



Improving Insurability through Proactive and Ongoing Quality Management

Ontario Long-Term Care Commission



Here with you today...

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Stakeholder needs are diverse, but all point to gaps in the current quality and risk management process



Government

- Meet increasing demands for affordable industry services
- Visibility of LTC resident health outcomes



Public Health

- More proactively track relevant metrics to ensure the public wellbeing
- Set out care and clinical (including IPAC) standards to ensure quality outcomes



Insurers

- Have confidence in LTC Owner / Operator's risk management practices that align with regulators and insurers' risk appetite



LTC Owners / Operators

- Comply with existing and new healthcare policies and guidelines
- Access and act on information in real time
- Enhance the insurability of facilities with proactive quality management processes



Residents / Families

- Ability to receive quality care for an affordable price
- Facilitate decision making of prospective residents and families

State of the insurance market February 2021

Property

- Projected Premiums increasing by 10 - 40%
- Deductibles increasing
- Reduced capacity/ limits
- Exclusions for Contagious Disease

General/Professional Liability

- Lower limits
- Coverage for Contagious Disease no longer available, Cyber & Abuse coverages being reviewed by insurers
- Insurers not accepting new business
- Premiums are projected to increase 30% - 60%

Directors & Officers

- Market has severely contracted for Senior Care
- Bodily injury risk, including contagious disease is excluded
- Limits / Capacity have been reduced
- Deductibles have increased
- Premiums are projected to increase by 30%+

COVID Experience Continues to Drive Significant Change

Immunity Legislation



- Legislation has not effectively offset other financial risk factors for insurers
- Questions remain (i.e., non-COVID claims, treatment and transmission, application of Gross Negligence rule, guidelines, time period, defense costs)

Reinsurance Treaty Renewals



- Following Jan. 1st reinsurance renewals, insurers' positions remain unchanged as they are no longer able to transfer contagious disease risk
- Higher reinsurance costs will be passed on to owner/operators

Insurance Market Conditions Outlook For 2021



- Property insurance rates will continue to remain high into 2021 after record-breaking losses in 2020
- Liability Insurance market for Ontario Long-term Care will remain limited due to “pre-existing market conditions” and uncertainty around contagious disease risk. Rates are continuing to rise as a result of continued insurer uncertainty
- Underwriting scrutiny around compliance to guidelines will increase and become a “condition of coverage”
- 2nd wave has prevented market improvement
- Vaccine distribution should improve conditions by Q4 2021 or Q1 2022

In the absence of quality risk management, insurer appetite will continue to contract

Examples of impact



No insurance available for new operators or new builds.



Operators unable to insure liability risk for COVID vaccine administration or testing.



Breach of debt covenants with lenders due to contagious disease exclusion and/or liability limit reduction.



Inability to attract / retain independent board members due to contagious disease liability risk.

Enhancing governance and risk management focus to support insurability



Operating Standard targeting Risk Exposures

Key Considerations:

- Clear understanding of key risks impacting LTCs
- Improve operating standards that clearly address key risks
- Align the risk mitigation and management strategies

Outcomes:

- Established clear level of standards against which operations should be run where known risks are mitigated
- Clarity of roles & responsibilities
- Continued access to insurance and financing capacity



Combination of Proactive & Retroactive Risk Management

Key Considerations:

- Enhance risk management focus of front line care givers (first line of defense)
- More proactive, near real-time key risk leading indicators to support transparency and drive day-to-day behavior and early signaling of potential concerns
- Periodic retroactive compliance audits that leverage the real time analytics and other known complaints & issues

Outcomes:

- Enhanced inspection process that is proactive and follows a closed-loop approach to solving quality issues
- Strengthened First Line of Defense right at the front line



Enhancing Insurability

Key Considerations:

- Enable near real-time quality management through proactive and regular quality measurement by front lines to increase insurability
- Broad legal immunity

Outcomes:

- Proactive and ongoing monitoring served as leading indicators to inform risk management activities
- Frequent inspections increase stakeholder transparency and trust
- Ability to provide data as evidence of compliance to standards

Bringing quality management to the forefront of healthcare agendas as the first line of defense in risk management – first step to enhance insurability



Quality Care

- **Flexible and customizable** quality management tools that **adapt to changing guidelines**
- Care providers have access to **relevant, most recent** guidelines, particularly during times where guidelines are evolving



Stakeholder Engagement

- Prospective and current **residents, and families provided visibility** to current and historic care quality data, **improving consumer confidence** that health services are safe and reliable
- Option to share proactive data with regulators / insurers
- Availability of transparent data provides the **ability to compare** care quality across similar facilities



Front Line Empowerment

- Processes that facilitate **engagement and autonomy** of front line staff
- **Changing guidelines** relayed quickly to front line – enabling them with the most up to date information, supplementing training needs
- **Regular, specific feedback** that enables alignment between front line care, audit output, and improvements



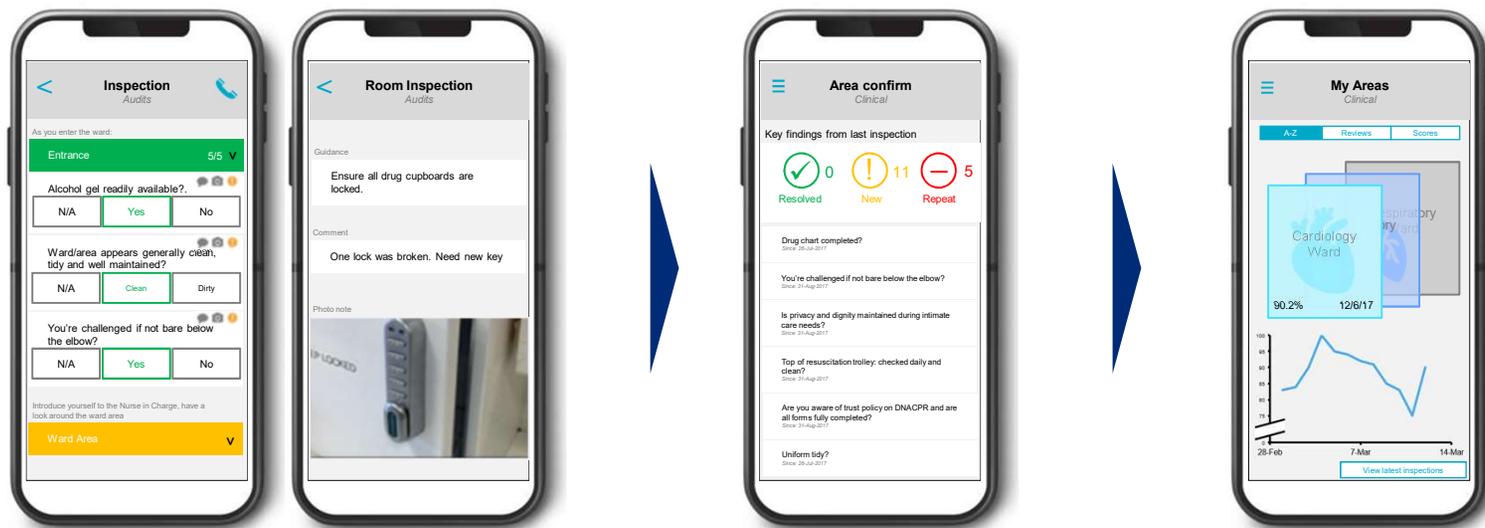
Timeliness and Transparency

- **Frequent** quality audits that require **minimal effort** to complete
- Access to **robust, near real-time quality data** and clear metrics to drive quality improvement
- Retrospective quality audits and case reviews that support timely and ongoing **quality management**

Proactive quality review drives more frequent identification and resolution of issues



Paired with behavioral change, existing solutions could enable proactive quality management at the frontline



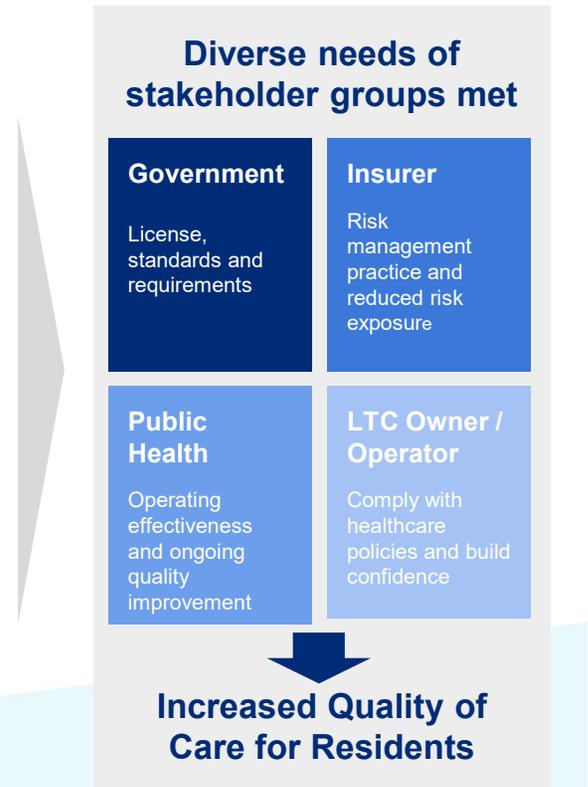
Front line staff can answer survey style questions to capture quality data. Identification of issues can trigger photo evidence capture. Data captured can be benchmarked across time periods

Key findings can be filtered and flagged for management visibility and follow up/corrective actions planning

Simple dashboards can enable area managers to quickly focus on areas of responsibility, as well as serve as leading indicators for regulators / insurers

A culture of ongoing quality improvement and empowerment can enhance outcomes for residents, staff, and owners/operators

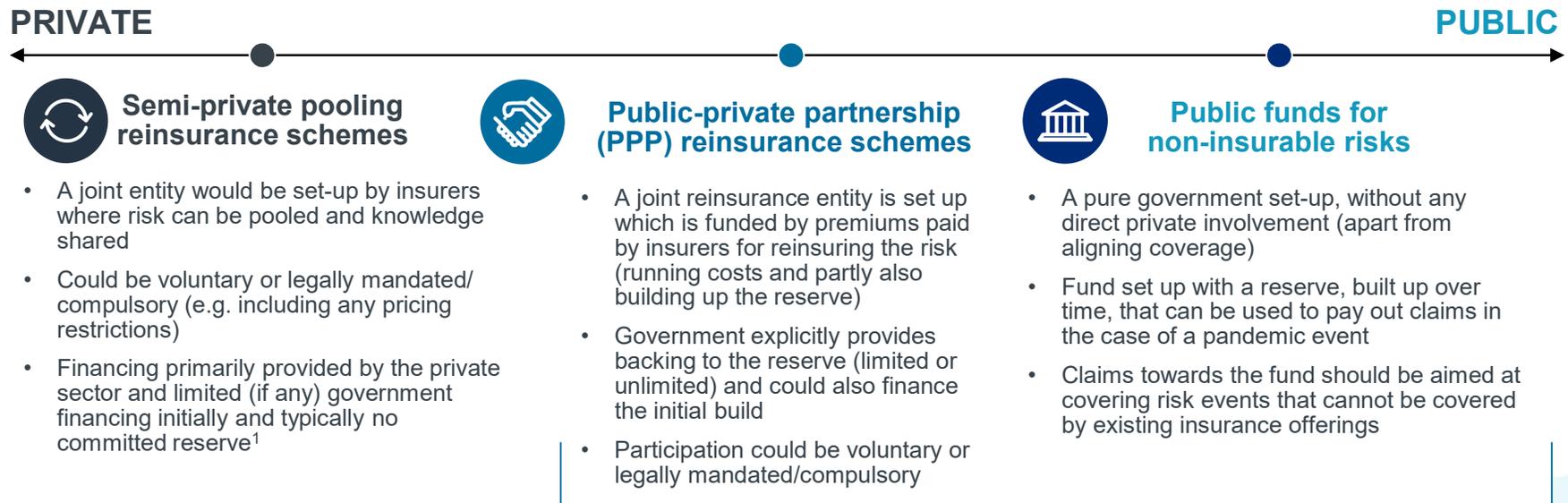
 <p>Stakeholder Engagement</p>	<ul style="list-style-type: none"> Establishes trust in different stakeholders by aligning metrics to their interests Provides the ability to review metrics that are meaningful to regulators, insurers, staff and owners/operators Drives quality and patient safety by empowering front line staff to spot ongoing issues, share best practice, and trigger actions, and see issues through to completion
 <p>Timeliness & Transparency</p>	<ul style="list-style-type: none"> Provides an instant organization-wide view on quality assurance with near real-time data at all levels Facilitates remote communication of the latest guidance to the front line team Simplifies reporting, freeing capacity for staff to enact positive change
 <p>Quality Care</p>	<ul style="list-style-type: none"> Increases efficiency and consistency of audits, reduces administrative burden, and provides immediate access to reporting and results Enables tailoring of audits to match operators' needs and can be quickly implemented with minimal training requirements, and allowing teams to see immediate impact and results Access to relevant, timely data for improved decision-making
 <p>Enhanced Insurability</p>	<ul style="list-style-type: none"> Removes the deterrent factors that affects insurability of LTC facilities Access to various risk transfer and risk finance options Improves auditability of enhanced risk management standards to provide better data for underwriters to differentiate risk



Options for (Re)Insurance and Risk Pooling for hard to place risk

A spectrum of risk-pooling models exists for difficult risk types, ranging from pure private partnerships to state-financed funds for non-insurable risks

Examples of insurance/reinsurance mechanisms used for risk management (non-exhaustive)



1. The government could always choose to provide funding to the entity in extreme circumstances, but without any fixed or defined commitment

Relevant option space for managing pandemic risk

Given their global nature, pandemics are unlikely to offer (re)insurers any diversification. We expect some form of public support will be required to enable a (re)insurance market.

Open Discussion / Questions?



Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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