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

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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?
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

N = 15,298
Response rate 65.8%

Weighted to represent general population age 40–70
LTSS Knowledge and Experience
Longevity Risk and Nursing Home Use Expectations

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

Currently providing LTC
To family member/friend

Experience With LTC
25.7%

Have you or has someone you know ever:

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

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
## Knowledge of LTC Services and Costs

<table>
<thead>
<tr>
<th>Knowledge of LTC</th>
<th>% Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of 1 month of nursing home care</td>
<td>20.2</td>
</tr>
<tr>
<td>Cost of 1 hour of home health aide care</td>
<td>15.3</td>
</tr>
<tr>
<td>Medicaid is primary government LTC payer</td>
<td>25.3</td>
</tr>
<tr>
<td>Average nursing home LOS &lt; 5 years</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
<th>Correct</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTC insurance premiums increase with age</td>
<td>66.7%</td>
<td>Correct</td>
</tr>
<tr>
<td>Good health is generally required to purchase LTC insurance policy</td>
<td>41%</td>
<td>Correct</td>
</tr>
</tbody>
</table>

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
LTSS/LTCI Knowledge by LTSS Experience

- Monthly NH cost: 23.7% LTSS experience, 16.5% No LTSS experience
- Hourly HH aide cost: 17.5% LTSS experience, 13.0% No LTSS experience
- Average NH LOS <5 years: 39.5% LTSS experience, 29.9% No LTSS experience
- Medicaid is primary government payer: 29.5% LTSS experience, 20.8% No LTSS experience
- LTCI costs rise with age: 73.0% LTSS experience, 59.9% No LTSS experience
- Medical underwriting for LTCI: 44.6% LTSS experience, 37.1% No LTSS experience

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
Longevity/Nursing Home Use Risk and LTCI Ownership by LTSS Experience

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
LTSS Concerns and Actions
### Main Concerns About LTC

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

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

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

Detailed discussion with partner or family

- Type of LTC you would prefer: 25.4%
- Ways you would pay for LTC: 21.8%
- Roles of family members in your LTC: 16.8%

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
## Preferred Actions if Need LTC

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

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
## Willingness to Use Home Equity Among Homeowners

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

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

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

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
# Government Role in LTC Financing

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

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
LTC Insurance Ownership
<table>
<thead>
<tr>
<th>Age</th>
<th>No Children</th>
<th>1-2 children</th>
<th>3+ children</th>
<th>Child(ren) Living Nearby</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-44</td>
<td>13.1%</td>
<td>24.9%</td>
<td>24.8%</td>
<td>69.3%</td>
</tr>
<tr>
<td>45-59</td>
<td>17.0%</td>
<td>24.4%</td>
<td>26.8%</td>
<td>74.5%</td>
</tr>
<tr>
<td>60+</td>
<td>28.3%</td>
<td>48.8%</td>
<td>26.8%</td>
<td>74.5%</td>
</tr>
</tbody>
</table>

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
## LTC Insurance Ownership by Income and Assets

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

<table>
<thead>
<tr>
<th>Household Income</th>
<th>Household Savings and Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>Less than $100,000</td>
</tr>
<tr>
<td>Less than $15,000</td>
<td>$15,000-$40,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Range</th>
<th>% Owners</th>
<th>% Non-Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>4.9</td>
<td>10.2</td>
</tr>
<tr>
<td>$15,000-$40,000</td>
<td>12.1</td>
<td>20.7</td>
</tr>
<tr>
<td>$40,000-$100,000</td>
<td>49.5</td>
<td>45.3</td>
</tr>
<tr>
<td>More than $100,000</td>
<td>33.6</td>
<td>23.9</td>
</tr>
<tr>
<td>No assets</td>
<td>8.3</td>
<td>20.5</td>
</tr>
<tr>
<td>Less than $100,000</td>
<td>29.8</td>
<td>38.6</td>
</tr>
<tr>
<td>Greater than or equal to $100,000</td>
<td>61.9</td>
<td>40.9</td>
</tr>
</tbody>
</table>
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.
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

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

<table>
<thead>
<tr>
<th>No LTC insurance</th>
<th>Basic LTC insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$100 daily benefit amount</td>
</tr>
<tr>
<td></td>
<td>3 years of coverage</td>
</tr>
<tr>
<td></td>
<td>No deductible</td>
</tr>
<tr>
<td></td>
<td>Various prices</td>
</tr>
</tbody>
</table>
These estimates are probably an “upper bound” of long-term uptake. Although DCE studies are robust, the “real world” includes many factors not modeled.
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

<table>
<thead>
<tr>
<th>Marginal Change</th>
<th>Estimate (DCE 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily benefit $300 (vs. $50)</td>
<td>$68.85</td>
</tr>
<tr>
<td>Daily benefit $175 (vs. $50)</td>
<td>$55.68</td>
</tr>
<tr>
<td>Daily benefit $100 (vs. $50)</td>
<td>$51.28</td>
</tr>
<tr>
<td>Duration lifetime (vs. 1 year)</td>
<td>$175.38</td>
</tr>
<tr>
<td>Duration 5 years (vs. 1 year)</td>
<td>$94.83</td>
</tr>
<tr>
<td>Duration 3 years (vs. 1 year)</td>
<td>$85.37</td>
</tr>
</tbody>
</table>

Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.
### Marginal Change Estimate (DCE 2)

<table>
<thead>
<tr>
<th>Marginal Change</th>
<th>Estimate (DCE 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No deductible (vs. 6 months)</td>
<td>−$0.32 (NS)</td>
</tr>
<tr>
<td>1 month deductible (vs. 6 months)</td>
<td>−$3.54 (NS)</td>
</tr>
<tr>
<td>3 month deductible (vs. 6 months)</td>
<td>−$0.37 (NS)</td>
</tr>
<tr>
<td>No health requirements (vs. requirements)</td>
<td>$27.91</td>
</tr>
<tr>
<td>Private insurer (vs. federal government)</td>
<td>$12.16</td>
</tr>
<tr>
<td>Universal plan (vs. voluntary plan)</td>
<td>−$105.81</td>
</tr>
</tbody>
</table>

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