

**Connecticut Long-Term Care Needs Assessment
Focused Report I: January 2008
Financial Planning for Long-Term Care: Individual Expectations and Plans**

Current aggregate expenditures for long-term care are substantial and are projected to increase rapidly in the coming decades with the aging of the population. Nearly half of long-term care costs are paid by Medicaid, primarily borne by the states. States are seeking to control escalating Medicaid costs in part by increasing greater private responsibility for paying for care. The 2007 Connecticut Long-Term Care Needs Assessment survey gathered information on individual plans to pay for long-term care, including a wide range of public and private sources. The present study was done in follow up to the Needs Assessment to generate additional insights into the concerns, motivations, preferences and expectations of Connecticut residents regarding paying for long-term care. Interviews and focus groups were conducted with Connecticut residents from across the state (32 interviews and 6 focus groups with a total of 40 participants). **All Needs Assessment reports are available online at: http://www.uconn-aging.uhc.edu/res_edu/assessment.html.**

Summary of Key Findings

The focus group discussions and individual interviews generated a substantial amount of information related to individuals' expectations and motivations for financing their own long-term care in the future.

1. Participants described a wide range of strategies or approaches they plan to use in order to pay for long-term care should they need it in the future. Options included using their own current assets in various forms, taking out a reverse mortgage, relying on the Medicaid program, pursuing alternative housing arrangements and buying long-term care insurance.

2. There was extensive discussion regarding the potential role of long-term care insurance in people's financial plans. Participants described assessing tradeoffs among multiple competing factors when considering whether or not to purchase long-term care insurance. Those who had purchased a policy or were considering a purchase reported a wide range of benefits and motivations for buying a policy, while others described considerations important to them in their decision not to buy a policy. They also discussed possible incentives that might encourage greater interest in long-term care insurance.

3. Discussions highlighted a number of factors that influence individual considerations regarding the most appropriate plan for their circumstances. A number of factors were identified by participants as influencing their planning efforts, including affordability of long-term care insurance (addressed above), their own individual planning style, psychosocial factors, family and peers, considerations regarding Medicaid quality of care, and individual preferences for a care setting.

4. Participants described the source and nature of information about long-term care financing alternatives currently available. Participants identified a number of issues related to information about the full range of long-term care financing alternatives. Sources of information are quite limited or are unknown to the general public and many available informational sources lack credibility for potential consumers. Information that is available is frequently confusing and overwhelming. The one exception to this was the Partnership for Long-Term Care, which participants uniformly perceived as trustworthy, neutral and unbiased.

Recommendations

There are four primary recommendations as a result of this study.

1. *Continue and enhance multiple efforts to educate the public about the full range of long-term care financial planning alternatives*

The 2007 Connecticut Long-Term Care Needs Assessment concluded that education for state residents about many aspects of long-term care financing must be a key priority for state policymakers. This study explored the views of residents who were somewhat more financially sophisticated than the general population and found that the need for education persists, even among this group. One of the strongest themes from the discussions was the critical need for objective, clear, accessible information about the full range of long-term care financing options.

The content of educational programming should be comprehensive in providing information about the full range of long-term care financing options to both people in the planning stages and people confronting an immediate need for services who may not have done adequate planning. To the greatest extent feasible, the information should use clear, direct language readily understood by the general public. A comprehensive planning tool setting forth a clear and concise review of the entire menu of options and identifying possible sources of neutral, objective information is strongly recommended.

2. *Review current long-term care insurance agent training to identify potential areas of improvement*

This study suggests some professionals advising clients on long-term care financing issues do not consistently provide current, comprehensive and objective information. Current standards for training of professional financial advisors should be reviewed and enhanced as needed. Other states should be surveyed to determine whether there are best practices that Connecticut might adopt.

3. *Address affordability of long-term care insurance at multiple levels*

Affordability of long-term care insurance should be examined from the perspective of insurers, the state in its role of ensuring high quality insurance products, and potential consumers who may be misinformed about important facts when assessing the risks and benefits of long-term care insurance. If the state is seeking to encourage the purchase of long-term care insurance among suitable candidates, perceived affordability persists as a major impediment to attracting purchasers. This study revealed the complexity of the primary stated reason for non-purchase: it is too expensive. In fact, consumers weigh a number of financial, personal and family-related factors when assessing whether a long-term care insurance policy is worth the cost.

4. *Consider recommendations made by study participants*

Participants were eager to offer their views on a wide range of potential financing alternatives, as well as modifications to existing options such as long-term care insurance. The suggestions of study participants should be considered in a public forum such as a regular meeting of the Connecticut Long-Term Care Advisory Council or Connecticut Long-Term Care Planning Committee.