LEADING
TOMORROW

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 LTC planning and identify solutions for policyholders and caregivers, OneAmerica Financial℠ conducted two consumer studies. The first, completed in 2022, explored consumer awareness of LTC needs, including reasons for — and barriers to — buying LTC protection. This year, we surveyed consumers who have researched LTC options— many of whom had personal experience with LTC, either through direct involvement or by witnessing the impact on loved ones and informal caregivers.

OneAmerica℠
Financial

In this report

Methodology and changes

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

U.S. Region

Midwest (*n* = 240)	**24%**
Northeast (*n* = 220)	**22%**
South (*n* = 325)	**33%**
West (*n* = 215)	**22%**

Age Range

40 – 49 (*n* = 330)	**33%**
50 – 59 (*n* = 320)	**32%**
60+ (*n* = 350)	**35%**

Gender

Female (*n* = 500)	**50%**
Male (*n* = 500)	**50%**

1. Key takeaways

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

Seeing firsthand the physical, mental and financial impact LTC 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 LTC and to purchase protection to meet those potential costs.

Among the findings:

- **Consumers get it.** Overall, 74% think they are likely to need LTC in the future, and nearly two-thirds (64%) say LTC planning is a priority — but only 33% are confident in their plans.
- **Younger consumers are more confident.** Younger consumers (ages 40 – 49) prioritize LTC planning (75%) and are confident in their current plan (55%); by contrast, only 17% of older consumers (ages 60+) express confidence in their plan.
- **Many want more guidance and information.** Many survey respondents want support (44%) when selecting LTC 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 are 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 are overwhelmed by the perceived cost of LTC protection and unsure if they will need it.

Why LTC protection is important:

- Unexpected LTC expenses can devastate finances.
- Government programs (Medicare, Medicaid) provide limited coverage.
- Waiting to buy LTC 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 LTC 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.[1]
- 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.[1] This growth is certain to lead to an increase in the number of people who need LTC.[2]

Someone turning age 65 today has nearly a 70% chance of needing some type of LTC services and support during their life.[3] Indeed, 74% of consumers OneAmerica Financial surveyed this year expect to require LTC at some point.

In particular, numerous studies have highlighted an increasing prevalence of cognitive challenges, including Alzheimer's dementia, which likely requires protracted LTC.

For example, the Alzheimer's Association reports:[4]

- 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 LTC an imperative.

Planning is personal

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

To be sure, consumers still want to help ensure LTC will not devastate their finances (46%). But notably, they now place more importance on peace of mind (52%) and confidence that they will receive adequate care if needed than on removing the burden from family (46%).

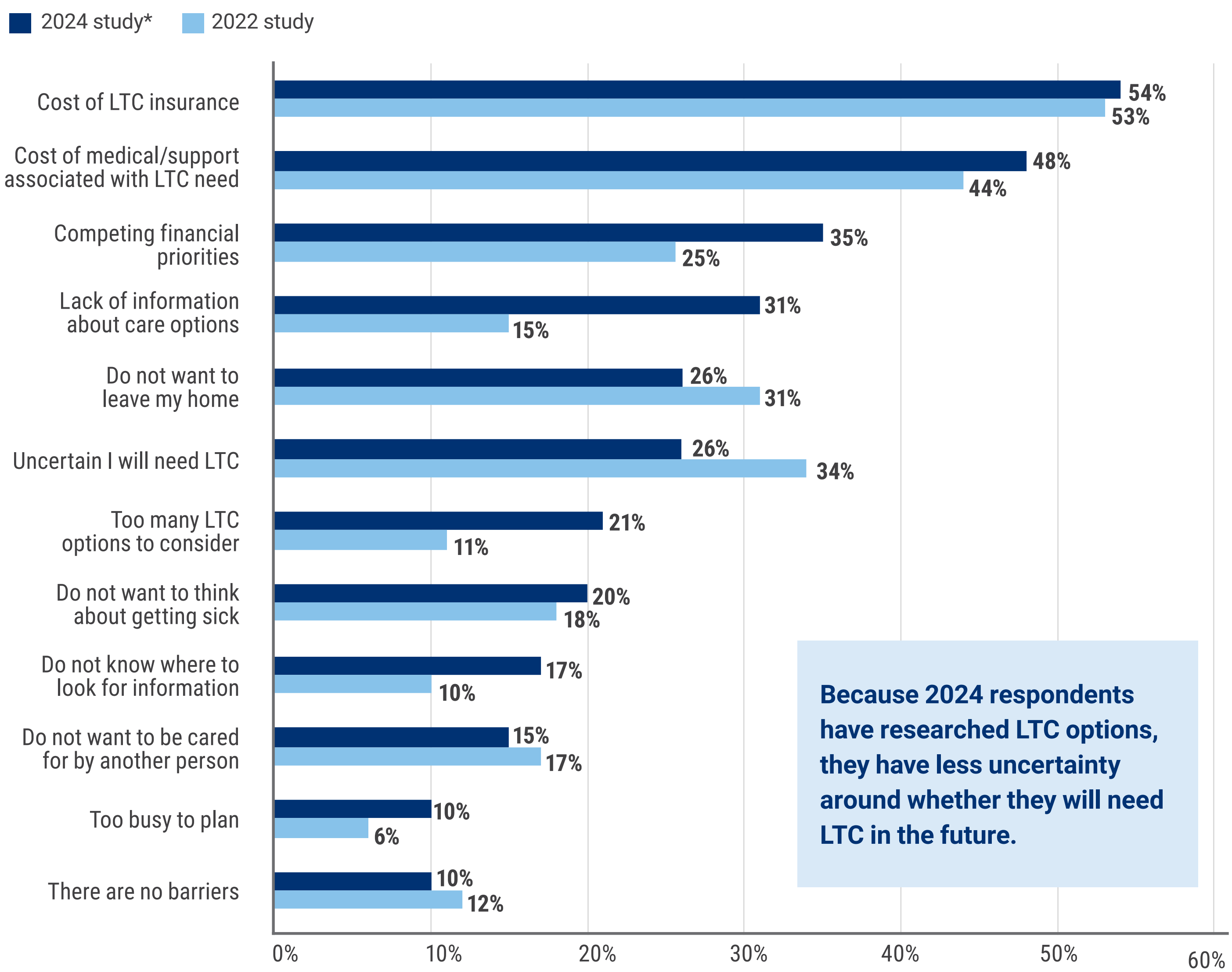
1. See Table 2. Projected Population by Age Group and Sex at 2023 National Population Projections Tables: Main Series (census.gov)
2. 2019 National Association of Insurance Commissioners Shoppers Guide to LTC Insurance
3. Caregiver Resources & Long-Term Care (U.S. Department of Health and Human Services)
4. Alzheimer's Association 2024 Alzheimer's 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 LTC. 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 LTC needs, and more than a third (35%) say competing financial priorities get in their way.

Barriers to planning for LTC



*** 2024 survey respondents, as compared to the 2022 respondents, were more familiar with LTC, having researched LTC options.**

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

What does LTC insurance really cost?

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

OneAmerica Financial asked consumers what they believe the cost of LTC 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 LTC insurance. But do consumers — even those who have researched LTC options — truly understand the cost of a policy? Moreover, do they really recognize the benefits 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 LTC expenses and, with hybrid insurance, the ability to protect and leave a legacy to loved ones.

TMI: Consumers are overwhelmed by options — but open to help

Then too, consumers want help wading through the wide range of LTC 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 needs, understand their options and target their research.

Indeed, about a third of that group (32% versus 21% overall) say they have not purchased LTC 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 LTC 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 LTC 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

52%	46%	46%	46%
Peace of mind — not worrying because there is a plan in place just in case	Knowing an LTC event will not devastate my finances or retirement planning	Confidence that I will have adequate care	Removing the burden from my family

Q. What do you perceive as the primary purpose(s) of long-term care planning? Select up to two.

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 LTC drove them to create a plan, younger consumers (in their 40s) with the same experience are significantly more likely to take action on LTC (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 LTC protection.

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

Expectations for receiving LTC

Many seniors and their families prefer to receive LTC services in the comfort and familiarity of their homes. They expect some services to be provided by family members and informal caregivers.

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

- **54%** Care facility
- **37%** Myself
- **37%** Partner
- **35%** Home health aide
- **28%** Other family member(s)
- **27%** Child(ren)
- **10%** Friend(s)
- **6%** I am not sure

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

- **53%** At home
- **31%** Assisted living facility
- **5%** Child's home
- **4%** Other family member's home
- **1%** Friend's home
- **7%** I am not sure

These responses factor into respondents' perceptions of their future LTC costs and their expectations around how to meet them.

While price of coverage remains an important component of the research into LTC planning (72%), consumers 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 are 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 considering LTC insurance, as they are close to retirement (or retired) — when LTC coverage is more expensive — and 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 LTC options. They see LTC 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; LTC 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 Gen Y consumers witness the aging of the Baby Boomers (and the older Silent Generation), they see firsthand the impact of LTC, the work and stress experienced by the family (who may also be the caregivers), and the financial effect of protracted or unexpected LTC needs.

What consumers look for when researching LTC insurance

	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%

Q. What kinds of information do you look for when researching LTC insurance options? Select all that apply.

Our study showed that interest increases as consumers get older — with 56% of those aged 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 LTC insurance and hybrid life/LTC 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[5]

- **Choice of care setting.** Many LTC policies allow the policyholder to choose where to receive care — at home or 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 LTC policies typically don't offer a single-payment option.
- **Paying a family caregiver.** Some hybrid policies use an indemnity model: They 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 LTC expenses or needs.
- **Leaving a legacy.** Portions of the life insurance policy not used for LTC will go to the policy beneficiaries tax-free.

One benefit of a hybrid LTC policy is that it provides the flexibility to protect for LTC needs or leave assets for loved ones in the event LTC 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, LTC 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" LTC with existing or projected assets could rapidly deplete those resources and impact 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 does not include expenses for LTC.
- 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 LTC noted an increase in the cost of care as the level of care needed escalated.

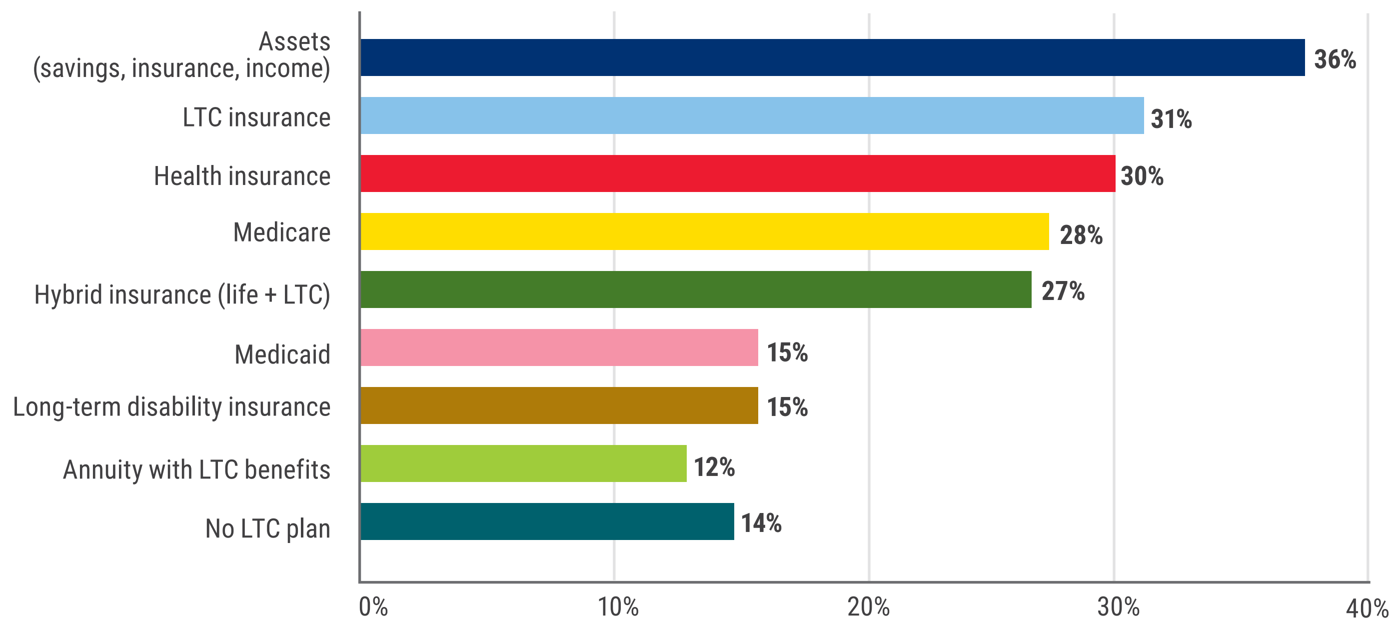
Diseases like Alzheimer's demand LTC and solutions that allow flexibility as to where that care is received. Paying family and friends to provide care while still protecting family assets is critical.

Where will the funding come from?

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

Still, fewer people with LTC plans said they expect to use their own assets to pay for care (36%), while 31% plan to incorporate LTC 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? Select all that apply. Please select 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 LTC 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 LTC insurance can be prohibitively expensive if not in place before age 60.

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

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

Definitely would not purchase	3%
Probably would not purchase	4%
Might or might not	24%
Probably would purchase	46%
Definitely would purchase	23%

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

69%

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

Uncle Sam to the rescue?

Consumers often assume that programs like Medicare or Medicaid will cover some if not most LTC expenses.

However:

- **Medicare does not pay for LTC.** The federal health system for seniors has strict, sometimes onerous limits on services. Even with those hurdles cleared, Medicare covered only 19.8% of LTC costs in 2021.[6] And while private Medicare supplement insurance (Medigap and Medicare Advantage plans) can help bridge some coverage gaps, it rarely foots the bill for LTC.
- **Many who need LTC never qualify for Medicaid.** True, the state-administered program for indigent Americans covered nearly two-thirds of LTC costs in 2019,[7] and it pays for almost a third of nursing home care in the United States.[8] 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 LTC is given are fueling growth in hybrid solutions. These life/ LTC protection products are flexible in how they pay out — for LTC, as a death benefit or both.

Even so, while 64% of respondents are prioritizing LTC planning and 74% think they'll need LTC 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 LTC options, including hybrid protection, which can address LTC 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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