How can Milliman Long-term care Advanced Risk Analytics help?

Milliman

The Milliman Long-term care Advanced Risk Analytics® (Milliman LARA®) pre-claim risk model was developed using predictive analytics and can be used to assist LTC carriers in stratifying their population to proactively manage the health and claim activity of their members.

Paired with relevant intervention programs that improve member health and ability to age-in-place, LARA risk scores are a key component in the larger process of an LTC insurer reducing claim cost through preventative approaches. Home modifications, informal caregiver support, and social support, along with general preventative LTC wellness education, are among the aging-in-place initiatives that carriers have been implementing to benefit their policyholders.[1]
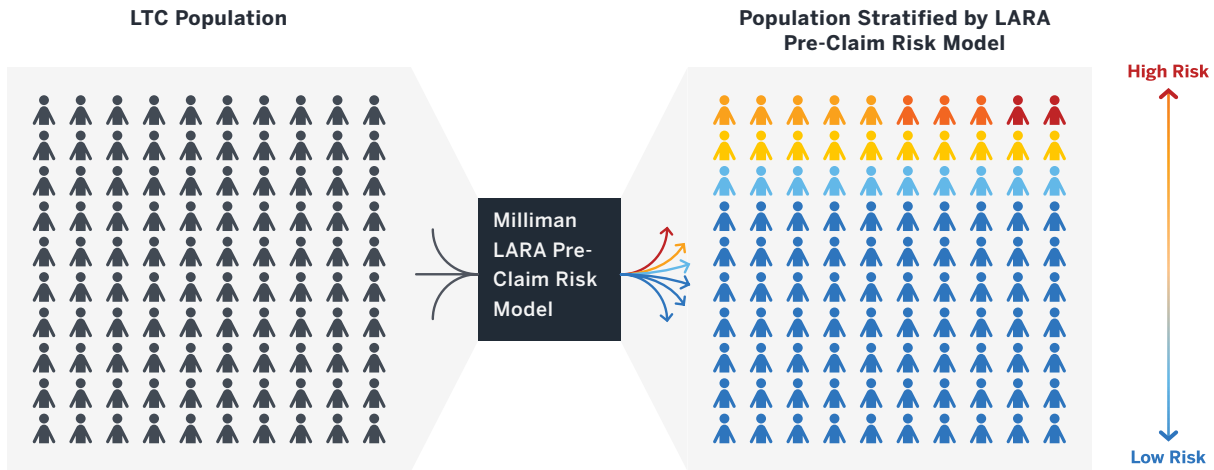

HOW CUSTOMERS USE THEIR LARA RISK SCORE

Business questions answered with LARA:

What portion of my policyholders in their 60s are highly at risk for LTC?

Below we show graphs that looks at the distribution by percentile of key age/gender bands. Without the LARA risk score, we would not be able to identify members that are part of the long tail to the right of the median (where the distribution reaches 50%).

Distribution of Key Risk Scores for Select Age/Gender Bands
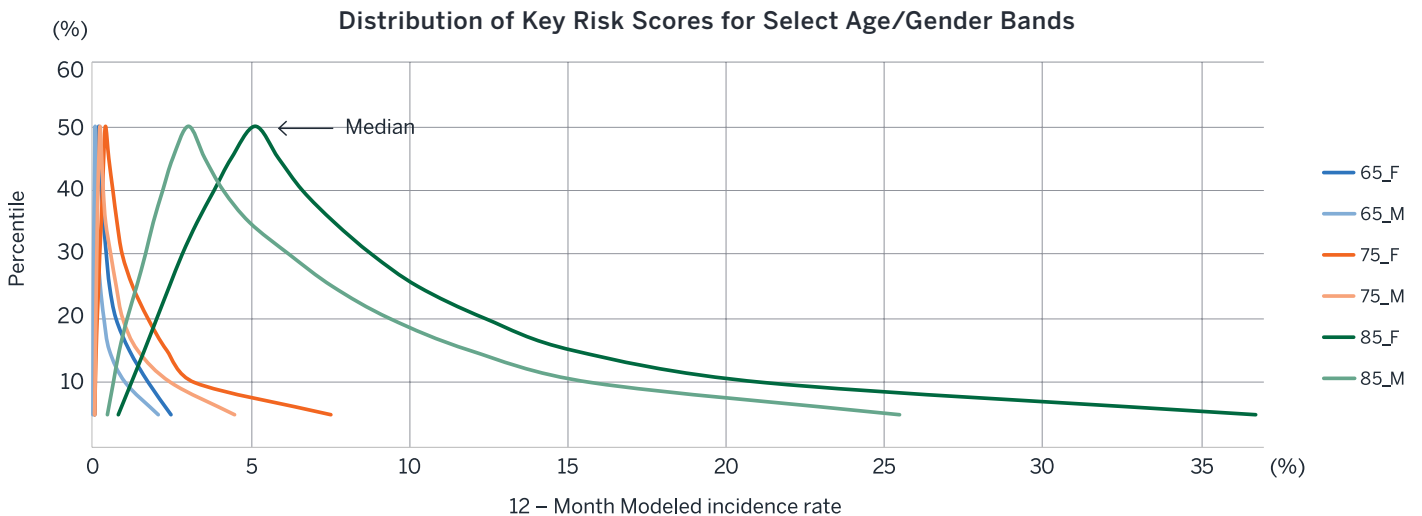
[1] Anderson, J., Eaton, R., Gordon, M., Nagarkar, K., Spector, J., & Tully, N. (August 2023) Long-term care aging-in-place initiatives. Retrieved March 11, 2024 from https://www.milliman.com/-/media/milliman/pdfs/2023-articles/8-10-23_ltc_insurance-wellness_20230810.ashx.

Distribution of Key Risk Scores for Age 65
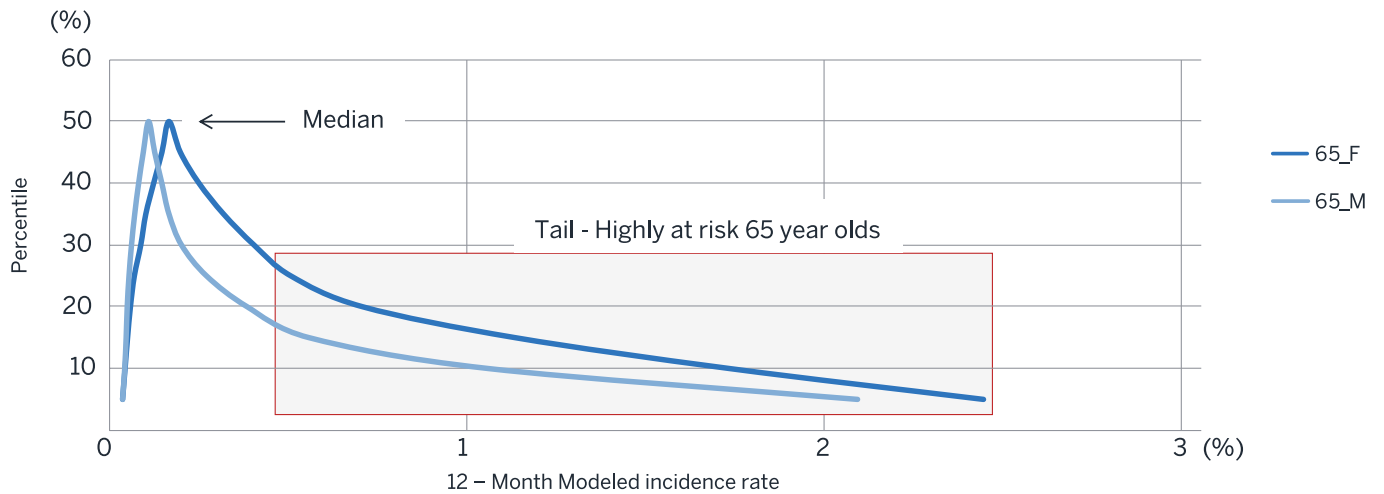
What are the risk scores of LTC policyholders who accepted benefit buydowns?

We know that policyholders that receive rate increases and choose buydowns have different risk profiles than those who do not. Although LARA cannot account for behavior or intention or long-term risk, LARA risk scores can help differentiate LTC risk between customers that accept buydowns and those that choose to retain their full benefits.

FAQ

How should I use LARA?

Reviewing the per policy risk scores by both risk percentile and the level and direction of the contribution of key variables to the risk score allows the user the ability to tailor its interventions for its insureds in a cost-effective way that provides appropriate interventions to the appropriate policyholders. We also recommend reviewing the top 10% by key policy attributes such as active pre-claim and on-claim, attained age, benefit period, etc. Running the pre-claim LARA model on both your pre-claim and on-claim population can provide insights to guide your risk mitigation strategies. Savings from wellness programs will vary depending on effectiveness of the wellness program as well as underlying policy features and policyholder risk and behavior.

How often should I run LARA scores?

The frequency at which carriers may need updated LARA risk scores depends upon the specific situation of the carrier. Generally, we would recommend running annually or semi-annually, and not more frequently than quarterly. Given the frequency in which both the medical / pharmacy data and social determinants of health (SDoH) data are refreshed by our data sources and the expected impact of updated data on the results, we believe that running quarterly, semi-annually, or annually will adequately capture changes in health status of policyholders.

What's the lag in data?

The third-party SDoH and consumer data is refreshed monthly by our source. The medical and pharmacy data is updated continuously, although there is a lag between when services and drugs are received and when the data is reported to our data sources. These lags are consistent with those used in the LARA model development.

What's the match rate for your third-party data?

For our existing customers, we have seen match rates exceeding 90% for the pharmacy and medical data and between 65% and 85% for the consumer and SDoH data.

What's the model lift for pharmacy and medical data?

The model lift has been significant for pharmacy and medical data. Please see the following article for more information
Superior predictive performance of Milliman LARA models

Milliman **LARA**

Milliman Long-term care Advanced Risk Analytics® (Milliman LARA®) leverages the industry-renowned expertise of Milliman consultants to uncover powerful insights about your LTC population. It uses predictive analytics, LTC claims data, and proprietary data sets to identify your high-risk policyholders before they reach severe stages of LTC needs. Early intervention empowers you to drive better health outcomes — improving a policyholder's quality of life by helping them age in place. Using a focused solution to these interventions drives ROI.

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Every day, in countries across the globe, Milliman works with clients to improve healthcare systems, manage emerging risks, and advance financial security, so millions of people can live for today and plan for tomorrow with confidence.