

**MG-ALFA<sup>®</sup> Long Term Care Capabilities**



## **MG-ALFA combines state-of-the-art technology with intelligent technical design to create a financial modeling solution with advanced long term care analysis capabilities.**

Built on Milliman's more than 60 years of experience consulting to the life and health insurance industry, MG-ALFA can help clients anticipate trends and find the perfect balance of flexibility and calculation integrity.

### **Applications**

- Pricing
- Profit solve analysis
- New business projections
- Existing business projections
- Sensitivity testing
- Cash-flow testing
- Asset-liability management

### **Supported reporting methods**

- Statutory
- Tax
- GAAP
- Additional user-defined methods

### **Supported reserve bases**

- Net level
- Full preliminary term
- Two-year preliminary term
- User-specified input and/or bases

### **Reserve calculations**

- Active life reserves (ALR) and disabled life reserves (DLR) by claim costs or first principles
  - Choice of approach can be made independently for ALR and DLR\*
- Claim cost approach uses runoff factors
- First principles approach recalculates disabled life reserves at each projection period\*

### **Reporting**

- Asset share pricing reports with cellular and composite summaries
- Statutory and GAAP income statements and balance sheets
- Loss ratio, reserve development, and statistical measures reports
- Audit and user-defined reports

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\* New functions introduced for the first principles calculation.

### **Morbidity modeling (first principles approach)\***

- Separate incidence, utilization, mortality, and recovery rates for experience and each reserve basis (statutory, tax, and GAAP), by all care paths (ALF, HHC, and NH)
- Support for transfers between care paths
- Tracking of up to 11 populations from first principles
  - Healthy
  - Recovered
  - Nursing home
  - Home healthcare
  - Assisted living facility
  - Six care path transfers (e.g., home healthcare to nursing home)
- Separate active and disabled mortality
- Automatic tabulation of benefit exhaustions
- Ability to support with and without restoration of benefits
- Support for integrated and separate benefits
- Roll-forward report that summarizes each population at each projection period

### **Morbidity modeling (claim cost approach)**

- Claim costs, runoff factors, and selection/scaling factors
- Separate specification for home health care (HHC), nursing home care (NH), and a generic long-term care path (LTC)
- Separate specification for HHC, NH and LTC for four bases
  - Experience
  - Statutory
  - Tax
  - GAAP



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\* New functions introduced for the first principles calculation.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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**CONTACT**

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