

PERSPECTIVE

VISION MAY 2001

Health care changes may be a bitter pill to swallow for many Americans, but it is a growth hormone for T.E.A.M. UA!

Norman Cousins wrote in the *Saturday Review*, "History is a vast early warning system." This sentiment expresses that by understanding history we understand where we are today and will be tomorrow. This is certainly true for the health care market today. World War II ended in 1945, bringing home America's soldiers and unleashing great forces. Consequently, astounding numbers of "baby boomers" were born between 1946 and 1964. What does this bit of history tell us about tomorrow — even today? Well, for one, it tells us that huge numbers of baby boomers are just entering their mid-50s and heading towards retirement. As this group of workers has aged, their health conditions have become more chronic, causing a dramatic rise in their employers' insurance costs. Due to sheer numbers, employers today are finding that they are unable to accommodate the insurance needs of baby boomers. Not any more easily will the federal government be able to handle this group's huge medical costs under the Medicare system in the future. Because of this developing scenario, UA's future is brighter than ever before.

Managed Care Upheaval Causing Changes in All Markets

Beyond the boomer pressures, there are additional forces at work. In April of this year, the Associated Press reported that "roughly eight in ten Americans get their health insurance through their jobs."

The overwhelming majority of these employees are covered by managed care plans. For most of the past decade, managed care did an outstanding job of holding down health care premiums with aggressive cost-control policies, but now things have changed dramatically. Both patients and doctors have rebelled against what they consider unfair denials of service and severe limitations on quality treatment. Legal and political challenges have caused managed care companies to loosen many of their controls, and providers have become bolder in pushing



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through higher costs for services. As a result, claims costs have begun rising rapidly for all Americans, regardless of age. Here's how it affects us. In our tight labor market, employers are reluctant to pass on these higher costs to workers. Employers are opting instead to reduce benefits, and the worst has not been seen yet. As evidence of this trend towards benefit reductions and higher co-payment costs, the American Medical News reported on May 14th that "half of large employers say they will increase co-payments next year" because "managed care isn't working and premiums are rising at near double digit levels...there's very little that employers can do to control costs except shift costs to employees." *Supplemental plans sold by United American Agents have now become an absolute must for nearly everyone under 65, near-retirees and younger.*

Staggering Numbers of Lead Opportunities in Both Markets

Let's talk prospect opportunities. As you saw in last month's *Vision*, between the years 2000 and 2030 the Senior population is projected

to increase dramatically, meaning *the Senior market has already begun the process of doubling*. In addition, there are also approximately 150 million employees in the work force today. Our focus has always been the Senior market, and it will continue to be our primary niche. However, it would be shortsighted not to acknowledge the growing opportunities in the Underage health market as well. We can capture these "near-retiree" 55 year-old boomers as UA customers at least 10 years early by selling them a "managed care" supplement or a "fee-for-service" supplement today. These are the children of many of our own Senior customers! As these "second generation" UA policyholders have claim checks delivered directly to them by UA, in addition to their primary plan's benefits, their appreciation of you and UA will grow immensely. You could be the Agent that makes the difference in a customer's ability to afford critical "any hospital, anywhere" treatment that they'll remember when they turn 65, ten short years from now. The basis for extraordinary growth potential in both markets is astounding, and the opportunities are very real.

We Want Everyone's Help

We have an urgent, pressing need for greater help in assisting both age groups concurrently. We must begin growing our sales T.E.A.M. at a faster pace to accommodate the growth in these markets.

Looking solely at Senior demographic growth, we need to dramatically increase our current number of Agents just to maintain our position in the Med-Supp market, and this does not even account for additional Underage opportunities. Of course, growth is our objective, and the opportunities, as aforementioned, are ample.

After studying several companies from other industries faced with similar market growth scenarios in the past 20 years, a conclusion has been reached that the most effective and efficient means of obtaining this *necessary growth just to keep up* is through Exponential Network Recruiting. Just as one member of a football team alone cannot win a ball game single-handedly, it will take a virtual army of Agents and Managers to address the urgent needs of each retiree, each near-retiree, and all other working Americans. Exponential Network Recruiting is a tried and true idea that allows this growth to occur. By simply asking each person to recruit two other people, and in turn asking each of those two people to bring in two more, we grow as each new recruit brings two others to the Branch for weekly informational meetings. The number of prospective interviews will add up quickly. We have supplemental products to solve pressing problems, and lead opportunities at UA are developing at a sizzling pace. While most of us have a natural reluctance towards unusual ideas, we should not turn away from additional marketing opportunities.

These are indeed exciting times for UA's Exclusive Agency Division Agents and Managers, as the Senior market continues to grow at a blistering pace, and new ones suddenly emerge overnight. As always, with UA's platinum credentials as a triple-A rated company, smart money will again find the future as predicted for UA's most deserving representatives. By understanding where we are, where we are headed, and how to get there, UA is sure to make history of its own.