

THE ~~LOVE~~ REPORT

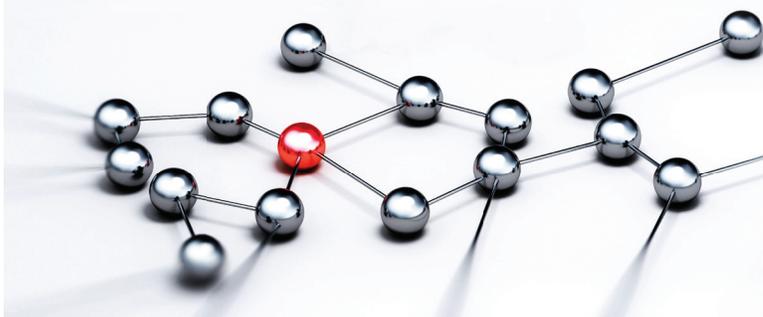
INSIGHTS AND FINDINGS ON MARKETING TO SENIORS



**CONTINUING
CARE AT HOME:**
Insights into
Increasing Market
Acceptance

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LOVE
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ALWAYS THINKING



CHALLENGES AND OPPORTUNITIES IN CONTINUING CARE AT HOME (CCA) PROGRAMS



OVERVIEW

Studies have repeatedly demonstrated that people overwhelmingly prefer to remain in their homes as they age, suggesting that continuing care at home (CCaH) programs should be experiencing significant demand. Yet growth in both the number of programs that are available, and in the membership of those programs, has been slow, and the reasons for the pace of growth are not clear.

We believe the CCaH concept has strong merit and warrants serious consideration as a growth product for senior living organizations. Therefore, Love & Company undertook this research to help better inform the CCaH community, and the senior living field in general, about actionable data points that can help improve provider service offerings and overall strategic approaches.

In this report, we explore sales and marketing patterns and consumer insights related to CCaH programs using original research conducted by Love & Company in summer 2019.

During summer 2019, Love & Company conducted a two-phase research project to examine sales and marketing patterns and consumer perspectives related to continuing care at home programs.

PHASE 1:

Online survey of providers. The survey was sent to all 31 CCaH programs operating in the United States. Nine providers participated in the survey, which was open from mid-June through early July 2019.

PHASE 2:

Online survey of 47 CCaH program members and nonmembers. Respondents included members from five programs as well as people who have considered a CCaH program but have not yet joined. Members were surveyed in July 2019 and nonmembers in August 2019.



A BRIEF OVERVIEW OF CCAH

Continuing care at home (CCaH, often referred to as “life care at home” or “continuing care without walls”) is, by and large, a form of long-term care insurance that provides members with key services designed to support them in remaining in their homes, thus delaying or avoiding the need for institutional care. These programs provide care managers who ensure consistent evaluations of members’ health and wellness status and coordinate services when needed. A goal is to form relationships between members and care coordinators to make calling on the program in a timely manner more likely and consistent, thereby assuring successful intervention.

CCaH programs ensure that members receive services to help them remain safely in their own homes as their needs change. In addition, they provide access to supportive living environments, primarily assisted living and nursing centers, if they are needed. Most programs also defray the costs of many of these services, including higher levels of care.

At the time of this study, there were 31 active CCaH programs operating in 17 states.



CCaH programs were first established in the 1980s and may or may not be part of a Life Plan Community.

FINDINGS FROM LOVE & COMPANY’S ORIGINAL PROVIDER RESEARCH

In June/July 2019, Love & Company researched CCaH marketing and sales data through an online survey of CCaH programs active in the United States.

The survey was focused on sales and marketing strategies and activity: what is being undertaken, what has been successful and what needs to be strengthened in the future. Data were collected to build benchmarks to measure how the success of some programs compared to others. The survey was open from mid-June through early July 2019 and reported on program efforts between 2016 and 2018. Nine of the 31 active CCaH (29%) participated in the survey.

SURVEY RESPONDENT OVERVIEW

- The nine participating programs had an average of 167 members, and individual program membership ranged between 54 and 338. Four were larger programs with 190 or more members.
- The majority opened between 2011 and 2016, with a median year of opening of 2013. This is similar to the median year of opening of 2014 for all active programs. Three of the programs have been open for 15 years or more.



INFORMATION SEMINARS AND OTHER EVENTS

Information seminars are the primary lead source, and the participating programs held an average of 47 information seminars per year, with most conducting between 31 and 54 annually. Overall, the focus is on smaller events with seven to 13 attendees at each.

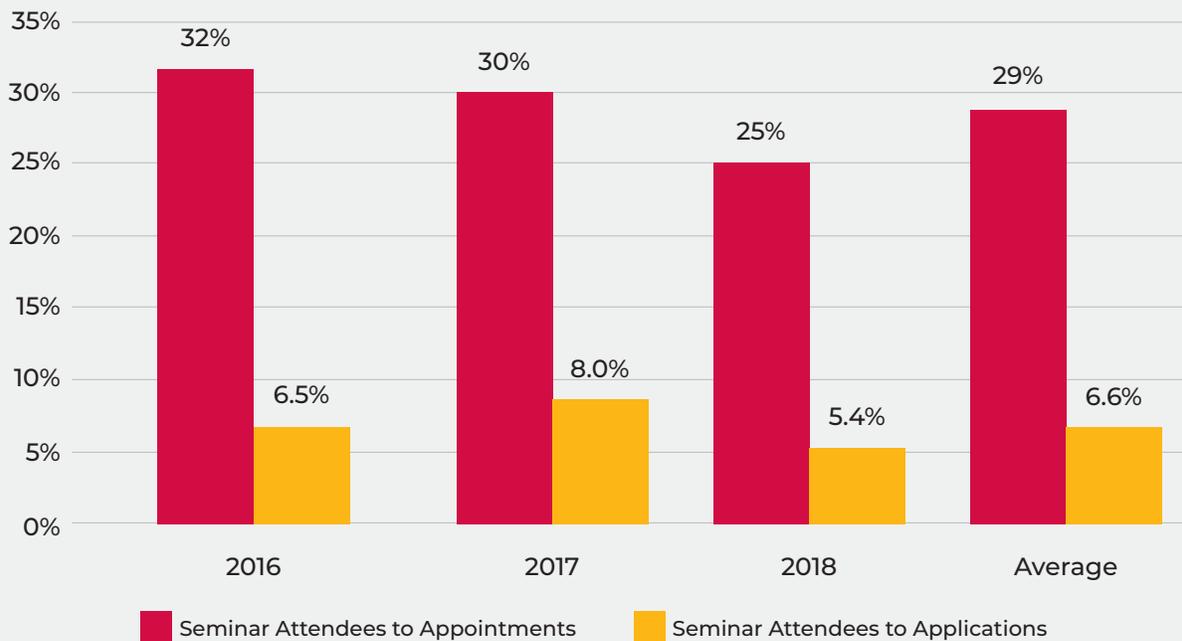
While most programs are using other types of events in addition to information seminars, leads are participating in those other events at much lower rates. The majority of programs periodically include leads in member events as a way to re-engage them and help advance the sale.

INFORMATION SEMINAR RESULTS

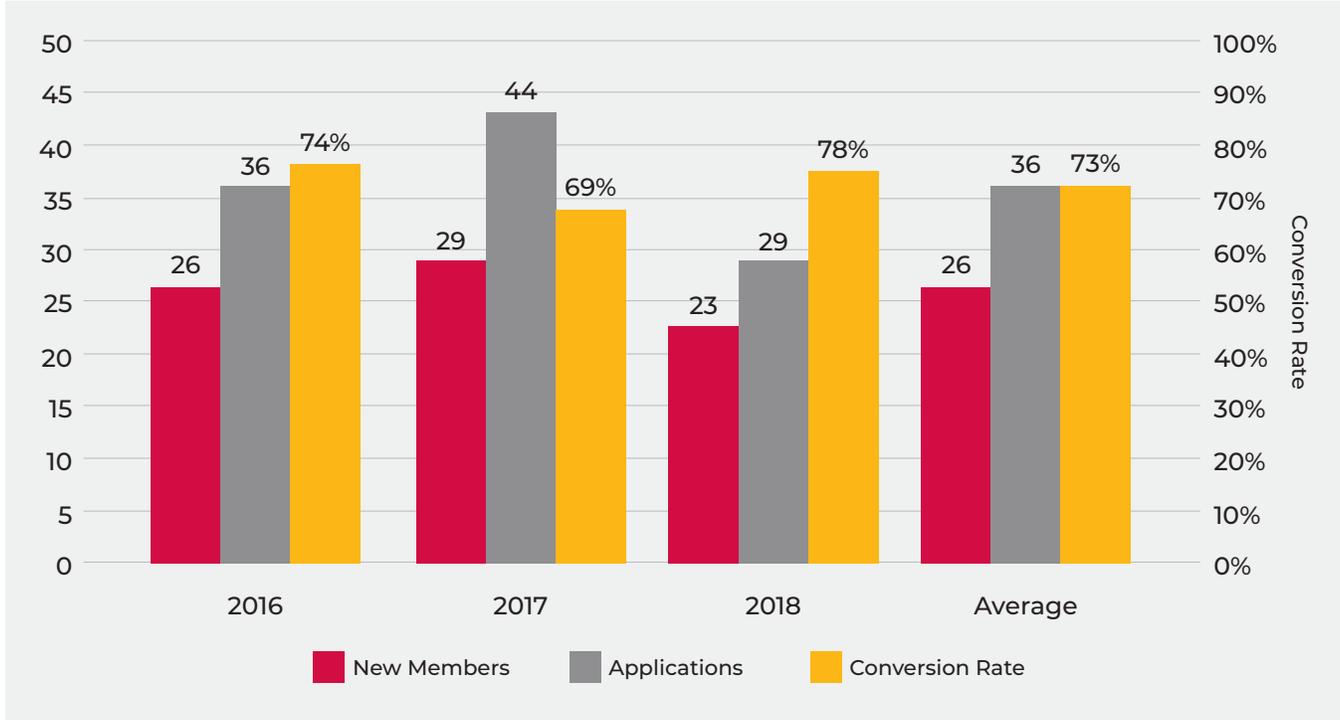
The conversion rate of seminar attendees to appointments varied somewhat from year to year, from a low of 25% in 2018 to a high of 32% in 2016. Conversion rates of seminar attendees to applications ranged from from 2% to 22% by participating program, with an overall average of 6.6%.

Seminar attendees convert to appointments at high rates, with nearly 40% scheduling an appointment to learn more about the program.

SEMINAR ATTENDEE CONVERSION RATES



NEW MEMBERS AND APPLICATIONS



NEW MEMBERS AND APPLICATIONS

Overall, the number of new members decreased slightly from 2016 to 2018 in five of the nine programs. This corresponds with a decrease in the number of applications. The conversion rate from applications to new members increased slightly, from 75% in 2016 to 80% in 2018.

The results of the applications were also reviewed. Applicants are more likely to be denied membership for medical reasons (15%) than financial (0.2%). This indicates that sales teams are better at financially screening applicants than medically screening them, which isn't surprising, as programs have strict underwriting criteria for health issues that may not be fully disclosed to the sales teams.

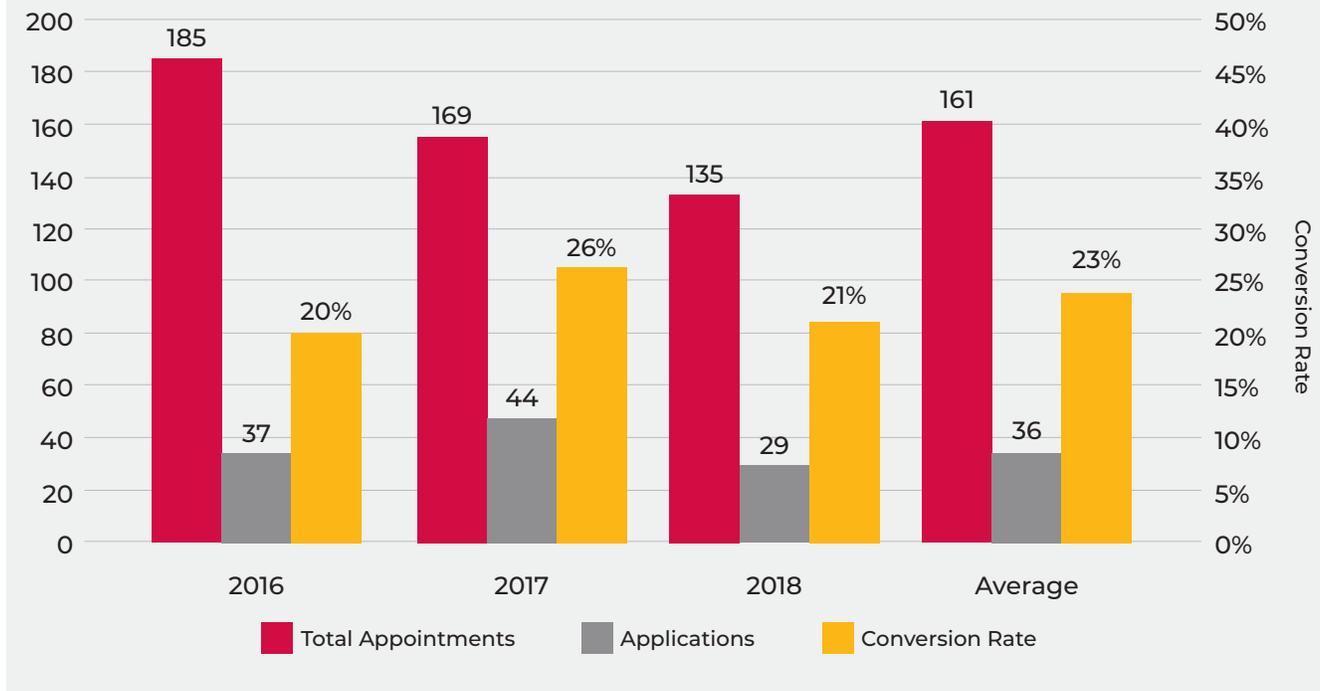
APPOINTMENTS AND RESULTS

Conversion rates¹ from appointments to applications, at 23%, are significantly lower than those seen for independent living at Life Plan Communities. For programs to be more successful, the conversion rate needs to improve, and the number of appointments needs to increase.

¹ For IL, approximately 30% of appointments convert to a deposit.



APPOINTMENTS AND APPLICATIONS



ROLE OF MEMBERS IN THE SALES PROCESS

Most programs incorporate members in the sales process in various ways. This includes inviting them to information seminars, having them present at member panel events, using testimonials in collateral materials and hosting events for their friends to learn more about the programs. Members also serve as references for prospects, sharing their firsthand experience during phone calls or lunches.

GREATEST CHALLENGES

Many of the greatest challenges that programs shared relate to the fact that prospects are not knowledgeable about the product, what it offers and when one needs to apply for membership.

Programs are commonly mistaken for home care, and program representatives strive to find the key words and messaging to clearly describe their programs' distinguishing characteristics.

A related issue is that prospects don't fully grasp that they must be healthy when they join the program; if they already have health needs, they won't qualify to become a member. These are marketing challenges that relate to perceptions before a lead makes an inquiry about the program.



Once prospects understand what the program is, a second set of challenges arises that relates to the need for the program. These challenges include not truly understanding the importance of putting a plan in place for the future versus waiting until they have a health need, as well as the risk of having to pay privately for long-term care costs. These challenges need to be clearly addressed and overcome during the sales process for prospects to become members.

FINDINGS FROM LOVE & COMPANY'S ORIGINAL CONSUMER RESEARCH

In July and August 2019, Love & Company undertook consumer research to gain insights from CCaH program members, as well as people who have considered a CCaH program but have not yet joined. The objective was to identify the most important aspects of the product, barriers to joining and tools or strategies that might be used to increase membership.

All CCaH programs were invited to participate. The member research was conducted in July and the nonmember research in August. Leads and members attended separate sessions.

Love & Company implemented a tool that is new in the senior living and services sector: live, online focus groups using a platform that integrates artificial intelligence and natural language learning not only to obtain open-ended responses but also to measure consensus.

Open-ended responses can be notoriously difficult to categorize, but the ability to quickly do so using artificial intelligence, then send the responses back to respondents to vote on the concepts provided by others, presented an opportunity to develop a prioritized ranking of answers.

SURVEY RESPONDENTS

The members who participated in the online research sessions were active in the program but not currently receiving care services. Thirty-four members from five programs participated.

When compared to the typical Life Plan Community resident, member participants tended to be younger, more likely to be married and more affluent.

- 9% were 70 or younger
- 74% had an income of \$75,000+
- 48% had a net worth of \$1.5M+
- 63% were married
- 71% reported they and/or their spouse had long-term care insurance
- 48% had provided assistance for a loved one



Nonmembers included leads who had attended an information session and/or had a one-on-one appointment with a program representative. Only 13 individuals and four programs participated, possibly due to survey fatigue and difficulty in allocating staff time to support the mailing.

Because of the small sample size, qualitative information provided by respondents is more useful than the participant characteristics. However, a significantly lower percentage of the leads reported carrying long-term care insurance, which definitely warrants further exploration. It is possible that future markets may have greater reason to join a CCaH program in lieu of insurance.²

ROLE OF THE SPONSOR

The sponsor is an important aspect in selecting the program, even though most members do not plan to move to the associated community at a later date. The data reinforce the idea that CCaH programs may be more a way for Life Plan Communities to diversify their services than to create a feeder for the community.

- 96% rate the sponsor as very important (73%) or somewhat important (23%).
- 65% indicate they are somewhat unlikely (36%) or very unlikely (29%) to move to the associated community.
- No participants indicated they are very likely to move to the community.

FEES

Most members (71%) reported that the one-time fee to join the program was reasonable, while only 11% of nonmembers felt it was reasonable. In comparison, 89% of nonmembers felt the one-time fee was either very high or higher than expected. This demonstrates that the fee levels are a significant obstacle to getting nonmembers to join a program.

Most members learned about the program by direct mail or from a friend, and only half researched online, which is lower than expected.

LEAD SOURCE

Most members initially learned about the program either by direct mail invitation or from a friend. About half of the participating members (48%) researched the program online. This is lower than expected, which could suggest a powerful word-of-mouth and referral system at play.

² The rate of coverage among the general "elderly" (65+) population may be only 10%; however, the rate among those whose wealth exceeds \$1M may be closer to 25%. Howard Gleckman, "Who Owns Long-term Care Insurance," Forbes 18 Aug. 2016



For nonmembers, the majority of participants (69%) did not research the program online, which is also surprising. As with the members, the information sessions proved to be the single most important source of information for nonmembers, and all of the participants had attended one. That said:

- Less than a third (31%) have had a personal appointment with a representative of a program, and the same percentage has talked with members.
- Almost two-thirds (64%) felt that they understand the program well.
- Just over one third (36%) understand the basic idea, but still have many questions or find it very confusing.

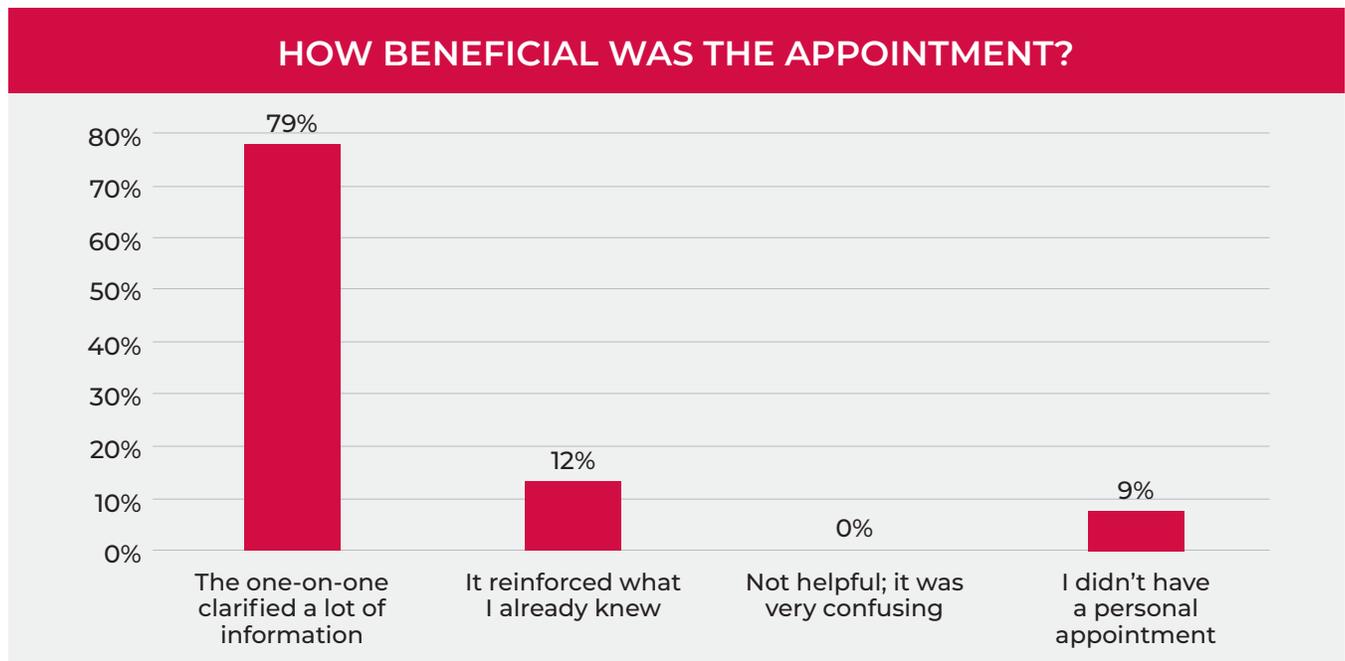
The confusion among nonmember participants seems to center around how much actual care is provided and the reasons for the high initial fees and monthly fees prior to receiving any benefit.

INFORMATION SEMINARS AND APPOINTMENTS

Information seminars play a strong role in the lead generation and sales process for CCaH programs. Ninety-one percent of members attended an information seminar. About a third of members indicated they understood the concept very well after the seminar, while 56% had the basic idea but still had many questions.

A personal appointment following the information seminar provides a great deal of clarity for members. Members shared that the aspects of the program that were most confusing included:

- Exactly what was included and what would cost extra
- How it would work with existing long-term care policies



BIGGEST CONCERN ABOUT JOINING

For members, several key concerns about joining rose to the top. It is important to address these concerns during the information seminar and personal appointments even if prospects don't ask about them directly.

- Survivability of the program: Will it remain financially strong?
- Sufficient and high-quality service providers
- Cost: Why does it cost what it does, and what is the real value to the member?
- Would the program provide enough care to allow the member to stay at home?

It is not surprising that cost is a consistent concern for both members and nonmembers. This concern points to the need to find ways to either adequately demonstrate the value of the product or seek adaptations to increase the perceived value of the programs.

For nonmembers/leads, nuances to the cost barrier include having long-term care insurance that is not considered by their program, thus making it "not cost-effective" to join. While some of the CCaH products do take insurance into account, all should be sure that they do and that it is clear how long-term care insurance comes into play.

MOST VALUABLE ASPECTS OF BECOMING A MEMBER

While it was said different ways, the most valuable aspects of the program directly or indirectly relate to the care coordinator and the role that person plays for members. The role of the care coordinator and member testimonials should be at the forefront when educating prospects about the program. Thus, the three most important things to emphasize in marketing are:

1. One point of contact
2. Peace of mind
3. Knowing help is available when needed



USE OF TECHNOLOGY

In an effort to determine what would make the CCaH product more appealing, nonmembers were queried about their interest in the application of technology to support their efforts to remain at home as they age.

- 80% indicated home technology monitoring devices for falls and security would be very or somewhat desirable.
- 89% indicated health monitoring devices (blood pressure, insulin, weight, sleep) would be very or somewhat desirable.
- 90% indicated telehealth services (for example, web-based doctor appointments) would be very or somewhat desirable.

CONCLUSIONS

OPPORTUNITIES FOR INCREASING MARKET ACCEPTANCE OF CCAH PROGRAMS

To increase marketing success, the findings from this research suggest it is imperative that providers address the lack of knowledge about the product, how it is different from home care and how it works with existing long-term care policies. Efforts must also highlight the value of the program, particularly the role of the care coordinator, and the risk of waiting for the program until one has a health need. Information seminars are moderately successful lead-generating events with a reasonable conversion rate of seminar attendees to appointments. To truly increase sales, the number of new leads needs to increase. Better education in marketing materials could assist with this.

Because the consumer research showed that the reputation of the sponsor is so important, a critical component of a successful marketing program will be to build the brand presence and awareness of the sponsor in its market area. There may also be opportunities in targeting seniors who have not acquired long-term care insurance, and in enhancing the CCAH product to include technology that supports seniors' efforts to remain at home as they age.



To truly increase sales, the number of new leads needs to increase. Better education in marketing materials could assist with this.





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A BETTER LIFE.

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The findings represented in this report are highlights from the much more extensive data we compiled in the research effort.

We invite you to contact Tim Bracken at **301-663-1239**, or **tbracken@loveandcompany.com**, if you would like to learn more about our breadth of senior marketing services.

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