



LONG-TERM CARE
INSURANCE

Our Approach to Cognitive Screening

Background

As a leader in the long-term care (LTC) insurance industry, John Hancock continues to research and refine our underwriting requirements and guidelines in order to sustain our excellent claims experience.

While John Hancock's overall portfolio experience continues to be excellent, claims related to cognitive impairment continue to be a significant challenge for the LTC insurance industry. Estimates indicate that cognitive claims account for up to 40% of claim volume in the industry.

Identifying applicants with a cognitive impairment continues to be one of the challenges presented to LTC insurance underwriters, since fewer than 25% of medical records mention a cognitive impairment when it exists.

- Alzheimer's Disease is the main cause of cognitive impairment in old age, affecting one out of every 8 individuals over 65 and 65% of those over 85.¹
- More than 5.2 million people in the United States have Alzheimer's Disease and yet only 2.2 million have been diagnosed.¹
- Stroke, diabetes, cardiovascular disease, mental illness, and neurological diseases such as Parkinson's are just a few of the many disorders that can lead to cognitive impairment.

As a result, in 1991, we began screening applicants for cognitive impairment in the older ages. In 1998, we began using the Minnesota Cognitive Acuity Screen (MCAS) by telephone for applicants ages 69 and younger based on high risk medical conditions (e.g., stroke, seizures, head injuries, depression), and since then we've expanded its use to applicants ages 65 and older.

Development of the MCAS

Our strong confidence in the MCAS lies in the fact that it was developed and statistically validated by scientists and geriatric physicians for Nation's CareLink and is used extensively in the LTC insurance industry. By using the MCAS, the accuracy of underwriting is significantly improved. Since 25%–50% of applicants with cognitive impairments cannot be diagnosed by memory testing alone, the MCAS does in-depth testing in a variety of areas of cognition including judgment, short-term memory, reasoning/orientation, and comprehension. In addition, reports indicate that only 25% of medical records contain an indication of cognitive impairment when it exists.

The MCAS is:

- a 15-minute non-threatening screen
- a tool that correctly identifies cognitively impaired and unimpaired subjects with a 98.1% accuracy rate (other tests have error rates of 10% or more)
- flexible, as it can be administered by telephone or face to face, with minimal false positives or false negatives

This MCAS not only improves our risk selection but also allows us to potentially accept more applicants who may be falsely classified using less sophisticated exams.

Why Nation's CareLink

John Hancock partnered with Nation's CareLink in 1998 after extensively piloting and studying their products and services with our customers for two years.

Nation's CareLink was founded in 1987 and is a nationwide company that has built its reputation of strength and stability by meeting the needs of the insurance industry. They provide more than 30 LTC insurance carriers with underwriting and claims services and pride themselves in providing superior service and products. The MCAS is one of many advanced products offered by Nation's CareLink.

1. U.S. Alzheimer's Association. "Alzheimer's Disease Facts and Figures," 2008.

The Nation's CareLink Assessor

Nation's CareLink uses only registered nurses to perform John Hancock's underwriting assessments. All RN assessors undergo a very strict credentialing and training process prior to being hired by Nation's CareLink. As part of their continuous quality control process, RN assessors are formally evaluated.

The telephone interviews that Nation's CareLink completes for John Hancock are all recorded, computerized, and carefully scripted. The digitally recorded interviews allow Nation's CareLink to spend a great deal of time and effort on quality assurance to ensure that the RN assessors are completing telephone interviews in the most fluent, professional, friendly, and timely manner.

Criteria

All applicants ages 65 and over undergo the MCAS. Applicants under age 65 may be required to undergo the MCAS based on medical triggers that lend themselves to a high risk of cognitive claim such as depression, head injuries, seizure disorders, etc.

What can be done to ensure more favorable results on the assessment and MCAS?

- Present our Underwriting Process Brochure (LTC-1590) to help prepare your client for the underwriting process. It details what can be expected for their age and interview.
- Let your client know that Nation's CareLink will be the vendor contacting him/her.
- Advise your client to choose a quiet and appropriate time to complete the assessment.
- Notify your client that he or she may be asked to participate in a memory exercise.
- Tell your client that the telephone assessment will take approximately 30 minutes and the face-to-face assessment will take approximately 45 minutes.

How the MCAS is scored

The scoring consists of nine subsections (weighted according to statistical importance demonstrated in the research), and these are compiled into the overall MCAS score.

Retesting applicants

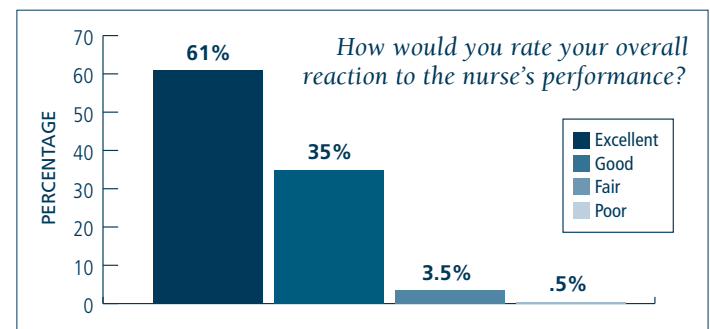
Over the years we have had many requests to retest applicants who fall below acceptable standards on the MCAS screen. We have consulted with medical specialists on this topic and they strongly advise against retesting. Medical experts indicate "that it's not common practice to retest at the same level; you need to go to the next level of testing." One of the problems with retesting is the element of exposure to the questions that can cause the client to perform better on the second test as he or she is now familiar with the types of questions being asked.

In some instances, we will reconsider applicants who fall below acceptable standards, but only if they complete a neuropsychological exam and a formal memory test, at the applicant's expense, results of which would be submitted to us for consideration.

Your clients' satisfaction with Nations CareLink

We have taken an aggressive approach to surveying your clients to ensure that the customer experience throughout the MCAS interview is exceptional. Surveys are mailed to more than 25% of applicants, following the assessment, and then are sent back to John Hancock for analysis. To date, we have exceeded expectations with telephone satisfaction levels at 96% (good to excellent) and face-to-face levels at 98.5% (good to excellent). The following charts depict the cumulative results of the surveys through 2008.

Telephone Interview



Personal Interview

