

Alternative Solutions

Consumer View of Alternative LTC Solutions

Tuesday March 24, 2015

9:00 – 10:45 am

The logo for the Intercompany Long Term Care Insurance Conference (ILTCI) is a dark blue rectangle with the letters "ILTCI" in white, serif font.The background of the slide features a photograph of a two-lane asphalt road stretching into the distance. The road is flanked by green fields and a fence. On the left side, there is a prominent red rock cliff face. The sky is bright and clear.

15th Annual Intercompany Long Term Care Insurance Conference

- Moderator: Eileen J. Tell, LTCG
- Reactor: Don Redfoot, AARP
- Speakers:
 - Galina Khatovsky, RTI
 - Joshua Wiener, RTI

Alternative Solutions

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

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March 24, 2015



15th Annual Intercompany Long Term Care Insurance Conference

Survey Project Goals



- Contribute to knowledge about attitudes toward long-term care
- Assess preferences for a range of public policy options for long-term care reform
- Assess preferences for the features of long-term care insurance policies and their willingness to pay

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.

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 TEP
- Fielded by GfK Custom Research, LLC
- Data collected August-September 2014

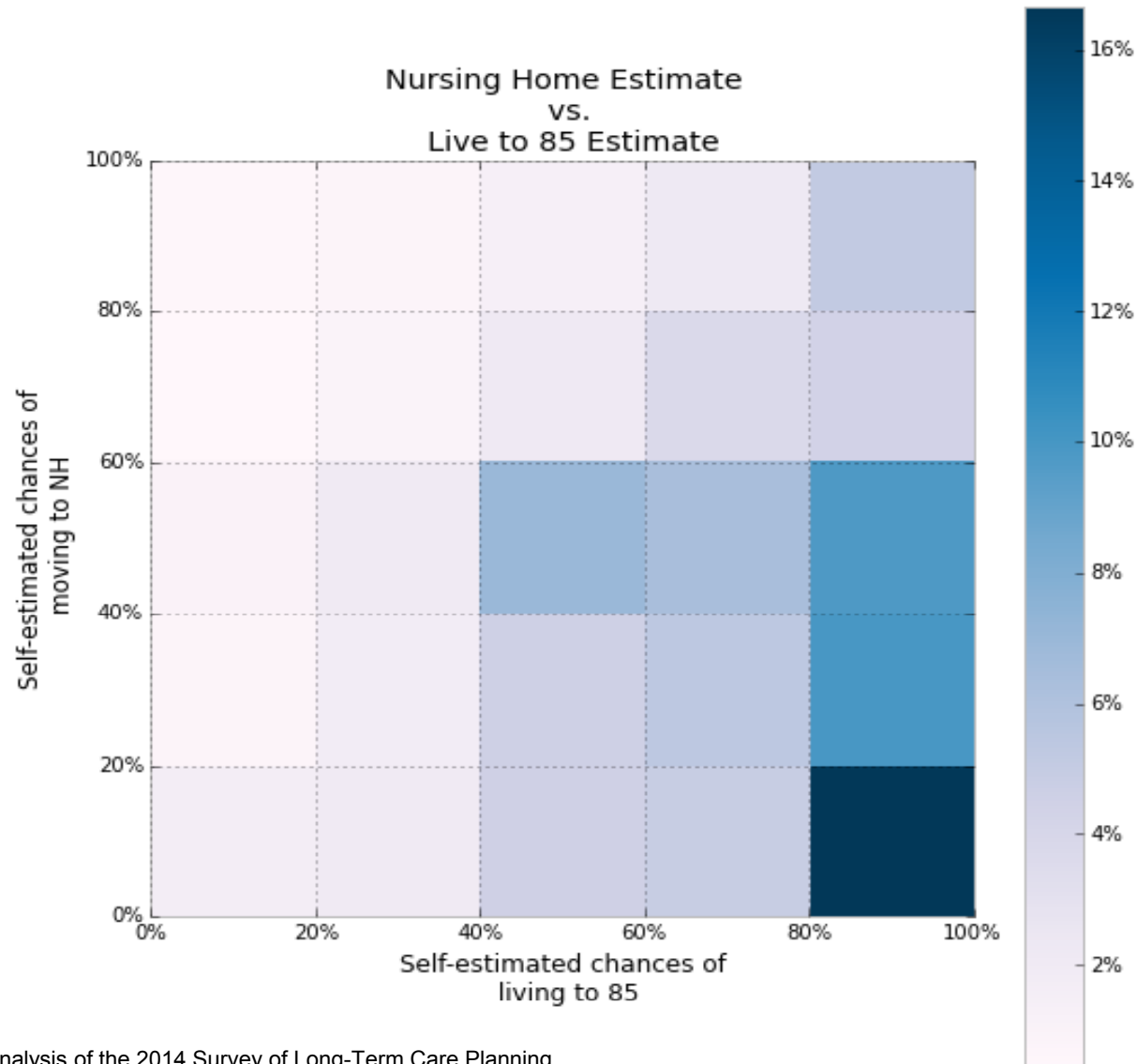
- Two distinct survey components
 - General survey items, including long-term care knowledge and experience, attitudes and concerns, preferences on public policy options for long-term care financing, and core sociodemographic characteristics
 - Discrete Choice Experiment (DCE) involving choice of long-term 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 non-institutionalized 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

Mortality and Nursing Home Use Expectations



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

Personal Experience With LTC



Experience With LTC	%
Currently providing LTC to family member/friend	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



Knowledge of LTC	% Correct
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.

Knowledge of LTC Insurance



Familiarity With LTC Insurance Policies	% Correct
LTC insurance premiums increase with age	66.7
Good health is generally required to purchase LTC insurance policy	41.0

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

Main Concerns About LTC



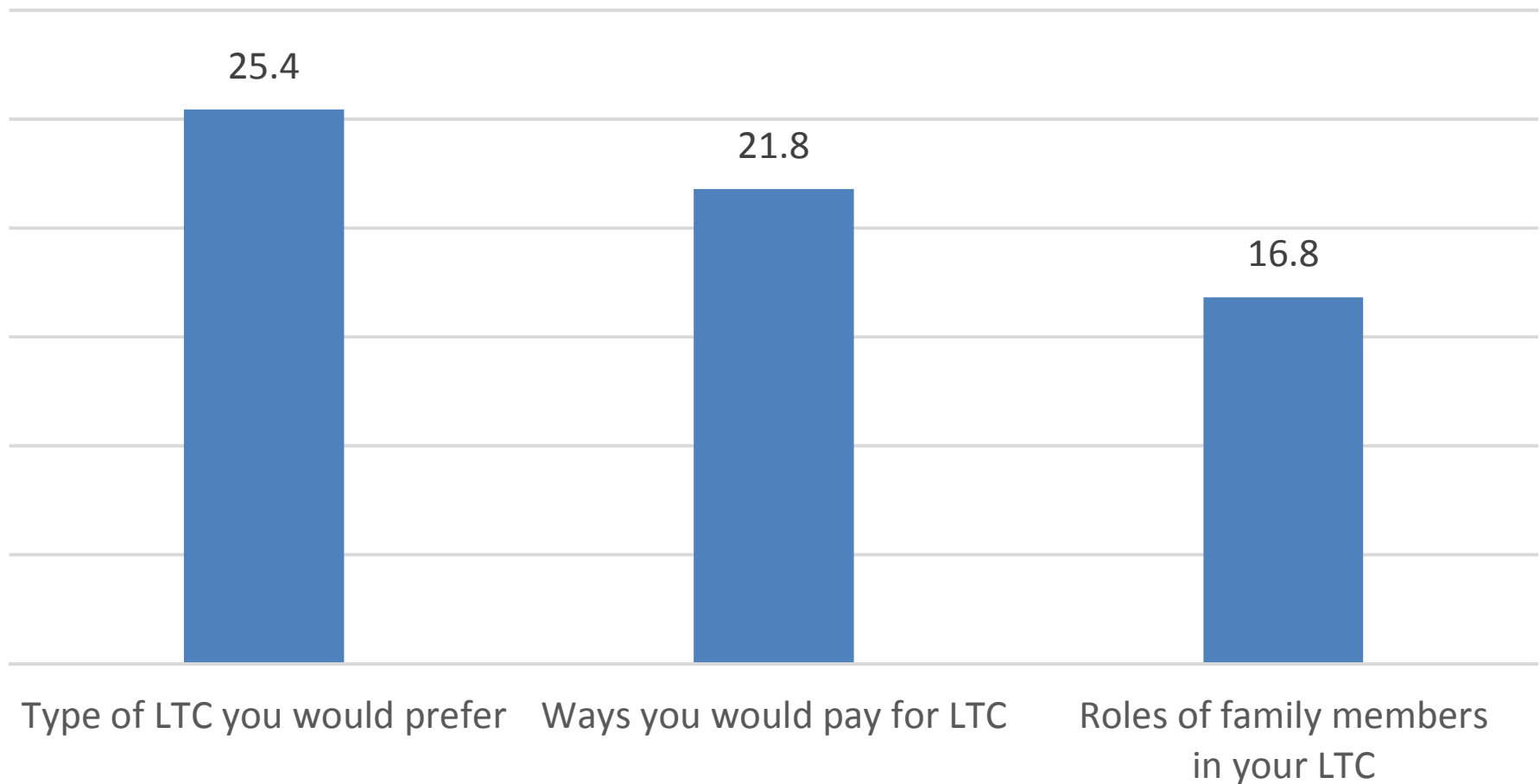
Concerns	% Very/ Somewhat Concerned
Becoming poor/relying on Medicaid	78.9
Losing independence	90.6
Being unable to depend on family/friends	65.3
Being a burden on your family	83.5
Being unable to afford high-quality care	82.0
Losing control/choice over LTSS	83.3

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

Talking About LTC (%)



Detailed discussion with partner or family



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

Preferred Actions if Need LTC



If you became disabled, how willing would you be to do the following?	% Very willing/ Somewhat willing
Make home modifications	82.3
Rely on spouse/family/friend	75.0
Have family/friend move in	69.7
Hire aide/agency for care	64.0
Move into assisted living facility	62.4
Move in with children/family/friend	48.5
Use home value to pay for LTC	42.4
Move into nursing home	28.6

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

Attitudes Toward LTC Responsibility



Responsibility for LTC	% Strongly Agree/ Agree
It is important to plan now for LTC services in the future	71.2
Responsibility of individuals to finance their LTC	58.7
Responsibility of children/family to finance LTC	17.4
Responsibility of government to help pay for LTC	37.1
Own private long-term care insurance policy	11.5

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

Government Role in LTC Financing



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

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

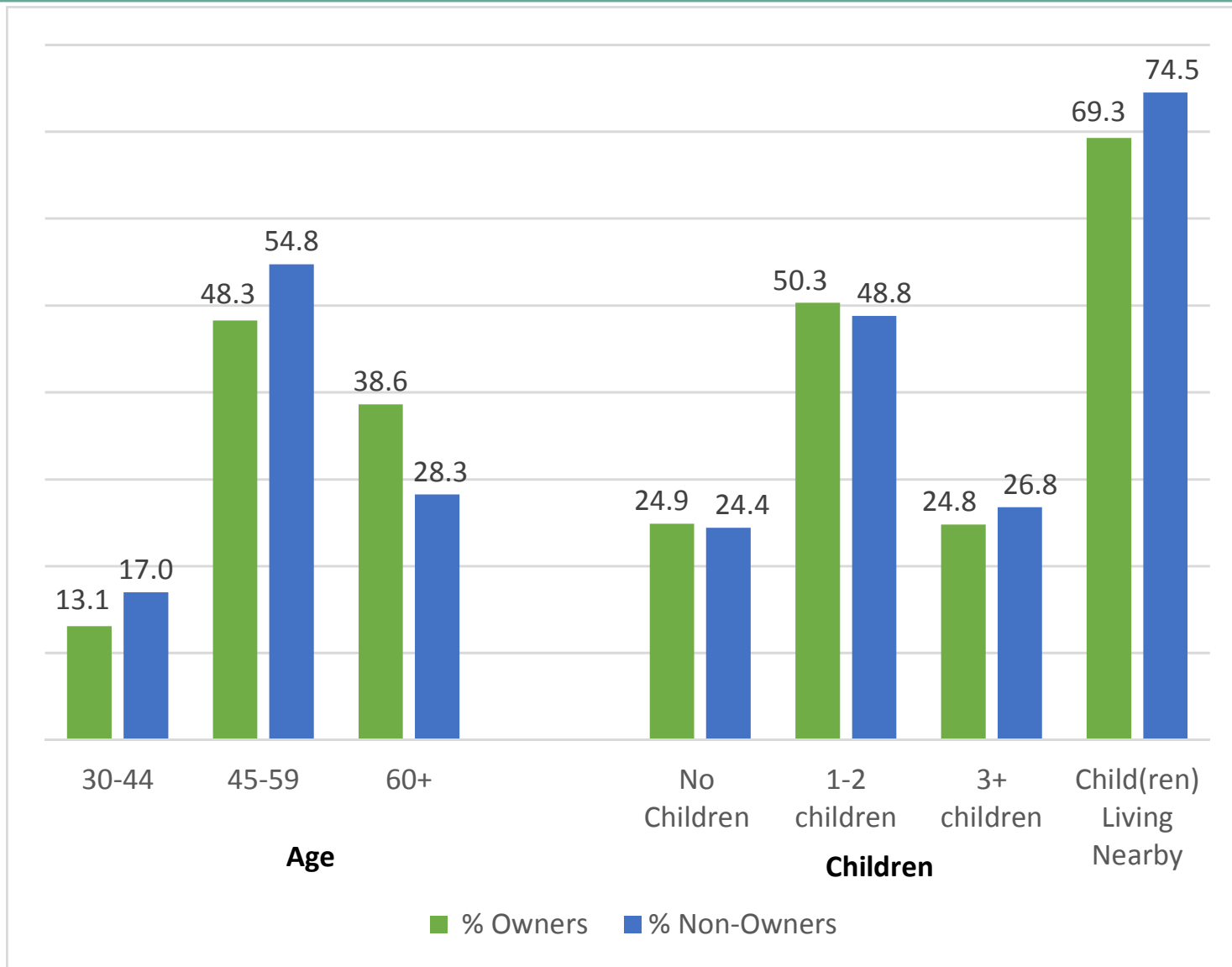
Trust of the Government and Insurers



Attitude	% Strongly Agree/Agree
Government should not tell me what to do about LTC insurance	62.7
I do not trust government to run an LTC insurance program	51.1
I do not trust private insurers	32.3

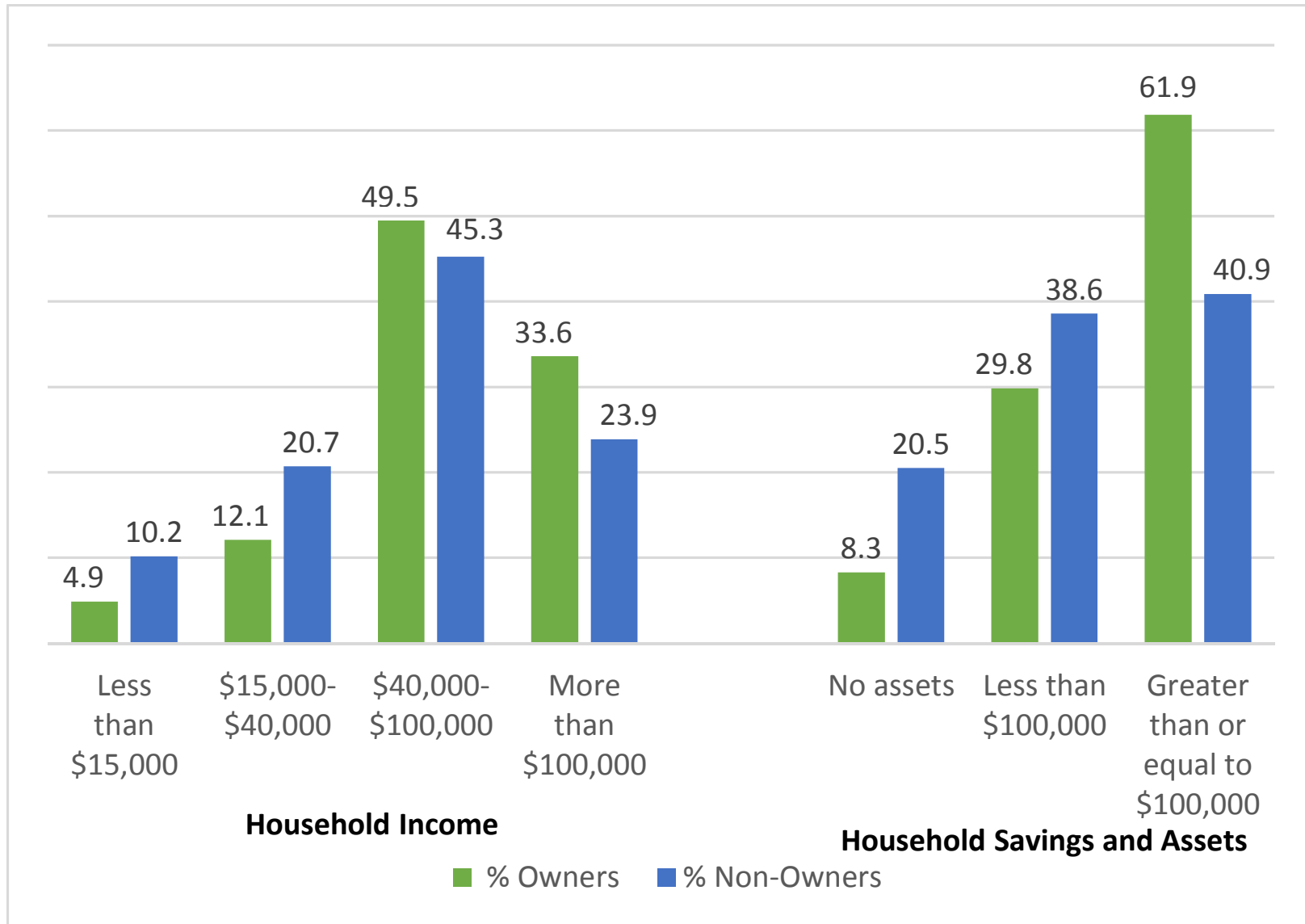
Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.

LTC Insurance Ownership by Age and Child Availability



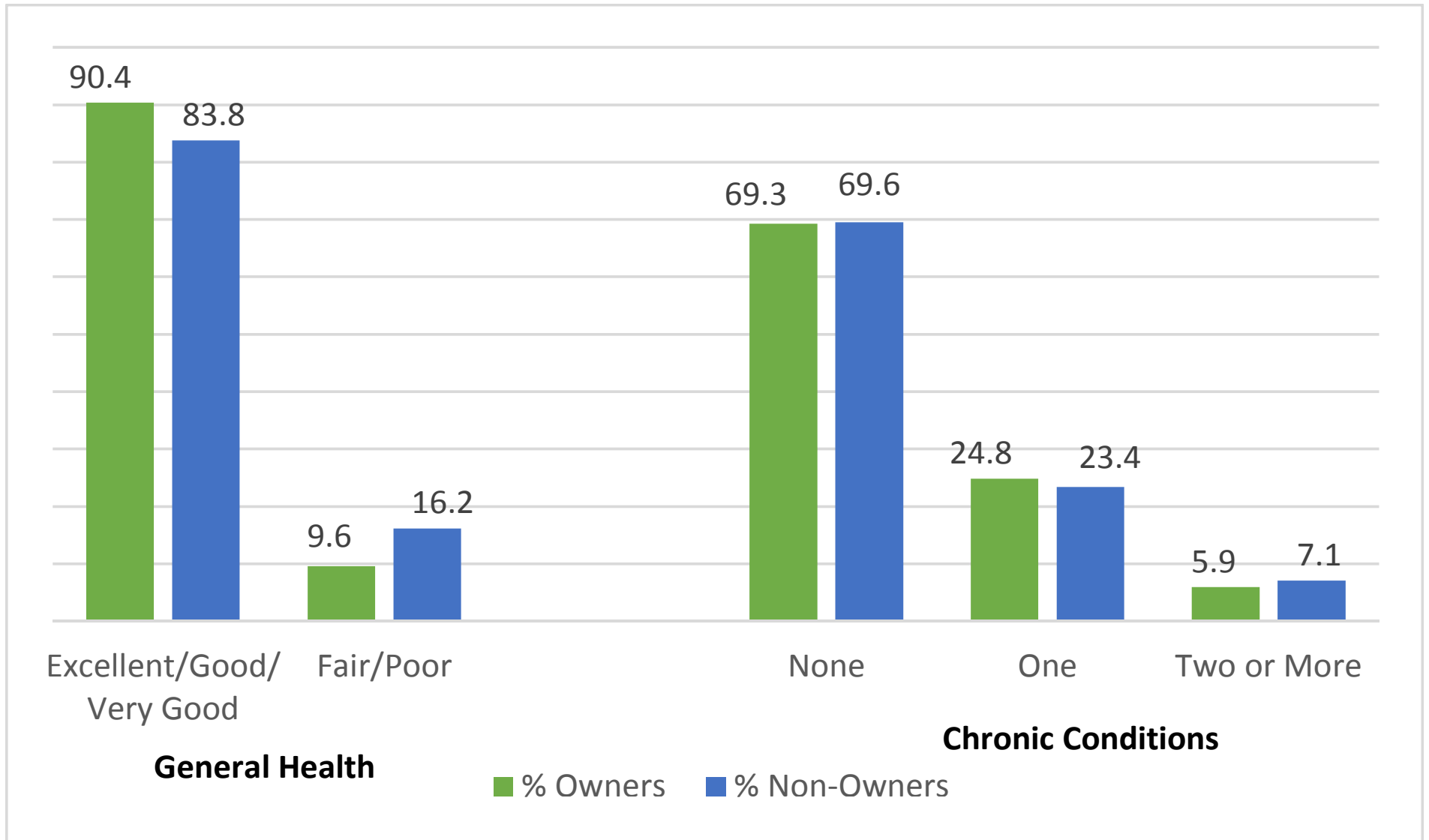
Source: RTI International Analysis of the 2014 Survey of Long-Term Care Planning and Awareness.

LTC Insurance Ownership by Income and Assets



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

LTC Insurance Ownership by Health Status



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

Alternative Solutions

Long-Term Care Awareness and Planning Survey

Discrete Choice Experiment



15th Annual Intercompany Long Term Care Insurance Conference

Goals of the DCE Analysis



- To understand 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



- Conditional logit used to conduct preliminary data analysis
- Mixed logit model 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

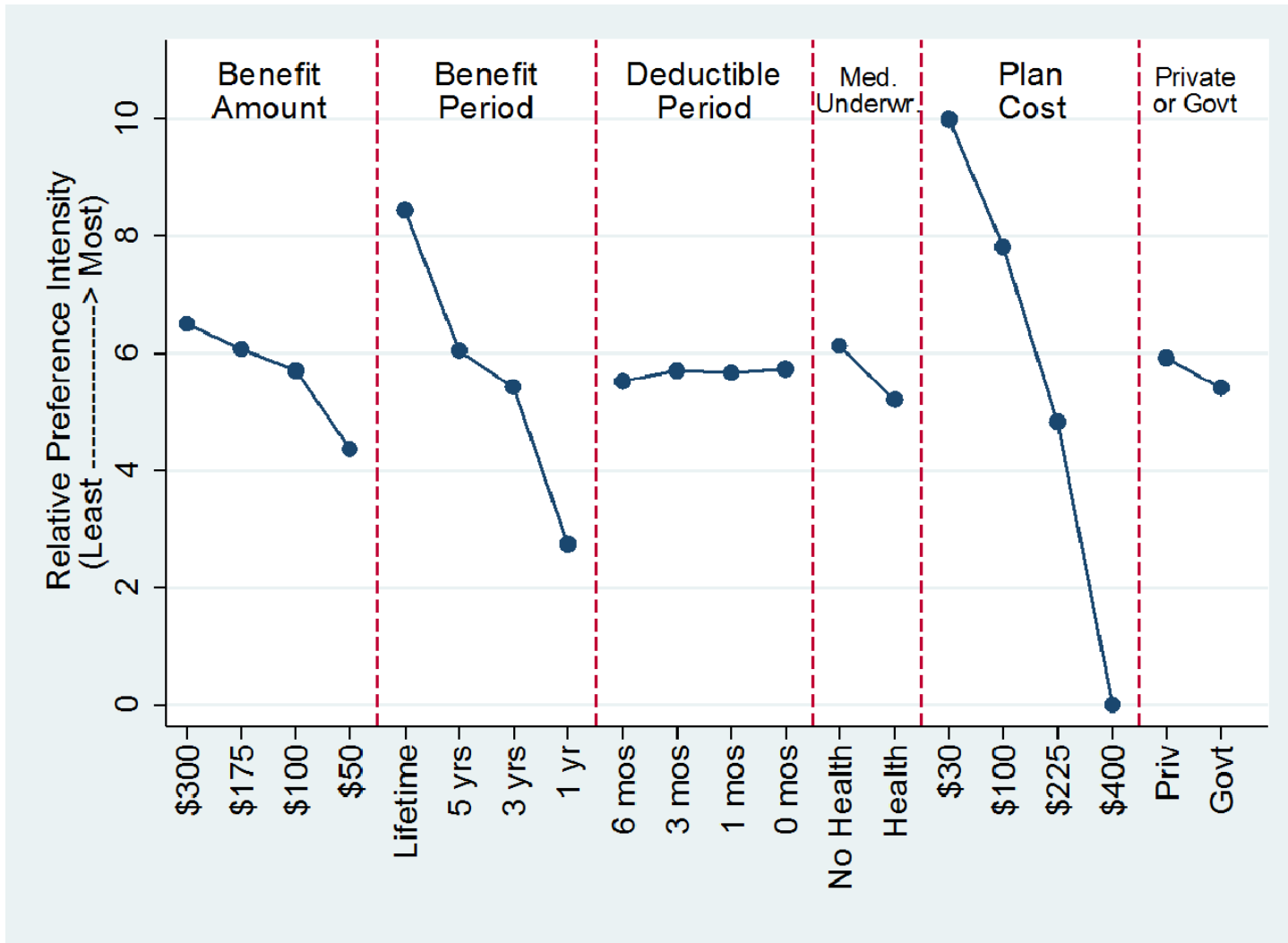
- Respondents to the DCE section of the survey completed two types of choice tasks
- **SET I:** Respondents completed evaluated plans described by six attributes
 - daily benefit
 - benefit period
 - deductible period
 - health requirements
 - type of insurer (government or private insurer)
 - premium cost

Need to choose between plans A, B, and no insurance plan.

- **SET II:** Respondents completed three questions and evaluated plans described by seven attributes
 - daily benefit
 - benefit period
 - deductible period
 - health requirements
 - type of insurer (government or private insurer)
 - premium cost
 - +
 - mandatory vs. voluntary enrollment

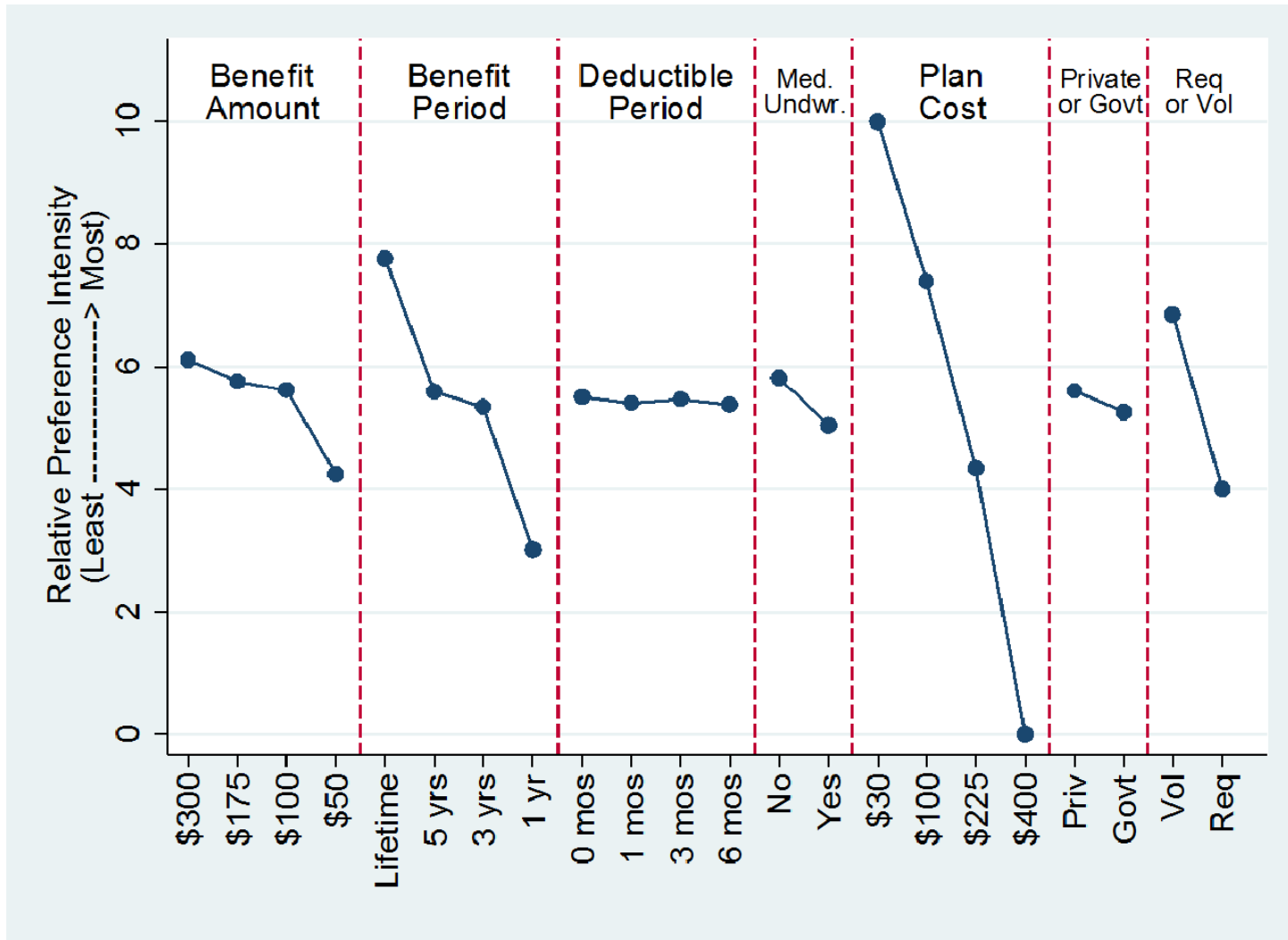
Need to choose between plans A, B, and no insurance plan.

Relative Preferences for LTC Insurance Plan Features: DCE 1



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

Relative Preferences for LTC Insurance Plan Features: DCE 2



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

Interactions of Personal Characteristics and Acceptability of LTC Plans (DCE)



Attribute-Level Parameter No insurance reference alternative (“opt out”) interacted with	More (+) or Less (-) Likely to Choose LTC Plan
Constant (dummy, no interaction)	-***
Female (vs. male)	-***
Age 65+ (vs. age <65)	+*
Working for pay (vs. not working)	+***
Fair/poor health (vs. excellent, very good, or good)	-**
Assets \$1-\$100,000 (vs. no or negative assets)	+***
>\$100,000 (vs. no or negative assets)	+***
Household income \$15,000-40,000 (vs. <\$15,000)	+
\$40,001-100,000 (vs. <\$15,000)	+***
>\$100,000 (vs. <\$15,000)	+***

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

Estimated Marginal Willingness to Pay for Changes in LTC Insurance Plans



Marginal Change	Estimate (DCE 1)	Estimate (DCE 2)
Daily benefit \$300 (vs. \$50)	\$79.84	\$68.85
Daily benefit \$175 (vs. \$50)	\$64.00	\$55.68
Daily benefit \$100 (vs. \$50)	\$50.74	\$51.28
Duration lifetime (vs. 1 year)	\$212.92	\$175.38
Duration 5 years (vs. 1 year)	\$123.79	\$94.83
Duration 3 years (vs. 1 year)	\$100.09	\$85.37
No deductible (vs. 6 months)	\$7.83	-\$0.32 (NS)
1 month deductible (vs. 6 months)	\$5.88	-\$3.54 (NS)
3 month deductible (vs. 6 months)	\$7.28	-\$0.37 (NS)
No health requirements (vs. requirements)	\$34.35	\$27.91
Private insurer (vs. federal government)	\$19.41	\$12.16
Universal plan (vs. voluntary plan)	n/a	-\$105.81

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

Prototype LTC Insurance Packages



Minimal Plan	Benefit: \$50/day Duration: 1 year Deductible: 6 months Underwriting: Yes Insurer: Federal
Moderate Plan	Benefit: \$100/day Duration: 3 years Deductible: 3 months Underwriting: Yes Insurer: Private
Premium Plan	Benefit: \$300/day Duration: Lifetime Deductible: None Underwriting: Yes Insurer: Private

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

Estimated Potential Market Distribution, DCE 1



LTC Insurance	No Plan	Minimal Plan	Moderate Plan	Premium Plan
Minimal or no plan	68.7%	31.3%	n/a	n/a
Moderate, minimal, or no plan	45.9%	20.9%	33.2%	n/a
Premium, minimal, or no plan	53.3%	24.3%	n/a	22.4%
All plans	38.5%	17.5%	27.9%	16.1%

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

Estimated Potential Market Distribution (DCE 2, Universal Enrollment)



LTC Insurance	Minimal Plan	Moderate Plan	Premium Plan
Alternatives Compared	Estimated Share	Estimated Share	Estimated Share
Minimal plan or Moderate	42.9%	57.1%	n/a
Minimal or Premium	59.5%	n/a	40.5%
Moderate or Premium	n/a	66.1%	33.9%
All Plans	33.2%	44.2%	22.6%

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

Estimated Economic Value for LTC Insurance Packages



LTC Insurance	DCE 1	DCE 2
Minimal Plan	\$84.23	\$105.09
Minimal Plan With Universal Enrollment	n/a	\$69.81
Moderate Plan	\$185.01	\$194.37
Premium Plan	\$282.50	\$265.08

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

Estimated Potential Market Distribution: DCE1



Alternative Plans Compared: \$100 DBA and 3 years of coverage	No Plan (%)	Plan (%)
No Plan, Lowest Cost (\$25)	46	54
No Plan, Lower Cost (\$50)	49	51
No Plan, Medium-Low Plan (\$75)	52	48
No Plan, Medium Cost Plan (\$125)	59	42
No Plan, Higher Cost Plan (\$150)	62	38
No Plan, Highest Cost Plan (\$250)	73	27

Economic Value of LTCI Coverage



Alternative Plans: \$100 DBA, 3 year benefit	Economic Value
Voluntary enrollment	\$168
Mandatory enrollment	\$128
Difference	\$ 40

Conclusions



- Multiple concerns about becoming disabled, chief being losing independence
- Understanding of LTSS system is low, especially Medicaid; knowledge of LTC insurance basics is better
- People willing to use some services, but prefer free informal care to services that cost money

2014 Long-Term Care Awareness and Planning Survey, sponsored by ASPE

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 like voluntary public insurance
- Little support for mandatory public LTC insurance

- In terms of LTC insurance features, plan cost and benefit period and daily/monthly benefit amounts highly important to consumers
- Deductible period, medical underwriting, and whether the insurer is private or government less important
- With \$100 per month of additional benefits compared to a voluntary private insurance plan, people would accept a mandatory public plan

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QUIZ RESULTS – You May Already Be a Winner



- How many “correct matches” do you have?
- ORDER:
 - A
 - C
 - B
 - D
 - A
 - C
 - B
 - D
 - D
 - B

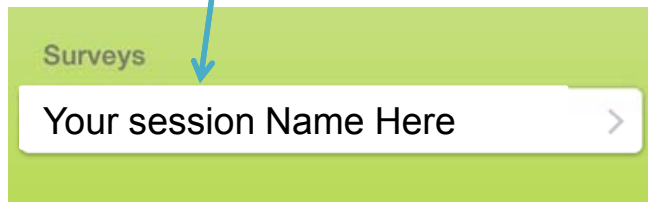
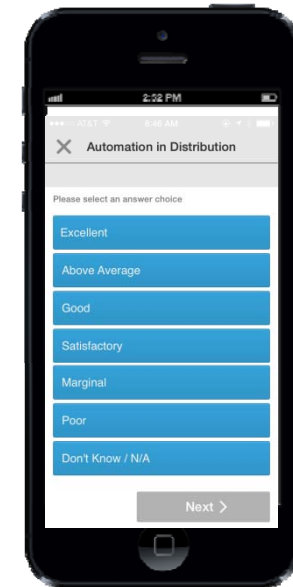
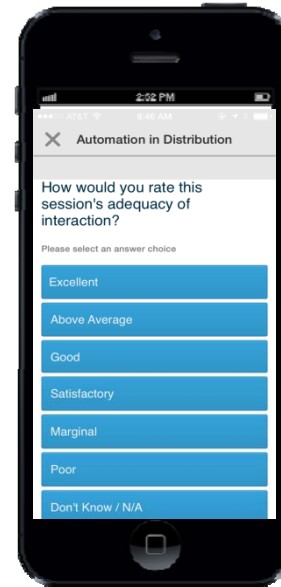
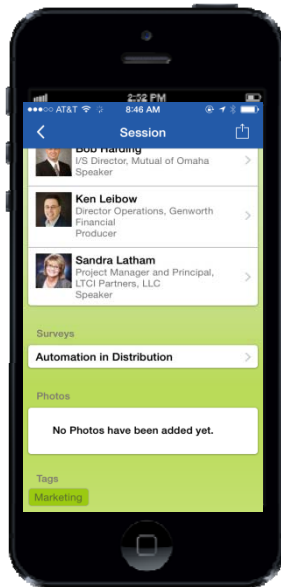
Don't forget to fill out the survey



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1. Find the session
2. Scroll to the bottom
3. Tap on the session name below the survey



Tap on the answer you wish to submit

Click Next