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Patterns of Informal and Formal Caregiving among Privately Insured and Non-Privately Insured Disabled Elders Living in the Community

by Don Charsky

A recent series of government actions has signaled the federal government's continuing desire for individuals to accept personal responsibility for planning and paying for their long-term care (LTC) needs. Limited public funding for LTC expenses, coupled with tax incentives for individuals and companies to obtain private long-term care insurance (LTCI) policies, has once again heated up sales in the burgeoning private LTCI market.

But does private LTCI represent a "good buy"? While there is a growing body of knowledge about who buys LTCI policies and why, there has been no systematic study of the effectiveness of such policies. On an industry-wide basis, no one knows:

- * how benefits are being used
- * whether claimants feel they are



- getting good value for the premiums they pay
- * whether the patterns of formal (paid) and informal (unpaid) service use differ for LTCI claimants compared to similarly disabled persons without LTCI policies

Our research study was designed to:

- answer these questions
- provide basic socio-demographic and service utilization profiles for disabled private LTCI policyholders
- to compare such data and findings to the experiences of non-insured disabled community-dwelling elders.
- to discuss the implications of such findings on the service delivery system as well as on the design of private and public LTC programs and policies

The study was funded by grants from the Department of Health and Human Services, Office of Disability, Aging and Long-Term Care, and the Robert Wood Johnson Foundation Home Care Research Initiative. The project entailed

interviewing 700 community-dwelling LTCI claimants and their informal care-givers, as well as 500 privately insured institutional claimants, all receiving benefits under their policies.

Only the results of the community dwelling sample will be discussed here. There will be reports available in the near future that discuss the results of the informal caregiver sample, the institutional sample and a comparative analysis of the community and institutional samples.

The Profile of Community-Dwelling LTCI Claimants

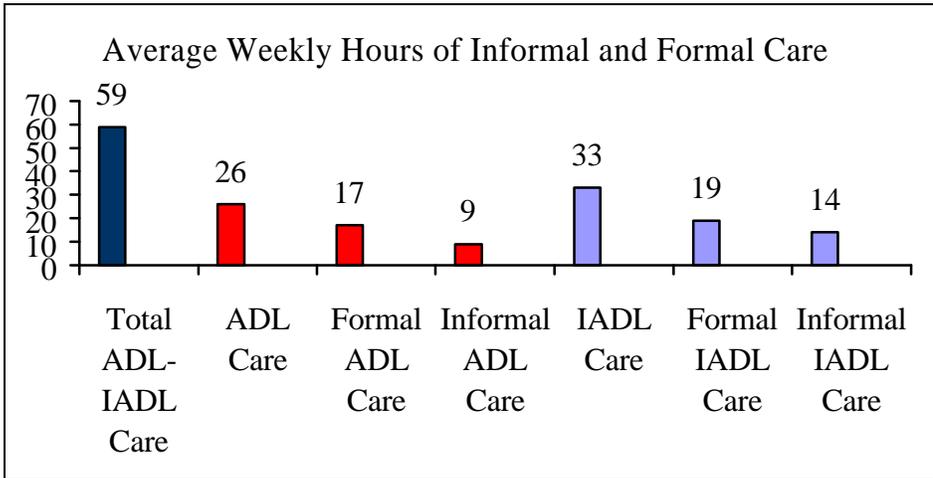
- Privately insured disabled policyholders are more likely to be older and widowed, and less likely to have children living nearby than are elders in the general population.
- LTCI benefits are well targeted. The vast majority of recipients (79%) have significant dependencies in activities of daily living (ADLs)—on average 3.3 dependencies—or is cognitively impaired (32% of the sample).

Socio-Demographic Characteristics	Privately-Insured Disabled Claimants	General Population 65 and over
Average Age	79 years	75 years
Male	32%	31%
Female	68%	69%
Never Married	4%	4%
Married	46%	4%
Divorced/Separated	5%	7%
Widowed	45%	34%
Any children within 25 miles	54%	69%

Use of Formal and Informal Care Services among Privately Insured Claimants

- About one in four claimants relies solely on formal (paid) services for their care.
- On average, claimants receive 59 hours of care a week. Insur-

- claim for about 13 months and had received \$18,000 in benefits. This amount represents less than 20% of total available insurance benefits.
- The typical coverage for home care reimburses up to \$80 in daily costs for a period of about four years.



ance pays for an average of 36 hours per week, which is equal to about 60% of the total care received.

- Formal caregivers split their time fairly evenly between ADL and instrumental activities of daily living (IADL), whereas informal caregivers are more likely to be providing greater amounts of IADL assistance.
- Formal service providers spent 44 hours in the homes of claimants of which 36 hours were spent on ADL and IADL assistance. About 18% of the time was spent on non-ADL/IADL activities.

Benefits Paid under Insurance Contracts and Insurance Policy Designs

- For more than 70% of claimants, insurance pays all of the costs of care.
- The average monthly insurance benefit paid to claimants is \$1,527. This compares to an average public insurance benefit (i.e. Medicaid waiver) for home care of \$450.
- As of the interview date, the average claimant had been in

- One-third of claimants have some form of inflation protection provision in their policy.

Claimant Satisfaction with Insurance Policy and Insurance Company

- The vast majority of claimants (86%) are satisfied with their policy and most (75%) had no difficulty understanding what their policy covered. Most (70%) found it easy to file a claim. About 19% felt that the company could have provided additional customer support and more information about how to use benefits.
- About 90% of all individuals filing claims had no disagreements with their insurance companies or had a disagreement that was resolved satisfactorily.
- While most claimants felt they had purchased enough home care coverage (75%), the rest (25%) wished they had purchased more.

Impact of Private LTCI on Claimants and Informal Caregivers

- About 60% of claimants indicated that without their policy they

- would not be able to afford their current level of services and would have to consume fewer hours of paid care. Many also indicated that without their policy benefits, they would have to rely more on informal supports.
- About half of all claimants and informal caregivers indicated that without private insurance, they would have to seek institutional alternatives—nursing home care or assisted living facilities.
- The presence of insurance benefits has not significantly reduced the level of informal care received by claimants. Roughly two in three informal care-givers have not reduced the level of care that they provide, with half maintaining the same level of care. This finding suggests that for most informal caregivers, insurance financed formal care is not a perfect substitute for informal care.
- Where formal care does substitute for informal care, the substitution is selective; that is, the formal care financed by insurance benefits may substitute for the care provided by adult children but not necessarily for the care provided by a spouse.
- About two in three informal caregivers indicate that the presence of private insurance benefits has reduced their level of stress.

Levels of Met and Unmet Need

- The majority of claimants do not report unmet (82%) or undermet (77%) needs. Yet for those who do, the principal contributing factors are service availability, scheduling, continuity and coordination of caregivers, claimant preference and the quality of caregivers.
- While LTCI is succeeding in bringing formal caregivers into the homes of disabled elders, in some cases the services of these providers are either not being utilized by claimants or are not being supplied to the claimant.

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- Claimants with multiple caregivers report greater levels of undermet need. This suggests that clearly delineated lines of responsibility may be particularly important in assuring that needs are adequately met.

Comparing Disabled Privately Insured and Non-Privately Insured Community-Dwelling Disabled Elders

- Compared to those without private insurance, disabled elders with private insurance are more likely to live alone and less likely to have children living nearby. They are also four times more likely to have some college education, eight times more likely to have incomes greater than \$30,000, and are overwhelmingly white.
- The prevalence of physical impairments (i.e. ADL limitations) is much greater among the privately insured disabled elders than among the non-privately insured disabled elders; on the other hand, cognitive impairment is much more prevalent among non-insured disabled elders.
- About 90% of the non-privately insured disabled elders rely on some level of informal care compared with 77% of the privately insured disabled elders.
- Privately insured disabled elders are roughly five times more likely to rely exclusively on formal care than are those with out private insurance. This finding supports the hypothesis that private insurance may be used to compensate for a lack of available informal support.
- The majority (70%) of disabled elders with private LTCI primarily use unskilled services such as home health aides and home-maker services, whereas among

the non-insured disabled, nursing care remains the most prevalent Medicare funded home care service.

- The privately insured disabled receive 14 hours more per week of assistance than do the non-privately insured disabled. Much of this is attributable to the receipt of formal services.
- Very few of the privately insured disabled use Medicare as apayment source for home care services. By contrast, roughly 30% of non-privately insured disabled elders use Medicare as a payment source.

Clearly:

- LTCI benefits are well targeted; they serve those who are truly dependent.
- The vast majority of claimants is satisfied with their policies, understand their coverage, and find it easy to file claims.
- Because of their LTCI benefits, substantial numbers of disabled elderly individuals can remain at home instead of being forced to seek institutional care.
- The availability of LTCI benefits

reduces stress among informal care givers and decreases usage of Medicare to fund home health care expenses.

- Finally, for insured individuals, formal care may substitute for some, but not most, informal care, and the two systems appear to be working together to better meet the needs of claimants.

Expansion in the private market is likely to lead to reductions in public expenditures on LTC, and the insurance is likely to continue to help disabled individuals remain in their homes at the same time as it maintains and enhances the resiliency of informal support networks.

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Long-Term Care Insurance Section Meeting in Seattle

Launching the new Long-Term Care Insurance Section in Seattle are newly elected Section Council members:

(Standing L to R)—Greg Gurlik, Bill Weller, Mike Abroe, David Dickson, Bart Munson (Newsletter Editor)

Seated: L to R)—Andrew Herman, Loida Abraham (Vice-Chairperson), Jim Glickman (Chairperson), Amy Pahl (Secretary). Missing: Gary Brace (Treasurer)

