



# ASPE ISSUE BRIEF

HHS OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION  
OFFICE OF DISABILITY, AGING AND LONG-TERM CARE POLICY

## WHICH WAY FOR LONG-TERM SERVICES AND SUPPORTS FINANCING REFORM?

---

### Executive Summary

Despite the high costs for long-term services and supports (LTSS), the current financing system inadequately protects people from the financial devastation of long-term disabling conditions such as Alzheimer's disease or stroke. Private long-term care (LTC) insurance coverage is low and Medicare does not cover LTSS. Consequently, many individuals must pay out-of-pocket for LTSS and risk using up their savings and assets, or go without care. The purpose of this issue brief is to examine the general public's opinions about LTSS financing responsibility, financing preferences, and the role of government and private insurers in providing LTC insurance coverage.

These topics are examined using data from the 2014 Survey of Long-Term Care Awareness and Planning sponsored by the Office of the Assistant Secretary for Planning and Evaluation (ASPE)/U.S. Department of Health and Human Services (HHS). The survey was conducted in the summer of 2014 with a nationally representative sample of 15,298 non-institutionalized persons aged 40-70 from the web-based KnowledgePanel® (KP).

### Key Findings:

- Many people do not have firm opinions on LTSS financing, with substantial portions of respondents neither agreeing nor disagreeing with the positions and options posed.
- People generally preferred individual responsibility over government responsibility for LTSS financing. Although people favor individual responsibility, this responsibility does not extend to children and family.
- Respondents generally had low trust in government; a substantial portion of people also distrusted private insurers.
- Respondents generally preferred initiatives to promote voluntary initiatives, especially private insurance. Support for tax incentives for private LTC insurance

and allowing people to withdraw funds tax free from 401(k)s and individual retirement accounts (IRAs) to purchase insurance enjoyed substantial support.

- Despite substantial distrust of government, Americans voiced strong support for a voluntary public LTC insurance program.
- Mandatory public LTC insurance had a low level of support.
- There are few sociodemographic differences between supporters and opponents of various positions, with the exception that higher income and asset people were more likely to support private initiatives and lower income and asset individuals were more likely to support government strategies.

The Survey of Long-Term Care Awareness and Planning demonstrates that many Americans do not yet have strong opinions on how LTSS financing should be reformed, but generally favor voluntary approaches. The challenge for policymakers is to find a reform strategy that will both successfully address the problems of the LTSS systems and have broad political support.

## Introduction

The current system of financing LTSS in the United States has many problems (**Figure 1**). LTSS are expensive. The average private pay cost of a private room nursing home stay in 2014 was about \$88,000 per year and exceeded \$100,000 in 16 states (Genworth, 2014). Although Medicare and private insurance cover short-term skilled services in nursing homes and home health agencies, they provide little coverage for people needing care over an extended period. Although people with disabilities strongly prefer home and community-based services, the financing system remains oriented toward institutional services (Eiken et al., 2014). In fiscal year 2012, 39 percent of Medicaid LTSS expenditures for older people and younger persons with physical disabilities were for home and community-based services.

As a result, individuals must pay out-of-pocket for LTSS and can eventually face high costs after accessing such services. One study estimated that about 6 percent of people turning age 65 in 2005 were expected to incur out-of-pocket LTSS expenses of \$100,000 or more over their remaining lifetimes and about 12 percent to incur expenses from \$25,000 to \$100,000 (Kemper, Komisar & Alecxih, 2005). Thus, paying for LTSS often results in routine catastrophic out-of-pocket costs for people who use services.

Many LTSS users impoverish themselves and some spend down to qualify for Medicaid to pay for their needed services. A recent analysis of the Health and Retirement Study found that over the 10-year observation period, almost 10 percent of the previously non-Medicaid population aged 50 and older spent down to Medicaid eligibility (Wiener et al., 2013). In addition to impoverishing themselves, many people who have been independent all of their lives find themselves dependent on a means-tested welfare program to help pay for their LTSS. Moreover, Medicaid must pay not only for the

services of people who have been poor for a long time, but also for people who became poor as they aged or had high out-of-pocket expenses for LTSS and medical care.

Finally, with the aging of the population, demand for LTSS is sure to increase, and with it public and private expenditures, putting additional pressure on state and federal budgets and on individuals paying for LTSS. The demand for LTSS among older people is projected to roughly double between 2000 and 2030 (Johnson, Toohey, & Wiener, 2007).

## Research Questions

The Survey of Long-Term Care Awareness and Planning was used to obtain answers to three research questions among the community-dwelling population aged 40-70:

- Who do they believe should be responsible for LTC financing--individuals, government, children, or family members? Do the sociodemographic and other characteristics of supporters and opponents of each of these positions differ?
- What are respondents' opinions about LTC insurance and the role of government and private insurers in providing coverage? Do the sociodemographic and other characteristics of supporters and opponents of each of these positions differ?
- What financing options do people prefer and oppose? Do the sociodemographic and other characteristics of supporters and opponents of each of these positions differ?

## Background

Numerous policy options have been offered for reform, which mostly vary in terms of the relative roles of the public and private sectors (Frank, Cohen, & Mahoney, 2013; Wiener, Illston, & Hanley, 1994; Wiener, 2009). Although a private LTC insurance market exists in the United States, it is quite small and, in recent years, has been struggling. In 2012, about 7.4 million people had private LTC insurance (National Association of Insurance Commissioners, 2014). In 2002, the market started to deteriorate, with most companies leaving the market and sales plummeting. Most insurers have exited the market: in 2000, 125 companies competed in the private LTC insurance market; by 2012, fewer than 15 companies were actively selling standalone policies (Cohen et al., 2013). Moreover, new sales have fallen precipitously and only about 400,000 policies were sold in 2011. After a steady increase in the number of policies in force between 1992 and 2005, the number of insured lives was relatively flat between 2005 and 2012 (LifePlans, Inc., 1990-2013).

Most options to jumpstart the market for private LTC insurance are geared to reducing the price of insurance policies. Several studies have identified price as a major barrier to the purchase of LTC insurance (LifePlans, Inc., 2012; Rivlin & Wiener, 1988; Wiener,

Illston, & Hanley, 1994). One option to reduce the price is to provide tax deductions or credits for the purchase of private LTC insurance. A related option would be to allow people to use funds from their tax-sheltered IRAs or 401(k) retirement plans to pay for LTC insurance. Current federal law allows qualifying LTC insurance premiums to be deducted from income as part of medical expenses, but only if total out-of-pocket expenses exceed 10 percent of adjusted gross income and only for the expenses that exceed the expenditure threshold. In addition, at least 36 states and the District of Columbia provide some tax incentive for the purchase of private LTC insurance (Baer & O'Brien, 2010). Several studies suggest that tax incentives are unlikely to affect the purchase of private LTC insurance unless the subsidy is very large (Feder, Komisar, & Friedland, 2007; Goda, 2010; Nixon, 2008; Wiener, Illston, & Hanley, 1994).

An alternative approach to expand the market would be for the government to pay the LTC costs beyond what is covered in an approved private LTC insurance policy. This strategy provides lifetime coverage without requiring people to buy a costly private LTC insurance policy that provides lifetime benefits, a type of policy that has largely disappeared from the marketplace. A version of this approach, the Long-Term Care Partnership, is currently being implemented in many states, with Medicaid providing the government backup. This approach has not generated a large increase in sales. As of November 2013, 36 states had implemented Partnership programs (Truven Health Analytics, 2013). As of June 30, 2011, 43 states had adopted the Partnership approach, with approximately 630,000 policies in force (Hawaii Long-Term Care Commission, 2012). Studies differ as to whether the Long-Term Care Partnership will save or cost money for Medicaid (Bergquist, Font, & Swartz, 2015; Sun & Webb, 2013; Wiener, Illston, & Hanley, 1994).

Given the problems with private LTC insurance, others have proposed a larger role for the public sector in financing LTSS, such as offering a voluntary or mandatory public LTC insurance program. Advocates of this approach contend that public insurance programs can provide benefits more efficiently, cover more people, and be financed more progressively than private LTC insurance. The Patient Protection and Affordable Care Act included the Community Living Assistance and Support Services (CLASS) Act, which was not implemented; it would have been a voluntary public LTC insurance program that targeted the working-age population for enrollment and provided a modest cash benefit (Wiener, 2010).

To address the issues raised by the CLASS Act, others have proposed mandatory, public LTC insurance programs (Butler et al., 2013). Under such a program, everyone would be eligible for benefits if they were disabled enough, regardless of their income and assets. Although different in many ways, the program would have many similarities to Social Security and Medicare Part A in its requirement that everyone participate and help pay for the program if they are financially able to do so. Although numerous proposals have been put forward over the years, none has been enacted, in part because many people resist the increased government spending and the larger role of government such proposals would require (Wiener, Illston, & Hanley, 1994; Wiener, 2013, 2014).

## Data and Methods

Data for this issue brief are from the 2014 Survey of Long-Term Care Awareness and Planning, which was sponsored by ASPE/HHS. The survey instrument was developed by RTI International in close cooperation with ASPE and with guidance from a Technical Expert Panel of experts on survey methodology, LTC, and LTC insurance.

The survey has two components. The first asks questions on: (1) self-perceived longevity and the risk of needing LTC; (2) basic financial literacy and psychological characteristics such as risk tolerance; (3) LTC knowledge and LTC experience; (4) beliefs and concerns about LTC; (5) retirement and LTC planning; (6) LTC information gathering and decision making; (7) attitudes toward LTC financing options; and (8) core demographic and socioeconomic information. The second component of the survey is a discrete choice experiment, where respondents are asked to choose among LTC insurance products with different features. The survey underwent two rounds of cognitive testing and was revised based on results of the testing.

The survey was fielded using KP, GfK's standing Internet panel.<sup>1</sup> The survey sample consisted of non-institutionalized adults aged 40-70 residing in the United States. The survey was administered from August 8, 2014, to September 21, 2014. Survey respondents received e-mail notifications and reminders to fill out the survey and were rewarded 10,000 KP "points" (equivalent to about \$10) for their participation that can be exchanged for merchandise and other prizes. Of the 24,878 people sampled, 15,298 consented to and completed the main survey, yielding a response rate of 61.5 percent. Thirty cases were excluded because of respondent omission of more than one-third of the substantive survey questions. GfK used data from the 2013 March supplement of the Current Population Survey to weight the results to the United States population. Qualified respondents were weighted to match the 40-70 year old United States population on gender, age, race/ethnicity, census region by metropolitan status, education, and household income.

## Findings

There was very broad agreement (71.2 percent strongly agreed/agreed) that it is "important to plan now for the possibility of needing long-term care services in the future." Although a quarter to half of respondents neither agreed nor disagreed with the positions or options about which opinions were sought, among those who did express an opinion, most supported individual responsibility and voluntary, largely private, options.

***Responsibility for Financing Long-Term Services and Supports.*** Survey respondents generally believed that financing LTC is an individual rather than

---

<sup>1</sup> Documentation regarding KP sampling, data collection procedures, weighting, and Institutional Review Board-bearing issues are available at the following online resources: <http://www.knowledgenetworks.com/ganp/reviewer-info.html>; <http://www.knowledgenetworks.com/knpanel/index.html>; and <http://www.knowledgenetworks.com/ganp/irbsupport/>.

government responsibility, but many people had no opinion. About a third of respondents did not express agreement or disagreement with the statements about who was responsible for financing LTSS.

Approximately three-fifths of respondents (58.7 percent) said they strongly agreed/agreed with the view that it is the responsibility of individuals to finance their LTC; conversely, about a third (37.1 percent) stated that they strongly agreed/agreed with the view that it is the responsibility of government to help pay for LTC (**Table 1, top panel**). In terms of disagreement with the positions, 8.7 percent of people disagreed strongly/disagreed with the notion that individuals are responsible for LTC financing and 25.0 percent disagreed strongly/disagreed with the position that government should be responsible for LTC financing.

Although respondents thought that parties other than the government should be responsible for financing LTSS, they did not believe children/family should bear that burden. Only 17.3 percent of respondents strongly agreed/agreed that financing LTSS was the responsibility of children/family and only slightly more (20.3 percent) strongly agreed/agreed that “if family members can no longer pay (for long-term care), relatives should help.” Very few respondents (2.4 percent and 2.7 percent, respectively) strongly agreed with the position that children/family should be responsible for LTSS costs. Fully 47.7 percent of respondents strongly disagreed/disagreed with the idea that families should be responsible for paying for LTC and 41.2 percent of respondents strongly disagreed/disagreed with the idea that relatives should help pay for LTC if family members can no longer afford to pay their own LTC.

Views about the responsibility for LTC financing did not differ much by sociodemographic and other characteristics (**Table 2**). There was little difference in the supporters and opponents of these positions by age, gender, urban/rural residence, education, or employment status. In contrast, there were substantial differences in the characteristics of supporters and opponents of individual responsibility and of government playing a role by income and assets. Among people supporting individual responsibility and opposing the role of government, those with higher incomes and higher assets were more common.

**Opinions About Long-Term Care Insurance and the Role of Government and Private Insurers in Providing Coverage.** The survey asked respondents about a variety of statements regarding the importance of LTC insurance and about the roles of private insurers and the government in providing coverage (**Table 1, second and third panels**). Respondents were generally supportive of the concept of LTC insurance, with few people denying that there is a chance that they will need LTSS, but many people had competing demands for their money. Thus, almost two-thirds of people (66.4 percent) strongly agreed/agreed that “knowing that I have some long-term care insurance will give me peace of mind” and only 11.5 percent of respondents strongly agreed/agreed that they will not need LTSS so they do not need LTC insurance. On the other hand, LTC insurance is not a high priority for most people; getting on for half (44.3 percent) strongly agreed/agreed that they had other priorities for their money than buying LTC insurance and more than two-fifths (41.9 percent) neither agreed nor

disagreed with the statement, leaving only 13.7 percent strongly disagreeing/disagreeing with the statement.

Although negative views were expressed of both private insurers and government, stronger negative views were expressed about the potential role of government. Although 51.2 percent of respondents strongly agreed/agreed with the statement that they do not trust the government to run a public LTC insurance program, 32.3 percent strongly agreed/agreed that they do not trust private insurers. Again, substantial portions of the population did not express an opinion, although more failed to do so in their views of private insurers than of the government. Beyond issues of general trust, most respondents (62.7 percent) strongly agreed/agreed that the “government should not tell me what to do about LTC insurance.”

As with the questions related to overall responsibility for LTSS financing, sociodemographic characteristics did not vary much in terms of differentiating people who were trusting and suspicious of private insurers or the government regarding LTC insurance (**Table 3**). There were few major differences by age, gender, urban/rural residence, and income. Only asset levels discriminated among supporters and opponents, with people with higher asset levels making up a higher proportion of opponents of statements supporting the role of the public sector.

***Preferences for Long-Term Services and Supports Financing Options.*** The survey asked about support and opposition to six options to reform LTSS financing that varied in the degree to which they depended on the private and public sectors:

- Tax incentives for private LTC insurance.
- Allowing purchase of private LTC insurance through funds in tax-advantaged IRAs and 401(k) retirement plans.
- Establishing a program in which the government pays LTSS costs when private insurance benefits run out.
- Requiring people to purchase LTC insurance.
- Establishing a voluntary, public LTC insurance plan.
- Establishing a mandatory, public LTC insurance plan.

Overall, respondents favored voluntary programs, especially those that would promote private LTC insurance. Although there was substantial support for a voluntary public LTC program, there was comparatively little support for a mandatory public program. Depending on the option, between about one-quarter and two-fifths of respondents neither agreed nor disagreed with the option.

Respondents voiced widespread support for tax incentives and other initiatives to promote private LTC insurance. Fully 62.4 percent of respondents strongly

agreed/agreed with the idea of tax incentives for private LTC insurance and 69.2 percent strongly agreed/agreed with the proposal to allow people to use their IRAs or 401(k) retirement plan funds to purchase private LTC insurance. Fewer than 10 percent opposed these options.

People were less supportive about the proposal to establish a program where the government pays LTSS costs when private insurance benefits are exhausted, and still much less supportive of a proposal to mandate purchase of private LTC insurance. About two-fifths of respondents supported a program, similar to the Long-Term Care Partnership programs, where the government paid LTSS costs after private insurance benefits ran out. Only 15.7 percent supported the mandatory purchase of basic private LTC insurance, with fully half (50.0 percent) strongly disagreeing/disagreeing with mandatory purchase of private LTC insurance.

Although there was substantial support for a voluntary public LTC insurance program, there was much less support for a mandatory public LTC program. Fully 62.9 percent of respondents strongly agreed/agreed with a voluntary public LTC insurance program, with only 10.4 percent disagreeing/strongly disagreeing with such a plan. In contrast, 18.3 percent strongly supported/supported a mandatory public LTC insurance program and 47.2 percent disagreed/strongly disagreed with the option; about a third (34.4 percent) neither agreed nor disagreed with establishing a mandatory public LTC insurance program.

As with the other opinions examined, there was not a great deal of variation by sociodemographic characteristics of the supporters and opponents of the various options (**Table 4**)--with few major differences by age, gender, urban/rural residence, employment status, income, or assets. There were substantial differences by race and marital status, however, with Whites and married people making up a higher proportion of respondents opposing government programs.

## Conclusions

The current LTSS financing system faces many challenges, including the high cost of services, lack of insurance coverage, heavy use of Medicaid to pay for services, institutional bias of the current system, and the inevitable increase in demand as the population ages. This issue brief uses the ASPE Survey of Long-Term Care Awareness and Planning to assess the opinions of community-dwelling adults aged 40-70 about possible financing reforms.

Several conclusions can be drawn from the data. First, the results of the survey make clear that many people do not have firm opinions on LTSS financing, with substantial portions of respondents neither agreeing nor disagreeing with the positions and options posed. Thus, although some positions are more strongly expressed than others, to a substantial extent the positions of Americans are not strongly formed. Probably as a result, there are few sociodemographic differences between supporters and opponents of various positions, with the exception that higher income and asset people are more



likely to support private initiatives and lower income and asset individuals are more likely to support government strategies.

Second, in general, people favored individual responsibility over government responsibility for LTSS financing. Although people favor individual responsibility, this responsibility does not extend to children/family. To a large extent, this preference for individual responsibility is at odds with the current situation, in which government financing, especially Medicaid, dominates funding. With the exclusion of Medicare post-acute care, which is arguably not LTSS, about two-thirds of LTSS funding is by the public sector, especially Medicaid (O'Shaughnessy, 2014). This high dependence on Medicaid likely reflects the high cost of services.

Third, respondents generally favored initiatives to promote voluntary initiatives, especially private insurance, but also voluntary public LTC insurance. Mandatory public LTC insurance did not garner much support. Although respondents said they support private LTC insurance, the private LTC insurance market has declined dramatically over the last 10 years, largely because of the inability to accurately forecast future interest, lapse, utilization, mortality, and disability rates (Cohen, Kaur, & Darnell, 2013); and its future is very problematic. Moreover, research to date suggests that tax incentives and Long-Term Care Partnership programs at best are only modestly effective in promoting private LTC insurance.

Despite substantial distrust of government, Americans voiced strong support for a voluntary public LTC insurance program. However, the CLASS experience makes clear how difficult it is for a voluntary public program to address the problems of adverse selection and achieve high levels of enrollment; fixing those problems would make the program much more like private insurance than like a public program such as Medicare (Wiener, 2012).

Fourth, a mandatory public program would address the enrollment issues that make a voluntary program difficult. Several countries--including Japan, Germany, the Netherlands, South Korea, and Taiwan--have adopted this approach (Colombo et al., 2011). However, in the Survey of Long-Term Care Awareness and Planning, support for a mandatory program was low and opposition high. Respondents voiced substantial mistrust of how the government would manage a public LTC insurance program.

Based on the Survey of Long-Term Care Awareness and Planning, many Americans do not yet have fixed opinions of how LTC financing should be reformed. The challenge for policymakers is to find a reform strategy that will successfully both address the problems of the LTSS systems and have broad political support.

## **References**

Baer, D., & O'Brien, E. (2010). *Federal and State Income Tax Incentives for Private Long-Term Care Insurance*. Washington, DC: AARP. Available at <http://assets.aarp.org/rgcenter/ppi/econ-sec/2009-19-tax-incentives.pdf>.

- Bergquist, S., Font, J.C., & Swartz, K. (2015). *Long Term Care Partnerships: Are They "Fit for Purpose"?* Munich, Germany: Ludwig-Maximilians University's Center for Economic Studies and the Ifo Institute. Available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2555540##](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2555540##).
- Butler, L. Claypool, H., Feder, J., Rutledge, L., & Stein, J. (2013). *A Comprehensive Approach to Long-Term Services and Supports*. Washington, DC: Long-Term Care Commission. Available at <http://www.medicareadvocacy.org/wp-content/uploads/2013/10/LTCCAlternativeReport.pdf>.
- Cohen, M., Kaur, R., & Darnell, B. (2013). *Exiting the Market: Understanding the Factors Behind Carriers' Decision to Leave the Long-Term Care Insurance Market*. Washington, DC: Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. Available at <https://aspe.hhs.gov/report/exiting-market-understanding-factors-behind-carriers-decision-leave-long-term-care-insurance-market>.
- Colombo, F., Llana-Nozal, A., Mercier, J., & Tjadens, F. (2011). *Help Wanted? Providing and Paying for Long-Term Care*. Paris, France: Organization for Economic Co-operation and Development.
- Eiken, S., Sredl, K., Gold, L., Kasten, J., Burwell, B., & Saucier, P. (2014). *Medicaid Expenditures for Long-Term Services and Supports in FFY 2012*. Cambridge, MA: Truven Health Analytics. Available at <http://www.medicaid.gov/medicaid-chip-program-information/by-topics/long-term-services-and-supports/downloads/ltss-expenditures-2012.pdf>.
- Feder, J., Komisar, H.L., & Friedland, R.B. (2007). *Long-Term Care Financing: Policy Options for the Future*. Washington, DC: Georgetown University. Available at <http://ltc.georgetown.edu/forum/ltcfinalpaper061107.pdf>.
- Frank, R.G., Cohen, M.A., & Mahoney, N. (2013). *Making Progress: Expanding Risk Protection for Long-term Services and Supports through Private Long-Term Care Insurance*. Long Beach, CA: SCAN Foundation. Available at [http://www.thescanfoundation.org/sites/thescanfoundation.org/files/tsf\\_ltc-financing\\_private-options\\_frank\\_3-20-13.pdf](http://www.thescanfoundation.org/sites/thescanfoundation.org/files/tsf_ltc-financing_private-options_frank_3-20-13.pdf).
- Genworth Financial, Inc. (2014). *Cost of Care Survey 2014*. Richmond, VA: Genworth Financial, Inc. Available at [https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/130568\\_032514\\_CostofCare\\_FINAL\\_nonsecure.pdf](https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/130568_032514_CostofCare_FINAL_nonsecure.pdf).
- Goda, G.S. (2010). *The Impact of State Tax Subsidies for Private Long-Term Care Insurance on Coverage and Medicaid Expenditures*. NBER Working Paper No. 16406. Cambridge, MA: National Bureau of Economic Research.
- Greenlee, K. (2011). Memorandum on the CLASS Program to Secretary Sebelius. Washington, DC: U.S. Department of Health and Human Services. Available at <https://aspe.hhs.gov/pdf-document/memorandum-class-program>.
- Hawaii Long-Term Care Commission. (2012). *Long-Term Care Reform in Hawaii: Report of the Hawaii Long-Term Care Commission*. Honolulu, HI: University of Hawaii at Manoa.

- Johnson, R.W., Toohey, D., & Wiener, J.M. (2007). *Meeting the Long-Term Care Needs of the Baby Boomers: How Changing Families will affect Paid Helpers and Institutions*. Washington, DC: Urban Institute. Available at [http://www.urban.org/UploadedPDF/311451\\_Meeting\\_Care.pdf](http://www.urban.org/UploadedPDF/311451_Meeting_Care.pdf).
- Kemper, P., Komisar, H.L., & Alexih, L. (2005). Long-term care over an uncertain future: What can current retirees expect? *Inquiry*, 42(4), 335-350.
- LifePlans, Inc. (1990-2013). *Sales Surveys 1990-2013*. Waltham, MA.
- LifePlans, Inc. (2012). *Who Buys Long-Term Care Insurance in 2010-2011?* Washington, DC: America's Health Insurance Plans. Available at <https://www.ahip.org/Issues/Content/Long-Term-Care-Insurance/Long-Term-Care-Insurance.aspx>.
- National Association of Insurance Commissioners. (2014). *NAIC Long-Term Care Insurance Experience Exhibit Report for 2012*. Kansas City, MO.
- Nixon, D. (2008). *Tax Incentives for Family Caregiving: A Cost-Benefit Analysis*. Honolulu, HI: University of Hawaii at Manoa. Available at <http://www.publicpolicycenter.hawaii.edu/documents/paper003.pdf>.
- O'Shaughnessy, C. (2014). *National Spending for Long-Term Services and Supports (LTSS)*. Washington, DC: National Health Policy Forum. Available at [http://www.nhpf.org/library/the-basics/Basics\\_LTSS\\_03-27-14.pdf](http://www.nhpf.org/library/the-basics/Basics_LTSS_03-27-14.pdf).
- Rivlin, A., & Wiener, J.M. (1988). *Caring for the Disabled Elderly: Who Will Pay?* Washington, DC: Brookings Institution.
- Sun, W., & Webb, A. (2013). *Can Long-Term Care Insurance Partnership Program Increase Coverage and Reduce Medicaid Costs?* Boston, MA: Center for Retirement Research at Boston College. Available at [http://crr.bc.edu/wp-content/uploads/2013/03/wp\\_2013-8-508.pdf](http://crr.bc.edu/wp-content/uploads/2013/03/wp_2013-8-508.pdf).
- Truven Health Analytics. (2013). *Long Term Care Partnership State Tracking Map*. Available at <http://w2.dehpg.net/LTCTPartnership/map.aspx>.
- Wiener, J.M. (2009). *Long-Term Care: Options in an Era of Health Reform*. Washington, DC: Alliance for Health Reform. Available at: [http://www.allhealth.org/publications/Long-term\\_care/Alliance\\_LTC\\_Paper\\_Expanded\\_Edition\\_with\\_cover\\_89.pdf](http://www.allhealth.org/publications/Long-term_care/Alliance_LTC_Paper_Expanded_Edition_with_cover_89.pdf).
- Wiener, J.M. (2010). *Implementing the CLASS Act: Six Decisions for the Secretary of Health and Human Services*. Research Triangle Park: RTI Press. Available at <http://www.rti.org/pubs/pb-0002-1009.pdf>.
- Wiener, J.M. (2012). The CLASS act: Is it dead or just sleeping? *Journal of Aging and Social Policy*, 24(2), 118-135.
- Wiener, J.M. (2013). After CLASS: The long-term care commission's search for a solution. *Health Affairs*, 32(5), 831-834.

Wiener, J.M. (2014). *Financing Long-Term Care: More Same than Different, but with Some Twists*. Presented at The Past and Future of Long-Term Care: 1989-2039. RTI Policy Forum. Washington, DC.

Wiener, J.M., Anderson, W.L., Khatutsky, G., Kaganova, Y.M., & O’Keeffe, J. (2013, March). *Medicaid Spend Down: New Estimates and Implications for Long-Term Services and Supports Financing Reform*. Long Beach, CA: SCAN Foundation. Available at [http://www.thescanfoundation.org/sites/default/files/rti\\_medicaid-spend-down\\_3-20-13.pdf](http://www.thescanfoundation.org/sites/default/files/rti_medicaid-spend-down_3-20-13.pdf).

Wiener, J.M., Illston, L.H., & Hanley, R.J. (1994). *Sharing the Burden: Strategies for Public and Private Long-Term Care Insurance*. Washington, DC: Brookings Institution.

This Issue Brief exams the general public's opinions about LTSS financing responsibility, financing preferences, and the role of government and private insurers in providing LTC insurance coverage. It was authored by Joshua M. Wiener, Galina Khatutsky, Nga Thach and Angela M. Greene from RTI International. The authors gratefully acknowledge contributions of William Marton and Samuel Shipley of ASPE/HHS. They also wish to thank Genworth Financial for conducting special data analyses of its cost of LTC survey and making the results available. The views expressed in this brief are those of the authors and do not express the views of HHS or RTI International.

This brief was prepared for the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Office of Disability, Aging and Long-Term Care Policy under contract #HHSP233201000693G with Knowledge Networks and contract #HHSP23320100021WI with the Research Triangle Institute. For additional information about this subject, visit the DALTCP home page at <https://aspe.hhs.gov/office-disability-aging-and-long-term-care-policy-daltcp> or contact the DALTCP Project Officer at HHS/ASPE/DALTCP, Room 424E, H.H. Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C. 20201, [William.Marton@hhs.gov](mailto:William.Marton@hhs.gov).

#### FIGURE 1. Problems of the LTSS Financing System

- Services are expensive
- Medicare does not cover LTSS and few people have private insurance
- LTSS incurs routine catastrophic out-of-pocket costs that impoverish people who have been independent all of their lives
- The primary source of financing is Medicaid, a means-tested welfare program, rather than insurance
- With the aging population, public and private costs are certain to grow, increasing the financing burden

**TABLE 1. Preferences for LTC Financing--All Respondents  
(N=15,298)**

Survey Questions	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<b>It is important to plan now for the possibility of needing LTC services in the future.</b>	25.4	45.8	26.0	2.1	0.7
<b>Responsibility for LTC</b>					
Responsibility of individuals to finance their LTC	15.1	43.6	32.6	6.7	2.0
Responsibility of children/family to finance LTC	2.4	14.9	34.9	33.4	14.3
If family members can no longer pay, relatives should help	2.7	17.6	38.5	27.2	14.0
Responsibility of government to help pay for LTC	12.6	24.5	37.9	15.5	9.5
<b>Government involvement with LTC financing</b>					
Government should promote LTC insurance through taxes	16.5	45.9	28.9	5.6	3.1
Government should allow LTC purchase with IRAs and 401(k)s	18.8	50.4	26.2	2.9	1.7
Government should require all people to purchase LTC insurance	3.7	12.0	35.2	29.1	19.9
Government should pay LTC costs when insurance benefits run out	11.6	29.3	40.0	12.5	6.6
Government should offer voluntary, public LTC insurance plan	16.0	46.9	26.7	5.7	4.7
Government should establish mandatory, public LTC program	5.2	13.1	34.4	26.2	21.1
<b>Personal involvement with LTC financing</b>					
Everyone should have LTC insurance and a mandatory, public program is the way to accomplish that	4.8	14.8	34.4	25.7	20.4
Everyone should have LTC insurance, but private companies should provide the insurance	3.8	19.4	49.9	18.6	8.3
Requiring people to buy LTC insurance is OK, if price is not too high	8.5	31.9	25.5	18.8	15.3
Knowing that I have some LTC insurance will give me peace of mind	18.0	48.4	27.1	4.1	2.4
Paying for LTC is individual responsibility, not government	15.6	31.1	38.1	11.2	4.1
Government should not tell me what to do about LTC insurance	28.0	34.7	28.1	7.0	2.2
I have other priorities for my money than buying LTC insurance	11.1	33.2	41.9	11.5	2.2
I do not trust government to run an LTC insurance program	26.6	24.6	33.0	12.8	3.0
I do not trust private insurers	10.1	22.2	46.7	18.2	2.8
I don't think I will need LTC so I don't need insurance	3.1	8.4	49.4	29.6	9.4
<b>SOURCE:</b> RTI analysis of the 2014 ASPE Survey of Long-Term Care Awareness and Planning.					
<b>NOTE:</b> All proportions and means are presented weighted.					

**TABLE 2. Sociodemographic Characteristics by Responsibility for LTC Financing**

Sociodemographic Characteristics	Responsibility of Individuals to Finance their LTC		Responsibility of Children/Family to Finance LTC		If Family Members Can No Longer Pay, Relatives Should Help		Responsibility of Government to Help Pay for LTC	
	Strongly Agree/Agree N=9,288 %	Strongly Disagree/Disagree N=1,236 %	Strongly Agree/Agree N=2,494 %	Strongly Disagree/Disagree N=7,764 %	Strongly Agree/Agree N=2,860 %	Strongly Disagree/Disagree N=6,948 %	Strongly Agree/Agree N=5,593 %	Strongly Disagree/Disagree N=4,217 %
<b>Age</b>								
Under 65	84.6***	88.9	90.0***	82.8	90.3***	81.8	86.8***	82.4
Over 65	15.4	11.1	10.0	17.2	9.7	18.3	13.2	17.6
<b>Gender</b>								
Male	50.3***	46.8	51.6***	45.5	49.9**	46.5	48.4***	49.7
Female	49.7	53.2	48.4	54.5	50.1	53.5	51.7	50.3
<b>Race</b>								
White, non-Hispanic	73.0***	62.8	68.4***	73.9	62.5***	77.5	68.5***	78.8
Black, non-Hispanic	9.0	16.5	9.4	10.6	14.0	7.7	12.5	7.0
Other, non-Hispanic	6.6	7.8	7.2	5.2	8.0	5.1	6.5	5.3
Hispanic	11.4	12.9	15.0	10.4	15.5	9.7	12.5	8.9
<b>Marital Status</b>								
Married	67.5***	53.4	62.2***	65.2	62.0***	66.7	58.9***	71.2
Not married	32.5	46.6	37.8	34.8	38.0	33.3	41.1	28.8
<b>Household Size</b>								
	2.6***	2.5	2.8***	2.5	2.8***	2.5	2.6***	2.7
<b>Child(ren) Living Nearby</b>								
	72.9*	74.5	77.8***	71.7	77.3***	72.2	75.0***	71.3
<b>MSA Residence</b>								
Metro	84.3***	84.1	83.4	83.7	86.3***	82.4	84.0**	84.6
Non-metro	15.7	15.9	16.6	16.3	13.7	17.6	16.0	15.4
<b>Education</b>								
Less than high school	6.4***	14.7	9.6***	8.4	10.7***	7.1	10.8***	4.8
High school	26.6	34.3	25.7	30.5	24.8	31.7	31.3	24.0
Some college	28.4	24.9	28.0	28.3	25.7	28.9	28.0	27.6
Bachelor's degree or higher	38.7	26.1	36.8	32.9	38.9	32.3	29.9	43.6
<b>Employment Status</b>								
Currently working for pay	64.7***	57.5	66.4***	59.6	65.3***	59.0	59.7***	64.0
Not currently working for pay	35.4	42.5	33.6	40.4	34.7	41.0	40.3	36.0
<b>Household Income</b>								
Less than \$15,000	5.8***	16.6	8.8***	8.3	10.3***	7.7	11.0***	5.1
\$15,000-\$40,000	15.9	27.7	17.6	19.0	17.6	19.0	22.3	13.7
\$40,000-\$100,000	47.1	40.6	46.3	46.2	43.5	48.1	45.2	47.9
More than \$100,000	31.3	15.1	27.3	26.6	28.7	25.3	21.6	33.3

**TABLE 2 (continued)**

Sociodemographic Characteristics	Responsibility of Individuals to Finance their LTC		Responsibility of Children/Family to Finance LTC		If Family Members Can No Longer Pay, Relatives Should Help		Responsibility of Government to Help Pay for LTC	
	Strongly Agree/Agree N=9,288 %	Strongly Disagree/Disagree N=1,236 %	Strongly Agree/Agree N=2,494 %	Strongly Disagree/Disagree N=7,764 %	Strongly Agree/Agree N=2,860 %	Strongly Disagree/Disagree N=6,948 %	Strongly Agree/Agree N=5,593 %	Strongly Disagree/Disagree N=4,217 %
<b>Household Savings and Assets</b>								
No assets	12.0***	33.0	17.8***	16.5	18.8***	15.7	21.7***	10.4
Less than \$100,000	35.6	39.0	40.0	35.9	39.4	35.9	41.3	31.7
Greater than or equal to \$100,000	52.5	28.0	42.2	47.6	41.7	48.4	37.0	57.9
<b>TOTAL</b> <sup>1</sup>	58.7	8.7	17.4	47.8	20.3	41.2	37.1	25.1
<p><b>SOURCE:</b> RTI analysis of the 2014 ASPE Survey of Long-Term Care Awareness and Planning.  <b>NOTES:</b> All results are presented weighted.                      Statistical significance: * <math>p &lt; 0.05</math>; ** <math>p &lt; 0.01</math>; *** <math>p &lt; 0.001</math>.                      1. Totals do not include "Neutral" respondents. See Table 1 for "Neutral" totals.</p>								



**TABLE 3. Sociodemographic Characteristics by Individual Role in LTC Financing**

Sociodemographic Characteristics	I Do Not Trust Government to Run a LTC Insurance Program		I Do Not Trust Private Insurers	
	Strongly Agree/Agree N=7,895 %	Strongly Disagree/Disagree N=2,780 %	Strongly Agree/Agree N=4,892 %	Strongly Disagree/Disagree N=3,601 %
<b>Age</b>				
Under 65	85.3***	82.7	86.6***	82.5
Over 65	14.7	17.3	13.4	17.5
<b>Gender</b>				
Male	49.4***	47.5	53.0***	49.9
Female	50.6	47.5	47.1	50.1
<b>Race</b>				
White, non-Hispanic	79.3***	67.0	70.6***	77.7
Black, non-Hispanic	5.8	15.0	10.1	8.5
Other, non-Hispanic	5.3	7.9	6.7	4.9
Hispanic	9.7	10.1	12.7	8.9
<b>Marital Status</b>				
Married	67.9***	58.6	59.8***	68.6
Not married	32.1	41.4	40.2	31.4
<b>Household Size</b>	2.7***	2.5	2.6***	2.6
<b>Child(ren) Living Nearby</b>	74.0	72.6	73.9	72.3
<b>MSA Residence</b>				
Metro	81.3***	88.0	82.4***	85.8
Non-metro	18.7	12.0	17.6	14.2
<b>Education</b>				
Less than high school	8.0***	6.3	10.3***	4.5
High school	31.3	19.4	29.5	24.1
Some college	29.2	26.3	27.9	27.6
Bachelor's degree or higher	31.3	48.0	32.2	43.8
<b>Employment Status</b>				
Currently working for pay	62.8***	59.4	59.8***	63.6
Not currently working for pay	37.2	40.6	40.2	36.4
<b>Household Income</b>				
Less than \$15,000	7.5***	8.8	11.1***	4.8
\$15,000-\$40,000	18.4	15.9	21.7	13.7
\$40,000-\$100,000	47.9	44.2	44.6	47.9
More than \$100,000	26.2	31.1	22.6	33.7

TABLE 3 (continued)				
Sociodemographic Characteristics	I Do Not Trust Government to Run a LTC Insurance Program		I Do Not Trust Private Insurers	
	Strongly Agree/Agree N=7,895 %	Strongly Disagree/Disagree N=2,780 %	Strongly Agree/Agree N=4,892 %	Strongly Disagree/Disagree N=3,601 %
<b>Household Savings and Assets</b>				
No assets	14.9***	15.6	20.9***	10.0
Less than \$100,000	38.5	34.8	39.7	32.5
Greater than or equal to \$100,000	46.6	49.5	39.4	57.5
<b>TOTAL<sup>1</sup></b>	51.1	15.9	32.3	21.1
<b>SOURCE:</b> RTI analysis of the 2014 ASPE Survey of Long-Term Care Awareness and Planning.				
<b>NOTES:</b> All results are presented weighted.				
Statistical significance: * $p < 0.05$ ; ** $p < 0.01$ ; *** $p < 0.001$ .				
1. Totals do not include "Neutral" respondents. See Table 1 for "Neutral" totals.				

**TABLE 4. Sociodemographic Characteristics by Government Role in LTC Financing**

Sociodemographic Characteristics	Government Should Promote LTC Insurance Through Taxes		Government Should Allow LTC Purchase with IRAs and 401(k)s		Government Should Require All People to Purchase LTC Insurance		Government Should Pay LTC Costs When Insurance Benefits Run Out		Government Should Offer Voluntary, Public LTC Insurance Plan		Government Should Establish Mandatory, Public LTC Program	
	Strongly Agree/ Agree N=9,646 %	Strongly Disagree/ Disagree N=1,458 %	Strongly Agree/ Agree N=10,878 %	Strongly Disagree/ Disagree N=739 %	Strongly Agree/ Agree N=2,052 %	Strongly Disagree/ Disagree N=8,184 %	Strongly Agree/ Agree N=6,229 %	Strongly Disagree/ Disagree N=3,141 %	Strongly Agree/ Agree N=9,902 %	Strongly Disagree/ Disagree N=1,697 %	Strongly Agree/ Agree N=2,500 %	Strongly Disagree/ Disagree N=7,876 %
<b>Age</b>												
Under 65	85.5***	84.3	85.4	84.4	87.3***	84.1	86.3***	83.1	85.1**	84.1	87.1***	84.1
Over 65	14.5	15.7	14.6	15.6	12.7	15.9	13.7	16.9	14.9	15.9	12.9	15.9
<b>Gender</b>												
Male	49.6***	48.0	50.0***	44.7	51.8***	47.9	46.3***	54.9	47.4***	53.0	51.0***	48.0
Female	50.4	52.0	50.0	55.3	48.2	52.1	53.7	45.1	52.7	47.0	49.0	52.0
<b>Race</b>												
White, non-Hispanic	69.9***	80.0	71.5***	75.0	53.0***	80.4	66.9***	80.5	69.4***	82.0	53.8***	81.7
Black, non-Hispanic	10.8	6.7	10.1	9.3	16.3	6.4	12.6	5.9	11.5	4.9	17.2	5.8
Other, non-Hispanic	6.8	5.7	6.7	6.2	10.7	4.8	6.8	6.0	6.8	4.8	10.1	4.6
Hispanic	12.5	7.7	11.7	9.6	20.0	8.5	13.7	7.6	12.4	8.3	19.0	8.0
<b>Marital Status</b>												
Married	63.7***	67.3	64.5***	62.1	59.1***	66.9	59.2***	73.2	60.9***	73.6	57.6***	67.6
Not married	36.3	32.7	35.5	37.9	41.0	33.2	40.8	26.8	39.1	26.4	42.4	32.4
<b>Household Size</b>	2.6***	2.6	2.6***	2.5	2.6***	2.6	2.6***	2.7	2.6***	2.7	2.6***	2.6
<b>Child(ren) Living Nearby</b>	74.2	71.2	74.1*	68.8	78.4***	71.8	75.2***	70.6	74.4	71.3	78.4***	71.5
<b>MSA Residence</b>												
Metro	84.6***	82.3	84.6***	80.6	85.3**	82.6	83.7	84.2	84.3***	80.6	87.0***	81.5
Non-metro	15.4	17.7	15.4	19.4	14.7	17.4	16.3	15.9	15.7	19.4	13.0	18.5
<b>Education</b>												
Less than high school	8.2***	7.3	7.3***	12.9	12.6***	6.0	10.1***	4.6	8.4***	5.3	11.8***	5.9
High school	28.4	27.8	27.7	27.9	29.5	29.4	32.3	22.4	29.3	24.2	28.4	29.7
Some college	27.7	29.7	27.9	31.8	26.0	29.2	27.8	28.5	28.2	28.8	26.4	29.6
Bachelor's degree or higher	35.7	35.2	37.1	27.4	31.9	35.3	29.8	44.6	34.1	41.6	33.4	34.9
<b>Employment Status</b>												
Currently working for pay	62.8***	57.6	63.8***	56.4	63.3***	61.7	59.2***	65.3	60.9**	64.2	63.1***	62.1
Not currently working for pay	37.3	42.4	36.3	43.6	36.7	38.3	40.8	34.8	39.1	35.8	36.9	37.9
<b>Household Income</b>												
Less than \$15,000	7.8***	8.4	7.1***	12.8	10.4***	7.1	10.8***	4.0	9.0***	6.4	11.8***	6.3
\$15,000-\$40,000	17.9	20.0	17.8	25.4	21.4	18.6	23.1	12.8	20.7	13.1	21.5	18.7
\$40,000-\$100,000	46.8	45.9	46.8	39.9	44.0	47.3	44.5	47.0	45.3	47.2	42.4	47.4
More than \$100,000	27.5	25.7	28.4	21.9	24.3	27.0	21.6	36.2	25.1	33.3	24.4	27.6

**TABLE 4 (continued)**

Sociodemographic Characteristics	Government Should Promote LTC Insurance Through Taxes		Government Should Allow LTC Purchase with IRAs and 401(k)s		Government Should Require All People to Purchase LTC Insurance		Government Should Pay LTC Costs When Insurance Benefits Run Out		Government Should Offer Voluntary, Public LTC Insurance Plan		Government Should Establish Mandatory, Public LTC Program	
	Strongly Agree/ Agree N=9,646 %	Strongly Disagree/ Disagree N=1,458 %	Strongly Agree/ Agree N=10,878 %	Strongly Disagree/ Disagree N=739 %	Strongly Agree/ Agree N=2,052 %	Strongly Disagree/ Disagree N=8,184 %	Strongly Agree/ Agree N=6,229 %	Strongly Disagree/ Disagree N=3,141 %	Strongly Agree/ Agree N=9,902 %	Strongly Disagree/ Disagree N=1,697 %	Strongly Agree/ Agree N=2,500 %	Strongly Disagree/ Disagree N=7,876 %
<b>Household Savings and Assets</b>												
No assets	15.2***	19.0	14.2***	30.0	20.9***	14.9	21.7***	9.2	17.3***	12.8	21.7***	14.4
Less than \$100,000	37.7	36.4	37.5	33.1	40.6	36.9	40.4	31.3	38.7	32.8	39.8	36.8
Greater than or equal to \$100,000	47.1	44.5	48.3	36.9	38.5	48.1	38.0	59.5	44.0	54.5	38.5	48.8
<b>TOTAL<sup>1</sup></b>	62.4	8.7	69.1	4.6	15.7	49.1	40.9	19.1	62.9	10.4	18.4	47.3
<p><b>SOURCE:</b> RTI analysis of the 2014 ASPE Survey of Long-Term Care Awareness and Planning.</p> <p><b>NOTES:</b> All results are presented weighted.</p> <p>Statistical significance: * <math>p &lt; 0.05</math>; ** <math>p &lt; 0.01</math>; *** <math>p &lt; 0.001</math>.</p> <p>1. Totals do not include "Neutral" respondents. See Table 1 for "Neutral" totals.</p>												

# **SURVEY ON LONG-TERM CARE AWARENESS AND PLANNING**

## **Reports Available**

### **Choosing Long-Term Care Insurance Policies: What Do People Want? Issue Brief**

HTML <https://aspe.hhs.gov/basic-report/choosing-long-term-care-insurance-policies-what-do-people-want>

PDF <https://aspe.hhs.gov/pdf-report/choosing-long-term-care-insurance-policies-what-do-people-want>

### **Long-Term Services and Supports: What are the Concerns and What are People Willing to Do? Issue Brief**

HTML <https://aspe.hhs.gov/basic-report/long-term-services-and-supports-what-are-concerns-and-what-are-people-willing-do>

PDF <https://aspe.hhs.gov/pdf-report/long-term-services-and-supports-what-are-concerns-and-what-are-people-willing-do>

### **What Do People Know About Long-Term Services and Supports? Issue Brief**

HTML <https://aspe.hhs.gov/basic-report/what-do-people-know-about-long-term-services-and-supports>

PDF <https://aspe.hhs.gov/pdf-report/what-do-people-know-about-long-term-services-and-supports>

### **Which Way for Long-Term Services and Supports Financing Reform? Issue Brief**

HTML <https://aspe.hhs.gov/basic-report/which-way-long-term-services-and-supports-financing-reform>

PDF <https://aspe.hhs.gov/pdf-report/which-way-long-term-services-and-supports-financing-reform>

To obtain a printed copy of this report, send the full report title and your mailing information to:

U.S. Department of Health and Human Services  
Office of Disability, Aging and Long-Term Care Policy  
Room 424E, H.H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201  
FAX: 202-401-7733

NOTE: All requests must be in writing.

---

**RETURN TO:**

Office of Disability, Aging and Long-Term Care Policy (DALTCP) Home  
<http://aspe.hhs.gov/office-disability-aging-and-long-term-care-policy-daltcp>

Assistant Secretary for Planning and Evaluation (ASPE) Home  
<http://aspe.hhs.gov>

U.S. Department of Health and Human Services (HHS) Home  
<http://www.hhs.gov>