

# 2024 Long-Term Care Consumer Study

In an age of uncertainty, nothing can upend financial plans quite like the need for long-term care (LTC). How can consumers prepare for the possibility that they or their loved ones will someday require the kind of care that could take a tremendous financial and emotional toll on everyone involved?

As part of our mission to help families navigate the complexities of long-term care planning and identify solutions for policyholders and caregivers, OneAmerica Financial conducted two consumer studies. The first, completed in 2022, explored consumer awareness of Long-term care needs, including reasons for — and barriers to — buying long-term care protection. This year, we surveyed consumers who have researched long-term care options — many of whom had personal experience with long-term care, either through direct involvement or by witnessing the impact on loved ones and informal caregivers.

# In this report

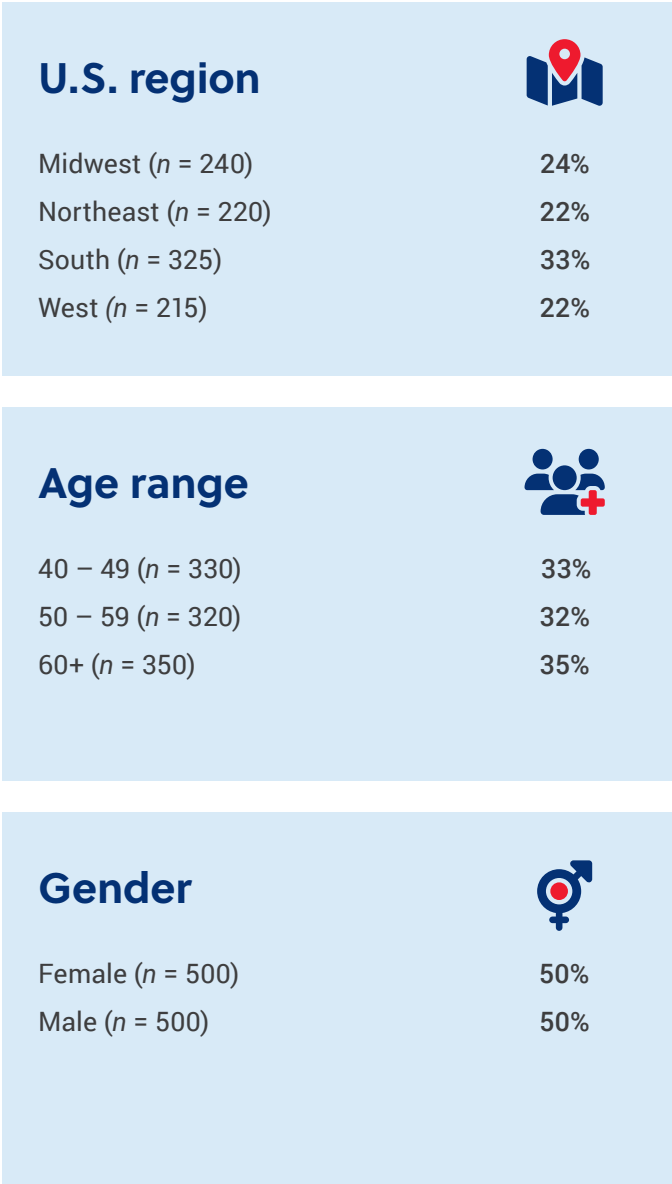
- 1 Key takeaways
- 2 What's driving demand for long-term care?
- 3 Obstacles to long-term care planning
- 4 What consumers want in an long-term care policy
- 5 How consumers plan to finance long-term care

# Methodology and changes

- The 2022 research broadly explored long-term care planning, examining how consumers expected to receive care, their confidence in their long-term care plans, strategies for paying for it and barriers they faced in purchasing long-term care insurance.
- The 2024 research looked deeper into perceptions of cost and desired features of long-term care insurance as key factors when assessing coverage.
- In the 2024 study, respondents were more familiar with long-term care — having researched long-term care options and looked into future planning.
- The 2024 research compared traditional long-term care policies with hybrid life insurance/long-term care policies to assess interest in different features and benefits.

# Who we surveyed

The survey was administered online by Hanover Research in May 2024 to 1,000 respondents ages 40 and older, recruited via a panel. Respondents were geographically dispersed across the United States and evenly divided by gender.



# 1. Key takeaways

Many studies have cited the high and rising cost of long-term care and the increasing prevalence of cognitive challenges in aging adults. Our survey focuses on needs, barriers and challenges along with an understanding of how we can support consumers in their long-term care journeys.

Seeing firsthand the physical, mental and financial impact long-term care can have, not just on the patient but also on the caregiver and family, our respondents are motivated to create a long-term plan for long-term care and to purchase protection to meet those potential costs.

Among the findings:

- **Consumers get it.** Overall, 74% thought they were likely to need long-term care in the future, and nearly two-thirds (64%) said long-term care planning is a priority. Only 33% were confident in their plans.
- **Younger consumers are more confident.** Younger consumers (ages 40 – 49) prioritize long-term care planning (75%) and are confident in their current plan (55%). By contrast, only 17% of older consumers (ages 60+) expressed confidence in their plan.
- **Many want more guidance and information.** Many survey respondents want support (44%) when selecting long-term care coverage, with 31% citing a lack of information about their options as a barrier to buying.

## Why consumers buy LTC protection:

- They have a family member who has needed LTC.
- They want to ensure quality of care for themselves.
- They're typically in their 40s and focused on protecting family and finances.

## Why consumers don't buy:

- They have competing financial priorities.
- They find the range of options confusing.
- They're overwhelmed by the perceived cost of long-term care protection and unsure if they'll need it.

## Why long-term care protection is important:

- Unexpected long-term care expenses can devastate finances.
- Government programs (Medicare, Medicaid) provide limited coverage.
- Waiting to buy long-term care protection could lead to consumer exclusion from coverage due to a preexisting condition.



## 2. What's driving demand for LTC?

### Factors fueling the focus on LTC planning

The long-term care market in the United States is undergoing significant transformation and growth due to a variety of related factors:

- The last of the Baby Boomers will turn 60 in 2024.
- By 2030, all Boomers will be 65 or older. That cohort will comprise 20% of the U.S. population, up from 17% in 2022.<sup>1</sup>
- By 2050, the roster of Americans ages 65 and older is projected to reach 82 million (up from 58 million in 2022), representing 23% of the U.S. population. And by 2055, the ranks of those 85 and up will swell to almost 18 million.<sup>1</sup> This growth is certain to lead to an increase in the number of people who need long-term care.<sup>2</sup>

Someone turning age 65 today has nearly a 70% chance of needing some type of long-term care services and support during their life.<sup>3</sup> Indeed, 74% of surveyed by OneAmerica Financial this year expect to require long-term care at some point.

Numerous studies have highlighted an increasing prevalence of cognitive challenges, including Alzheimer's dementia, which likely requires protracted long-term care.

For example, the Alzheimer's Association reports:<sup>4</sup>

- By 2060 (barring a medical breakthrough), the number of Americans ages 65 and older with Alzheimer's is projected to hit 13.8 million, up from 6.9 million today. Such patients can expect to survive four to eight years, on average, after diagnosis.
- Someone who lives with Alzheimer's from age 70 to age 80 will spend an average 40% of this time in the severe stage — much of it in a nursing home.
- At age 80, nearly 75% of people with Alzheimer's live in a nursing facility.

These demographic shifts and medical realities make planning for possible long-term care an imperative.

### Planning is personal

When it comes to long-term care planning, consumers are driven by a variety of personal concerns. According to our 2024 study, having a family member who needed long-term care is a significant catalyst for creating an long-term care plan (88%) and buying long-term care protection (75%).

Consumers want to ensure that long-term care protection won't devastate their finances (46%). But notably, they now place more importance on peace of mind (52%) than on removing the burden from family (46%). They want to feel confident that they'll receive adequate care, if needed.



1. See Table 2. Projected Population by Age Group and Sex at [2023 National Population Projections Tables: Main Series \(census.gov\)](https://www.census.gov/data/tables/2023/national-projections/population.html).

2. 2019 National Association of Insurance Commissioners Shoppers Guide to LTC Insurance.

3. [Caregiver Resources & Long-Term Care \(U.S. Department of Health and Human Services\)](https://www.hhs.gov/healthcare/long-term-care/caregiver-resources).

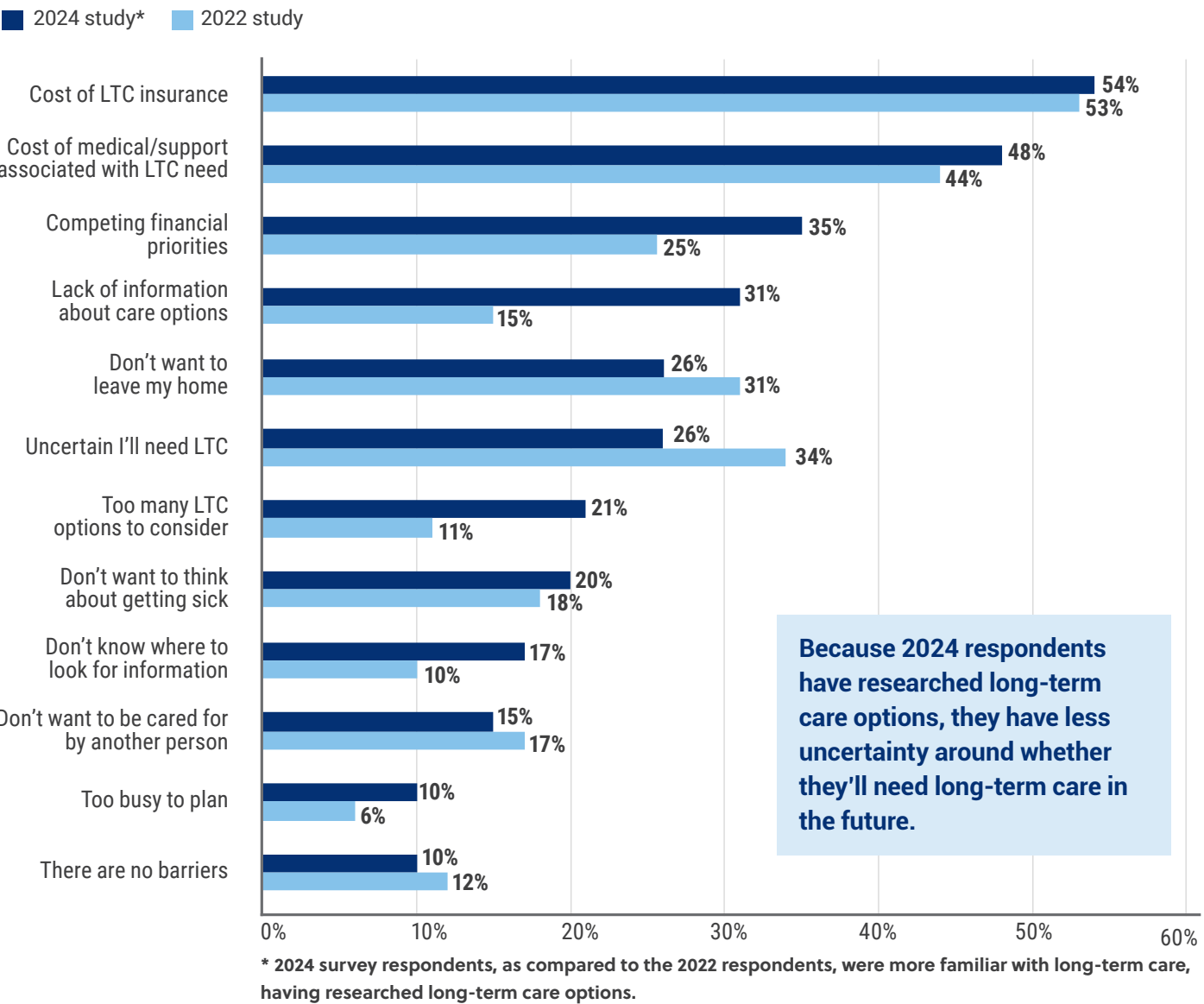
4. [Alzheimer's Association 2024 Alzheimer's Disease Facts and Figures](https://www.alz.org/alzheimers-disease-facts-and-figures).

### 3. Obstacles to LTC planning

#### Cost is a key concern

Consistent with insights gained in the OneAmerica Financial 2022 study, cost concerns remain the biggest barrier (54%) to planning for long-term care. While Americans are now generally sold on the *need* to plan, rising interest rates and stubborn inflation may have contributed to their *reluctance* to do so: Nearly half (48%) now cite the cost of medical and other support related to long-term care needs, and more than a third (35%) say competing financial priorities get in their way.

#### Barriers to planning for LTC



Not surprisingly, nearly eight in 10 older consumers (77% of those ages 60+), who face higher premiums as they age, see the cost of long-term care insurance as a barrier to buying.



## What does LTC insurance really cost?

Cost is the biggest hurdle when planning for long-term care, but do consumers who have researched the options understand the cost of long-term care policies?

OneAmerica Financial asked consumers what they believe the cost of long-term care protection is per month, and the responses varied widely.

Given each client's individual needs and protection options, it's essential to weigh the pros and cons with a knowledgeable financial professional.

## How can value help clear the cost hurdle?

Perceived cost and competing financial priorities, especially among older consumers, serve as significant hurdles in the decision to purchase long-term care insurance. But do consumers — even those who have researched long-term care options — truly understand the cost of a policy? Moreover, do they really recognize the benefits that coverage can offer them?

Rather than a challenge, financial professionals can help educate consumers on the value they can get for their premiums. This includes both protection against potentially catastrophic long-term care expenses and, with hybrid insurance, the ability to protect their loved ones and leave them a legacy.

## Consumers are overwhelmed by options — but open to help

Consumers want help wading through the wide range of Long-term care coverage choices. In particular, the youngest cohort surveyed (ages 40 – 49) say they need a lot of support from family, friends, doctors and insurance agents to quantify their care needs, understand their options and target their research.

Indeed, about a third of that group (32% versus 21% overall) say they haven't purchased long-term care insurance because there are too many choices to consider.

Tailoring a policy for each consumer, given their unique circumstances, can be solved by discussing the pros and cons of protection with a financial professional.



## Remember

**Federal law requires states to recover the amount Medicaid spends on one's behalf from their estate after they die.**

Each state's probate law generally defines what an estate includes, but it typically comprises all the real and personal property, such as a home and other assets, owned when the person dies. A state must recover the cost of long-term care services, including nursing home care or in-home or community-based services, but it can choose to recover the cost of all services Medicaid pays for.



## 4. What consumers want in an LTC policy

### Planning for peace of mind

A significant driver in creating an long-term care plan is peace of mind. Yet while most consumers (52%) believe that a plan alleviates worry, only 33% are confident they have a plan in place that meets their goals.

#### Primary drivers for creating an LTC plan

What do you perceive as the primary purpose(s) of long-term care planning? Something to consider as you read this data is what you consider to be two primary purposes for long-term planning.

52%

Not worrying because there's a plan in place just in case

46%

Knowing an long-term care event won't devastate my finances or retirement planning

46%

Confidence that I'll have adequate care

46%

Removing the burden from my family

Even so, there are differences by age. While most consumers over age 60 say that experience with a close family member or friend who needed long-term care drove them to create a plan, younger consumers (in their 40s) with the same experience are significantly more likely to take action on long-term care (96%) by purchasing insurance (89%).

In addition, younger consumers place a higher priority on meeting their family's protection needs with hybrid solutions that combine life insurance with long-term care protection.

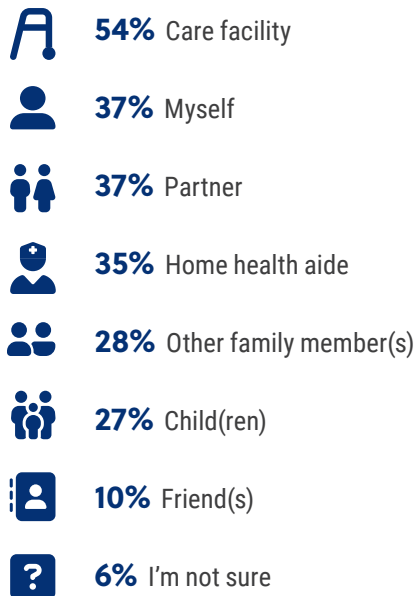
Consumers also want a say in their care — where they'll receive it, who will provide it and the quality they can expect. The best way to do that while still protecting their retirement nest eggs and any legacy they want to leave is to identify how they might pay for long-term care in the future. The time to create an long-term care plan, then, is *before* it's needed.



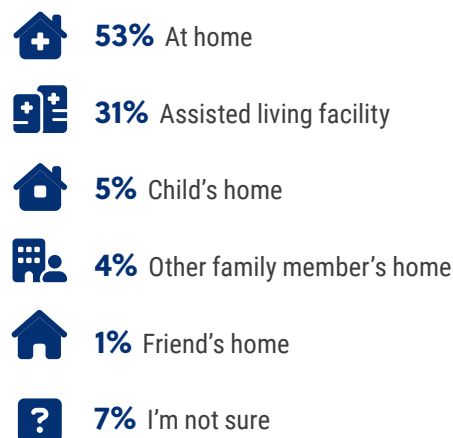
## Expectations for receiving LTC

Many seniors and their families prefer to receive long-term care services in the comfort and familiarity of their homes. They want some services to be provided by family members and informal caregivers.

### Who consumers expect to take care of them long-term if sick unexpectedly



### Where consumers expect to receive long-term care if sick unexpectedly



These responses factor into respondents' perceptions of their future long-term care costs and their expectations around how to meet them.

**While price of coverage remains an important component of the research into long-term care planning (72%), consumers also rate the duration of the benefit period (84%), choice of care setting (80%) and an insurer's reputation and strength (79%) as key components of the solution.**

#### There're some differences between age groups:

- Older consumers (ages 60+) rate price/premium cost (94%) and guaranteed fixed premiums (93%) as the most important factors when exploring long-term care insurance. Since long-term care coverage is more expensive, it's a significant consideration because they're close to retirement (or are retired) and are managing a fixed budget. This group also rates duration of benefit period (90%), choice of care setting (88%), allocation of monthly benefit for home care (83%) and whether a policy covers equipment and other support for caregivers (85%).
- Younger consumers (40 – 49) are less price sensitive and more focused on level (66%) and length (58%) of care when researching long-term care options. They see this type of insurance as part of their overall family protection plan, and they value the flexibility to use their benefits as needed. Life insurance would solve an immediate concern in the event of death, and long-term care protection long-term care protection would provide for unexpected health care expenses. So buying a hybrid policy in their 40s would help ensure they have all their bases covered.

As Gen X and millennial consumers witness the aging of the Baby Boomers (and the older Silent Generation), they see firsthand the impact of long-term care, the work and stress experienced by the family (who may also be the caregivers), and the financial effect of protracted or unexpected long-term care needs.





## What consumers look for when researching LTC insurance

What kinds of information do you look for when researching long-term care insurance options? Consider all that apply.

	Overall	Ages 40 to 49	Ages 50 to 59	Ages 60+
Level of care covered by insurance	75%	66%	73%	85%
Price	72%	56%	71%	89%
Length of care covered by insurance	68%	58%	63%	81%
Flexibility of types of care covered	65%	56%	66%	72%
Location of care facilities covered	56%	54%	54%	61%
Reviews/Ratings/Testimonials	53%	51%	53%	55%

Our study showed that interest increases as consumers get older — with 56% of those ages 40 – 49, 66% of those in their 50s and 72% of those age 80 or older — indicating that flexibility in types of care covered was important.

Such flexibility could mean a recipient begins receiving care at home with an informal, unlicensed caregiver (family member or friend) and then transitions to a facility if needed.

Traditional long-term care insurance and hybrid life/long-term care solutions offer different features, benefits, riders and pricing. The type of policy, along with the consumer’s health and age, are also key in determining eligibility and rates for private solutions.

### Pros of traditional LTC insurance

- **Lower initial premium.** The younger the policyholder is when they buy, the lower their premiums will be. Premiums can increase over time due to factors such as inflation adjustments and insurer rate hikes.
- **Policies are often guaranteed renewable.** They can’t be canceled if premiums are paid.

### Pros of hybrid life/LTC solutions<sup>5</sup>

- **Choice of care setting.** Many long-term care policies allow the policyholder to choose where they receive care, whether it be at home, in a community setting, assisted living facility or nursing home. Some policies allow the consumer to make home modifications that can help them stay there longer.
- **Consistent premiums.** Long-term financial planning is made simpler because premium costs are guaranteed.
- **Flexible payments.** Consumers can make a single lump-sum payment or pay premiums over time. In some cases, lump sums can come from other types of investments like qualified retirement assets. Traditional long-term care policies typically don’t offer a single-payment option.
- **Paying a family caregiver.** Some hybrid policies use an indemnity model, enabling enable the policyholder to pay a family member who provides care. (Caregiving can be a stressful, time-consuming job, and those without experience may not know what they don’t know: What equipment is needed in the home? What resources will they need to manage? Where do they go for help?)
- **Cash value option.** Permanent life insurance policies build cash value, which can help cover long-term care expenses or needs.
- **Leaving a legacy.** Portions of the life insurance policy not used for long-term care will go to the policy beneficiaries tax free.

One benefit of a hybrid long-term care policy is that it provides the flexibility to protect for long-term care needs or leave assets for loved ones in the event long-term care isn't needed.

### Understanding the differences

	Traditional LTC	Hybrid Life/LTC
Premiums guaranteed to remain the same/fixed		✓
Lower initial premium but can increase over time	✓	
Funding of premiums with qualified retirement assets (single-premium policy)		✓
Flexible use for LTC if needed and life insurance if LTC is not needed		✓
Duration of benefit period	✓ (Average 4 – 6 years)	✓ (Lifetime available)
Flexibility to pay family caregiver		✓
Flexible waiting periods	✓	
Covers supportive equipment/caregiver support		✓
Medicaid compatible	✓	

5. [Hybrid Life Insurance That Pays for LTC \(marketwatch.com\)](#)

## 5. How consumers plan to finance LTC

### Growing stress on existing resources

As the population ages, long-term care facilities and staffing will face increasing stress. Greater demand, driven by increased longevity and more conditions that require lengthy care, will tax those resources and drive costs up.

So while many consumers say they prefer to receive care at home, they may have little choice as the patient population grows and resources become scarcer and more expensive.

An unexpected long-term health event can drain assets. Conditions with protracted care needs, like Alzheimer's, will require resources not covered by programs like Medicare and could deplete all financial assets before Medicaid covers significant expenses, such as nursing home care. "Self-funding" long-term care with existing or projected assets could rapidly deplete those resources and impact both the patient's and family's quality of life now and into the future.

### Self-funding is a risky proposition

- The Milliman Retiree Health Cost Index suggests a 65-year-old couple will need to use nearly \$400,000 in savings toward "standard" health care in retirement. This doesn't include expenses for long-term care.
- If one of the couple has dementia, this could add another \$400,000 in expenses, reports the Alzheimer's Association.
- Three-quarters (77%) of consumers with personal experience with long-term care noted an increase in the cost of care as the level of care needed escalated.

Diseases like Alzheimer's demand long-term care and solutions that allow flexibility as to where that care is received. Paying family and friends to provide care while still protecting family assets is critical.



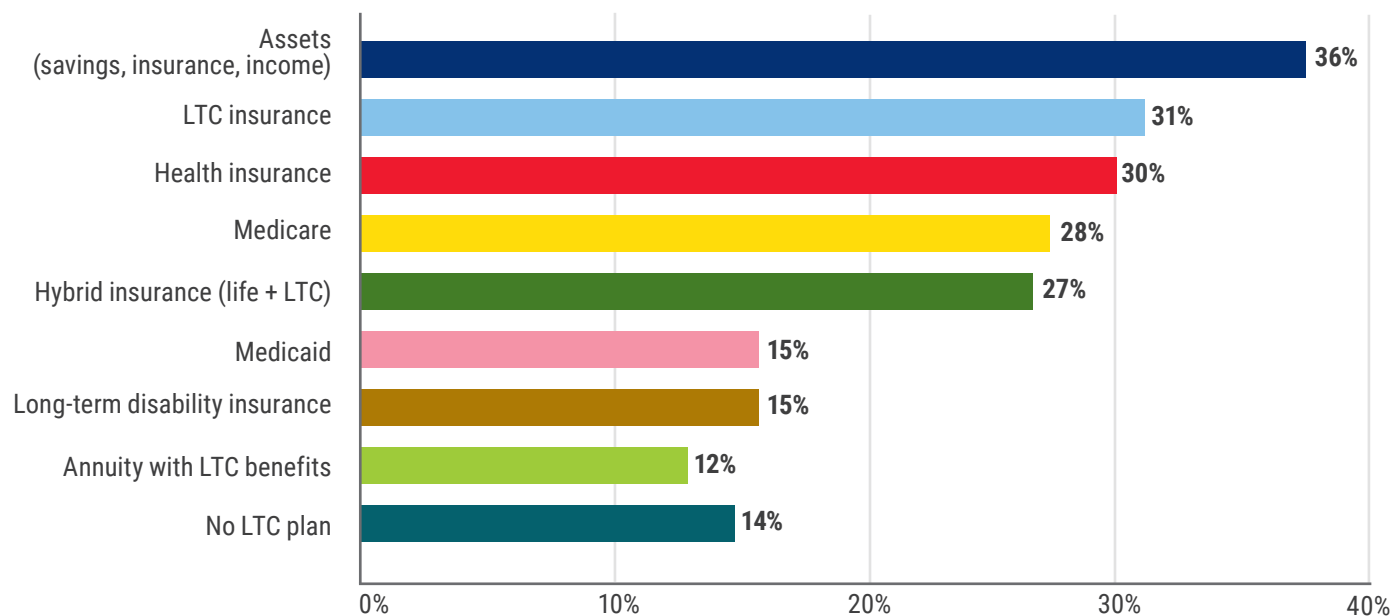


# Where will the funding come from?

Overall, about half of consumers expect to use personal savings (51%), long-term care insurance (46%), Medicare (45%) and health insurance (44%) if they need long-term care.

Still, fewer people with long-term care plans said they expect to use their own assets to pay for care (36%), while 31% plan to incorporate long-term care insurance.

## Parts of current LTC plan (already purchased or made arrangements to use)



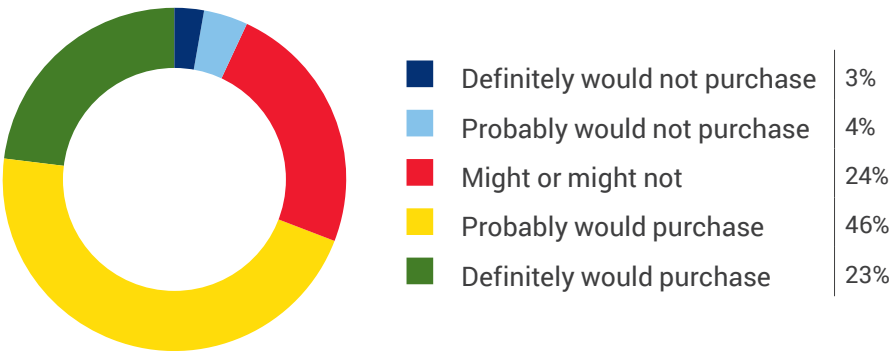
Q. Which of the following are already part of your current long-term care plan? Consider only those that you have already purchased or made arrangements to use.



When factoring in age, consumers over 60 are likely to “self-fund” unexpected long-term care expenses by tapping their assets (retirement accounts, Social Security, home equity, etc.) to handle costs not covered by Medicare or a Medicare supplement policy. These respondents say that long-term care insurance can be prohibitively expensive if not in place before age 60.

By contrast, consumers ages 40 – 49 plan to fund long-term care with insurance, not personal savings, and nearly eight in 10 (78%) say they would favor a hybrid life/long-term care policy over traditional long-term care coverage.

**Likelihood to purchase hybrid life/LTC protection instead of traditional LTC insurance**



Q. How likely would you be to purchase hybrid life/long-term care insurance instead of traditional long-term care insurance? If you have already purchased long-term care insurance, imagine you're still shopping for long-term care insurance.

**69%**

of respondents ages 40 – 49 say they are more likely to purchase hybrid/long-term care rather than traditional long-term care (78%).







## Uncle Sam to the rescue?

Consumers often assume that programs like Medicare or Medicaid will cover some, if not most, of long-term care expenses.

However:

- **Medicare doesn't pay for long-term care.** The federal health system for seniors has strict, sometimes onerous, limits on services. Even with those hurdles cleared, Medicare covered only 19.8% of long-term care costs in 2021.<sup>6</sup> And while private Medicare supplement insurance (Medigap and Medicare Advantage plans) can help bridge some coverage gaps, it rarely foots the bill for long-term care.
- **Many who need long-term care never qualify for Medicaid.** True, the state-administered program for indigent Americans covered nearly two-thirds of long-term care costs in 2019,<sup>7</sup> and it pays for almost a third of nursing home care in the United States.<sup>8</sup> But qualifying for Medicaid requires a significant spend-down: A consumer must divest their assets until they reach state-defined limits.

6. Who Pays for Long-Term Services and Supports? (Congressional Research Service).

7. Long-Term Care Statistics to Know for 2024 (Commonwealth Financial Services).

8. A Look at Nursing Facility Characteristics Between 2015 and 2023 (KFF).



## Conclusion

### Consumers are open to hybrid options and professional guidance

An aging population coupled with consumer preferences for how and where long-term care is given are fueling growth in hybrid solutions. These life/long-term care protection products are flexible in how they pay out — for long-term care, as a death benefit or both.

Even so, while 64% of respondents are prioritizing long-term care planning and 74% think they'll need it someday, only 33% feel confident about their current plans, highlighting the need for professional

guidance. Survey data has shown that consumers can benefit from clear direction and education about their long-term care options, including hybrid protection, which can address long-term care needs and complement existing financial plans.

These studies of consumer attitudes underscore our mission: to continuously evolve our products to help our customers prepare for a more secure future. In line with this commitment, we're leveraging insights from our "Leading Tomorrow" series to better understand and meet the needs of the marketplace.



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