



Most Americans Unprepared for Long-Term Care Costs

AARP Survey Finds Misperception and Confusion About Options for Paying (December 11, 2001)

Over half (60 percent) of Americans age 45 plus say they are at least "somewhat familiar" with long-term care services currently available. But most Americans are uninformed about the costs of, and funding sources for, long-term care services. Yet the need for these services is expected to increase in the future.

According to the latest U.S. Census Bureau projections, today's 65 or older population numbers are expected to double to about 70 million in 2030 and the 85 and older population will also nearly double to about 8.5 million.

"With the onset of the aging demographic revolution, it is essential that the general public not only learn about the long-term care options but understand their costs, and begin planning for their future care requirements," said AARP CEO Bill Novelli. "Unfortunately most of us pay little attention to the cost of such care until we or our loved ones need it. AARP sees our role as informing and assisting people to make good choices."

The AARP survey asked Americans age 45 and older a range of questions designed to measure their level of understanding of the costs and funding sources associated with three types of long-term care: nursing homes, assisted living facilities, and in-home care.

The results show that Americans age 45 plus generally do not know how much long-term care services cost. Only 15 percent could identify the cost of nursing home care within ± 20 percent of the national average cost. Another quarter (24 percent) said they did not know the cost. And more than half (51 percent) estimated the cost too low. [The national average monthly cost of nursing home care is \$4,654.]

Only one in four (27 percent) could come within ± 20 percent of the estimated median cost of care in an assisted living facility and 38 percent said they did not know. [The national estimated median cost for assisted living per month is between \$2,000 and \$2,500.]

Americans age 45 and older also are generally unaware of how much an in-home visit from a skilled nurse or aide costs. Americans age 45 plus gave a wide range of answers, with no real consensus. One in three (33 percent) "didn't

know" the cost. [The average Medicare reimbursement is \$109 for a skilled nurse visit and \$64 for a home visit by an aide.]

About three in ten (31 percent) Americans age 45 and older say they have insurance that covers the costs of long-term care, when they probably do not. Although it is difficult to know exactly how many Americans currently have long-term care insurance policies, the Health Insurance Association of America estimates that only about 6 percent of Americans purchased such insurance.

People who say they have insurance that covers the cost of long-term care are more likely to say they feel prepared to meet the financial challenges of long-term care than those who say they do not have such coverage (70 percent versus 39 percent). This suggests that people who say they have long-term care coverage when they do not may have a false sense of financial preparedness. Overall, Americans age 45 and older are split as to whether they feel prepared to meet the financial challenges associated with long-term care. About half (49 percent) feel "very" or "fairly" prepared; 46 percent said they are "not very" or "not at all" prepared.

According to the new study, there is also a discrepancy between what people think Medicare and Medigap cover and what they actually cover. More than half (55 percent), including those who say they are "very familiar" with long-term care (58 percent), believe Medicare covers long-term nursing home stays. And nearly a quarter says they would rely on Medicare to pay for such stays. The reality is that Medicare does not cover long-term nursing home stays.

Four in ten (41 percent) thought Medicare covers assisted living care and more than one in three (34 percent) didn't know whether it does or does not. Medicare does not pay for assisted living.

Over half (57 percent) correctly said that Medicare covers the cost of in-home visits from a skilled nurse. However, many Americans do not understand the difference between a home visit from a skilled nurse and a home visit by a home health aide. More than half (52 percent) thought Medicare covers aide visits. In fact, Medicare covers only home health aide services for care that is medically necessary. It does not cover costs of custodial care.

Novelli said that, "AARP will use the findings from this survey to educate our members, the public, and policy-makers about long-term care and its costs for individuals and their families. Equally important, we will continue to advocate for the support for long-term care that people want and need in their homes and communities."

The survey, entitled "The Costs of Long-Term Care: Public Perceptions Versus Reality", was conducted by RoperASW on behalf of AARP. The results are based on telephone interviews with a random sample of 1,800 Americans age 45 and

older. With a sample this size, the maximum margin of error at a 95 percent confidence level is within ± 3 percentage points. In addition to the national survey, five state-specific surveys were conducted with a random sample of 400 people age 45 and over in California, Florida, New Mexico, Washington, and Wisconsin.

AARP is a nonprofit, nonpartisan membership organization for people age 50 and over. It provides information and resources; advocates on legislative, consumer, and legal issues; assists members to serve their communities; and offers a wide range of unique benefits, special products, and services for its members. These benefits include AARP Webplace at www.aarp.org, Modern Maturity and My Generation magazines, and the monthly AARP Bulletin. Active in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP celebrates the attitude that age is just a number and life is what you make it.