



LONG-TERM CARE  
INSURANCE

# 2011 Long-Term Care Consumer Survey & Quiz Results

## About the 2011 Survey

John Hancock's consumer survey was conducted the fall of 2011 by Mathew Greenwald & Associates, Inc., a leading research company based in Washington, DC, and included a sample of 1,000 Americans between the ages of 21-75.

### PART I

The chart below shows the results of a recent quiz that was part of our survey and designed to measure people's general knowledge of long-term care (LTC) related issues. Just over half of consumers (52%) answered the majority of the questions correctly.

QUESTION	% ANSWERED		CORRECT ANSWER
	CORRECTLY		
1	Disability insurance and LTC insurance cover the same things.	92%	<b>FALSE.</b> Disability insurance provides you with income if you become sick or injured and are unable to work. It is not designed to cover long-term care expenses.
2	The average lifetime chance of needing long-term care for an individual 65 years or older is more than 40%.	81	<b>TRUE.</b> It is estimated that approximately 70% of people over age 65 will require long-term care services at some point in their lives. <sup>1</sup>
3	People generally need to spend almost all of their assets to get Medicaid benefits.	54	<b>TRUE.</b> While the maximum level of assets you're allowed to keep varies from state to state, people are required to spend down assets to a significantly low level before they can qualify for Medicaid benefits. <sup>2</sup> In some states, policyholders may receive additional asset protection if they have a Partnership-qualified policy.
4	Medicare is not the primary funding source for most seniors' long-term care costs.	53	<b>TRUE.</b> Medicare spending accounted for 20% of total long-term care expenditures in 2007. While primarily covers acute care, it pays for limited stays in post-acute skilled nursing care facilities and home health care. <sup>3</sup>
5	Most long-term care is provided in a nursing home.	54	<b>FALSE.</b> Most long-term care is not provided in nursing homes. 80% of older adults who receive long-term care do so in their own homes or community settings. <sup>4</sup>
6	Medicaid covers long-term care services received at home.	63	<b>FALSE.</b> Medicaid primarily covers long-term care services in nursing homes. In states where Medicaid does cover home-based long-term care services, it is done so on a limited basis. <sup>5</sup>
7	Nursing home expenses for Alzheimer's Disease patients are covered by Medicare.	57	<b>FALSE.</b> Medicare provides few benefits for the long-term care services required by most people with Alzheimer's Disease. Full reimbursement for skilled nursing home care is limited to 100 days per Benefit Period, after which time the patient must contribute to the costs. Also, Medicare pays nothing if the patient requires only custodial care. <sup>6</sup>
8	The average length of stay in a nursing home is more than four years.	38	<b>FALSE.</b> The average length of stay in a nursing home is 2.4 years. <sup>7</sup>
9	Nearly 40% of the long-term care population is under the age of 65.	34	<b>TRUE.</b> 41% of people receiving long-term care are between the ages of 18 and 64. <sup>8</sup>
10	On average, a one-year stay in a nursing home costs about \$30,000.	30	<b>FALSE.</b> On a national average, a one-year stay in a nursing home costs about \$85,000. <sup>9</sup>

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#### Sources:

1. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, [www.longtermcare.gov](http://www.longtermcare.gov), September 2008.
2. U.S. Department of Health and Human Services. Human Resources and Services Administration. Basic Description of the Medicaid Program 2006.
3. H. Komisar and L. Thompson, National Spending for Long-Term Care (Washington, DC: Georgetown University Long-Term Care Financing Project, February 2007, Fact Sheet).
4. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, [www.longtermcare.gov](http://www.longtermcare.gov), September 2008.
5. The Official U.S. Government Site for People with Medicare, [www.medicare.gov](http://www.medicare.gov); Medicaid and Long-term Care, "What is Long-term Care?" 2006.
6. Medicare and You, 2006. CMS Pub. No. 10050, p.15, 2006.
7. The Lewin Group, "Nursing Home Use by 'Oldest Old' Sharply Declines" November 2006.
8. Georgetown University Long-Term Care Financing Project, "Long-Term Care Financing Policy Options for the Future" June 2007.
9. John Hancock 2011 Cost of Care Survey, conducted by Life Plans, Inc.

## PART II

The following questions were also asked of the participants:

### Retirement planning falls short

*Question: Have you calculated/did you calculate the amount of money you will need to have saved by the time you retire/would have needed to save for retirement?*

Not yet retired

Yes . . . . . 22%  
No . . . . . 78%

Retired

Yes . . . . . 44%  
No . . . . . 56%

### Few plan for future long-term care needs

*Question: When you did the calculation, did you consider the possibility that you (or your spouse) would need long-term care, such as nursing home or home health care?*

Among those who calculated the amount of money they will/would need for retirement, the percentage of respondents who took long-term care needs into consideration:

Yes . . . . . 41%  
No . . . . . 59%

### Majority think they may need long-term care

*Question: How likely do you think it is that you will someday need long-term care, either in a nursing home, an assisted living facility, or in your own home?*

Very likely . . . . . 12%  
Somewhat likely . . . . . 48%  
Not too likely . . . . . 34%  
Not at all likely . . . . . 6%

### Most can't afford the annual cost of long-term care

*Question: How much would you be able to afford annually to pay for long-term care in today's dollars (the care, not the insurance)?*

\$1,000 to under \$14,000 . . . . . 70%  
\$14,000 to under \$35,000 . . . . . 20%  
\$36,000 to under \$55,000 . . . . . 6%  
\$56,000 to under \$75,000 . . . . . 2%  
\$75,000+ . . . . . 3%

### Nursing home costs out of reach for many

*Question: Assuming the cost of a semi-private room in a nursing home is about \$75,000 per year, about how long could you afford such care for yourself (or your spouse)?*

Less than 1 year . . . . . 62%  
About 1 to 2 years . . . . . 15%  
About 2 to 3 years . . . . . 7%  
More than three years . . . . . 15%

### Majority agree that a lack of planning is irresponsible

*Question: Please indicate how strongly you agree or disagree with the following statement: It is irresponsible not to plan for your own long-term care needs.*

Strongly agree . . . . . 30%  
Somewhat agree . . . . . 52%

### 85% of people don't have a plan for paying for long-term care

*Question: Do you have a personal or financial plan for paying for your potential long-term care costs?*

No . . . . . 85%  
Yes . . . . . 15%

*If no, at what age do you think you will begin to plan?*

Age 39 and younger . . . . . 6%  
In your 40s . . . . . 17%  
In your 50s . . . . . 20%  
In your 60s . . . . . 16%  
In your 70s . . . . . 3%  
I do not plan to have a plan . . . . . 10%  
I don't know . . . . . 28%

### An overwhelming majority of people don't own LTC insurance

*Question: Do you own LTC insurance?*

No . . . . . 89%  
Yes . . . . . 11%

### Preferred way to pay for long-term care

Question: Which of the following describes the best way for people to handle the cost of their long-term care?

- Purchase long-term care insurance to cover the costs . . . . .61%
- Save the full amount themselves . . . . .11%
- Save a portion and rely on government programs for the rest . . . . .19%
- Save a portion and rely on family for the rest . . . . .3%
- Reply completely on the family and the government for what they need . . . . .6%

### More than half look to Medicaid

Question: If you do not purchase long-term care insurance, how likely would you be to use each of these options?

- Qualify for Medicaid by transferring your assets to family members . . . . . 53% likely
- Use the equity from your home . . . . . 48% likely
- Pay the entire cost with your savings . . . . . 42% likely
- Have your children take care of you . . . . . 23% likely

### But fewer than a third understand Medicaid

Question: How knowledgeable do you feel about the way Medicaid works?

- Very knowledgeable . . . . . 6%
- Somewhat knowledgeable . . . . . 25%
- Not too knowledgeable . . . . . 42%
- Not at all knowledgeable . . . . . 28%

### And many are expecting that Medicaid benefits will be cut

Question: Over the next 10 years, do you think the benefits currently offered by Medicaid will be . . .

- Cut back a lot from where they are now . . . . . 44%
- Cut back somewhat from where they are now . . . . . 31%
- Stay about the same . . . . . 11%
- Expanded somewhat from where they are now . . . . . 2%
- Expanded a lot from where they are now . . . . . 1%
- Not sure . . . . . 10%

### Economy seen affecting LTC purchase

Question: How has the current state of the economy influenced your inclination to look into long-term care insurance?

- Much more likely . . . . . 5%
- Somewhat more likely . . . . . 13%
- Neutral . . . . . 49%
- Somewhat less likely . . . . . 18%
- Not at all likely . . . . . 15%

### Reasons for non-purchase

Question: Following are some reasons for not buying a long-term care policy. Below are the percentages of respondents who agreed with each statement.

- It is an extra cost that you do not want to spend right now . . . . . **Agree** 92%
- You cannot afford long-term care insurance . . . . . 80%
- You have not considered long-term care enough to purchase a policy . . . . . 80%
- You are too young to consider long-term care insurance right now . . . . . 35%
- You can pay for long-term care without insurance . . . . . 22%

### Quality of care is important to most

Question: If, at some point, you need long-term care in a nursing home, how important is it that you get high quality care there?

- Very important . . . . . 71%
- Somewhat important . . . . . 25%
- Not too important . . . . . 3%
- Not at all important . . . . . 1%

### Lack of planning may impact quality of care

Question: : If you were to go on Medicaid, what is the quality of care you would expect to receive?

- Excellent . . . . . 6%
- Good . . . . . 18%
- Adequate . . . . . 46%
- Poor . . . . . 24%
- Not sure . . . . . 6%

*continued*

## Reasons for buying LTC insurance

The following are some reasons for buying long-term care insurance. Percentage of consumers who agreed or strongly agreed that long-term care insurance helps you . . .

- Not to be a burden on your family . . . . . 95%
- Cover the financial costs for receiving long-term care . . . . . 95%
- Receive care where you choose, such as the ability to stay home longer rather than move to a facility. . . 93%
- Make sure you get high quality nursing care should you need it . . . . . 93%
- Make sure you have overall control over making the decisions about your care. . . . . 92%
- Preserve your assets for a spouse . . . . . 78%
- Avoid going on Medicaid . . . . . 63%
- Leave an inheritance for children . . . . . 60%

## Who is thinking about long-term care?

Consumers who are most likely to consider the need for long-term care when calculating how much money they will need for retirement include those:

- Who are age 47 or older
- Who have graduated from college
- Who have at least \$100k in annual income
- Who have seen a friend or family member need LTC