

Overview and Learning Objectives

This module provides an overview of the advantages of planning ahead for long-term care (LTC) needs, why people do not plan and ways to encourage and support them to plan.

At the conclusion of this module, you will be able to:

- Explain the benefits of planning ahead for possible future LTC needs;
- Identify obstacles to planning;
- Describe what motivates people to do advance planning for possible LTC needs; and
- Identify some of the ways in which you can help support and motivate people in their planning efforts.

Self-Assessment

- Name three reasons why someone might want to “plan ahead” for their LTC needs.
- How might these reasons differ for people in different life situations?
- What obstacles (psychological and logistical) must people overcome before they can begin to plan ahead for LTC needs?
- What factors or life experiences help to motivate planning behavior?
- What does it mean to “plan ahead” for LTC needs?

Why Plan Ahead for Long-Term Care Needs

No one wants to think about when they might need LTC. It is natural that thinking about needing LTC and “planning ahead” is often postponed, sometimes until it is too late.

Most people learn about LTC the hard way – when they or a loved one needs care. However, LTC needs are best met when they are planned for. Planning ahead gives individuals time to talk with their family about preferences and concerns, to research care options in the community, and to give some thought to preferred types of services and providers. Furthermore, planning ahead gives individuals the time to plan for how they will pay for care – which can be very costly – in a way that does not deplete the financial resources available for a spouse or other family members.

Some of the specific advantages of planning ahead include:

- Preserving assets and income for uses other than paying for LTC services. This allows one to ensure quality of life for a spouse or other family member and allows one to preserve and pass on an estate to heirs.
- Providing choice over care options and control over where and how one receives LTC.
- Improving quality of life. This results in less emotional and financial stress on individuals and their families.
- Easing the burden of providing care by loved ones. Family members can still be involved in the daily care routine, but they can be a supplement rather than being the only source of care, which is emotionally and physically demanding.
- Maintaining independence. Choices for care outside a facility and being able to stay at home as long as possible are enhanced if individuals plan ahead, including a plan for how to pay for care options that are less likely to be covered by payers of last resort, such as Medicaid.

Why People Do Not Plan Ahead

Even though there are important advantages of planning ahead, people still often do not do so. Even when people are aware of and acknowledge these advantages, there are still emotional and logistical barriers to planning ahead. Some factors are more important for certain people than others, but all play some part. They include:

- **Lack of awareness of the risks of needing care.** While awareness is growing, many people still do not realize that the chance of needing LTC in the future is as high as six out of 10.¹ Considering the “risks” that people insure and plan for everyday, it is extraordinary to think that people are not planning for something with such a high probability of occurring.
- **Lack of awareness of the costs of care and who pays.** Even if people do acknowledge the risks, many do not realize that LTC is expensive and that existing insurance, such as Medicare, health plans, or disability coverage do not pay for LTC. Some people understand that Medicaid pays for LTC, but do not understand the eligibility requirements and the nature of choice and coverage available under Medicaid.
- **Most people do not realize that, if they need LTC for an extended time, it is most likely to be paid for out-of-pocket.** Consumer publications review the “government programs” that pay for LTC, but people are likely to skip the “fine print” that goes into more detail about when government programs will and will not pay. People do not understand that LTC is much more than skilled care. They often think that Medicare will cover most of their LTC needs because skilled care is paid for by Medicare. Another source of confusion is the “pie chart” showing that Medicare and Medicaid pay for the majority of care. While this is true on an aggregate basis, most people with income and assets will pay for extended LTC out-of-pocket.
- **Denial.** Many people avoid thinking about or discussing the possibility that they might be disabled or dependent. Many hope that it will not happen to them.

¹ Long-Term Care Insurance, Baby Boom or Bust? Conning & Company, 1999.

- **Competing planning priorities.** There are many day-to-day issues as well as long-range plans that require attention, such as saving for college or handling a pressing medical or financial situation. Because people tend to avoid planning for LTC, it is often lower priority than other planning priorities.
- **Difficulty in discussing LTC issues.** While it is difficult for people to acknowledge that LTC is a possibility in the future, it is also especially difficult to talk with family about LTC issues. However, talking with family about care options, for example, is an important part of planning. Adult children feel “guilty” prying into their parents’ lives by discussing plans they may have made. Will their parents think they are trying to shirk their responsibilities to care for their aging parents? Or that they are trying to “insure their inheritance?” Similarly, elderly parents do not want to burden their adult children with the responsibilities for caregiving as they age. Thus, both elderly parents and adult children avoid discussing this important issue.
- **Understand the benefits of planning.** While many people do acknowledge the benefits of planning or at least recognize them, they may not have internalized the benefits enough to act on them. Often, other barriers to planning interfere. In focus groups, many people can name advantages of planning ahead – citing many of the items raised above. However, knowing that those benefits are available and then knowing how to obtain them are two different things.
- **Understand how to plan.** The “How To” is an important factor for people who need help in planning ahead for LTC. Fear of doing it wrong, or making a mistake or simply not knowing how to begin can hold someone back. People are concerned with “scams” that prey on their worries about health and aging, so they may be additionally skeptical of information or products targeted to help them plan ahead and think about LTC needs.
- **Existing health issues.** Unfortunately for some, existing health issues may also serve as a barrier to planning ahead for long-term care. Acknowledge that compromised health may be a barrier to planning, as it diminishes some options. But help your client understand that while his or her diminished health may mean that one or two options may not be available, i.e. long-term care insurance, there may be other planning tools or long-term care options available.

What Motivates Planning

Overcoming the barriers outlined above is critical to support and enable planning behavior. One powerful factor is having some LTC experience – perhaps a close family member or friend who has needed LTC. This is probably because knowing someone who needs LTC is an unfortunate but effective way for people to learn that LTC needs can arise and that, when they do, they are expensive and not already covered by existing insurance.

One way to help consumers “learn” about LTC in an effective way – without having to experience a need themselves – is to present “real stories” of people who have needed LTC and illustrate through these real stories how planning ahead improved the outcome. Sharing “success stories” and presenting LTC needs in a more favorable light, rather than “scare tactics” is often an effective way to teach and mobilize people to plan ahead.

Attitudes appear more important in predicting who will and will not plan ahead than demographics. As noted above, people who understand and acknowledge the risks and costs of needing LTC in the future, and who perceive the value of planning ahead, are much more likely to plan. People who plan ahead for LTC needs are also more likely to be “planners” in other aspects of their lives. For example, planners are more likely to have consulted with a financial planner, to invest in savings vehicles, such as annuities, IRAs and 401K plans, and to feel that “it is important to plan” as a way of improving and controlling outcomes of some of life’s uncertain events.

Assessing Your Long-Term Care Planning Quotient

What does it mean to “plan” for LTC needs? There are many different activities and directions people can pursue. The quiz on the following page is designed to provide a quick first impression of how much “planning” for LTC someone has done and also provide some ideas for easy “first steps” that qualify as “planning.” Breaking down the planning task into more manageable smaller steps can be a helpful place to start.

Your Long-Term Care Planning Quotient

Most people learn about long-term care the hard way – when they or a loved one needs care. While most of us do not like to think about it, long-term care needs do arise. And those needs are best met when they are planned for. **Here is an easy quiz you can take to test your long-term care planning quotient – how prepared are you to begin planning for possible long-term care needs.**

What is long-term care? It is the kind of help you might need with everyday activities like bathing, dressing, feeding yourself or getting around. Our ability to do these everyday tasks can be limited because of an accident, disability, chronic illness or simply due to the frailty of old age. When we cannot perform these functions completely on our own, we need “long-term care.” While many people think of care in a nursing home when they hear the words “long-term care,” there is a much wider array of services to support people who need long-term care. Among them are in-home health care, adult day care centers, assisted living facilities, adult family care homes, continuing care retirement communities, and many others. In fact, most long-term care is provided at home, either by paid providers like home health aides, personal care workers or nurses and therapists, or even by unpaid caregivers such as family or friends.

Answer each question below “YES” or “NO”. Count the number of “YES” answers and find your Long-Term Care Planning Quotient below.

1. Do you think it is possible that you might someday need long-term care?

___YES ___NO

2. Have you looked into what it would cost if you ever needed nursing home care? Or looked into what community-based services are available to provide care in your home and what they cost? (Specifically, have you visited or called nursing homes or home health care agencies to find out what they cost? Or do you know first-hand what they cost because someone in your family has needed care?)

___YES ___NO

3. Have you ever talked with your spouse, adult children, friends or your siblings about whether they would want to or be able to care for you if you became ill or disabled for a long time? Or have you ever told them how you feel about relying on their help?

YES NO

4. Have you ever looked into alternative living options available to you, such as moving in with family, moving to an assisted living facility, retirement community, continuing care community, moving to an easier-to-care for apartment or house, or modifying your existing home to make it easier to get around and to be cared for?

YES NO

5. Have you ever talked with a financial planner, insurance agent, attorney or other financial advisor about how you would pay for long-term care services if you needed them?

YES NO

6. Have you thought about how much of your current income and assets you could afford to set aside to pay for long-term care expenses, if you needed care due to an extended disability or illness?

YES NO

7. Have you reviewed in detail your current health care insurance (e.g., Medicare, Medigap, HMO, etc.) to understand whether it would pay for your care if you needed to be in a nursing home or needed care at home for an extended disability or illness?

YES NO

8. Have you specifically set aside funds to pay for long-term care if you need it and done so in a way that assures you that you will not use these funds for anything else until you are certain that you will not need long-term care? This might include a medical IRA, long-term care annuity, buying long-term care insurance, reverse annuity mortgage, etc?

___YES ___NO

9. Have you discussed with your family physician whether you might be a higher for needing long-term care someday (e.g., Alzheimer's disease, Parkinson's, stroke, etc.) based on your medical and family history, lifestyle risk factors, etc.?

___YES ___NO

10. Have you ever read a consumer's guide about planning for long-term care or buying long-term care insurance?

___YES ___NO

What is Your Long-Term Care Quotient?

Give yourself one point for every “YES” answer. If you have...

7-10 “YES” ANSWERS

You have obviously given this topic some important consideration. Congratulations! By planning ahead, you can have more control over your care choices and the financial impact of paying for care. Planning ahead also provides important peace of mind for you and your loved ones.

4-6 “YES” ANSWERS

It is very good that you have given this important topic some consideration. That is a critical first step. Planning ahead for long-term care needs is not easy, but it can pay off in terms of having more control over your care choices and your financial situation as you age. Planning ahead also provides important peace of mind for you and your loved ones.

0-3 “YES” ANSWERS

Unfortunately, you are not alone. Most of us do not plan far enough in advance for the possibility that we might need long-term care. It is easy to postpone thinking about something that we hope will never happen. But the reality is that most of us will need some type of long-term care. So, planning ahead is important. By planning ahead, you have more control over your care choices and the financial impact of paying for care. Planning ahead also provides important peace of mind for you and your loved ones.

What Can You Do?

As a counselor, your role is important. There are some easy first steps that counselors can take to help motivate planning:

- Make consumers aware of the risks, cost and who pays for LTC. This is a critical baseline for the motivation to plan, and probably one of the major reasons people do not plan ahead for LTC needs – they simply do not realize that it is something they need to or should be worrying about.
- Remind consumers of the advantages of planning.
- Acknowledge, first and foremost, that these are not easy things to think about. The best way to address the tendency toward “denial” is directly – by admitting that it is a big hurdle in dealing with this issue. While no one likes to think about possibly needing LTC, once a consumer acknowledges the need and plans for it, then he or she does not have to think about it again!
- Help consumers learn the facts about LTC and the advantages of planning ahead by talking about real life LTC stories – encourage them to talk about family or friends they know and what their experiences have been. Those lessons are more effective than impersonal facts or statistics. If they do not have any LTC experiences, share with them other people’s stories that you may have heard – or your own.
- Start with something easy. Have consumers make a list of what is important to them with regard to LTC issues. Some questions to ask include: Where do you want to get care? What do you think about relying on family? What care options do you want to learn more about?
- Acknowledge that these are difficult topics and reward the progress that someone makes along the way! Encourage consumers by reminding them that there is no “right or wrong” about how to plan or what is included in the plan – these are personal decisions and whatever feels right to them is the right place to begin.

- There are many resources on the Internet and in the media. There are useful consumer resources such as www.medicare.gov or the National Association of Insurance Commissioner (NAIC) Shopper's Guide to LTC. In addition, encourage consumers to critically review the materials they have read. The media has tended to focus on the "horror stories" and "what went wrong" about LTC and does not tend to emphasize the advantages of planning or the positive aspects of various planning options.
- Helpful consumer publications on LTC include:

Phyllis Shelton. Long-Term Care Planning Guide: The Consumer Resource for Long-term care Financing. Shelton Marketing Services, 2002. 1-800-844-4893.

United Seniors Health Council. Planning for Long-Term Care. 2002.

Marilee Driscoll. The Complete Idiot's Guide to Long-Term Care Planning, 2003.

Module Exercise

1. What elements are included when we think about “planning ahead” for long-term care (LTC) needs?
 - a. Financial considerations
 - b. Lifestyle factors
 - c. Care Choices
 - d. Housing preferences
 - e. Only items a, b, and c
 - f. All of the above

2. What two factors are most critical to motivate people to plan ahead?
 - a. Education and income
 - b. Good health and being married
 - c. Awareness of risks and costs and understanding the value of planning
 - d. Knowing a good financial planner and being healthy

3. What are the advantages of planning ahead for LTC needs?
 - a. If you plan ahead, you have more choice and control over where you can receive care
 - b. If you plan ahead, you won’t end up needing care
 - c. If you plan ahead, you can transfer assets to protect them and let Medicaid pay for your care
 - d. If you plan ahead, you can recover more quickly if you do need care

4. Which of the following is not a reason why people often do not plan ahead for LTC needs?
 - a. Denial
 - b. Lack of awareness of LTC risks and costs
 - c. They do not mind having their family take care of them
 - d. Uncertainty about how to plan

5. In general, which type of person is most likely to “plan ahead” for LTC needs? (Assume that they are all age 65.)
- a. Married person, does not have an IRA, no family experience with LTC
 - b. Single person, does not have an IRA, no family experience with LTC
 - c. Married person, has an IRA, family experience with LTC
 - d. Single person, does not have an IRA, family experience with LTC
6. What is the most important thing you can do as a counselor to motivate LTC planning?
- a. Tell people what they are doing wrong and what they are doing right
 - b. Provide all the correct data and statistics about LTC
 - c. Tell them what planning activities you have engaged in and why those are the best way to start
 - d. Make people aware of the advantages of planning and reward them for wanting to take the initiative to plan