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To buy or not to buy : considerations in
the decision to purchase long-term care
insurance

Lynn Ritchey*

Robert Atchley†

Mildred Seltzer‡

*Miami University, commons@lib.muohio.edu

†Miami University, commons@lib.muohio.edu

‡Miami University, commons@lib.muohio.edu

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Ohio Long-Term Care Research Project

**To Buy or Not To Buy:
Considerations in the Decision
to Purchase Long-Term Care
Insurance**

**Lynn H. Ritchey
Robert C. Atchley
Mildred M. Seltzer**

May 1991



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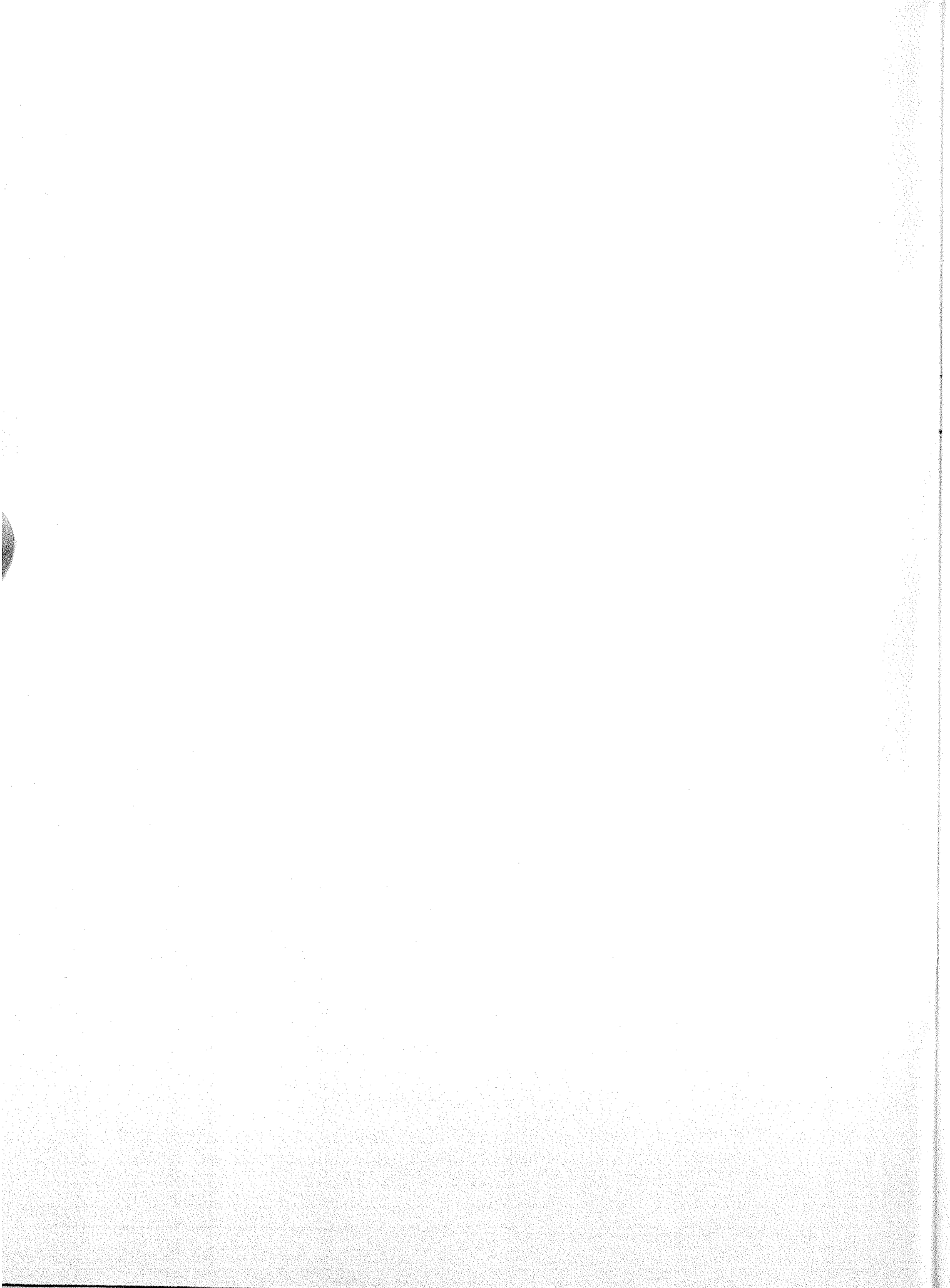
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Summary

Financing long-term care is a major social issue for our aging society. In 1987, nearly \$50 billion was spent in the United States on long-term care. Of this amount, individuals or their families paid approximately 51 %, Medicaid paid 41.6 %, Medicare paid only 1.4 %, and 6 % came from a variety of sources including the Veterans Administration, Social Services Block Grants, and the Older Americans Act. Private long-term care insurance paid only 1 % of all long-term care costs.

Both the number of older people needing long-term care and long-term care per diem costs are increasing rapidly, which has intensified the search for alternative ways of financing long-term care. One strategy is to increase the proportion of older people covered by private long-term care insurance. By 1989, about 1.5 million long-term care insurance policies had been written by 118 insurance companies. Although this figure is impressive, it represents less than 3 percent of the population age 55 or over.

Whether private long-term care insurance can play an important role in financing long-term care depends in large part on how consumers respond to private long-term care insurance. An extensive literature search found no studies looking at factors consumers consider in evaluating long-term care insurance and making their buying decisions. To fill this gap, 1,000 randomly-selected retired teachers who had been offered an opportunity to buy long-term care insurance were surveyed about whether or not they bought long-term care insurance and their knowledge and perceptions of a variety of aspects of long-term care and long-term care insurance. A major goal of the study was to identify characteristics that distinguished purchasers from nonpurchasers.

Long-term care insurance was attractive to many retired teachers. Of the 616 who responded to our survey, 19.1 % chose to purchase a long-term care insurance policy. Among married purchasers, 56.8 % also bought coverage for spouses. Of those who purchased insurance, 84.6 % chose the policy offered by the State Teachers Retirement System of Ohio. The median age of purchasers was 60.

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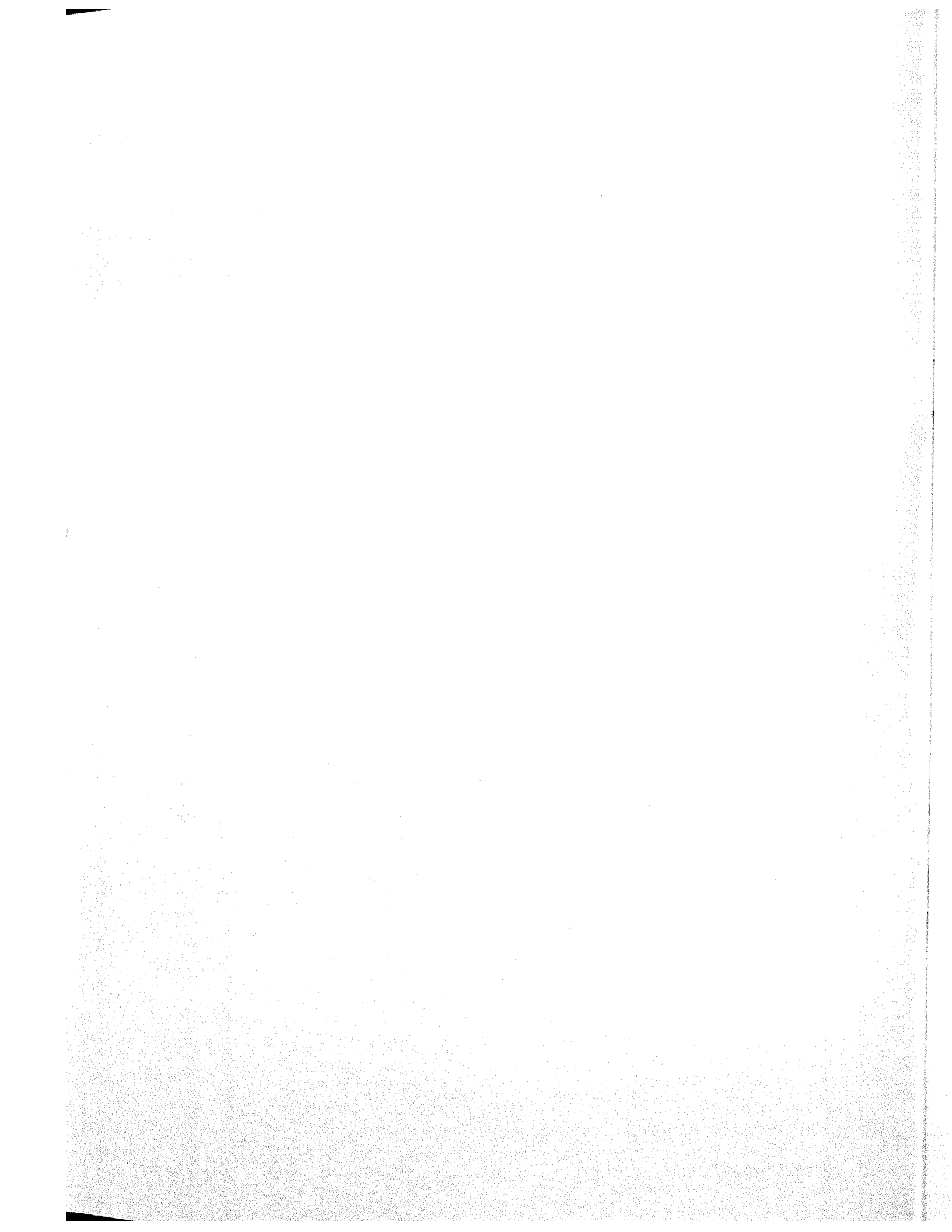
We found many differences between purchasers and nonpurchasers. Purchasers took an average of 5.5 weeks to reach their final decision. They were likely to consider more than one policy and to consult with other people. Policy characteristics that were attractive to purchasers included: 1) coverage for a variety of services (home care, personal care, and skilled nursing care), 2) reasonable premiums that would not increase, 3) coverage not constrained by prior hospitalization rules or by exclusion of disorders such as Alzheimer's disease, which increase the need for long-term care. Once they had made the decision to purchase, purchasers were likely to be satisfied with the services covered by the policy and with the conditions to be met before benefits could be received. In addition, purchasers saw long-term care insurance as a viable way to cover long-term care costs and to protect their assets. They were less likely than nonpurchasers to believe that they could make private investments to cover long-term care expenses.

In contrast, nonpurchasers took only three weeks on average to come to a decision. Our analysis identified three factors that contributed to a decision not to purchase long-term care insurance. First, most nonpurchasers were unsatisfied with the insurance policy, either with the services covered or with the conditions that had to be met in order to receive benefits. Second, nonpurchasers were less concerned with protecting their assets and were more likely than purchasers to believe that they could make investments to cover long-term care costs. Third, nonpurchasers had an overall negative attitude about insurance and insurance companies; 60% believed that long-term care insurance was a waste of money.

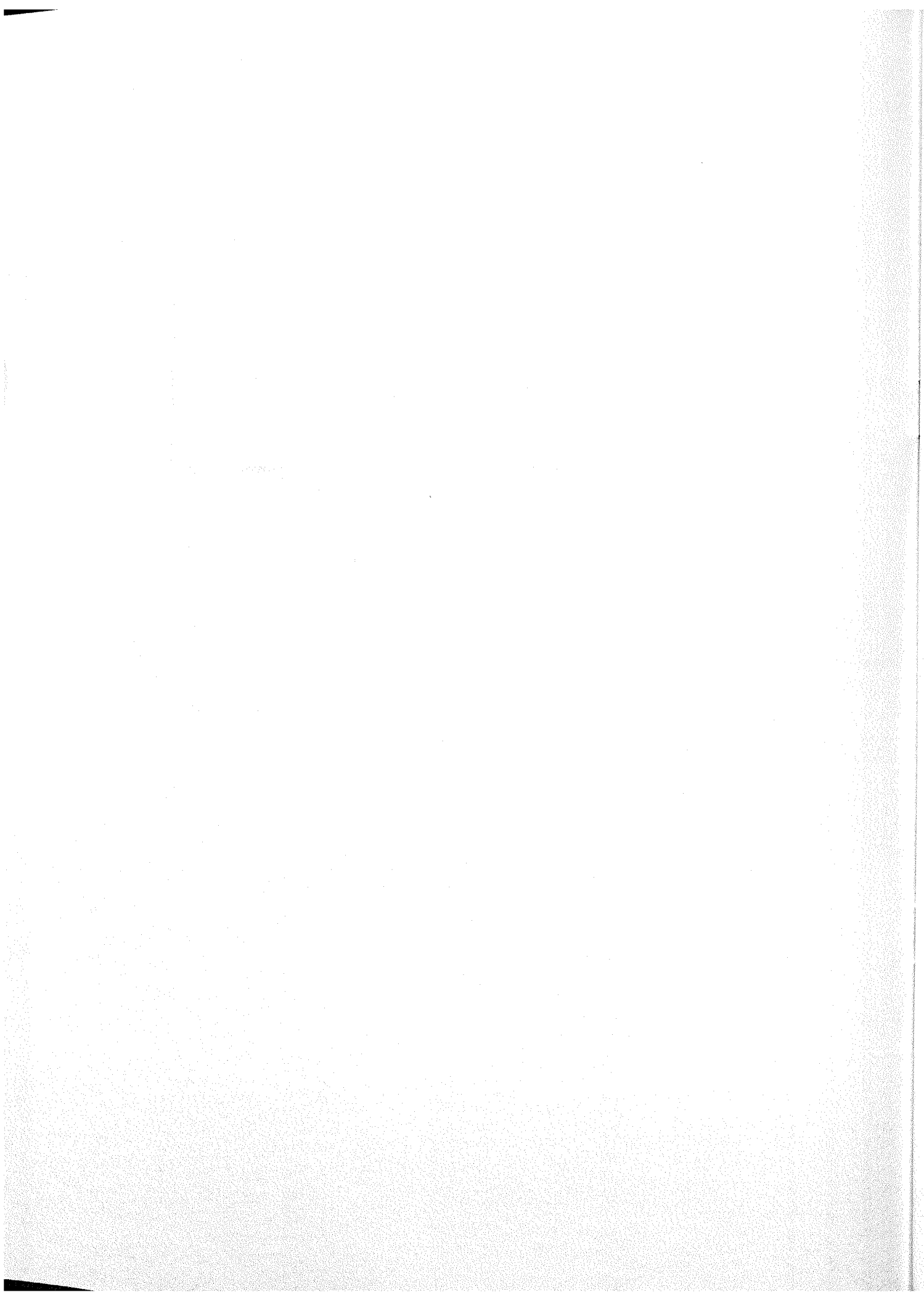
Although there were significant differences between purchasers and nonpurchasers, we also noted important similarities. A large majority of both buyers and nonbuyers did not fully understand long-term care insurance, did not have accurate knowledge of the actual risk of long-term care, and did not know the current costs of long-term care. Purchasers tended to overestimate long-term care risk factors and costs, whereas nonpurchasers tended to underestimate them. Most of our respondents could not identify the characteristics they would like in a long-term care insurance policy. Two-thirds of our respondents thought that insurance policies were confusing and nearly half thought that not enough information was available on long-term care insurance. If long-term care insurance were not available, most respondents said

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they would rely on savings and Medicare. Fewer than one-third said that they would use Medicaid, veterans' benefits, or family assistance. Taken together, these findings reflect widespread need for knowledge about long-term care in general and long-term care insurance in particular.



Background of the Problem



Background of the Problem

Introduction: Long-Term Care Insurance

How to finance long-term care is a major societal issue. Currently individuals and governmental units pay most of the costs of long-term care: in 1987, individuals paid approximately 51%, Medicaid paid 41.6%, and Medicare paid 1.4% of all such costs (Health Care Financing Administration, 1988). Because of the rapidly increasing number of older people needing long-term care and rising long-term care costs, the financial burden on individuals and governmental units is expected to become much heavier. This situation has stimulated a need for alternative long-term care financing strategies. Several approaches have been offered as solutions or partial solutions, from government-sponsored programs to intervention by the private sector. One private-sector solution that has gained increased notice during the last few years is private long-term care insurance.

The purpose of long-term care insurance, like that of other financing alternatives, is to protect individuals against large out-of-pocket expenses associated with long-term care and to decrease government expenditures for such care. This type of insurance operates like other types of "catastrophic" insurance. Essentially, large numbers of people pool their resources (a process known as risk pooling) through periodic premium payments to protect against the insured event, in this case prolonged long-term health or personal care. Risk pooling for long-term care is viewed as a reasonable alternative because, as with other catastrophic insurance policies, few purchasers will have a catastrophic need. Kemper and Murtaugh (1991) projected that 43% of people who turned age 65 in 1990 would enter a nursing home at some time before they die. However, 11 percent were expected to be in a nursing home less than 3 months, and only 24% could expect a nursing home stay of one year or longer.

Private long-term care insurance paid only 1% of all long-term care costs in 1987 (Health Care Financing Administration, 1988), but by 1989 it was estimated that 1.5 million long-term care policies had been sold by 118 insurance companies (Luciano, 1990; Sherrid, 1990). Although this figure is impressive, it also shows that less than 5% of the population age 65 and over is covered by such policies.

Both insurance companies and consumers are subject to forces that inhibit the growth of private long-term care insurance. Several factors appear to make insurance companies hesitant to

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market long-term care policies, most notably pricing difficulties, adverse selection, and the possibility of induced demand or moral hazard (Goldberg-Alberts, 1986; Lane, 1984; Lavizzo-Mourey, 1989; Lifson, 1984; Weil, 1989). The most common method used by insurance companies in determining the premium for a policy is to analyze claims experience for services covered by the policy and to observe the cost of services. Because long-term care insurance is relatively new, insurance companies lack adequate claims experience concerning the costs of offering individuals this type of coverage. Without this information, insurance companies have difficulty in determining premium amounts that are actuarially fair.

Adverse selection is another uncertainty that insurance companies face in offering long-term care insurance. Adverse selection occurs when many individuals at high risk of using long-term care purchase the insurance without paying an increased premium. As mentioned above, insurance is based on the concept of risk pooling, whereby a number of people pool their resources. If only those at high risk of needing long-term care purchase the insurance at rates designed for a general risk pool, the pooled resources will be depleted rapidly, and the insurance company will lose money. At this point, identifying risk factors and attaching differential premiums to them is poorly developed for long-term care insurance, which increases the companies' risk of adverse selection.

A third factor discouraging insurance companies from selling long-term care insurance is the potential for induced demand or moral hazard. Induced demand occurs when insurance policy holders use services that they would not use if they did not have insurance. In the case of long-term care, this situation would arise when long-term care insurance purchasers enter nursing homes when, without insurance, they would not have done so or would have postponed entrance. For some policies, induced demand for home care could occur. The moral hazard is probably low for nursing home care because most people view living in a such a facility as a distasteful option, but for home care it may be problematic. Again, claims experience is needed to answer this question.

Insurance companies offer long-term care insurance as individual policies and through group plans offered by employers and other special interest groups. As the companies offering these policies acquire information on the use of long-term care

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insurance, other companies also will enter the market. Some insurance companies have already left the market.

Consumers also have inhibited the growth of the long-term care insurance market. Two important issues appear to hamper consumers' demand for this insurance: the belief among many that they already have such coverage (Luciano, 1988; U.S. Senate, 1985) and the negative publicity regarding long-term care insurance in news articles aimed at consumers (Consumer Reports, 1988, 1991; Firman and Weissert, 1988; Luciano, 1990; Money, 1989; Paulson, 1989; Schaeffer, 1989; Sherrid, 1990).

Probably the most significant factor contributing to the lack of demand among consumers is the belief that they are already covered for long-term care by Medicare or private health insurance. Although Medicare offers some long-term care coverage, it imposes many restrictions that prevent the majority of people needing such care from using Medicare to cover expenses. A few of these restrictions are prior hospitalization, skilled nursing home care only, medical necessity, and coverage for no more than 100 days of care per benefit period. Many people have called for educational programs addressing the issues that consumers face when considering long-term care and the financing of such care. Such programs could help reduce misinformation about the role Medicare can be expected to play in financing long-term care.

The other important factor decreasing demand for long-term care insurance is negative assessments of such insurance by consumer issue groups and magazines. Although most of the information about long-term care insurance disseminated by these groups offers consumers information on the characteristics they should seek in purchasing this type of insurance, the groups also offer advice on the value of long-term care insurance and relate stories of negative experiences with this insurance. It is important to inform consumers of both the negative and the positive aspects of various products, and provide consumers with facts to aid them in making informed decisions. Because long-term care insurance is in its formative stage and no two policies are exactly alike (Consumer Reports, 1991), establishing "the facts" may be difficult.

Much has been written about factors that hinder insurance companies from entering the long-term care insurance market, policy characteristics that consumers should seek in an insurance policy, and negative experiences of policy holders. No study,

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however, has examined the factors that people consider in making decisions about long-term care insurance policies or what general characteristics distinguish purchasers of such insurance from nonpurchasers. In order to fill this gap, the present study examines the general characteristics and attitudes that distinguish purchasers from nonpurchasers.

A Model of Consumers' Behavior

Because no study conducted to date has examined differences between purchasers and nonpurchasers of long-term care insurance policies, our first step was to conduct two focus groups in November and December 1989. The participants were 15 retired teachers who became eligible in October 1988 to purchase long-term care insurance through the State Teachers Retirement System of Ohio. The purpose of the focus groups was to help us identify factors that influence people when they consider long-term care insurance. Figure 1 presents considerations that could influence purchasing decisions. These factors were derived from the focus groups.

The first factor is familiarity with long-term care insurance. Because this type of insurance is relatively new, familiarity with the policies should indicate an interest in what they have to offer. Familiarity also generates knowledge about long-term care insurance and helps people to reach an informed decision about purchasing policies. However, much of the current information about this insurance has a cautionary tone, as mentioned, which also may influence buying behavior, depending on its source.

A second factor that could influence purchasing decisions is awareness--general or direct--of long-term care needs. General awareness includes the awareness of the costs of long-term care, the average length of stay in a long-term care facility, and the proportion of people that can be expected to need long-term care. Under this heading, people are aware of issues surrounding long-term care and the likelihood that at some point they will need such care. Underestimation of these general needs could discourage purchase. Direct awareness includes knowing directly someone who needed long-term care or had difficulty in paying for it. People with direct experience are expected to be more aware of the financial burden of long-term care; this awareness could increase the likelihood of purchasing long-term care insurance.

Background of the Problem

Figure 1
Factors Influencing Consideration of Long-Term Care Insurance
Summary of Focus Group Perceptions

Knowledge of Long-Term Care Insurance

- Familiarity with long-term care insurance before the offering.
- Source of knowledge--literature, radio, television.
- Ability to specify ideal characteristics of a long-term care insurance policy.

Awareness of Needs for Long-Term Care

- General awareness:
Knowledge of long-term care issues: costs, need, length of stay.
- Direct awareness:
Relatives/friends needing long-term care.
Knew someone having financial difficulty in paying for long-term care.

Family Concerns

- Ability of children to provide assistance with long-term care.
- Importance of leaving an inheritance.

Economic Concerns

- Rising cost of long-term care.
- Importance of protecting assets.
- Ability to make private investments to cover long-term care costs.

Attitudes about Insurance

- Beliefs about insurance company's experiences with long-term care insurance.
- Attitudes toward insurance salespersons.
- Opinions concerning clarity of insurance policies.

Perceptions of Peers' Behavior in Buying Long-Term Care Insurance

- Are others purchasing long-term care insurance?

Perceptions of the Federal Government's Role in Providing for Long-Term Care Assistance

- Federal government will provide long-term care insurance.
- Medicare provides sufficient long-term care coverage.
- Federal government is responsible for financing long-term care for the elderly.

Family concerns also might influence purchasing decisions. There is a general feeling in American society that one should not be a burden on family members, as well as a feeling that families should "take care of their own." If people do not want to be a burden to family members, they may buy long-term care insurance. However, if the family is seen as likely to assist in meeting long-

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term care needs and expenses, purchases of insurance might be less likely.

Economic factors also might influence buying behavior. As people weigh the benefits of various long-term care insurance policies, they may review a series of economic concerns. These concerns include protecting assets, the rising cost of long-term care, the possibility that insurance premiums might increase, ability to accumulate savings to cover long-term care costs if necessary, and the extent to which a long-term care insurance policy is regarded as a sound purchase. The influence of economic concerns on purchasing behavior may depend on the extent to which these concerns are future- or present-oriented. A desire to protect assets in the face of the increasing costs of long-term care could encourage purchasing, whereas concern about increasing insurance premiums and about one's perceived capacity to use assets to cover the cost of long-term care might discourage purchasing. Another economic factor may be the perception of whether long-term care insurance is a good buy. Some people may see such insurance as desirable but over-priced.

Attitudes about insurance are another factor that might affect purchasing behavior. Past experience with insurance companies and the degree of trust in them could be influential. If people have had favorable experiences with other types of insurance, they may be more willing to consider long-term care insurance. Favorable experiences could include a perception of salespersons as helpful and aware of consumers' needs, policies that are not confusing, and a sense that the insurance company delivered what it promised.

Perception of peers' buying behavior is another possible influence. People look to peers to help confirm their decisions. If the majority of one's peers are purchasing long-term care insurance, the likelihood of purchasing this insurance may increase. Peers' purchasing behavior may help people to view the insurance as a desirable option.

Finally, purchasing decisions might be influenced by perceptions of the federal government's role in providing for long-term care assistance. If people view the federal government as currently providing sufficient long-term care coverage or as likely to do so in the future, they may consider the purchase of long-term care insurance unnecessary or redundant.

Background of the Problem

Clearly, many factors can influence people's decision regarding long-term care insurance. Although other considerations also may influence this decision, the points described above were identified as most salient in focus group discussions.

Questionnaire Development

On the basis of transcribed focus group discussions, we developed a questionnaire reflecting factors that might be considered in the decision-making process (see Figure 1). In addition to exploring respondents' general attitude characteristics, the questionnaire asked respondents to specify a number of demographic characteristics such as age, gender, marital status, and employment status. We sent this questionnaire to the focus group participants in February 1990. All participants returned completed questionnaires. On the basis of their responses, we revised the questionnaire and mailed it to 200 retired teachers who constituted an extended pretest group for this study. The final questionnaire is included as an appendix.

Description of the Sample

The sample is composed of 1,000 retired teachers who became eligible in July 1990 to purchase long-term care insurance through the State Teachers Retirement System (STRS) of Ohio. In early October 1990 questionnaires were mailed to potential respondents, followed by a reminder postcard a few weeks later. Another copy of the questionnaire was mailed in early November 1990. Completed questionnaires were returned by 616 people, a response rate of 61.6%. Respondents' demographic characteristics are presented in Table 1.

Data Analysis

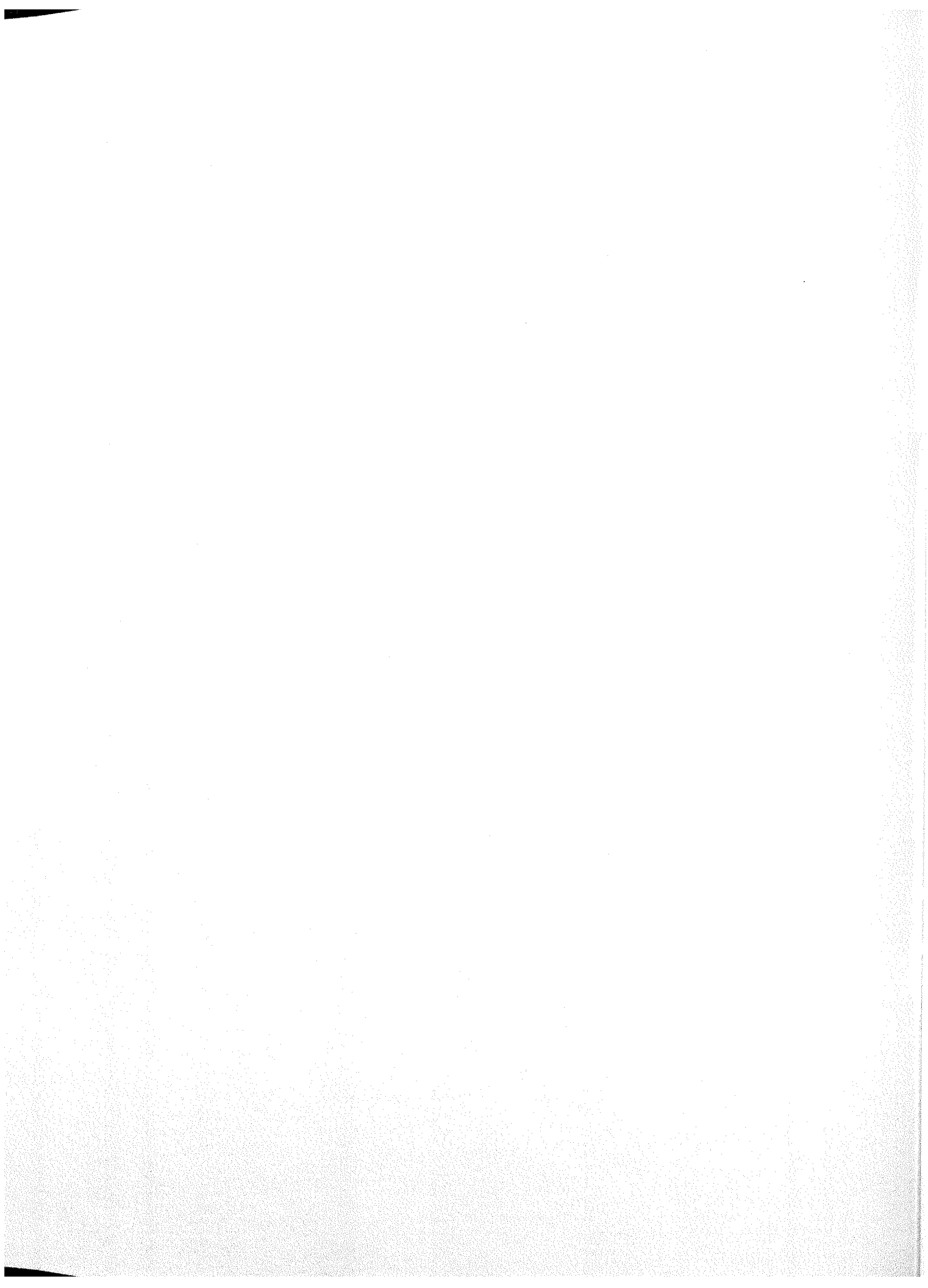
The analysis consisted of an examination of percentage distributions on each variable for the total sample and comparison of percentages and means between purchasers and non-purchasers. We used chi-square statistics to determine the statistical significance of differences between purchasers and nonpurchasers.

Background of the Problem

Table 1
Respondents' Demographic Characteristics

Characteristic	Percentage/Mean
Purchased Long-Term Care Insurance	
Yes	19.1
No	80.9
Gender	
Female	63.1
Male	36.9
Marital Status	
Married	75.8
Widowed	4.7
Separated/divorced	10.8
Never married	8.7
Employment Status	
Retired	65.0
Employed, full-or part-time	34.3
Unemployed or disabled	.7
Respondents' Age (Mean)	59.3
Respondents' Age (Percentage)	
49-54	20.4
55-59	28.0
60-64	34.9
65-69	13.1
70-74	2.3
75+	.2
Spouse's Age	59.0
Years of College Attended	6.0
Number of Children	2.9
Income	30,000-34,999
N	616

**Findings: Selected
Characteristics
Differentiating Purchasers
From Nonpurchasers**



Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Demographic and Decision Factors

Table 2 presents a comparison between purchasers and nonpurchasers in terms of selected demographic factors.

Characteristic	Purchasers Percentage/Mean	Nonpurchasers Percentage/Mean
Gender		
Female	69.0	61.5
Male	31.0	38.5
Marital Status*		
Married	63.8	78.5
Widowed	6.0	4.5
Separated/divorced	15.5	9.7
Never married	14.7	7.3
Employment Status		
Retired	70.4	63.5
Employed, full- or part-time	29.6	35.7
Unemployed or disabled	.0	.8
Age (Mean)		
	59.7	59.1
Age (Percentage)		
49-54	17.4	21.2
55-59	23.9	29.2
60-64	40.4	33.7
65-69	14.7	13.5
70-74	2.8	2.4
75+	.9	.0
Spouse's Age		
	59.6	58.8
Years of College Attended		
	6.0	6.0
Number of Children		
	2.5	2.9
Income		
	30,000-34,999	30,000-34,999
N		
	117	499

*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 3 presents a comparison between purchasers and nonpurchasers in regard to decision factors. We found four significant differences. First, nonmarried respondents were more likely than married respondents to purchase long-term care insurance. Second, purchasers took a longer time than nonpurchasers to reach their purchasing decision. Third, purchasers were more likely than nonpurchasers to consider policies other than that which was purchased or offered by STRS. Fourth, nonpurchasers were more likely than purchasers to think they would reconsider their purchasing decision later. The most frequently given reasons for expecting to reconsider included the following: 1) consumers' circumstances might change; 2) they needed more thought and had not reached a final decision; and 3) they would buy a policy in the future. The most frequently reasons given by nonpurchasers for not expecting to reconsider their decision included the following: 1) long-term care insurance was too costly; 2) they had no need for such insurance; and 3) they could make their own investments to cover long-term care expenses.

Table 3
Selected Decision Factors of
Purchasers and of Nonpurchasers

Characteristic	Purchasers Percentage/Mean	Nonpurchasers Percentage/Mean
Decision time (weeks)*	5.5	3.0
Other policy considered*		
Yes	29.1	9.7
No	70.9	90.3
Reconsider decision in the future*		
Yes	7.1	19.9
No	92.9	80.1

*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Purchasers' Policies

To the 117 persons who purchased policies, we presented a series of policy characteristics to determine what characteristics they liked about the policy they purchased. Table 4 shows the percentage of those who liked a particular characteristic. Many purchasers liked the fact that they would receive benefits for long-term care both at home and in skilled nursing and personal care facilities. More than half also liked having the ability to increase or decrease their coverage. Other factors were also liked, but were cited less often.

Although respondents liked many characteristics of the policies they bought, the characteristics most important in influencing their decision to purchase included the following (listed in order of frequency): 1) pays benefit for home care; 2) pays benefit for care in a skilled nursing facility; 3) premiums are reasonable; 4) no prior hospitalization is required before receiving benefits; 5) Alzheimer's disease is covered; 6) premiums stay level for life; and 7) pays benefits for care in a personal care facility. When we compare features that purchasers liked in the policy with those which were important in reaching a purchasing decision, it appears that economic factors played the most important role in the purchasing decision.

Purchasers most frequently bought policies that cover the respondent (96.6%). Although only 36.8% of all purchasers bought spousal coverage (Table 4); among married purchasers, 56.8% bought coverage for spouses. Few respondents purchased a policy for their parents or their spouse's parents (1.8%). The most frequent policy purchased was the Aetna policy offered by the State Teachers Retirement System of Ohio (84.6%). Only 5.2% had bought a policy before the STRS offering; and 13.3% were visited by an insurance salesperson before they purchased their policy.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

**Table 4
Characteristics of Policies Purchased**

	Percentages
Policy Characteristics Liked	
Pays benefit for skilled nursing care	81.2
Pays benefit for home care	79.5
Pays benefit for personal care facility	56.4
Ability to increase or decrease coverage	53.0
Premium stays level for life	47.9
Premiums are reasonable	46.2
Pays home care without hospital stay	46.1
Amount of daily benefits	45.3
No prior hospitalization rule	44.4
Plan easy to understand	39.3
Guaranteed renewable for life	34.2
Options to meet respondent's needs	33.3
Coverage begins within a reasonable time	32.5
Premium waiver while receiving benefits	29.9
Alzheimer's disease covered	29.1
Waiting period before benefits begin	26.5
Adequate benefit for all nursing home stays	21.6
Simple claim processing	20.5
Adequate benefit for one nursing home stay	19.7
Inflation adjustment built in	18.8
Pre-existing conditions covered	12.8
Agent resides in local area	8.5
Case management	6.0
Pays home care after hospital stay	5.1

(Continued on next page.)

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 4 (continued)
Characteristics of Policies Purchased

	Percentage
Most Important Policy Characteristics	
Pays benefit for home care	56.6
Pays benefits for skilled nursing facility	33.3
Reasonable premiums	23.3
No Prior hospitalization rule	16.6
Alzheimer's disease is covered	14.4
Premiums stay level	14.4
Pays benefits in a personal care facility	12.2
Policy Covers	
Self	96.6
Spouse	36.8
Parents	0.9
Spouse's parents	0.9
Policy Purchased	
Aetna/STRS	84.6
AARP	1.9
John Hancock	1.9
Washington Square	1.0
Other	10.6
Policy Purchased Before STRS Offering?	
No	94.8
Yes	5.2
Visited by Insurance Salesperson Before Purchase?	
No	86.7
Yes	13.3

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 5 shows the number of benefit units bought by all retired purchasers who bought the State Teachers Retirement policy as of May 1991. The average amount of benefit coverage purchased by retirees for themselves was 5.5 units and for their spouses 5.6 units. One benefit unit provides \$10.00 per day for nursing facility care or \$5.00 per day for home care or adult day care. The maximum lifetime benefit amount for 1 unit is \$18,250. Premium amounts vary by the age of benefit recipient and number of units purchased. For example, at age 55 the monthly premium for 5 units of coverage was \$22.35; at age 65 the monthly premium for 5 units was \$46.40.

Table 5
Number of Benefit Units Purchased by All
Retired Purchasers of the STRS Policy as of May 1991

Units	Retiree Percentage	Spouse Percentage
1-2	14	12
3-4	22	21
5-6	34	37
7-8	15	17
9-11	15	14
Mean number of units	5.5	5.6
N	5645	1868

Source: Statistics compiled by the Ohio State Teachers Retirement System.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Respondents' Knowledge of Long-Term Care Insurance

Table 6 presents information about respondents' familiarity with long-term care insurance, where they learned about this type of insurance, and whether they thought enough information was available to them.

Purchasers were less likely than nonpurchasers to have heard about long-term care insurance before the State Teachers Retirement System's offering and were more likely to identify STRS as a source of information. Further, purchasers were more likely to specify discussions with others as a source of information. However, nonpurchasers were more likely than purchasers to cite television as a source of information. News-type programs are the most likely information source about long-term care insurance from television, rather than advertisements. Surprisingly, nonpurchasers were more likely than purchasers to say that not enough information on long-term care insurance was available.

We also asked respondents to specify the characteristics of an ideal long-term care insurance policy. Only about 20% of respondents were able to complete this section of the questionnaire. These respondents cited the following characteristics for an ideal long-term care insurance policy (listed in order of frequency): 1) premiums are reasonable; 2) pays benefits for home care; 3) pays benefits for care in a skilled nursing facility; 4) hospitalization is not required before benefits are received; and 5) adequate benefits are paid as long as necessary. Lack of response to this question, however, casts doubts on the validity of this measure. It appears that respondents tended to view as ideal that which they bought or that which was presented to them by STRS.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 6
Respondents' Familiarity with Long-Term Care Insurance (LTCI):
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Respondent familiar with LTCI before STRS offering*	55.7	42.6	58.9
Heard about LTCI from:			
STRS*	75.3	89.7	72.1
Literature	41.0	35.0	42.4
AARP	45.2	38.5	47.1
Television*	15.6	4.3	18.2
Radio	3.6	1.7	4.0
Discussion with others*	35.8	43.6	34.1
Insurance salesperson	11.1	12.8	10.7
Other Organization	1.6	.9	1.8
Not enough information* (Strongly agree/agree)	48.7	39.0	51.3

*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)

Respondents' Awareness of Needs for Long-Term Care

Table 7 presents information about the respondents' knowledge of long-term care. In this respect, we found only one significant difference between purchasers and nonpurchasers: purchasers tended to overestimate the percentage of people currently age 65 who would need long-term care at some point in the future, whereas nonpurchasers tended to underestimate this figure. Fewer than half of the respondents knew the average cost of a one-year stay at a nursing home; fewer than one-third knew the percentage of people currently age 65 who would need long-term care some day or knew the average length of a nursing home stay.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 7
Respondents' General Experience with Long-Term Care (LTC) Needs:
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Annual LTC Facility Costs			
<\$10,000	1.5	1.8	1.6
\$10,001-20,000	24.9	18.6	26.4
<u>\$20,001-30,000</u>	44.4	46.9	43.8
\$30,001-40,000	20.9	25.7	19.6
\$40,001-50,000	3.9	4.4	3.8
>\$50,001	4.3	2.7	4.7
Percentage Needing LTC*			
1-20	30.4	20.7	32.8
21-40	34.2	32.4	34.4
<u>41-60</u>	26.4	32.4	25.0
61-80	6.2	11.7	4.8
81-100	2.9	2.7	3.0
Average Stay in LTC Facility			
< 1 month	1.3	.9	1.4
1-6 month	7.5	3.6	8.5
7-11 months	8.7	6.4	9.4
<u>1-2 years</u>	25.3	30.9	24.0
2-3 years	22.5	24.5	22.0
3-4 years	11.1	10.0	11.2
4-5 years	10.2	8.2	10.5
> 5 years	13.5	15.5	13.0

*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)

Underlined categories indicate correct response.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

In examining respondents' direct experience and knowledge about long-term care (Table 8), we found no significant differences between purchasers and nonpurchasers. Almost 75% of respondents had known someone who lived in a long-term care facility.

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
People Respondent Knew in LTC Facility			
Knew someone	72.2	73.3	72.4
Mother	34.3	31.8	34.9
Father	15.6	15.3	15.6
Sibling	2.5	2.4	2.5
Spouse's mother	20.8	17.6	21.5
Spouse's father	9.3	5.9	10.1
Spouse's sibling	2.9	2.4	3.1
Close friend	17.6	17.6	17.6
Spouse	1.6	0.0	2.0
Other relative	35.7	43.5	33.8
Respondent's Perception of Their Future Long-Term Care Needs			
Will need long-term care in the future (Strongly agree/agree)	38.3	47.6	35.8
Have seen someone have financial difficulty paying for long-term care (Strongly agree/agree)	44.1	53.3	41.2

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Family Concerns

Respondents were asked about their children's ability to help meet long-term care needs and costs and whether they felt it was important to leave their children an inheritance. Table 9 presents this information. A large majority of both purchasers and nonpurchasers felt that their children would not be able to help financially and were uncomfortable about the prospect of asking their children for help, but these sentiments were significantly more likely among purchasers than among nonpurchasers. Less than half of our respondents thought that their children would be able to provide home care. Less than a third of the respondents thought that leaving an inheritance to children was important and there was no difference between purchasers and nonpurchasers in this regard.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 9
Respondents' Family Concerns:
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Statements about Family Concerns (Strongly agree/agree)			
+My children are not able to help me financially if needed.*	63.7	73.3	61.1
It is important that I leave an inheritance for my children.	29.4	33.7	28.5
Would your children be able to provide home care if you needed it? (yes)	47.2	38.3	49.1
How comfortable would you be in asking your children for help?*			
1 to 3 (comfortable)	16.6	9.6	18.2
4 (neutral)	6.2	11.7	7.2
5 to 7 (uncomfortable)	77.2	88.3	74.6
*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)			
+Question wording reversed for purposes of tabulation.			

Economic Concerns

Tables 10 and 11 present information regarding the respondents' current financial situations, their financial concerns about long-term care, and how they would pay for such care. We found several significant differences between purchasers and nonpurchasers. First, purchasers were slightly more likely than nonpurchasers to feel that their current income was inadequate. Second, purchasers were much more likely than nonpurchasers to believe that long-term care insurance protected their assets. Third, purchasers were less likely than nonpurchasers to believe that they

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

could make private investments that would cover long-term care expenses. Purchasers also were less likely than nonpurchasers to think that long-term care insurance premiums would increase and that long-term care insurance was a waste of money. Finally, purchasers were far more likely than nonpurchasers to state that long-term care insurance premiums were reasonable for the services provided. When asked how they would pay for long-term care if long-term care insurance was not available or was not purchased, purchasers were more likely than nonpurchasers to say they would use home equity as a resource.

We also found interesting similarities between purchasers and nonpurchasers. Our respondents said that if long-term care insurance were not available or was not purchased, they would pay for such care with personal savings and Medicare. Fewer than one-third would use Medicaid, veterans' benefits, or family assistance to cover the expenses. Further, the majority of both purchasers and nonpurchasers agreed that the costs of long-term care are increasing too fast.

Table 10
Respondents' Current Financial Situation:
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Current Financial Status			
Income	\$30,000- 34,999	\$30,000- 34,999	\$30,000- 34,999
Income Adequate?*			
1-3 (adequate)	77.1	73.5	78.0
4 (neutral)	12.6	9.7	13.4
5-7 (inadequate)	9.2	16.8	8.6

*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 11
Respondents' Economic Concerns:
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Statements about Economic Concerns (Strongly agree/agree)			
Buying long-term insurance helps me protect my assets.*	44.4	79.1	35.2
I can make private investments that will pay for long-term care.*	34.0	20.8	37.1
It is important that I leave an inheritance for my children.	29.4	33.7	28.5
Long-term care insurance premiums will increase.*	81.4	64.4	85.7
+My children are not able to help me financially if needed.*	63.7	73.3	61.1
The cost of long-term care is increasing too fast.	82.0	78.6	82.8
+Long-term care insurance is not a waste of money.*	48.8	81.9	40.4
Premiums for long-term care insurance are reasonable for services provided.*	17.3	45.0	10.2

(Continued on next page.)

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 11 (continued)
Respondents' Economic Concerns:
Total Sample and Purchasers versus Nonpurchasers

How Respondent Would Pay for Long-Term Care	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Private savings	76.9	79.3	76.2
Medicare	53.7	52.6	53.9
Medicaid	32.9	27.6	34.0
Veterans' benefits	9.4	7.8	9.8
Family assistance	18.6	13.8	19.7
Home equity*	38.9	48.3	36.7

*The difference between purchasers and nonpurchasers is statistically significant. (Chi-square = .05 or better.)
+Question wording reversed for purposes of tabulation.

Attitudes about Insurance

Table 12 describes respondents' attitudes about insurance. Again, we found several significant differences. Nonpurchasers were more likely than purchasers to agree that insurance salespersons are concerned only with making a sale; insurance companies almost never deliver what they promise; too many conditions must be met before long-term care insurance benefits are received; not enough information on long-term care insurance is available; and long-term care insurance is a waste of money.

The majority of both purchasers and nonpurchasers agreed or strongly agreed that insurance policies are too confusing.

Perceptions of Peer Purchasing Behavior

Another factor that may influence respondents' decisions is their perception of whether most people their age were purchasing long-term care insurance. On the basis of a single item, we found that only 4.5% of the respondents agreed or strongly agreed that most people their age were purchasing such insurance. Purchasers did not differ significantly from nonpurchasers in this respect.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

Table 12
Respondents' Attitudes about Insurance:
Total Sample and Purchasers versus Nonpurchasers

	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Statements about Perceptions of Insurance Companies (Strongly agree/agree)			
Insurance companies have not had enough experience with long-term care insurance.	47.5	40.9	49.2
Insurance salespersons are only concerned with making a sale.*	57.3	38.8	61.0
Insurance policies are too confusing.	65.6	57.7	67.2
+ Insurance companies almost never deliver what they promise.*	41.4	25.5	44.8
Too many conditions must be met before the long-term care benefits are received.*	46.0	22.9	51.9
Not enough information available on long-term care insurance.*	48.7	39.0	51.3
+ Long-term care insurance is not a waste of money.*	48.8	81.9	40.4

*The difference between purchasers and nonpurchasers is statistically significant. (Chi-square = .05 or better.)

+ Question wording reversed for purposes of tabulation.

Findings: Selected Characteristics Differentiating Purchasers From Nonpurchasers

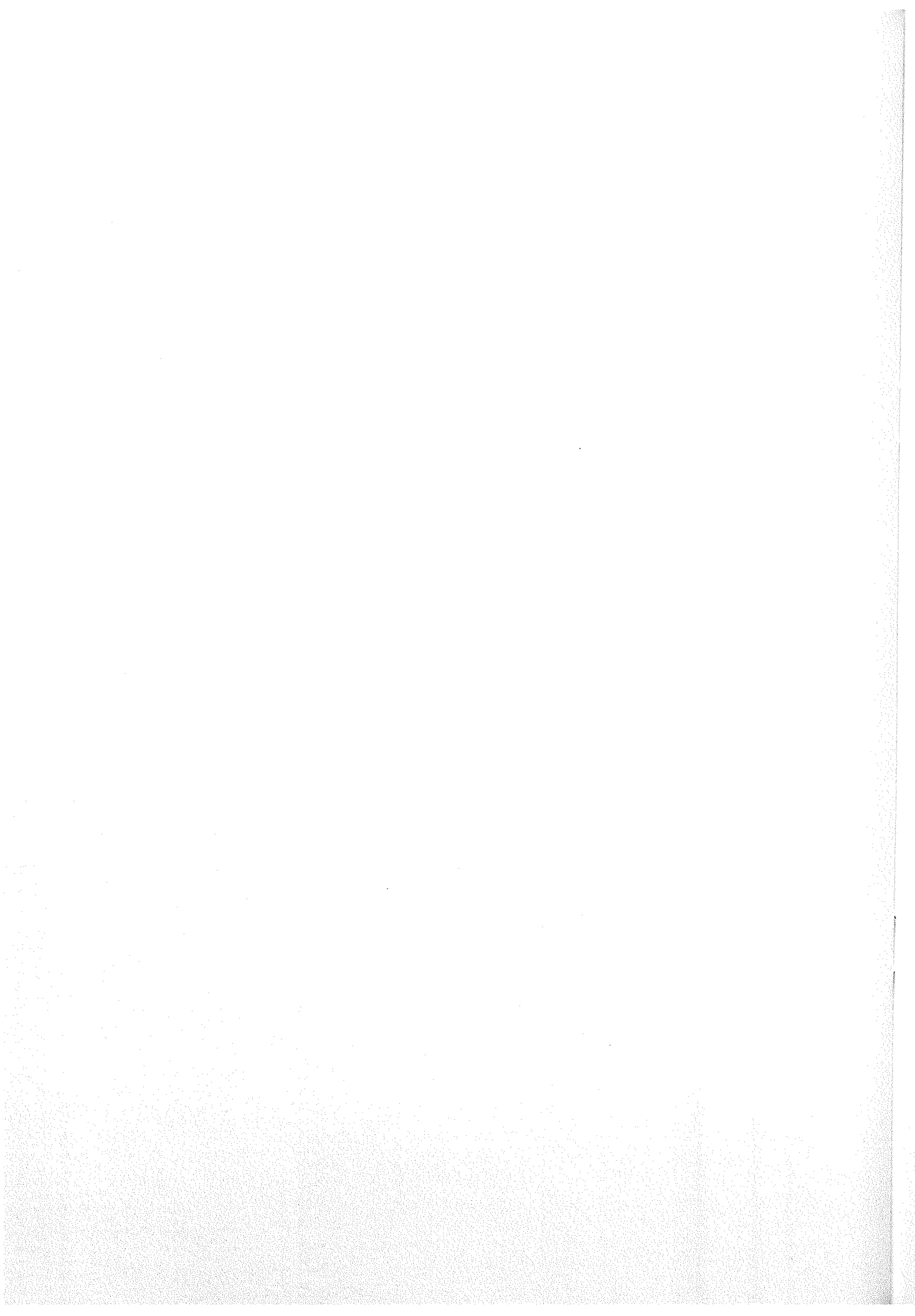
Perception of the Federal Government's Role in Providing for Long-Term Care

A final factor influencing purchasing decisions was the respondents' perceptions of the federal government's role in providing health care. Table 13 presents this information. The only significant difference between purchasers and nonpurchasers was that purchasers were more likely to believe that Medicare does not provide sufficient assistance for long-term care. However, both purchasers and nonpurchasers agreed that everyone, regardless of ability to pay, should receive adequate health care. Neither group tended to regard financing long-term care as a responsibility of the federal government or to expect the federal government to provide public long-term care insurance.

Table 13 Respondents' Perceptions of the Federal Government's Role in Meeting Health Care Needs: Total Sample and Purchasers versus Nonpurchasers			
	Total Percentage	Purchasers Percentage	Nonpurchasers Percentage
Statements about Perceptions of Federal Government (Strongly agree/agree)			
+ Medicare does not provide sufficient long-term care assistance.*	70.4	92.6	64.7
All people regardless of ability to pay, should receive adequate health care.	86.3	85.7	86.3
It is the federal government's responsibility to finance long-term care for the elderly.	44.1	34.8	46.5
Within the next 20 years, the federal government will provide long-term care insurance.	39.3	32.1	41.0
*Differences between purchasers and nonpurchasers are statistically significant. (Chi-square = .05 or better.)			
+Question wording reversed for purposes of tabulation.			



Summary and Discussion



Summary and Discussion

Of the 616 teachers who responded to our questionnaire 19.1% chose to purchase a policy; of those who did purchase 84.6% chose the Aetna policy offered by the State Teacher Retirement System of Ohio. The ages at which purchasers bought policies were distributed evenly: 50% of purchasers were under age 60, and 50% were over that age. Other studies have reported overall enrollment figures in the 5% to 15% range. Retirees however, tend to buy long-term care insurance in greater numbers. For example, Alaska's State employees' long-term care insurance program, which is only opened to retirees, enrolled about 30% of eligible pensioners (Hawthorne, 1989).

Purchasers bought policies that covered themselves, and 56.8% of married purchasers bought coverage for spouses. The average amount of benefit coverage purchased under the STRS policy by all retired purchasers as of May 1991 was 5.5 units for themselves and 5.6 units for their spouses. One benefit unit provides \$10.00 per day for nursing facility care or \$5.00 per day for home care or adult day care. Premium amounts vary by the age of benefit recipient and number of units purchased. For example, at age 55 the monthly premium for 5 units of coverage was \$22.35; at age 65 the monthly premium for 5 units was \$46.40. Not surprisingly, very few bought coverage for their parents or parents-in-law. The mean age of our sample was 59 years; thus, their parents and parents-in-law would be over 75 years old, which would make the cost of covering them prohibitive. As the State Teachers Retirement System of Ohio opens enrollment to younger employees, however, it is possible that younger participants will choose to cover their parents or parents-in-law.

We found that several characteristics and attitudes distinguished purchasers from nonpurchasers of long-term care insurance policies. Among purchasers, the decision to buy long-term care insurance was not made in haste. Purchasers were likely to consider other policies, to consult with other people, and to take 5.5 weeks on average to reach their decision. It is possible, however, that the actual decision to purchase was made much more quickly. Unlike nonpurchasers, purchasers had to choose which policy to buy, which may have increased the decision time.

Policy characteristics that were important to purchasers in making their decision included: 1) coverage for a variety of services (home care, personal care, and skilled nursing care); 2) reasonable premiums that would not increase; and, 3) coverage not

Summary and Discussion

constrained by prior hospitalization rules or by exclusion of disorders, such as Alzheimer's disease, which increase the need for long-term care. Once they had made the decision to purchase, purchasers were likely to be satisfied with the services covered by the policy and with the number of conditions to be met before benefits could be received.

In addition, purchasers tended to think that this insurance was a viable way to cover long-term care expenses. They seemed to be interested in protecting their assets and were somewhat less likely than nonpurchasers to think that their children could help them financially if necessary, although neither purchasers nor nonpurchasers tended to view children as potential sources of funds. Purchasers also were less likely than nonpurchasers to believe that they could make private investments to cover long-term care expenses. Believing that long-term care insurance premiums would not increase and that Medicare would not cover expenses adequately, purchasers felt that long-term care insurance was not a waste of money.

In contrast, nonpurchasers took only 3 weeks on average to reach a decision. Our analysis suggests that two factors contributed to nonpurchasing. First, most nonpurchasers appeared to be unsatisfied with the insurance policy, either with the services covered by the policy for the premium or with the conditions that had to be met before benefits could be received. We could not determine easily from our study exactly what nonpurchasers wanted in a policy. When we asked respondents what they wanted in an ideal long-term care policy, fewer than 20% were able to specify the characteristics they would like. On the basis of responses by nonpurchasers who were able to identify characteristics, we determined that these respondents believed a policy should include: 1) reasonable premiums; 2) coverage for a variety of services (home care, personal care, and skilled nursing care); and 3) coverage not constrained by prior hospitalization rules or by exclusion of disorders, such as Alzheimer's disease, which increase the need for long-term care. Interestingly, only four of the 147 nonpurchasers who specified ideal policy characteristics mentioned inflation protection.

Economic concerns are a second factor contributing to nonpurchasing behavior. Nonpurchasers were less concerned than purchasers with protecting their assets. They were slightly more likely than purchasers to believe they could make private investments that could cover long-term care expenses and were

Summary and Discussion

slightly more likely to think their children could help them financially if necessary. Nonpurchasers also believed that long-term care insurance premiums would increase and that Medicare did not offer sufficient assistance for long-term care. Further, nonpurchasers had an overall negative attitude about insurance and insurance companies; 60 percent of nonpurchasers believed that long-term care insurance was a waste of money.

Although important differences existed between purchasers and nonpurchasers, we also noted important similarities. Neither purchasers nor nonpurchasers fully understood long-term care insurance or related issues. We found ample evidence for this lack of familiarity. The majority of our respondents could not identify the characteristics they would like in a long-term care insurance policy. This inability suggests that respondents were not familiar with the terminology used in insurance policies and/or did not know enough about long-term care to have expectations about what such a policy should contain.

In addition, fewer than one-half of the respondents knew the average cost of a one-year stay at a nursing home. Fewer than one-third knew the average length of a nursing home stay or the proportion of current 65-year-olds who would need long-term care some day. Purchasers tended to overestimate long-term care risk factors, whereas nonpurchasers tended to underestimate them.

Further, 65.6% of our sample agreed or strongly agreed that insurance policies are confusing, and 48.7% stated that not enough information on long-term care insurance is available. We also found that only 55.7% of respondents had been familiar with long-term care insurance before the offering by the State Teachers Retirement System of Ohio; 75.3% reported that they heard about long-term care insurance from the State Teachers Retirement System of Ohio. These data make clear that people are only starting to become familiar with long-term care insurance and related subjects and that they need further exposure to the issues surrounding this type of care. The data also reveal a need to educate potential purchasers more fully, as well as a need to develop insurance policies that are less confusing to the general public and interpreted by the courts to be actuarially priced.

Although we found differences between purchasers and nonpurchasers with regard to family concerns, a majority (63.7%) of respondents felt that their children would not be able to help them financially if necessary. Further, most respondents (77.2%)

Summary and Discussion

said they would be uncomfortable in asking for such assistance, and only 18.6% said they would pay for long-term care with family assistance. In addition, the majority (70.6%) of respondents did not believe it was important to leave an inheritance for their children. These attitudes probably stem from American social norms that one should not be a burden on family members.

As for economic concerns, our respondents stated that if long-term care insurance were not available or was not purchased, they would pay for long-term care with personal savings (76.9%) and Medicare (53.7%). Fewer than one-third of respondents said they would use Medicaid, veterans' benefits, or family assistance for such expenses. These answers suggest, on one hand, that many of our respondents believe they have the resources available to cover long-term care costs if they arise. On the other hand, the great majority of respondents (82.0%) agreed or strongly agreed that the cost of long-term care is increasing too fast, and 81.4% expected long-term care insurance premiums to increase.

When respondents were interested in protecting their assets they seemed to focus more attention on the increasing cost of long-term care than on increasing premiums, and thus to decide to purchase a long-term care policy. In contrast, when respondents were not as concerned with protecting their assets, they appeared to focus more on the increasing costs of premiums than on increasing long-term care costs, and so to decide not to purchase a policy. It seems, then, that respondents weigh the economic risks involved in purchasing long-term care insurance. Some choose to pay now; others later. However, these choices are made with little accurate knowledge of the actual risks involved.

Finally, to be attractive to consumers, insurance companies need a better public image. Even though purchasers tended to have a more favorable attitude toward insurance than did nonpurchasers, the majority of respondents still said that insurance salespersons are concerned only with making a sale (57.3%) and that insurance policies are confusing (65.6%). It is clear that insurance companies should consider trying to educate consumers and should make their policies more understandable to the general public.

More effort is needed to educate the population about long-term care issues and to make long-term care insurance available. As more people become aware of these issues and have direct experience with long-term care, such insurance may gain in

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popularity and may be viewed as a viable means of paying for long-term care.



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Appendix

Long-Term Care Insurance Questionnaire

1

LONG-TERM CARE INSURANCE -- STRS

1. Have you purchased long-term care insurance

- NO (go to question 2)
 YES

a. Who is covered by the policy (Check all that apply)

- You
 Spouse
 Your parent(s)
 Spouse's parent(s)

b. What company's policy did you buy? _____

c. Did you purchase your insurance before the STRS offering?

- Yes
 No

d. Were you visited by an insurance salesperson before you decided to purchase long-term care insurance?

- Yes
 No

e. What did you like about the policy you bought (Check all that apply):

- Pays benefits in a nursing home
 Pays benefits in a personal care facility
 Pays benefits for home care
 No prior hospitalization requirement
 Amount of daily benefit
 Short waiting period for receiving benefit
 Adequate benefit for one stay
 Adequate benefit for all stays
 Coverage begins after a reasonable waiting period

(List continued on next page)

- Pays home care benefits without requiring prior nursing home care or a prior hospital stay
- Pays home care benefits only after a nursing home or hospital stay
- Premium waiver while receiving benefits
- Guaranteed renewable for life
- Alzheimer disease is specifically covered
- Other diseases are specifically covered.

Please specify, _____

- Premium stays level for life
- Inflation adjustments built in
- Preexisting conditions covered
- Reasonable premiums
- Simple claims processing
- Case management
- Plan was easy to understand
- Options allowed me to meet my needs
- Ability to increase or decrease coverage
- Insurance agent resides in local area

f. Looking over the above list, which three items would you say were most important in selecting the policy you purchased?

1. _____
2. _____
3. _____

2. How many weeks did it take you to make your decision about purchasing/not purchasing long-term care insurance?

_____ WEEKS

3. Did you consider other policies?

NO

YES What companies' policies did you consider?

4. Were you turned down by any insurance company for long-term care insurance?

No

Yes (Were you told the reason you were turned down?

No

Yes -- What was the reason? _____

Uncertain, still pending

5. Were you familiar with long-term care insurance before the STRS offering?

YES

NO

6. How did you become familiar with long-term care insurance? (Check all that apply):

STRS

Literature (magazines, books, pamphlets)

AARP

Television

Radio

Discussions with others

Insurance salesperson

Other, please specify: _____

7. Have you reconsidered your decision to buy or not buy long-term care insurance?

NO

YES

Did you change your decision?

NO

YES Why? _____

8. Do you think you will reconsider your decision in the future?

YES

NO

DON'T KNOW

Why do you think you will or will not reconsider your decision?

9. For each of the following statements, please indicate how much you agree or disagree with the statement. One (1) indicates that you strongly agree with the statement. Five (5) indicates that you strongly disagree with the statement.

	<u>Strongly</u> <u>Agree</u>			<u>Strongly</u> <u>Disagree</u>		<u>Not</u> <u>Applicable</u>
a. Buying long-term care insurance helps me protect my assets	1	2	3	4	5	9
b. I can make private investments that will pay for long-term care	1	2	3	4	5	9
c. It is important that I leave an inheritance for my children	1	2	3	4	5	9
d. It is unlikely I will need long term care in the future	1	2	3	4	5	9
e. Premiums for long-term care insurance are reasonable for the services provided	1	2	3	4	5	9
f. Insurance companies have not had enough experience with long-term care insurance	1	2	3	4	5	9
g. Long-term care insurance premiums will increase	1	2	3	4	5	9
h. Insurance salespeople are only concerned with making a sale	1	2	3	4	5	9
i. Insurance policies are too confusing	1	2	3	4	5	9
j. Insurance companies almost always deliver what they promise	1	2	3	4	5	9

	<u>Strongly Agree</u>		<u>Strongly Disagree</u>		<u>Not Applicable</u>	
k. There are too many conditions that must be met before receiving the long-term care benefit	1	2	3	4	5	9
l. There is not enough available information about long-term care insurance	1	2	3	4	5	9
m. Most people my age buy long-term care insurance	1	2	3	4	5	9
n. I know someone that had financial difficulty in paying for long-term care	1	2	3	4	5	9
o. My children are able to assist me financially if needed	1	2	3	4	5	9
p. Medicare provides sufficient long-term care assistance	1	2	3	4	5	9
q. All people, regardless of their ability to pay, should receive adequate health care	1	2	3	4	5	9
r. It is the federal government's responsibility to finance long term care for the elderly	1	2	3	4	5	9
s. The cost of long-term care is increasing too fast	1	2	3	4	5	9
t. Long-term care insurance is a waste of money . .	1	2	3	4	5	9

Strongly Strongly Not
Agree Disagree Applicable

u. Within the next twenty
 (20) years the federal
 government will
 provide long-term care
 insurance 1 2 3 4 5 9

10. If you were asked to develop an ideal long-term care policy, what do you think would be the most important items to be included in the policy?

Uncertain

11. If you did not buy long-term care insurance or long-term care insurance was not available, how would you pay for long-term care (check all that apply):

Private Savings/Investments
 Medicare
 Medicaid
 Veterans Benefits
 Assistance from Family
 Home Equity
 Other, please specify: _____

12. How much do you think it would cost today, if you were placed in a long-term care facility for one (1) year in your area:

Less than \$10,000.00
 10,001.00 to 20,000.00
 20,001.00 to 30,000.00
 30,001.00 to 40,000.00
 40,001.00 to 50,000.00
 50,001.00 or more

13. Out of 100 people who are age 65, how many do you think will at some point in the future need long-term care:

- 1 to 20 people out of 100
- 21 to 40 people out of 100
- 41 to 60 people out of 100
- 61 to 80 people out of 100
- 81 to 100 people out of 100

14. On average, what do you think is the maximum length of time people stay in long-term care facilities:

- less than a month
- 1 to 6 months
- 7 to 11 months
- 1 to 2 years
- 2 to 3 years
- 3 to 4 years
- 4 to 5 years
- 5 years or more

Demographic/Informational:

15. What is your birth date?

MONTH _____ YEAR _____

16. What is your gender?

MALE FEMALE

17. What is your marital status?

- Never Married
- Widowed (How many years have you been widowed? _____)
- Separated (How many years have you been separated? _____)
- Divorced (How many years have you been divorced? _____)
- Married (How many years have you been married? _____)
(How old is your spouse? _____)
(Is this your first marriage? YES NO)

18. How many years did you attend school? (Circle the highest number completed):

Elementary	1	2	3	4	5	6	7	8
High School	9	10	11	12				
College	13	14	15	16				
Graduate School	17	18	19	20	21 (or more)			

19. Check the one category that best describes your present employment status:

- Homemaker, no paid employment
- Homemaker, retired from paid employment
- Retired, not working
- Retired, working part-time
- Retired, working full-time
- Employed, part-time
- Employed, full-time
- Unemployed
- Unemployed, looking for work
- Disabled

20. What are your current sources of income? (Check all that apply):

- Private Retirement Fund (IRA)
 - Private Investments
 - Earnings from Employment
 - Private Savings
 - Veterans Benefits
 - Pension other than Social Security or Veteran Benefits (How many separate pensions do you receive? _____)
 - Social Security Benefits
 - Family/Relatives not including spouse
 - Other, please specify: _____
-

21. Do you have living children?

- NO
- YES (How many? _____)

(Would they be able to help provide home care for you if you needed it?

- YES NO)

22. Has anyone close to you resided in a nursing home either temporarily or permanently?

NO

YES (please check all who apply)

Your spouse

Your mother

Your father

Your brothers or sisters

Your spouse's mother

Your spouse's father

Your spouse's brothers or sisters

Other relative

A close friend

Other, please specify _____

23. Do you currently have a medical condition that would prevent you from qualifying for long-term care insurance?

NO

YES -- What is that condition? _____

24. What type of insurance policies do you own (please check all that apply):

Homeowner's or renter's insurance

Automobile insurance

Life insurance

Private Health insurance

Supplemental Health insurance

Long-Term Care Insurance

Other, please specify _____

25. Are you eligible for Medicare Part A, Part B or both?

Medicare Part A

Medicare Part B

Both Medicare Part A and B

Not eligible

Don't know

26. On the below line, please indicate with a circle how comfortable you would be asking your children for help in meeting your or your spouse's long-term care expenses?

VERY COMFORTABLE 1-----2-----3-----4-----5-----6-----7UNCOMFORTABLE VERY

27. Please check the category that comes closest to your estimated yearly family or household income before taxes and other deductions?

- Less than \$ 10,000.00
- \$ 10,000 to 14,999.00
- \$ 15,000 to 19,999.00
- \$ 20,000 to 24,999.00
- \$ 25,000 to 29,999.00
- \$ 30,000 to 34,999.00
- \$ 35,000 to 49,999.00
- \$ 50,000.00 or more

28. On the below line please indicate with a circle how adequate your income is in meeting your living expenses.

VERY ADEQUATE 1-----2-----3-----4-----5-----6-----7INADEQUATE VERY

29. Not counting yourself, how many adults (people eighteen years of age and older) live in your household more than six months a year?

_____ Adults

Of these adults, how many are related to you in the ways listed below?

- Spouse
- Adult Children
- Relatives other than spouse or children
- Friend
- Other non-relative

Do you help any of these adults in activities such as bathing, walking, eating, or taking medicine?

- NO
- YES (How many do you help? _____)

Does any of these adults help you in activities such as bathing, walking, eating, or taking medicine?

- NO
- YES (How many help you? _____)

Is there anything you would like to add? If so, please comment here.

Thank you for participating in our study. Without your participation, our research could not be complete. Please place the questionnaire in the self-addressed stamped envelop included with the materials you received and return it to Scripps Gerontology Center. If you would like the results of this study, please include your name and address with the questionnaire.