

Debunking the Two Main LTCI Myths with FRESH Information!!

This month's column will be short 'cause I'm updating my book, **Long-Term Care: Your Financial Planning Guide** for the first time in three years, and I'm at the point where it feels like I'm swimming through mud. I'm not a good swimmer in fresh water, so mud is not something I enjoy!

I've just spent several hours and emails with my good friend, Brenda Spillman with The Urban Institute, a well-known think tank in Washington, DC, nailing down approximately how many people are receiving long-term care in the nation, how old they are and where they are receiving it.

Why is this so important?

It's important because it ties back to debunking the two biggest myths about long-term care insurance: it's nursing home insurance for old folks. Those of you who know me know that I have spent my entire career in this field debunking those myths, and it's the first two slides in all of my presentations (one-on-one sales presentation, seminar presentation, benefit manager presentation and the employee education presentation).

For example, the current presentations immediately point out that less than 20% of care is in a nursing home and that almost 40% of people who need care are working-age adults. They go on to explain that very few of the younger people are in nursing homes as less than ten percent of nursing home patients are under age 65. I've been predicting recently that the nursing home percentage will drop to ten percent in the next decade as we continue to find better and better ways to provide home care and build amazingly attractive assisted living facilities.

I am happy to report as I unveil this year's research is that my prediction that nursing home care will drop to 10% is right on track. Here's the current picture:

1,449,068 are in nursing homes and 175,000 are under 65
759,808 are in assisted living facilities
7,556,871 are cared for at home, of which 3,712,000 are under 65

This gives us a universe of 9,765,747, so you can see that nursing home patients represent only 15%, assisted living patients represent about 8% and almost 40% of all patients are under age 65. In my sales and seminar presentations, I'll change my "place of care" slide to show the assisted living portion as well to continue to draw attention to ALF's and how great

they are. (A second benefit to setting the stage in the beginning of the presentation for how great assisted living facilities are, is that it also paves the way to talk about a facilities-only plan for the client who has no support system and couldn't stay home very long.)

Some of you might be wondering, "But what about the landmark caregiving report that has been done twice by the National Alliance for Caregiving and AARP – once in 1997 and then again in 2004? It says there are 44 million caregivers in 21% of American households, so the patient universe looks much larger, doesn't it?"

While that is a GREAT study for many reasons because it tells us many important things such as the age of the caregivers and the impact on work and family, it covers the waterfront on caregiving which means it includes many more care recipients than would qualify for long-term care insurance benefits.

In my numbers above, I've done what I can to get at that universe as closely as possible. I don't believe it is entirely possible to get it exactly right, but here's what I found out:

- The number I used for age 65+ at home do receive formal or informal care vs. just people who have a chronic disability
- The number of under age 65 at home is made up of people who need help with bathing, dressing, or moving around, hence they have ADL deficiencies. There are another 7.5 million people under age 65 who are mentally challenged; however, it's impossible to separate the people from birth vs. the small percentage that would have early Alzheimer's or another type of dementia that would have been covered by LTCI insurance had the people bought a policy early enough
- The assisted living is global so not all would qualify for benefits – probably about 60-75% would.

So the research isn't perfect by any stretch, but it's conservative and does help us get our two major points across about how little of long-term care happens in a nursing home and how large the number of care recipients is who are under age 65. The global citation for this information is:

Sources: "2005 Disability Status Reports", Rehabilitation Research and Training Center on Disability Demographics and Statistics, Ithaca, NY: Cornell University, 2005; Spillman, Brenda C. and Black, Kirsten J., "Staying the Course: Trends in Family Caregiving", November 2005; Spillman and Black, "The Size and Characteristics of the Residential Care Population: Evidence from Three National

Surveys," The Urban Institute, January 4, 2006, "2004 National Nursing Home Survey" National Center of Health Statistics

OK – this is just to tease you. For the exact sources for each point and MUCH more to come, such as the new stats on length of caregiving time, you'll want to get my 2007 book and consumer presentations ☺

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