Closing the Long-Term Care Knowledge Gap

By Eileen J. Tell

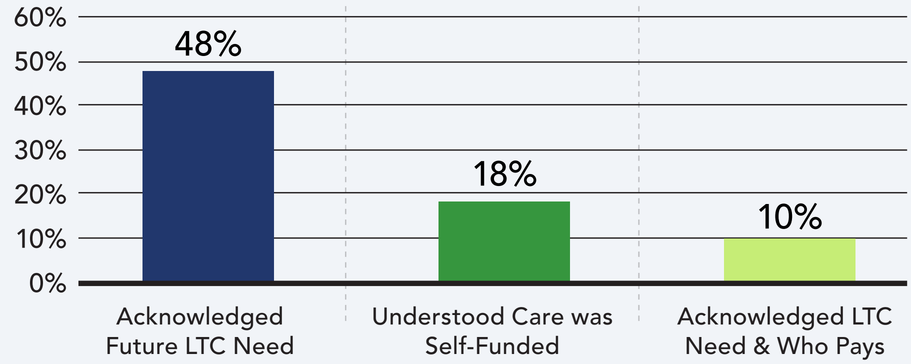
As a financial planner, advisor, broker, or agent, you are in the business of helping people understand the risks that they face as they age, and plan for how best to address these challenges. And you know that the largest risk to a financially secure retirement is having a long-term care expense. Yet despite our industry's best efforts to raise awareness among the public, most adults still do not understand the facts about long-term care (LTC); namely, that it is expensive, affects most people in older age, and puts financial and family well-being in jeopardy. Unfortunately, few individuals acknowledge that they might ever need LTC, and that, if they do, they will bear most of the cost by having to draw from their income, assets, and savings. Without this basic understanding, it is not entirely surprising that adults do not plan for their future LTC needs.

The Knowledge Gap

Consider these startling statistics from a recent survey of more than 1,200 adults aged fifty and older. Less than half of the respondents (48%) believed they would need LTC. Many thought that Medicare or their supplemental plan (43%) would pay for LTC, or that their private health insurance plan would pay (11%) or simply did not know (15%). Only 18% of adults correctly understood that LTC is mostly paid for by individuals out of their own financial resources. Taking these two important basic concepts into account, only 10% of survey respondents understand both the risk of needing LTC and that, without an alternative plan, they will be paying the bill out of their own pocket. [Refer to **Chart 1**]

Consistent with prior research, the study also revealed the association between correct LTC knowledge and a greater likelihood of taking LTC planning actions. Survey respondents with accurate knowledge of LTC risks and costs were more likely to have already taken or to be very likely to consider taking one of several LTC planning steps including: discussing care choices with their family, setting money aside for LTC needs, or looking for information about LTC insurance. [Refer to **Chart 2**]

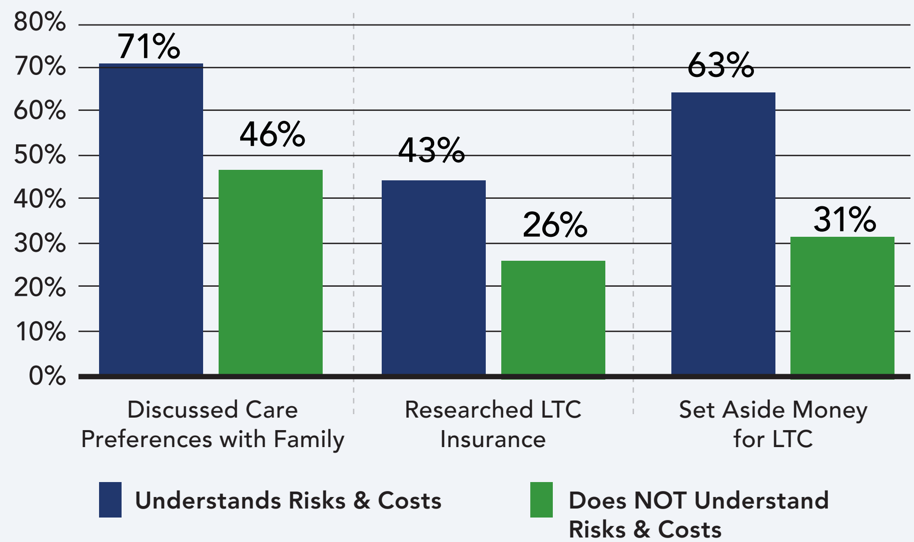
Chart 1: Population with Accurate Knowledge About LTC Risks & Who Pays For Care*



Seeking Solutions

It has been more than 20 years since there has been a comprehensive, nationwide focus on raising awareness of the value of planning ahead for LTC needs, and support for individuals who want to learn how to do so, including finding the programs and options best suited for them. Raising awareness is most effective when paired with practical solutions and clear roadmaps that help individuals evaluate and select the options that best align with their needs and goals.

Chart 2: LTC Planning Actions Taken or Very Likely to Take*

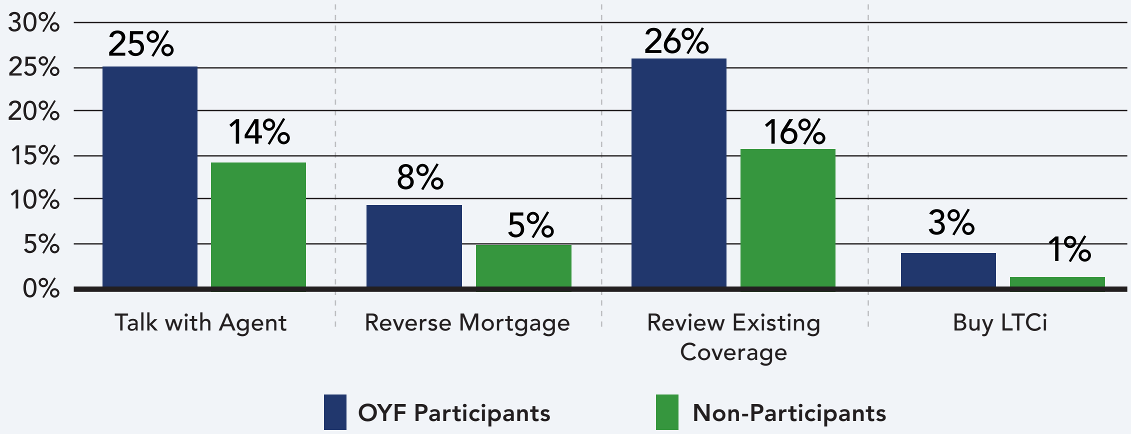


* Source: *Tell, EJ., & Wickersham, C. "Meeting the Long-Term Services and Supports Needs of California's Overlooked Middle: Implications for Policy and Programs. (2026). Forthcoming.*

The 2005 Own Your Future Campaign (OYF), a joint Federal-State effort to raise awareness about planning for long-term care needs, offers an example of a successful model. An evaluation of the program found that individuals who engaged in the campaign were more likely to take one of the planning actions discussed in the materials. These included: reviewing their existing insurance coverage to see if it covered LTC (26% vs. 16%), talking to an agent or financial planner about LTC (25% vs. 14%), looking into a reverse mortgage (8% vs. 5%), or buying LTC insurance after the campaign (3% vs. 1%). Another analysis calculated $483 million in Medicaid savings based on an estimate of a 4% to 17% increase in take-up of LTC insurance in the twenty-six campaign states over the project time.[1] [Refer to **Chart 3**]

For advocates, policymakers, and business leaders concerned with our broken long-term care financing system, doing nothing is no longer an option. There is no shortage of well-thought-out proposals to address this crisis. In fact, over sixty proposals spanning three decades of thought leadership are compiled in a free,

Chart 3: Actions Taken by Own Your Future (OYF) Participants*



* Source: *Tell, E J, & Cutler, J A. A National Long-Term Care Awareness Campaign: A Case Study in Social Marketing. Cases in Public Health Communication & Marketing. 2011; 5: Available from: www.casesjournal.org/volume5*

online resource that allows analysis and comparison of all types of proposals, including those focused on expanding and enhancing private sector solutions. The LTSS Finance Compendium offers ideas for reimagining the financing of long-term services and supports (LTSS).

Even if we cannot agree on the solutions, we can certainly agree that raising awareness and improving consumer knowledge and choice are critical. A new bill introduced in Congress hopes to do just that. Representative Tom Suozzi (D–NY), joined by Representative Aaron Bean (R–FL), has introduced the bipartisan Planning for Long-Term Aging Needs (PLAN) Act.

The legislation would create a national public awareness campaign designed to help Americans better understand their future long-term care needs and the importance of planning ahead. In doing so, the PLAN Act aims to help more Americans prepare for the realities of aging and avoid the financial strain that often goes with the need for long-term care services and supports.

The legislation has attracted support from a broad coalition of aging, financial services, and insurance organizations, including the National Council on Aging, LeadingAge, Bipartisan Policy Center Action, the American Council of Life Insurers, the National Association of Insurance and Financial Advisors, Finseca, Genworth Financial, Northwestern Mutual, New York Life, and Nationwide.

An analysis of the PLAN Act and other new legislative proposals around LTC financing and private market incentives will be included in updates in the LTSS Finance Compendium. We invite you to visit.

Eileen J. Tell, MPH, is a Senior Fellow with the LeadingAge LTSS Center @UMass Boston, and CEO of ET Consulting, LLC, a woman-owned firm specializing in long-term care and aging. With over 30 years of experience, she leads research, policy analysis, and program development for government, nonprofit, and private-sector clients.

SOURCE

1. Brown, J. (2023). The Impact of a Long-Term Care Information Campaign on Insurance Coverage. Electronic copy available at: https://ssrn.com/abstract=3445488.