

Making an Informed Decision about Long-term Care Insurance: A Teleconference Seminar to Help Consumers

Paul E. McNamara
Kathryn L. Sweedler
Katherine J. Reuter
Mary Ann Fugate

Abstract

To help consumers make informed decisions about long-term care insurance, University of Illinois Extension developed an educational program that combines written materials and an interactive teleconference seminar. Evaluation data from the program over the last three years indicate that consumers find information from the program very helpful in their decision-making process. At the conclusion of the seminar, more than 40 percent of respondents planned to do more research about long-term care insurance options. Forty-four percent of respondents said they were ready to make a decision about whether they should purchase long-term care insurance. More than 90 percent of respondents felt the seminar would be useful to them personally. Overall, the teleconference seminars have proven to be a successful method of providing information to consumers about long-term care insurance.

What You Need to Know about Buying Long-term Health Care Insurance is a teleconference seminar to help people make an informed decision about their need for long-term care insurance. University of Illinois Extension currently offers the seminar twice a year. The seminar is a research-based education program that assists consumers as they evaluate long-term care insurance as part of their retirement plan.

The teleconference seminar helps answer consumers' questions such as:

- How likely am I to need long-term care?
- How can I better understand terms used in long-term care insurance policies?
- Can I afford to pay long-term care insurance premiums?
- Should long-term care insurance be a part of my financial plan?

- What are the important components of a policy of which I should be aware?
- What do I need to know about insurance companies?
- How can I be creative and design a financial plan that meets my needs?

Why offer this program?

People are concerned about having enough financial resources when they retire. They are especially concerned about how health care costs will impact their financial security. One component of health care is long-term care services. Long-term care includes a broad range of personal, social, and medical services provided either at home or at a formal institution. Long-term care can include nursing home services, but it also includes services such as assistance in eating, bathing, shopping, and doing heavy housework. Medicare generally does not pay for long-term care costs. One strategy to deal with potential future costs of nursing home services and other long-term care services is long-term care insurance. However, growing evidence shows consumers face significant difficulties in deciding whether or not to purchase long-term care insurance and in evaluating different long-term care insurance policies.

Many people have difficulty imagining themselves old and in need of long-term care services such as assistance with daily activities like eating, bathing, or dressing. How to finance this type of care, whether in a nursing home or for services provided in one's home, is particularly worrisome. More than 85 percent of boomer-age people reported being fearful that their future retirement security could be jeopardized by the costs of long-term care (Cutler 1997). In Allstate's 2002 "Retirement Reality Check" survey, almost twice as many Baby Boomers reported rising health care costs as a top fear in retirement as was reported in 2001 (Baby Boomers 2002). Clearly, this is a growing concern among consumers.

There are many indications that people need unbiased, quality information about long-term care financing options to feel secure about their financial plans. Stum (1997) found that many families "decide not to decide" because the information is too confusing when considering long-term care options. Because of the difficulty in making an informed decision, people who would benefit from long-term care insurance may not purchase it.

Lack of information can lead to other kinds of mistakes. Research at the University of Illinois by McNamara and Lee (2003) raises concern about people purchasing long-term care insurance who cannot afford to maintain the policy. Their work analyzing the Health and Retirement Survey (1996, 1998 and 2000 data sets) shows that only 23 percent of those with long-term care insurance in 1996 maintained their coverage over the five years. In other words, more than 75 percent of the people dropped their long-term care insurance policy.

Paying for long-term care insurance premiums and then canceling the policy before needing the policy is a waste of consumer money, and it may indicate imperfect information on the part of long-term care consumers. In order to minimize the chance of making a decision they will later regret, people should investigate different policies and different means of planning for long-term care costs before they make a purchase decision. Another concern is that a consumer's lack of information could lead to long-term care purchases that are not adequate to meet his or her financial goals.

How can an education program help?

To help consumers make an informed decision about long-term care insurance, University of Illinois Extension has developed an education program that combines written materials with an interactive teleconference seminar. The purpose of this research-based program is to improve consumer decision-making in the area of long-term care financing options. The objectives of the education program are to help participants (1) understand which variables increase the probability that a person will need long-term care services (2) know how a long-term care insurance policy might fit into their retirement financial plan (3) be able to compare long-term care insurance policies and features (4) feel confident in shopping for long-term care insurance (5) evaluate whether a long-term care insurance policy is an effective financial management tool given their own financial situation in terms of income and assets.

How does the program work?

The teleconference seminar, What You Need to Know about Buying Long-Term Health Care Insurance, has been held six times in the last three years; the first seminar was delivered in March 2001 and the most recent in November 2003. For the seminar, a panel of experts is assembled to discuss the pros and cons of long-term care insurance. This four-member panel consists of a University of Illinois Extension consumer and health educator and an Extension specialist in health and consumer economics as well as two independent Certified Financial Planners. This combination of educators and practitioners has proved to be a good balance of viewpoints and expertise. Each presenter speaks for approximately 15 minutes and then the panel answers questions from listeners for the next 30 minutes.

The seminar format has evolved over the last three years. Each seminar requires a significant amount of time for marketing and preparation; the time commitment required is the main reason this program is offered only twice a year. Promotion of the seminars has included news releases, outreach to Extension unit leaders who then help advertise the event in their communities, posting on University of Illinois Extension on-line calendar, and promoting of the event by Extension Educators as they present other programs. While initially the seminars were offered in the afternoon, it soon became apparent that early evening was a better time to reach the targeted

audience of 50- to 70-year-olds. Many of these people still work and daytime programs were inconvenient.

The seminar is presented by a teleconference system; interested people participate by calling an 800 number. Participants can choose to call in from their homes or go to their local Extension office to listen to the seminar. One participant commented that the most helpful part of the seminar was “the ease of using the phone.” During the presentation, sound-control technology is used to mute all background noises; thus, the sound quality is very good. Participants can listen to the speakers and then ask questions at the end of presentation.

A PowerPoint presentation that complements the speakers’ presentations is shown to the participants at the Extension offices. Listeners at home can follow along on a handout of the PowerPoint presentation.

Before the seminar, participants receive an information packet related to long-term care.

This packet contains several educational pieces including the following:

- Fact sheets developed by University of Illinois Extension: Will I Need Long-Term Health Care?, Is Long-Term Health Care Part of Your Financial Planning? (McNamara, Sweedler and Ahmad 2001a & b), and Long-Term Health Care Insurance Terms (Reuter et al. 2001)
- A Shopper’s Guide to Long-term Care Insurance produced by the National Association of Insurance Commissioners (2002)
- Long Term Care Insurance: The Ten Most Commonly Asked Questions by Leimberg and Einhorn (2001)
- Long Term Care Insurance Premium Comparison produced by Ryan Insurance Strategy Consultants (Ryan 2003).

Is the educational program effective?

What You Need to Know about Buying Long-term Health Care Insurance has been offered six times since March 2001. In total, 413 people have received the information packet and approximately 275 people have participated in the teleconference seminar. While everyone who registers receives an information packet before the seminar, not everyone chooses to attend the seminar. Perhaps the people who do not dial-in for the seminar have their questions answered by the information packet or perhaps there are other reasons they do not participate. A planned follow-up evaluation will investigate this question.

An evaluation form is included with the information packet; evaluation data is available for five of the seminars. (Unfortunately, evaluation data from one of the first seminars is not available.) From the five seminars, 104 evaluation forms were returned for a 43 percent response rate. Participant responses reveal that the seminars are very helpful to participants.

- 94.2 percent agreed with the statement that “I gained new knowledge or insights from the seminar.”
- 92.2 percent agreed that “The seminar will be useful to me personally.”
- 93.3 percent agreed that “The speakers gave an informative and understandable seminar.”

Participants were asked which aspect of the seminar was most helpful. From the five seminars’ evaluations, participants reported that the speakers, the chart comparing long-term care insurance policies, and the information packet were the most helpful aspects of the seminar (Table 1).

Table 1. Helpful Aspects of the Seminar

Which part of the seminar was most helpful?	Percentage of participants who found it helpful (1)
Panel of speakers	69.2
Chart comparing various long-term care insurance policies	67.3
Information packet	60.6
Question and answer period	45.2
Ease of using the telephone	44.2

1 Participants could choose more than one answer

Participants were asked, “As a result of what you learned at the seminar, what do you now plan to do?” Participants could choose multiple answers to this question. Of the 104 participants who responded:

- 45.2 percent reported they planned to read all the handouts in the folder.
- 51.0 percent said they would compare plans of various companies.
- 42.3 percent felt they needed to do more research on the subject.
- 35.6 percent wanted to share the information with friends or family.
- 26.9 percent planned to talk to a financial planner.
- 44.2 percent indicated they were ready to make a decision about whether or not to purchase long-term care insurance.

Many participants expressed their appreciation of the overall seminar in comments such as, “Excellent speakers; clear and concise with good explanations on a difficult topic.”

“This inservice telenet has given me an excellent place to start shopping for a policy!”

“It was an excellent program that ran smoothly. I even was able to ask a question.”

Further evaluation of the teleconference seminars’ effectiveness is planned to be done in fall 2004. Past participants will be mailed a survey that will ask how they have used the information from the seminar and will measure behavior change because of the seminar.

Conclusion

The evaluation data shows that the seminar helps consumers throughout the decision-making process: from collecting information, comparing options, and to the point of making a decision about whether long-term care insurance is an appropriate financial tool for their situation. University of Illinois Extension has found that education through teleconference seminars successfully provides information to consumers.

Authors

Paul E. McNamara, Assistant Professor and Extension Specialist, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign
1301 W. Gregory Dr., 326 Mumford Hall mc 710, Urbana IL 61801
(217) 333-3769, fax (217) 333-5538, mcnamar1@uiuc.edu

Kathryn L. Sweedler, University of Illinois Extension Assistant, University of Illinois at Urbana-Champaign
1301 W. Gregory Dr., 326 Mumford Hall mc 710, Urbana IL 61801
(217) 265-0322, fax (217) 244-1873, Sweedler@uiuc.edu

Katherine J. Reuter, University of Illinois Extension Educator, University of Illinois at Urbana-Champaign
Countryside Extension Center, 6438 Joliet Rd., Countryside IL 60525-4642
(708) 352-0109, fax (708) 352-0451, reuterk@uiuc.edu

Mary Ann Fugate, University of Illinois Extension Educator, University of Illinois at Urbana-Champaign
Champaign Extension Center, 801 N. Country Fair Dr. Suite E, Champaign IL 61821
(217) 333-4901, fax (217) 333-4943, mfugate@iuc.edu

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