be our focus now. In 2019, employers and the industry alike will be searching for ways to make these benefits more engaging, personalized and effective in order to help their employees improve their financial flexibility and well-being.

5. Communicating Year-Round

With so many benefit offerings available today, it can be mind-boggling to employees to be aware of them all and to understand them. In addition, a recent Unum study showed that 49 percent of workers say they spend 30 minutes or less reviewing their benefits prior to enrollment.

Year-round benefits communications in a multitude of communication methods targeted to each generation and on platforms and devices they pay attention to should be mandatory. Even gamification has become a popular, creative method of communicating. 2019 will see employers and the industry re-dedicate itself to benefits communications, understanding and engagement.

Five years ago, our voluntary benefits trends included proclaiming that voluntary benefits "had arrived," that "non-traditional" benefits were coming on the scene; and that employees' financial stress would lead to more attention to financial wellness benefits. Much has happened in the voluntary benefits arena since then. 2019 is going to see even more growth and refinement of these benefits that provide so many options that resonate with employees.



Elizabeth Halkos is chief operating officer at Purchasing Power.

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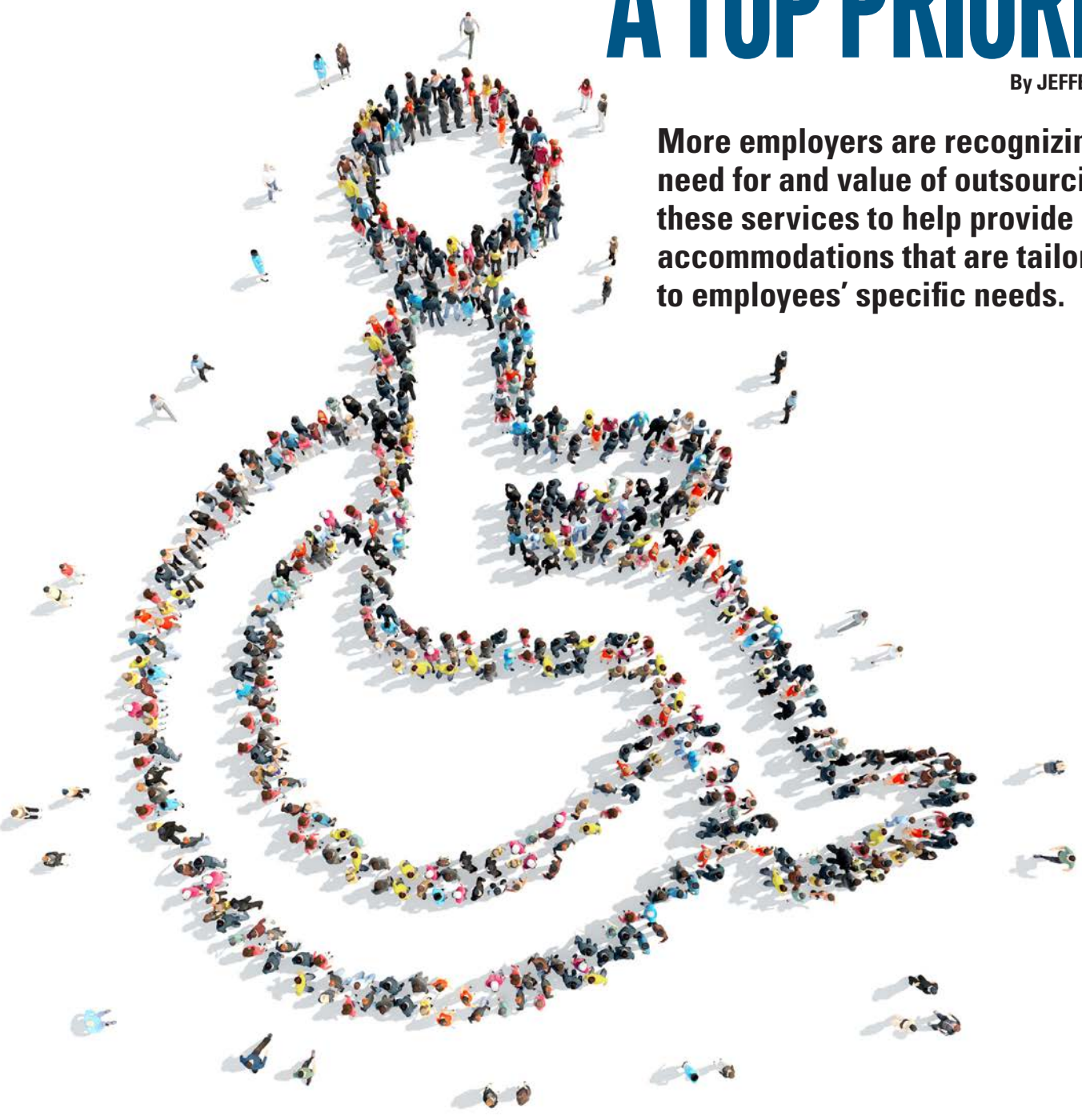


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NEW YEAR, NEW GOALS: MAKING ADA/AA SUPPORT A TOP PRIORITY

By JEFFERY D. SMITH

More employers are recognizing the need for and value of outsourcing these services to help provide accommodations that are tailored to employees' specific needs.





The conversation around accommodating employees is changing. Over the past few years, there's been a shift in many clients' mindsets when it comes to discussing Americans with Disabilities Act Amendments Act (ADAAA) compliance and how to best meet employees' needs in the workplace. Before, many employers saw outsourcing ADAAA services as another offering they needed to vet and an additional cost coming out of their budget.

As employers become more aware of the risk of ADAAA-related lawsuits, more employers are recognizing the need for and value of outsourcing these services to help provide accommodations that are tailored to employees' specific needs.

As more of your clients adopt this mindset, the new year can be a good time to reach out and ask if outsourcing ADAAA services will be a priority for them in the future. While these don't provide helpful ADAAA support, there are services that can help employers meet their compliance obligations. To help guide the conversation about the benefits, here are a few key points that highlight how working with a disability carrier can help address employees' stay-at-work and return-to-work needs.

Maintain ADAAA compliance

If and when an employee accommodation need arises, it's important that your clients are prepared. Mishandling, delaying or refusing assistance could result in an employee-filed complaint with the Equal Employment Opportunity Commission — or worse — a lawsuit for failing to accommodate a disabled employee. Highlight the value disability consultants can provide to your clients by helping address accommodation needs and assisting clients with their compliance obligations.

Take work off HR's overflowing plate

Many HR professionals today are tasked with managing benefits plans, employee financial wellness programs, payroll, and recruitment and retention efforts. Employee accommodations requests often fall on an already overloaded plate. And, for most HR professionals, ADAAA and ergonomic accommodations are not their area of expertise. Therefore, they may not know what resources are available and what equipment can help an employee's specific situation.

Fortunately, disability carriers can help alleviate this additional stressor for HR professionals. Some disability carriers provide consultants who can work directly with an employee to get the details that inform what accommodations support may be necessary. Consultants are able to ask an employee about their functional capacities and limitations, and how their health condition may impact their ability to perform their job. In addition, they also can help HR managers develop an accommodations plan, source equipment and coordinate installations — giving time back to your cli-

ent's HR team to focus on other responsibilities.

What's more, the recommendations provided aren't a take-it-or-leave-it type of option. The process with a consultant is collaborative, and employers will weigh in throughout the process and have a final say in the type of accommodation(s) provided.

Offer Neutrality

It's useful to have a neutral party to work with an employee and their medical team to gather health-related information to help inform accommodations, as employees may be hesitant to discuss sensitive topics in the workplace. A recent survey conducted by Standard Insurance Company found 37 percent of employees are uncomfortable discussing their health condition with their HR manager, while 54 percent are uncomfortable speaking about this topic with their direct supervisor.

Allowing a disability consultant to manage this process can help ensure employees have someone to talk to about their condition and that employees receive accommodations tailored appropriately for their situation. Whether it's a modified schedule, ergonomic equipment or reduced job duties, tailored accommodations can help reduce an employee's symptoms and boost productivity.

Create Awareness of Available Resources

Once your client has bought into the idea of outsourcing ADAAA services, remind them — awareness is a key aspect needed to help any program succeed. In order for a program to thrive, it's critical that the offering is communicated effectively to the necessary staff members.

Employers can work with their disability carrier to provide onboarding materials that can be shared internally to everyone from leadership to direct supervisors. Most disability carriers have an FAQ, sample newsletters, video tutorials and process documents that explain how the services can help and when is the right time to request the assistance of a consultant.

As more of your clients recognize the need for ADAAA assistance, there's more opportunity for you to help connect them to the right disability carrier to help. Work with them as they set their new year's goals and make sure ADAAA compliance is at the top of the list.



Jeffery D. Smith is the Workplace Possibilities program practice consultant for The Standard, and has worked in the vocational rehabilitation field for more than 30 years. In his role, Jeff is continually looking at ways to improve the Workplace Possibilities program to provide new and better stay-at-work and return-to-work services for both employers and employees. He shares the benefits of the program with new and existing clients, creates white papers and writes case studies to help make a difference for employers who are looking to be more successful in managing employee absence and disability. Jeffrey is a member of the 2019 Cal Broker editorial advisory board.



10 REASONS WORKPLACE WELLNESS WORKS

Less time for self-care, declining energy, more sick days and stress contribute to decreased productivity, increased absenteeism and a general morale problem.

By MIKA LEAH

We all want to work smarter, not harder, but even technological advances haven't conquered adding more hours into the day. One of the first things that seems to get sacrificed by increased demands in the workplace is our health. Less time for self-care, declining energy, more sick days and stress contribute to decreased productivity, increased absenteeism and a general morale problem. This all translates to more than just elevated healthcare costs for employers, it's compromising our collective wellbeing.

Thankfully workplace wellness programs have entered into play to help mitigate health challenges for workers and it's mutually beneficial for the companies. While some initiatives focus on individual challenges like smoking cessation, mental health care or weight loss, there's a growing trend for keeping it simple by building community with group activities inserted right into the workday like on-site mind/body fitness classes, "lunch and learns" and healthy cooking demonstrations.

Feedback on these types of programs is overwhelming positive because of the convenience of being able to participate during the workday. That means on-site classes like the ones corporate wellness provider Goomi Group offers may just be the alternative to bending time.

Here are 10 Reasons Workplace Wellness Works

1. It's convenient and time-savvy. If it's easy, employees will be more likely to participate. And if they participate, they're more likely to adapt the new habits and behaviors

they learn through wellness offerings. Providing classes that improve health during office hours makes it simple for staff to schedule it in their busy lives.

2. There's a positive domino effect. Most health problems are caused by poor eating habits combined with a sedentary lifestyle. By bringing group exercise classes and nutrition education onsite, employers light the spark of inspiration for healthy habits and an organic chain reaction takes place.

3. Mob mentality works to the program's advantage. Employees model each other's behaviors. Even if participation isn't mandatory, once non-compliant employees observe enthusiastic ones going to classes, bringing healthy snacks, and keeping water bottles on their desks, it's inevitable that even the most resistant folks will give some element of the wellness program a try. Peer influence is real and it can be a major motivator!

4. It's been studied and proven effective. The Rand Report Workplace Wellness Programs Study lead author, Soeren Mattke states, "We find that workplace wellness programs can help contain the current epidemic of lifestyle-related diseases, the main driver of premature morbidity and mortality as well as health care cost in the United States." #BOOM

5. Wellness programs attract the best of the best and keep them. Perks mean a lot these days, and offering on-site wellness programming can be just the item that sets you apart from the competition. When a prospective new hire is considering their offer, imagine if on-site massages and lunchtime Pilates were a part of their deal. It could be

Workplace wellness improves the bottom line. Whether happier, healthier employees recoup the investment in programming via productivity, healthcare costs or camaraderie, wellness itself is priceless.



WELLNESS: Human Resource Perspective

By LYNN HOUNSLEY

Workplace Wellness Programs are now a standard component of a Company's benefits program. Employers looking to create a healthy and productive work environment usually focus on how to interact and engage all employees and especially the largest demographic of America's workforce, millennials. A Wellness Program can be very successful if it is customized to a company's values and employee needs/preferences. The convenience of wellness opportunities and/or incentives can assist employees in many ways by improving their mind and body which in turn lower absenteeism and improves morale. It also can help to attract talent and help with retention. It is also a great public relations tool!



Lynn Hounsley is the president of Integrity HR, Inc., a California based Human Resources consulting firm specializing in helping business owners stay compliant and provide support with employee issues to maintain a positive work environment. Contact Lynn at 951-833-8372 or lynn@integrityhrinc.com.

what sways a star prospect to sign with you.

6. Workplace wellness creates company culture and loyalty. According to a report from The Economist Intelligence Unit, employees who say their company has a wellness culture, regardless of size, report better outcomes across a broad range of concerns, from fitness and diet to overall well-being and engagement with the employer's mission. Such a culture, the EIU research shows, is achievable for a broad range of companies and can provide an important competitive advantage.

7. It's fun! How can employees not enjoy an all-day health fair that includes massages? Whether your team likes melo meditation or high intensity boot camp, nutrition education or boardroom yoga, there's a wellness program out there that will resonate with your people and bring more joy to their day. Happier employees mean less absenteeism, more productivity and decreased healthcare costs.

8. Employees have something to look forward to. A post-work kickboxing class or 10-minute massages once a month can be major motivation. A workforce that looks forward to coming to work is highly valuable. When staff get in early for a pre-shift Vinyasa yoga class, or powers through their morning tasks just so they can make the lunchtime meditation group, the return on investment is immense.

9. It produces positive change. Stress-reduction, weight loss, improved sleep, mood elevation and increased mobility are some of the possible outcomes from engaging in wellness programs.

10. Workplace wellness improves the bottom line.



Whether your team likes mellow meditation or high intensity boot camp, nutrition education or boardroom yoga, there's a wellness program out there that will resonate with your people and bring more joy to their day.

Whether happier, healthier employees recoup the investment in programming via productivity, healthcare costs or camaraderie, wellness itself is priceless. Need numbers? A study found, "Employees who participated in a program and successfully improved their

health care or lifestyle showed significant improvements in lost work time. These employees saved an average of \$353 per person per year. This reflects about 10.3 hours in additional productive time annually, compared with similar, but non participating employees."



Mika Leah is a wellness professional and founder of Goomi. You can reach Mika at info@goomigroup.com or directly at 310-945-6857.

WELLNESS: Employee Benefits Professional Perspective

By PHIL CALHOUN



Employers who really appreciate their employees look for proven motivational tools to use as incentives and rewards for work behaviours they want to encourage. Employees consistently report cash incentives usually work best, followed by time off.

Employers looking for a longer term employee incentive often find some "wellness programs" help employees while also impacting the employer in terms of employee morale, job satisfaction and overall performance leading to profits. Although wellness is ideally not just a one time "thing," employers need to start somewhere and build wellness into the fabric of their company employee philosophy. Wellness program components that fit together will help evolve into a comprehensive wellness program.

As employee benefits advisors, we can play a role. Often the place to start is within the annual open enrollment process. If the employer wants to change up things, consider shifting the annual open enrollment to an event such as a benefit fair. If this is not possible during open

enrollment but shows promise, find a mid-year point that makes sense. First you'll need to gain support from the management and work within a budget. Remember there is a great deal of competition among brokers. Be the one who looks hard at retention and sees wellness as a valuable tool that will help you grow closer to ownership and employees. As employee benefit advisors we often look for ways to help our clients solve problems. Wellness is a people focused service and not just more technology. Find an experienced wellness professional who can help you add value to your client relationship through proven wellness programs. Your role is to coordinate the event and keep the focus on employees while shining the light on the employer, owners and HR.



Phil Calhoun owns Integrity Advisors, a California based employee benefits agency. Phil is a member of the 2019 Cal Broker editorial advisory board.



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Advisor Strategy: Communication Diffuses Market Volatility Concerns

By CLIFFORD P. RYAN

Discretionary investment management involves a high level of trust between the advisor and clients. When the market experiences volatility, the majority of clients are confident that their advisor can monitor and manage their portfolio if a healthy foundation has been established in their relationship. Advisors can build this rapport with yearly reviews and proactive conversations to address the topic throughout their client interactions. Once established, clients are more comfortable in a volatile market and respond logically rather than emotionally.

How to Time Proactive Conversations

According to a recent study conducted by MDRT, 74 percent of consumers with advisors indicate their advisor shared best practices for responding to market volatility. Proactive communication allows advisors to minimize their roles during turbulent conditions since clients feel prepared to wait for the market to rebalance.

Market growth

It is most effective to share advice about volatility when the market is in a period of growth. I suggest advisors share strategies and reminders with

clients during a market upswing so they are not overwhelmed by negative reports, can commit your recommendations to memory and can recall it at a later date. Remind them that the situation can and will change because the market cannot always perform well.

Market decline

When the market experiences a downfall, remind clients that some years are better than others, and the market will not remain static. Soft reinforcement throughout your relationship is more effective and enables clients to heed your advice when needed rather than feel overwhelmed with constant communication about market activity. Proactive conversations help you stay ahead of the news your clients may see and increases the chance that they will not react to volatility in a negative manner. Your management of their assets is an additional layer of protection that prevents clients from emotionally-fueled decisions that will hurt their financial situation in the long-run.

Evaluate Risk Tolerance to Withstand Volatility

The effects of volatility can be avoided almost entirely with a well-rounded financial plan tailored to the risk toler-

ance of each client. One of the most important financial conversations in which to engage with clients is their desired level of risk and reward for investments.

Discretionary investment management

Under discretionary investment management, we sort clients into different categories such as conservative or moderate according to their risk tolerance. This is determined by a number of factors such as age and current financial status. You must establish their risk tolerance based on the client's comfort in addition to your professional advice.

Annual reviews

Once these parameters are established, advisors can take greater control over the investments. With this business model, it is important to revisit the client's risk profile if anything changes in their life. Every client's needs are different and should be re-evaluated year after year. For example, if income needs are higher, their risk tolerance most likely needs to be lowered. Frequent conversations with clients as they experience change allows for proactive portfolio adjustments according to risk tolerance instead of in reaction to market volatility.



Advisors can build healthy rapport with yearly reviews and proactive conversations to address the market volatility.



Open channel of communication

In a discretionary investment management situation, it is vital to reinforce that clients must communicate any changes to their advisor in case these changes occur during a gap in consultations and portfolio reviews. This way, advisors can help clients determine if anything needs to be adjusted short or long-term to stay ahead of the market and investment performance. If their portfolio is built to withstand volatility, you will not be subject to panicked calls and communications from clients when instability of the stock market is newsworthy.

The Role of Advisors During Market Volatility

Advisors often have different approaches for overall client engagement and interact based on what is most effective for their business model and individual clients. For instance, my business manages investments on behalf of my clients, so we require fewer meetings throughout the year for this specific aspect of financial planning. Other business models may warrant more frequent communication to deter clients from short-term decisions that will have long-term effects.

Divergent approaches

Advisors typically take one of two

approaches to communicate market activity with clients. Some prefer to send their clients newsletters with overarching market news or quarterly performance reports for them to monitor themselves. This method often leads to information overload and can adversely cause clients to watch the market too carefully with news that may not relate to their individual investments. Others, like me, prefer to take a laid back and more tailored approach. Clients will continue to receive statements, but we typically sit down once a year to review their investments, evaluate risk tolerance and make adjustments, unless drastic changes are needed at another time. Instead of wary clients, this method establishes trust and conveys that we actively watch the market on their behalf.

Reduced client concerns

Our method results in a low volume of calls or emails when the market takes a dip and proves extremely effective for diminishing client concerns. We've had face-to-face conversations along the way that diffuse the situation before it occurs. Our proactive approach allows us to find and maintain a financial balance for the client without the need for reactive adjustments.

I suggest other advisors who may take the alternate approach and encourage clients to stay informed make sure they do not overemphasize the investment portion of their planning. If you train your clients to watch the market, they may become unnecessarily concerned with minor fluctuations. Rather than showing clients you are on top of the market through frequent communication, reinforce this idea year over year and establish trust that you always look out for their best interests. My observation is that clients will be happy as long as their checks arrive and they see the values perform as expected in the long-run. Of course, there are always exceptions to the rule, and some clients feel more secure with additional knowledge of the stock market's effect on their personal investments.

Holistic Planning to Endure Market Volatility

While investment portfolios are a large portion of financial planning, it is important to take a holistic approach and secure clients' assets in different buckets to balance out the stock market. Clients hope to earn positive returns on variable or investment portions of their plan. On the opposite end, help clients reserve emergency funds that can serve as cash for a variety of situations they may face.

Financial safety nets

As a secondary protection layer, I encourage clients who own a home to establish a home equity line that lets them access cash and enables short-term borrowing. Another strategy to balance out the market's effect on investments is to use fixed and fixed-indexed annuities. While these assets have a lower rate of return compared to some investments, they have a higher guarantee and level of safety. With a well-balanced portfolio and a holistic approach to financial planning, client confidence levels will increase.

While market volatility is a news topic that weighs heavily on consumers' minds this year due to the impact of several policy changes, there are strategies advisors can utilize to diffuse negative impact on clients' portfolios and financial confidence. Incorporate conversations about the market into your frequent client communications and annual reviews. If you can establish a healthy outlook on the role of the market, you will reassure clients that their investments are handled and will perform long-term.

Cliff Ryan is a personal financial advisor specializing in assisting those in or near retirement with financial and investment planning. He began his career in financial services in 1983 and had been affiliated with several firms prior to establishing his own practice in 1988. After moving to Maine in 1990 he focused specifically on the needs of retirees and pre-retirees. In 1996 he founded Elder Planning Advisors of Maine, Inc. to further this practice specialty.

SUCCESSION THROUGH ACQUISITION CAN GIVE AGENCY PRINCIPALS THE BEST OF ALL WORLDS

By BRYAN W. ADAMS

The thought of planning for business succession and retirement can torment entrepreneurs who've put in decades of dedication and energy into developing their own successful insurance businesses.

The thought of planning for business succession and retirement can torment entrepreneurs who've put in decades of dedication and energy into developing their own successful insurance businesses. However, succession is becoming a hot topic and more pressing issue as the industry ages. A few years ago, a report from management consulting firm McKinsey & Co. reported the average age of an American insurance agent was 59 and as such, set expectations for the entire industry that a quarter of its workforce would retire around 2018. In keeping, the U.S. Bureau of Labor Statistics reported that nearly 400,000 employees will retire from the insurance industry within the next few years.

Many successful business owners are motivated to keep their agencies growing and thriving, but want to spend less of their golden years working. Luckily, the last several years have been ripe for consolidation. Done correctly, this can mean principals can see their legacy continue to grow, take some equity out of the businesses, and have the option to stay involved with company management. This situation becomes a win-win for everyone involved.

Being Acquired Does Not Have to Mean Stepping Away

Owners have the choice of making continued investments into growing the business independently, and taking on the risk/reward element associated with that, or finding a partner that would provide the resources, skills and opportunities to grow more safely and efficiently. By entering into an acquisition agreement, owners can ensure security and peace of mind not only for themselves, but also for their family of employees.

An advantage of such an acquisition is that the acquiring company will have the priorities and programs in place to alleviate a lot of the work and worries that bog down business owners. Not having to worry about HR, IT, finance and compliance is a game-changer. With these important areas of the business in good hands, owners can focus on sales and marketing.

Owners can also gain access to best practices from an industry leader and new products that they don't have access to as a smaller entity. Finally, management of the acquiring business can provide insight, support and guidance to leadership when needed.

Three Experts Share Their Advice

When asked what they wished someone would have told them in re-

lation to succession planning, industry experts said the following:

1. Maggie Fleming, co-owner, president and chief executive officer, Neishloss & Fleming, "Consider all of the options you have when starting down the path of succession planning. Don't close any doors unless they strongly conflict with your goals and values."

2. Tom Fleming, co-owner and chairman, Neishloss & Fleming, "Put as much time and energy into a succession plan as you would put into other elements of your business. Always be working on your exit strategy along with everything else, because if you wait until you need it, your choices may be limited and your appeal may be diminished."

3. Lenny Anderson, founder of Minneapolis-based GoldenCare USA, "Understand that selling your business is not the equivalent of walking away. Selling can mean maximizing the value of your business and still work passionately at building it."

Bryan W. Adams is the co-founder and CEO for Integrity Marketing Group, the preferred partner for insurance carriers and the nation's leading independent distributor of life and health insurance products focused on the senior market. The company serves over one million clients with more than 350 employees.



PROACTIVE EYE CARE CAN HELP LOWER OVERALL HEALTHCARE COSTS

By DR. DANIEL LEVY

As more companies address workforce health with wellness initiatives to meet the needs of their employees, a well-rounded benefits package that includes medical, dental and vision is one of the first steps to promoting comprehensive preventive care. For many people, however, there is a common perception that medical insurance and visiting the doctor will help identify health issues or diseases, whereas vision insurance is a benefit you tap into if your family has a history of poor eyesight or you notice your own eyesight is not as sharp as it used to be. This couldn't be further from the truth. Preventive care for the eyes can go a long way in keeping the body healthy and identifying diseases.

As many eye care practitioners will tell you – the eyes are the window to your health and should be as much of a priority as getting an annual health exam. It might be surprising but small organs such as the eyes can shed light on what's happening throughout the body. This is why it is important brokers emphasize to their clients the value of preventive eye care measures and why communicating to employees that eye care can help identify health issues beyond their eyes.

Preventive eye care starts by educating the workforce about the value of having vision insurance and the importance of an annual comprehensive eye exam. Having an annual eye exam allows an eye care professional to take a look at a patient's ocular health as well as their overall health. In addition to determining vision prescription and detecting vision health problems such as nearsightedness and astigmatism, a comprehensive eye exam can reveal changes happening throughout the body. For example, diabetes is the leading cause of blindness in the United States, with approximately 12,000 to 24,000 new cases of blindness each year. Eye care practitioners are often the first to observe early signs and symptoms of diabetes

which can cause blurry vision from blood sugar fluctuation.

It doesn't start and stop with diabetes. Annual eye exams can also reveal other overall health issues including:

STDs—unresolved pinkeye and other signs (syphilis, chlamydia, herpes)

Thyroid disease—dry eye, muscle stiffness, bulging eyes (Graves' disease)

High cholesterol—buildup on the cornea; plaques clogging arteries in the eye

To many, it's surprising that an annual eye exam can detect these diseases before a physician but finding them early can help keep medical costs down. This is often due to the eye practitioner identifying the issue in its early stages, prompting the patient to get treatment before the illness or disease worsens and communicating these findings with the patient's primary care physician.

While it's unlikely that most employees think of vision insurance as a preventive benefit, the vision care industry is growing as more employers offer vision as part of a standard benefit. Patients are four times more likely to seek professional eye care services from an eye care professional when offered vision benefits that cover both an eye exam as well glasses and or contact lenses according to the National Association of Vision Care Plans (NAVCP). More than 87 percent of Americans with benefits plan to receive an eye exam in the next 12 months (versus only 67 percent without benefits). These statistics indicate that brokers should work with their clients to develop communications tools showing employees the benefits of using their vision insurance for proactive care. Brokers should be equipped to promote vision by offering lunch and learns or incorporating vision care at wellness fairs hosted by employers to promote proactive eye care. In addition, clients should keep in mind that their employees want quality service and versatility of access when it comes to vision insurance.

In communicating with clients, brokers should be aware



of new trends that are taking place when it comes to vision benefits and the demands from vision insurance users and eye care professionals. Over the past year, there have been new trends that have evolved from technology advancements and improved care including:

• Vision Care Professionals as Advocates

Family history of eye conditions means there's a higher chance of eye issues in younger generations. Early detection of some major diseases is possible through annual eye exams, which decreases overall healthcare costs. Additionally, ignoring vision problems can result in even more damage with age and most costly care down the road.

• Online is Taking Over Eye Care Shopping

There will be a greater demand for online eye wear and accessories. For example, people want to order contact lenses and or eye glasses through an online portal rather than in-store purchases. While ordering online for contacts is one thing, it is important to remind clients to communicate with their employees that online tests cannot replace in-person eye exams.

• Blue is the Favorite Color

There is greater awareness and demand for innovative lens technologies, such as lenses that protect against sunlight and the blue light emitted from technology devices. For many employees, they spend most of their days looking at a computer, and blue lens can help protect eyes from damage associated with computer screens.

• Telemedicine is Here

Telemedicine, also referred to as telehealth, is beginning to slowly emerge in the workplace. According to Guardian's 5th Annual Workplace Benefits Study (2017), 28 percent of working Americans say their medical plan offers access

to telemedicine, and of those, just 7 percent have used it. Among those without access to telemedicine, 22 percent would be interested in using it. Tele-optometry equipment is one technological advancement poised to change the vision marketplace. With the right, portable equipment, an eye care practitioner can perform an eye test using a handheld device that sends the results to a mobile phone or iPad. Within minutes, a person can find out whether they need glasses or whether they need to change their prescription for a stronger one.

Given the positive impact that preventive care can have on eye health, brokers and consultants should encourage employers to consider the following:

1. Meet industry standard for preventive care benefits
2. Expand your plan's definition of preventive services
3. Incentivize use of in-network providers
4. Enhance plan member communication to focus on preventive care and services

As eye health costs increase and vision insurance becomes a standard employer offered health benefit, more and more Americans can use their insurance to support their eye health. Taking proactive steps to protect eye health can lead to better overall health as well. In addition, preventive eye care can lead to lower comprehensive healthcare costs. It is important that brokers work with

their clients to emphasize the value of proactive eye care.



Dr. Daniel Levy, O.D. CPHM, is chief optometric officer, The Guardian Life Insurance Company of America.



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