



# Long-Term Care Awareness and Planning: What Do Americans Want?

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# Disclaimer



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The views expressed in this presentation are those of the authors and do not necessarily represent the views of the U.S. DHHS or RTI International.

# Research Questions



What is the general public's knowledge, experience, and concerns about long-term services and supports?

What are public's preferences for a range of public policy options for long-term care financing reform?

What are individuals' preferences for specific key features of long-term care insurance policies and what are people willing to pay for these features?

# Survey Background

2014 Survey of Long-Term Care Awareness and Planning, sponsored by the Office of the Assistant Secretary for Planning and Evaluation/U.S. Department of Health and Human Services (DHHS)

Designed, cognitively tested, and analyzed by RTI International, with input from ASPE and TEP

**Fielded by** GfK Custom Research, LLC

**Data collected** August–September 2014

## **Two** distinct survey components

General survey items,  
including long-term care  
knowledge and experience,  
attitudes and concerns,  
preferences on public policy  
options for long-term care  
financing, and core  
sociodemographic  
characteristics

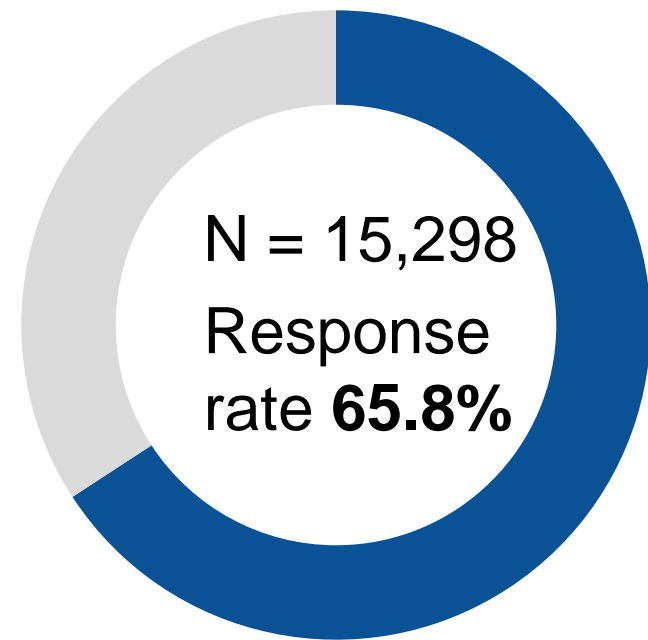
Discrete Choice  
Experiment (DCE) involving  
choice of long-term care  
insurance policies with  
different features and prices

# Survey Sample

Ongoing Internet panel  
maintained by  
GfK Custom Research  
KnowledgePanel®

Participation in panel  
by invitation only

Nationally representative sample  
of noninstitutionalized  
**adults 40–70 years old**  
residing in the United States

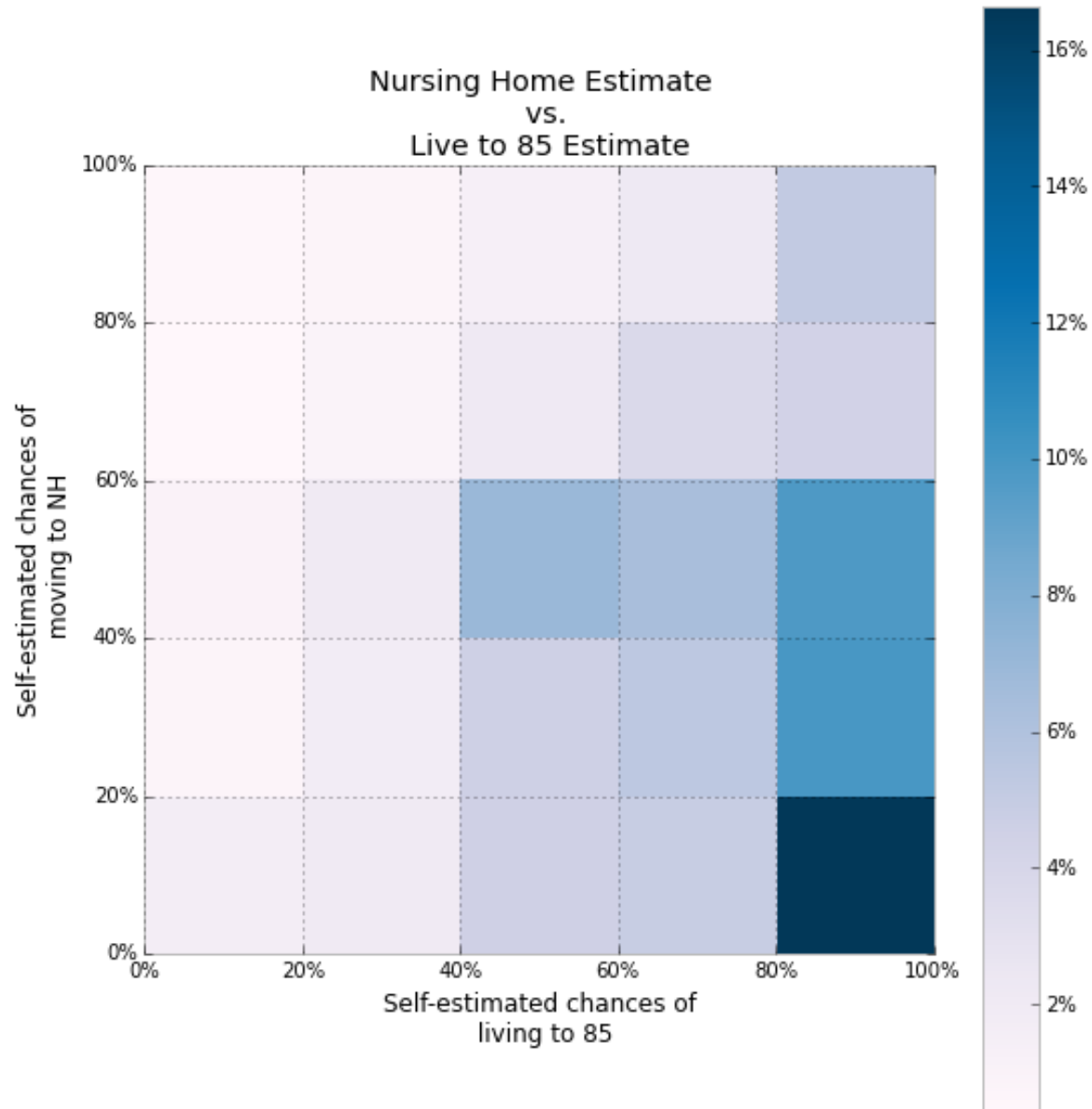


Weighted to represent  
general population age 40–70

# LTSS Knowledge and Experience



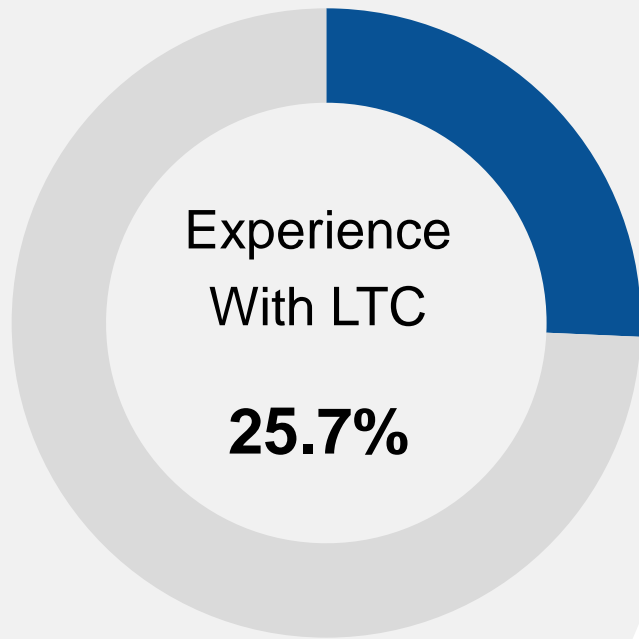
# Longevity Risk and Nursing Home Use Expectations





# Personal Experience with LTC

Currently providing LTC  
To family member/friend



**Have you or has someone you know ever:**

required LTC because of a disability or illness?	<b>52.8%</b>
received paid in-home care for ADLs?	<b>31.3%</b>
been a resident in a nursing home/assisted living facility?	<b>44.2%</b>

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.

# Knowledge of LTC Services and Costs

<b>Knowledge of LTC</b>	<b>% Correct</b>
Cost of 1 month of nursing home care	20.2
Cost of 1 hour of home health aide care	15.3
Medicaid is primary government LTC payer	25.3
Average nursing home LOS < 5 years	34.9

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.

## Familiarity with LTC Insurance Policies

LTC insurance premiums increase with age

**66.7%**

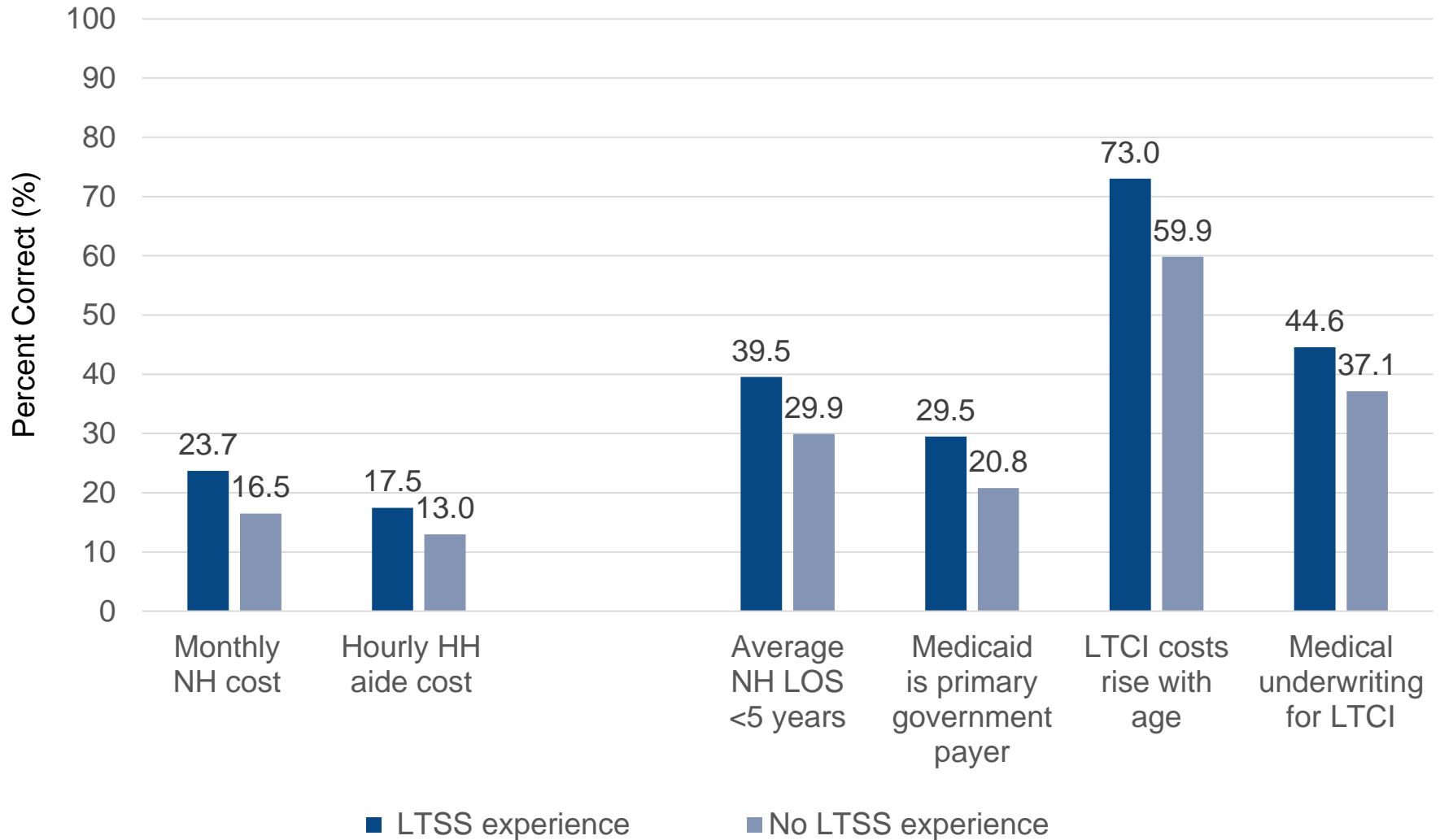
Correct

Good health is generally required to purchase LTC insurance policy

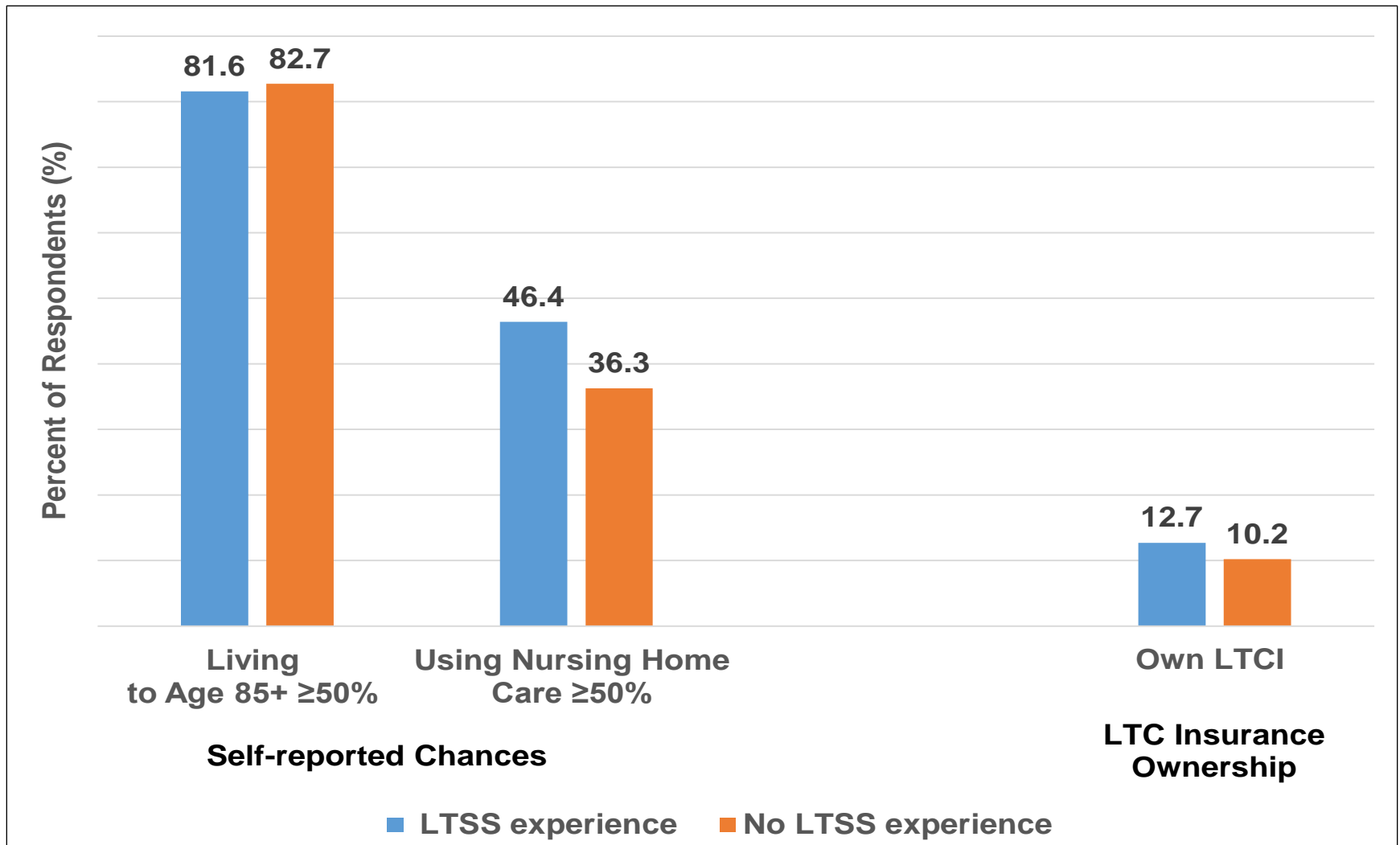
**41%**

Correct

# LTSS/LTCI Knowledge by LTSS Experience



# Longevity/Nursing Home Use Risk and LTCI Ownership by LTSS Experience



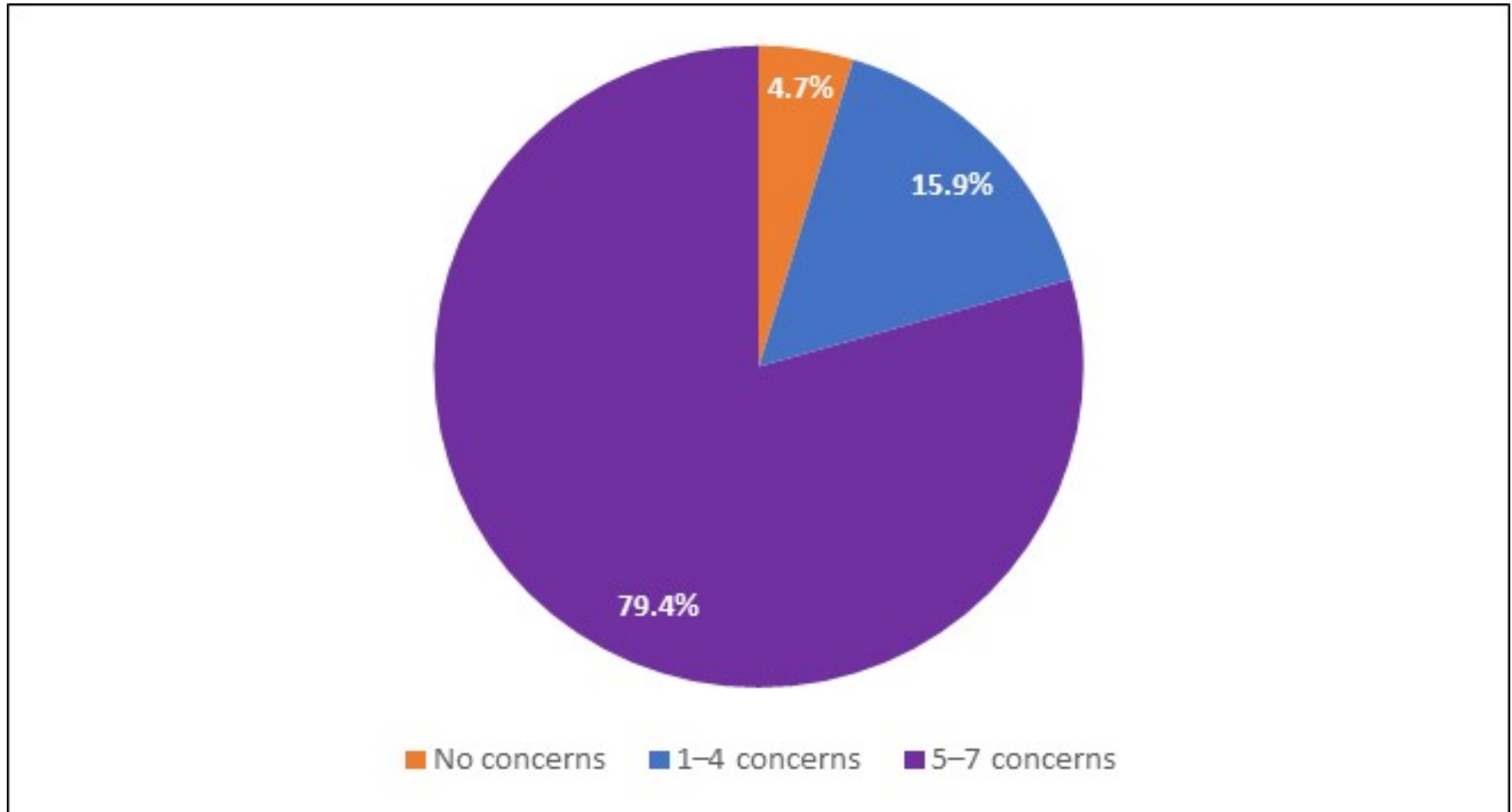
# LTSS Concerns and Actions



# Main Concerns About LTC

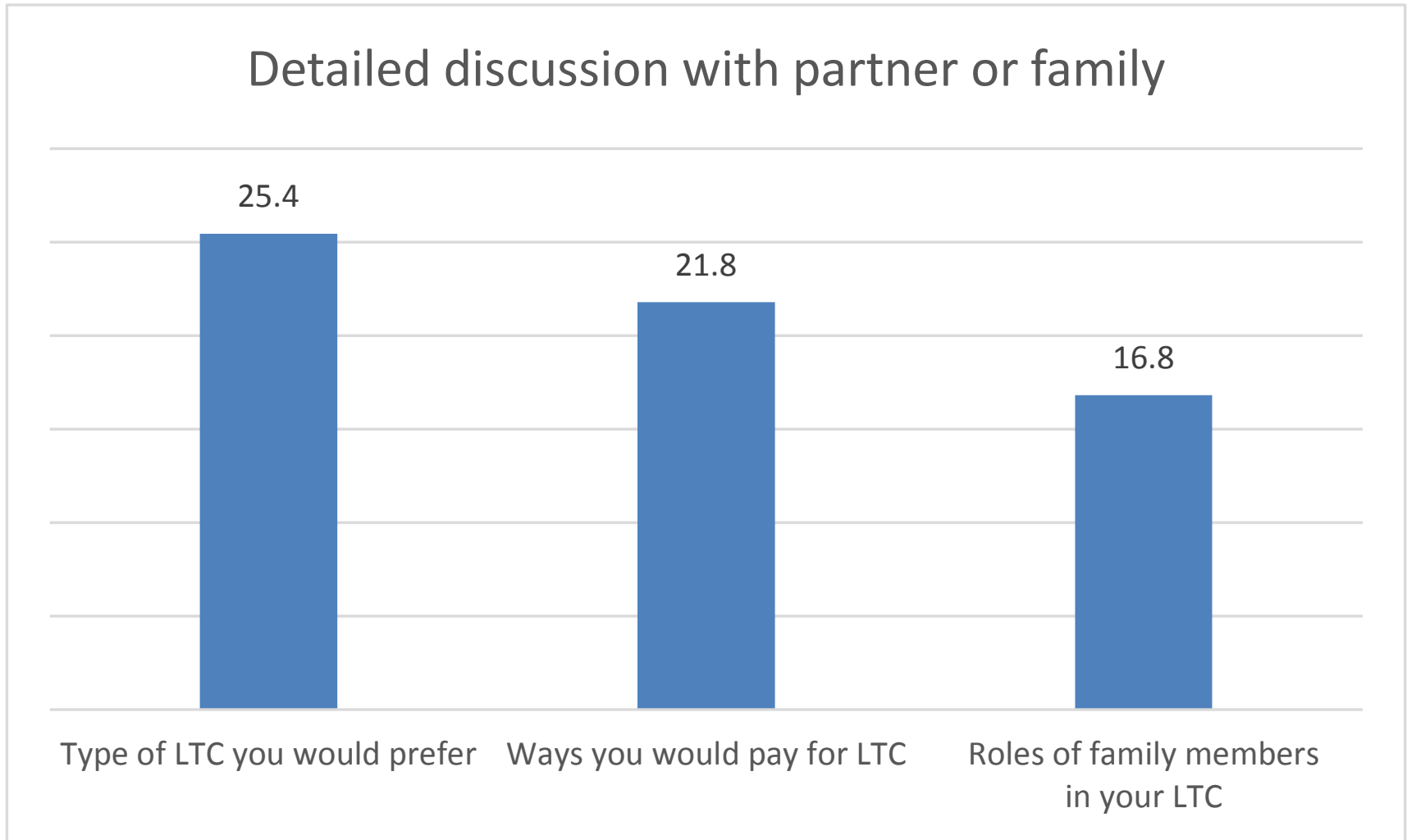
Concerns	% Very/Somewhat Concerned
Losing independence	90.6
Being a burden on family	83.5
Losing control/choice over LTC	83.3
Being unable to afford high quality care	82.0
Using up savings/income	81.1
Becoming poor/relying on Medicaid	78.9
Being unable to depend on family/friends	65.3

# Number of Concerns About LTC





# Talking About LTC



# Preferred Actions if Need LTC

<b>If you became disabled, how willing would you be to do the following?</b>	<b>% Very Willing/ Somewhat Willing</b>
Make home modifications	82.3
Rely on spouse/family/friend	75.0
Have family/friend move in	69.7
Attend adult day care	66.1
Hire aide or agency for care	64.0
Move into assisted living facility	62.4
Hire live-in caregiver	57.4
Move in with children/family/friend	48.5
Use value in home to pay for LTC	43.6
Move into nursing home	28.6

# Willingness to Use Home Equity Among Homeowners

	<b>Very Willing / Somewhat Willing N = 5,391 Percent (%)</b>
<b>Total</b>	43.6
<b>Children</b>	
None	50.3
None within 10 miles	41.3
One or more within 10 miles	41.9
<b>Marital Status</b>	
Married	42.1
Unmarried	47.7
<b>Household Savings and Assets</b>	
No assets	32.7
Less than \$100,000	42.1
Greater than or equal to \$100,000	46.9

# Responsibility for LTSS and Financing Reforms



# Attitudes Toward LTC Responsibility

## Responsibility for LTC



**71.2%**

Strongly Agree/Agree

It is important to plan now for LTC services in the future



**11.5%**

Own private long-term care insurance policy



**58.7%**

Strongly Agree/Agree

Responsibility of individuals to finance their LTC



**17.4%**

Strongly Agree/Agree

Responsibility of children/family to finance LTC



**37.1%**

Strongly Agree/Agree

Responsibility of government to help pay for LTC

# Trust of the Government and Insurers

## Attitude

I do not trust government to run  
an LTC insurance program

**51.1%**

Strongly Agree/Agree

I do not trust private insurers

**32.3%**

Strongly Agree/Agree

# Government Role in LTC Financing

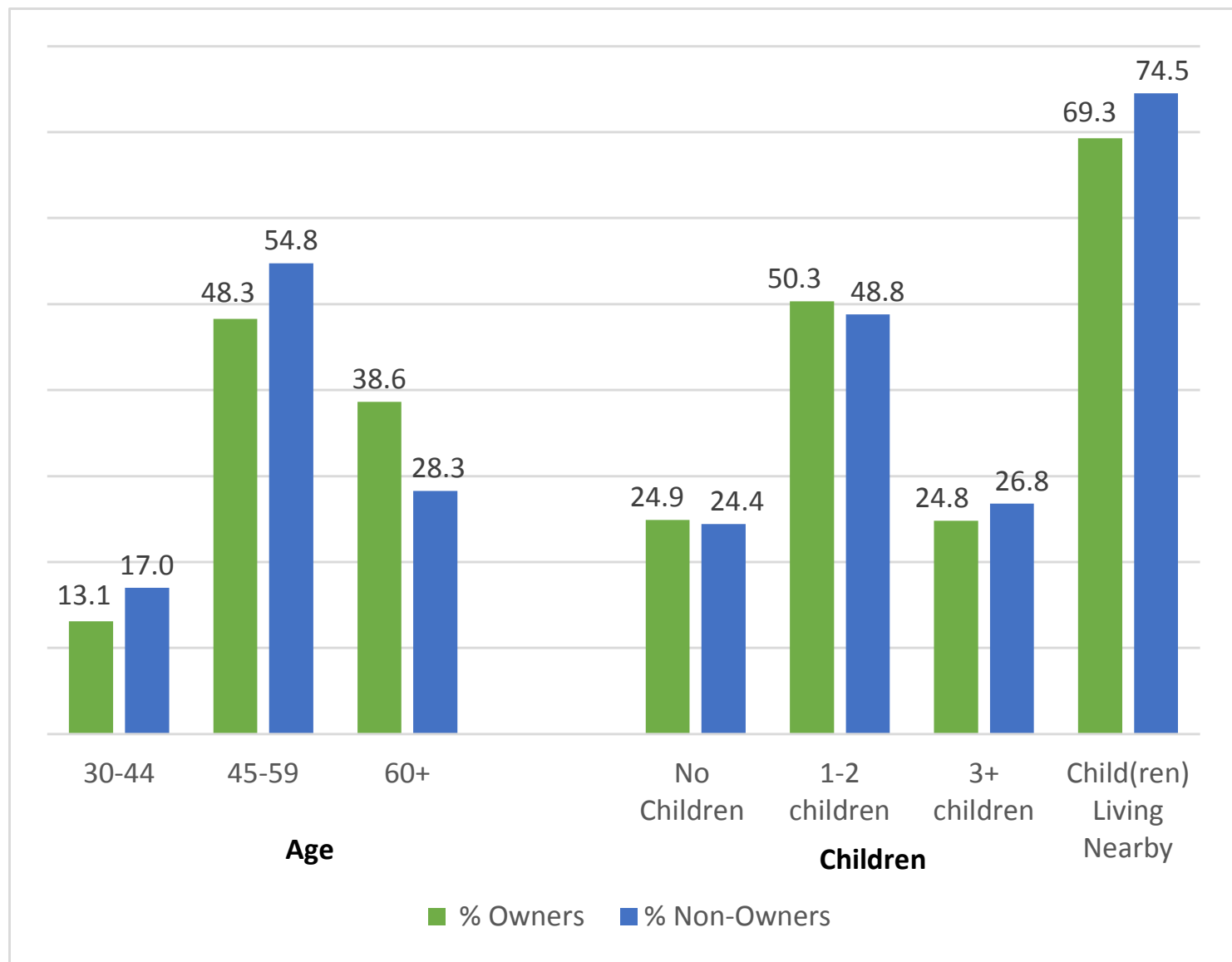
<b>Government Should</b>	<b>% Strongly Agree/ Agree</b>
Allow LTC insurance purchase with IRAs and 401(k)s	69.1
Offer voluntary, public LTC insurance plan	62.9
Promote LTC through tax incentives	62.4
Pay LTC costs when insurance benefits run out	40.9
Establish mandatory, public LTC program	18.4
Require all people to purchase LTC insurance	15.7

# LTC Insurance Ownership

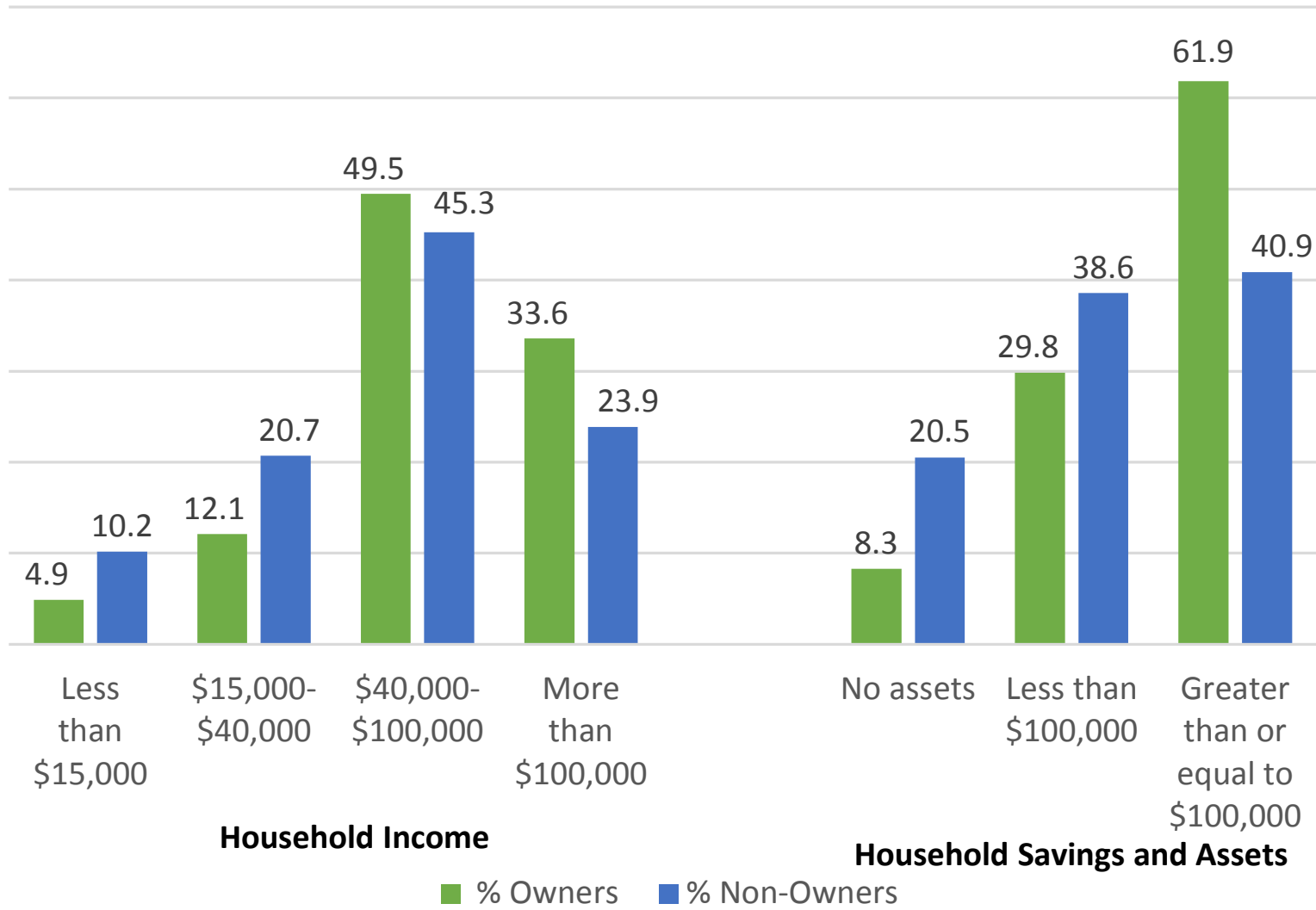




# LTC Insurance Ownership by Age and Potential Informal Care by Children



# LTC Insurance Ownership by Income and Assets



# Long-Term Care Awareness and Planning Survey

## Discrete Choice Experiment



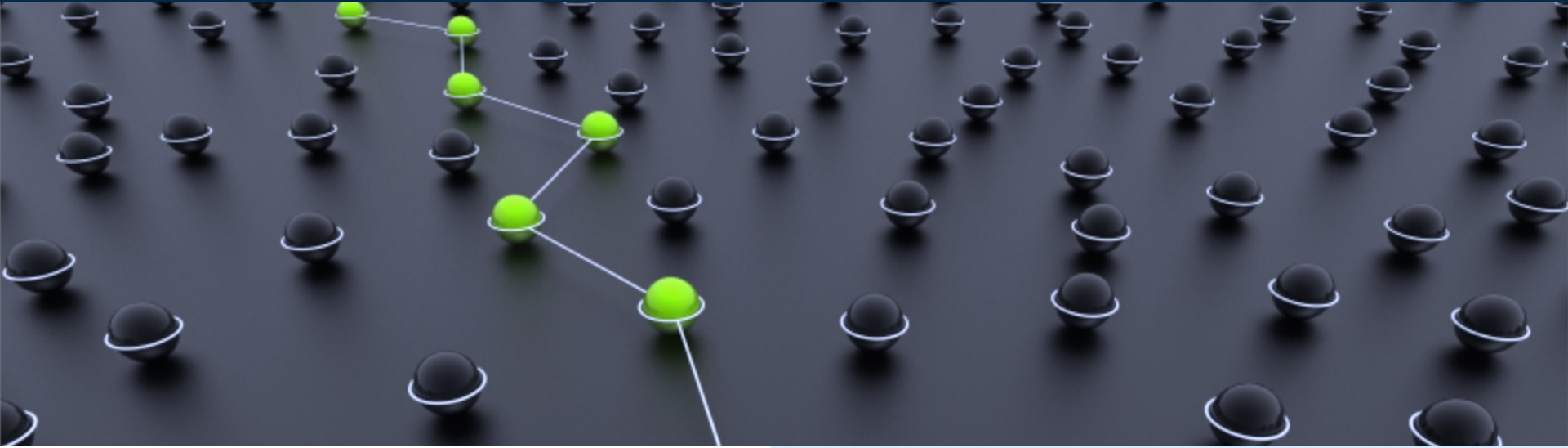
# Goals of the DCE Analysis



Gather data on respondents' preferences about long-term care insurance to better understand what factors are more and less important to them

To test these preferences, we developed a series of paired comparisons of alternative long-term care insurance plans

# Background and Methods



DCE origins in marketing research:

*Given a choice of alternatives, what do people want?*

*Why?*

*How much do they want it?*

Data analysis:

Conditional logit model (with clustering) of respondents' stated choices for the final results

# Overview of the DCE

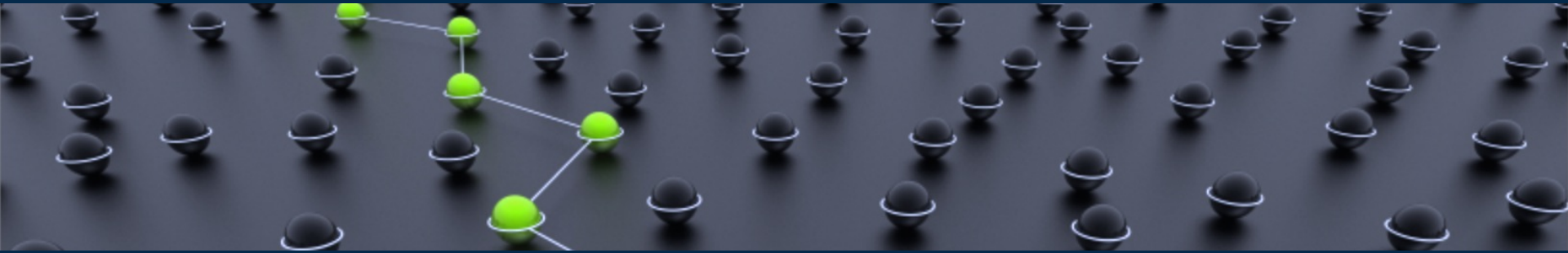


Form of conjoint analysis

Used to estimate the relative importance that respondents place on the different features of an individual product

Basic premise is that products or services can be characterized by a series of features or “attributes”

Each attribute has a defined set of usually two to four levels or choices



Respondents to the DCE section of the survey completed two types of choice tasks

**SET I:** Respondents evaluated plans described by six attributes

- daily benefit
- benefit period
- deductible period
- health requirements
- type of insurer (government or private insurer)
- premium cost

**Asked to choose between plans A, B, and no insurance plan**

**SET II:** Respondents evaluated plans described by seven attributes—the same six:

- daily benefit
- benefit period
- deductible period
- health requirements
- type of insurer (government or private insurer)
- premium cost

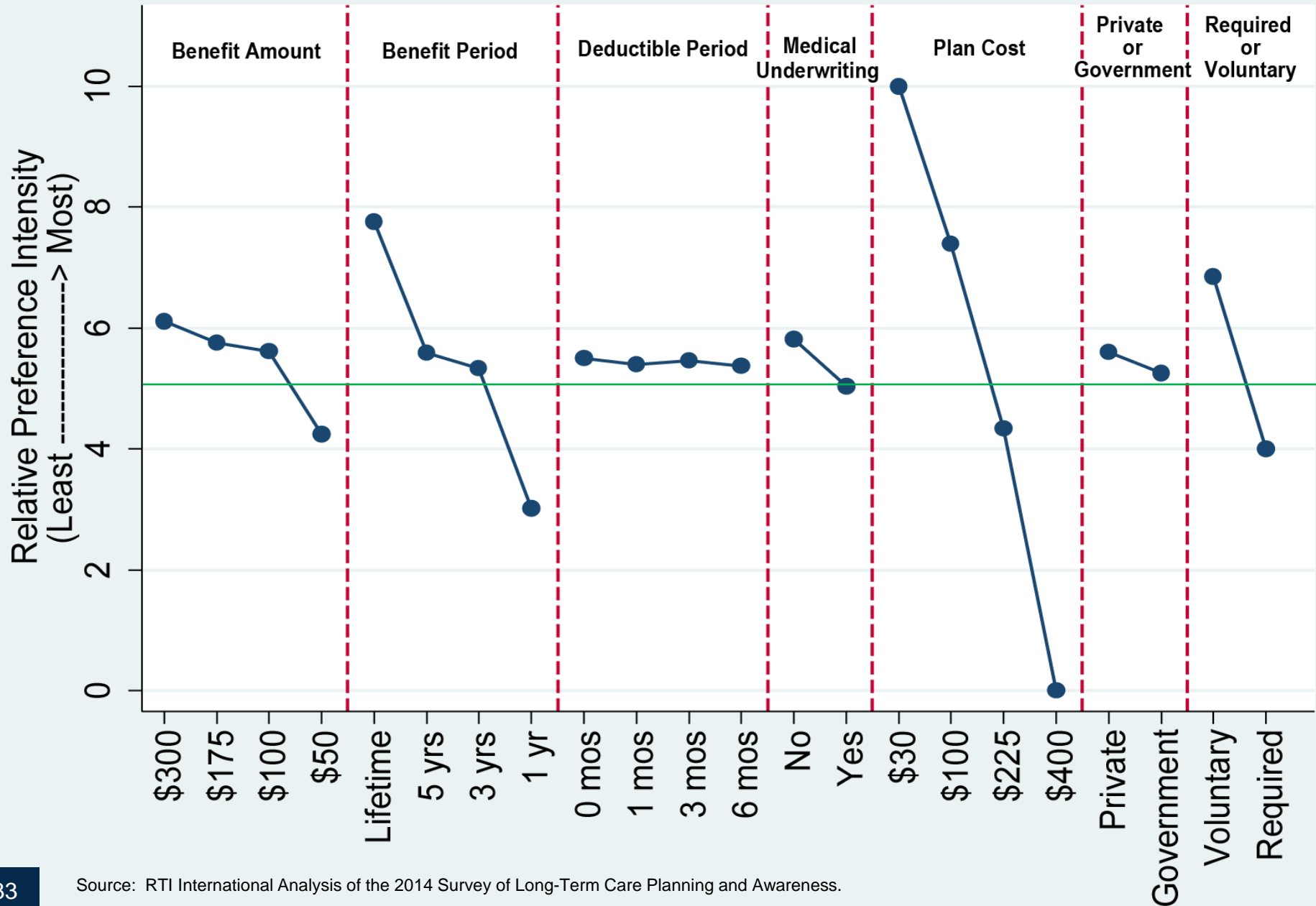
*...plus:*

- *mandatory vs. voluntary enrollment*

**Asked to choose between plans A, B, and no insurance plan**



# Relative Preferences for LTC Insurance Plan Features: DCE 2

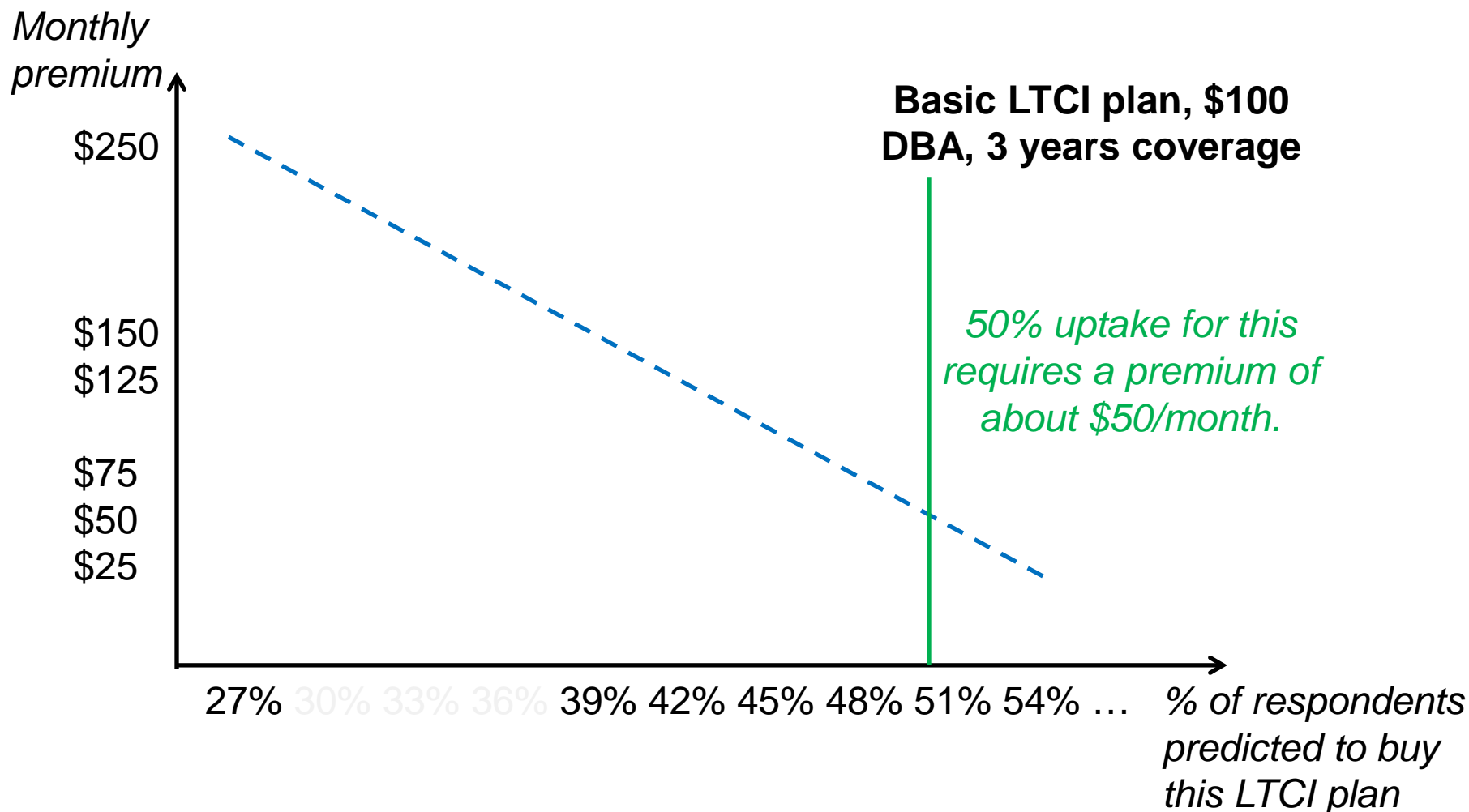


# Estimated Potential Market Demand: DCE1

- The preference estimates from the figures enter a statistical model that predicts choice behavior
- Given a choice between alternatives, what do respondents' stated choices tell us about how many would pick each?
- Suppose respondents had only 2 options:

No LTC insurance	Basic LTC insurance
	\$100 daily benefit amount
	3 years of coverage
	No deductible
	Various prices

# Estimated Potential Market Demand: DCE1



*These estimates are probably an “upper bound” of long-term uptake. Although DCE studies are robust, the “real world” includes many factors not modeled.*

# Estimated Marginal Willingness to Pay for Changes in LTC Insurance Plans

- Economists frequently scale the figure of preference estimates earlier according to respondents' sensitivity to price (marginal value of \$)
- Doing so yields the following estimates of “willingness to pay”
- These represent a dollar estimate of how intensely a given LTC plan feature was valued by respondents

# Estimated Marginal Willingness to Pay for Changes in LTC Insurance Plans

Marginal Change	Estimate (DCE 2)
Daily benefit \$300 (vs. \$50)	\$68.85
Daily benefit \$175 (vs. \$50)	\$55.68
Daily benefit \$100 (vs. \$50)	\$51.28
Duration lifetime (vs. 1 year)	\$175.38
Duration 5 years (vs. 1 year)	\$94.83
Duration 3 years (vs. 1 year)	\$85.37

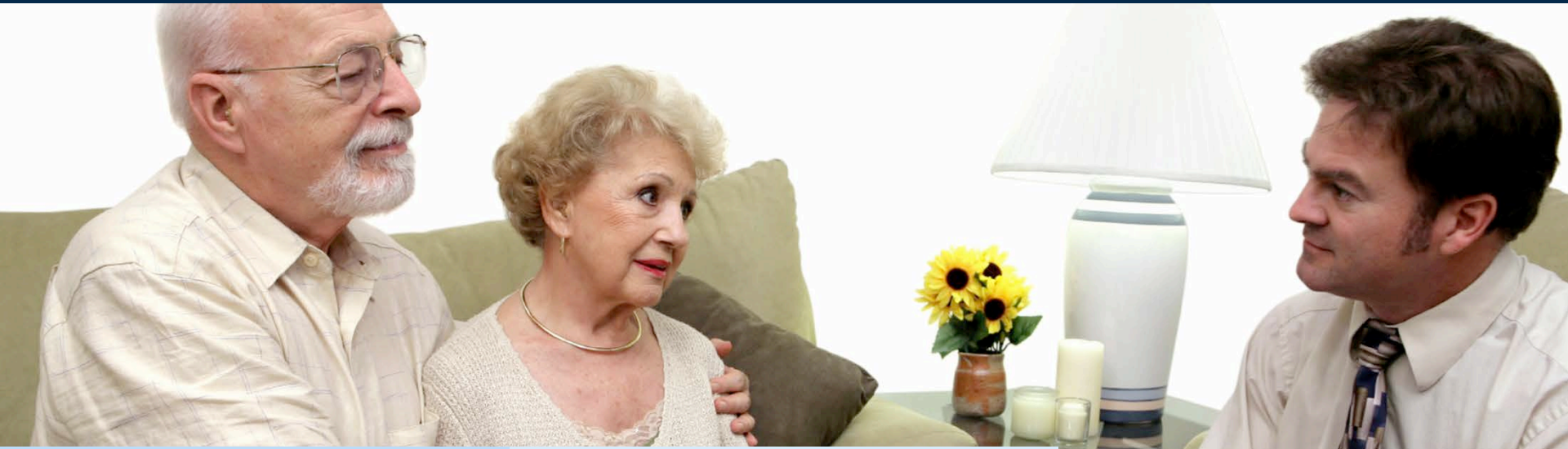
# Estimated Marginal Willingness to Pay for Changes in LTC Insurance Plans (Cont.)

Marginal Change	Estimate (DCE 2)
No deductible (vs. 6 months)	-\$0.32 (NS)
1 month deductible (vs. 6 months)	-\$3.54 (NS)
3 month deductible (vs. 6 months)	-\$0.37 (NS)
No health requirements (vs. requirements)	\$27.91
Private insurer (vs. federal government)	\$12.16
Universal plan (vs. voluntary plan)	-\$105.81

# DCE summary

- Strongest preferences (in order) for
  - Cost (monthly premium)
  - Benefit period (“lifetime” highly desired)
  - Voluntary enrollment
  - Benefit amount (mostly to avoid to the lowest level)
- Potential demand for a basic LTCI plan only slightly about 50%, even at very low cost
- Preferences may reflect some lack of knowledge about LTC needs (e.g., lifetime benefit)
- Perceived negativity of required enrollment can be offset by improvements in other desired features
- Preference figure shows more & less effective policy levers

# Conclusions



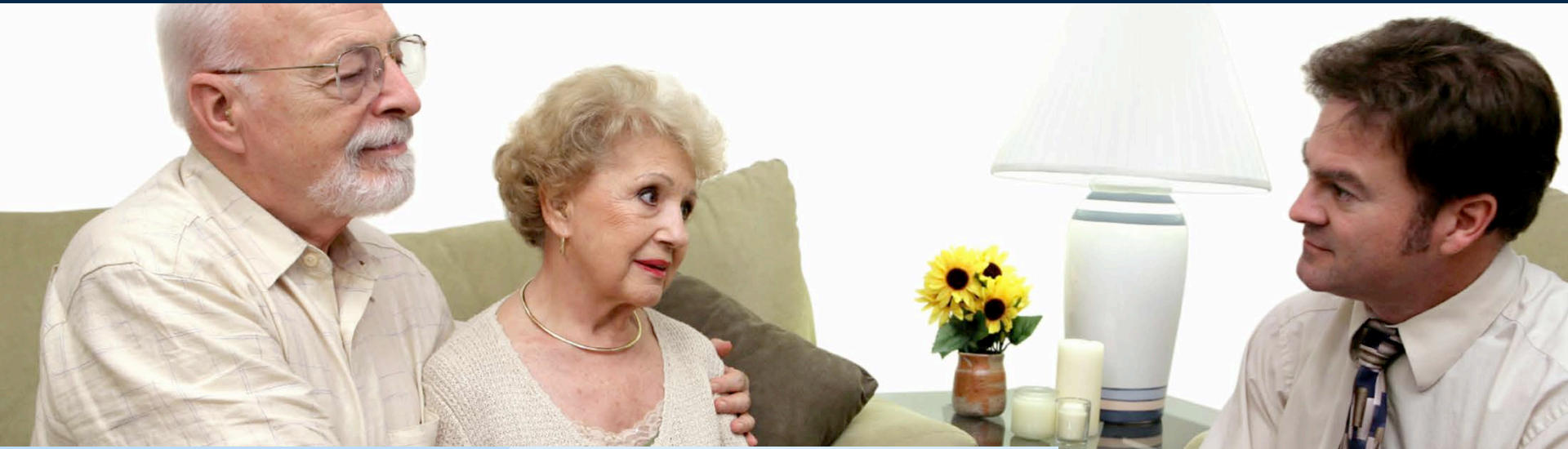
**Understanding** of LTSS system is **low**, especially Medicaid; knowledge of LTC insurance basics is better

**Multiple concerns** about becoming disabled, chief being losing independence

People willing to use some services, but **prefer free informal care** to services that cost money



# Conclusions (cont.)

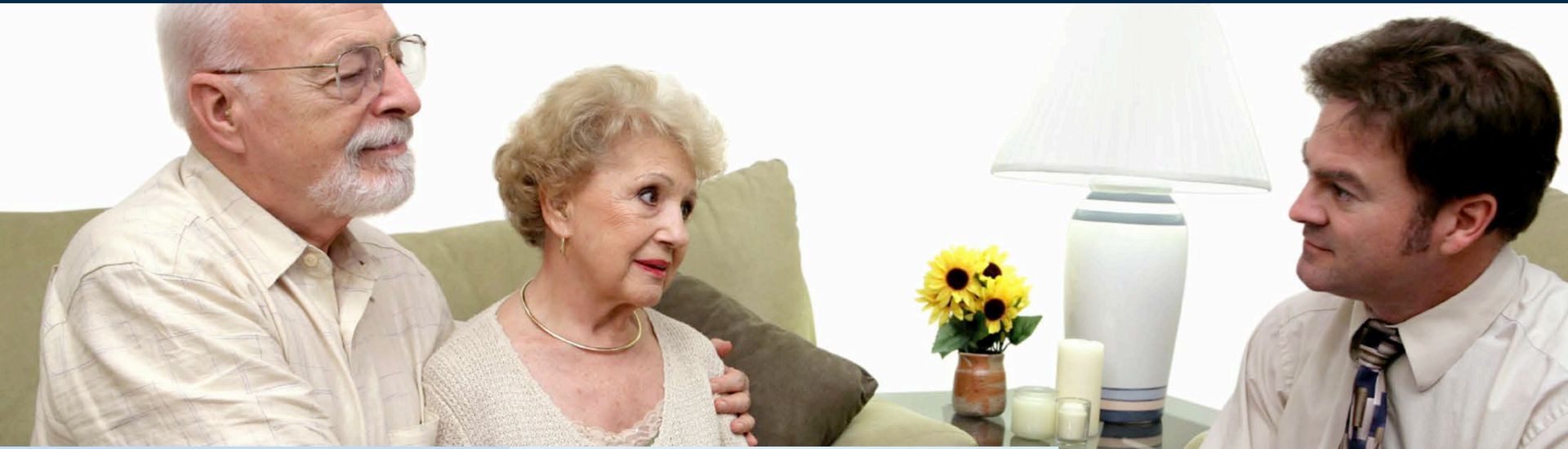


Many people **do not have firm opinions** on how LTC should be financed, but most people think LTC is an individual, rather than government, responsibility

**People favor voluntary initiatives** and support policies that promote private LTC insurance, although they also support voluntary public insurance

**Little support** for **mandatory** public LTC insurance

# Conclusions (cont.)



The **most important** LTC insurance features to consumers are plan cost, benefit period, and daily/monthly benefit amounts

Deductible period, medical underwriting, and whether the insurer is private or government are **less important**

With \$50-100 per month of additional benefits or subsidy **people would be indifferent regarding a mandatory public plan** compared with a voluntary private insurance plan

# Contact Information



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