

THE METLIFE LONG-TERM CARE IQ TEST

*Findings from a
National Survey*

October 2004



MetLife

Mature Market Institute

The MetLife Mature Market Institute is the company's information and policy resource center on issues related to aging, retirement, long-term care and the mature market. The Institute, staffed by gerontologists, provides research, training and education, consultation and information to support Metropolitan Life Insurance Company, its corporate customers and business partners. MetLife, a subsidiary of MetLife, Inc. (NYSE: MET), is a leading provider of insurance and other financial services to individual and institutional customers.

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EXECUTIVE SUMMARY

Americans are living longer lives. Over the past 100 years, life expectancy has increased by over 50 percent*. However, living a longer life also comes with an additional burden. As Americans continue to live longer, the likelihood that they will need assistance with activities of daily living** increases dramatically. Their ability to perform these basic activities cannot always be taken for granted, even at younger ages.

This survey, sponsored by the MetLife Mature Market Institute, examines the degree to which Americans (*ages 40 to 70*) understand some of the issues surrounding long-term care and their basic knowledge of the need for care, how it is delivered, how much it costs and other related areas.

The survey found that only about one in three people passed the Long-Term Care IQ Test, demonstrating a lack of basic knowledge about long-term care and the vast majority of them just barely passed. Fewer than four in ten understood their likely longevity rate, and three out of four underestimated how many people over age 85 need assistance with activities of daily living. Only one in five correctly identified that most long-term care takes place in the home. Nearly half underestimated the cost of care in a nursing home. Four in ten mistakenly believe that they are entitled to basic coverage for long-term care from the government. More than six out of ten did not correctly estimate the cost of waiting to buy long-term care insurance until an older age.

**Older Americans 2000: Key Indicators of Well Being*, National Vital Statistics Report, 2000

**Bathing, dressing, eating, transferring, toileting, continence

INTRODUCTION

The longer people live, the greater the likelihood that they will develop chronic conditions and will need assistance with day-to-day activities. Among people age 65 and over, 14 percent need long-term care. The percentage rises sharply with age, with over half of people over age 85 needing some long-term care services. The need for long-term care, however, is not limited to older people. Thirty-seven percent of people who require long-term care are working-age adults age 18 to 64*.

As the baby boomers reach age 65 and beyond, the need for long-term care services will increase dramatically, straining state Medicaid budgets and derailing individual retirement plans. Past studies indicate that despite the demographic trends, many Americans still are unaware of the risk of needing long-term care and are misinformed about what it is, who provides it and how the costs are covered. This IQ test was designed not only to gain new information, but also to provide a tool to help people make a preliminary assessment of their level of knowledge. A secondary goal was to help create awareness among various segments of the population about the importance of long-term care planning.

**Who Needs Long-Term Care?*, Georgetown University Long-Term Care Financing Project Fact Sheet, May 2003.

RESEARCH OBJECTIVES AND METHODOLOGY

The specific objectives of this survey were to determine:

- Americans' overall knowledge about long-term care and long-term care related issues.
- The areas where the greatest gaps exist in Americans' knowledge about long-term care.

A total of 1,488 adult Americans, between 40 and 70-years-old, were interviewed online between July 30 and August 1, 2004. The interviews included 664 men and 824 women. NOP World conducted all interviewing using their online panel.

The final data is statistically weighted to ensure that all adults ages 40 to 70 are represented in correct proportions in the sample according to key demographic variables (e.g., sex, age, region).

Where figures do not add to 100% or the totals shown, differences are due to “rounding” the percentages.

A copy of the questionnaire appears at the conclusion of this report.

KEY FINDINGS

Overall Findings

Americans did not pass the “Long-Term Care IQ Test.”

Only about one in three (37%) Americans between 40 and 70-years-old have the information they need to help them make decisions about long-term care planning.

Only two percent of those taking the test received a grade of “B” or higher.

Seven percent received a “C” and 28 percent barely passed the test with a “D.”

Overall knowledge about long-term care increases slightly with age.

Americans age 50 and older know more about long-term care than younger Americans. However, even these individuals fail to demonstrate an adequate level of knowledge about long-term care and related issues.

Education appears to be a key influence in overall levels of knowledge about long-term care.

College graduates received the highest average grade on the “Long-Term Care IQ Test.” However, even this well-educated group failed the test. On average they only answered 8.3 of the 15 questions correctly for a grade of 55.

Areas With Greatest Gaps In Knowledge

Many older Americans are unfamiliar with their likely need for long-term care.

Fewer than four in ten respondents (39%) recognize that a 65-year-old has a 50 percent likelihood of living another 18 years and only one in four of these respondents (28%) understand that once someone reaches 85 the odds are even they will eventually need help with the activities of daily living (ADLs).

Americans also incorrectly associate long-term care exclusively with nursing homes.

Fifty-five percent of the respondents think most people who receive long-term care receive these services in a nursing home. Only one in five (18%) correctly identify their homes as the most likely place where long-term care services are provided.

The cost of long-term care is one of the areas where Americans have the greatest gaps in their knowledge.

Only 27 percent of survey respondents knew the correct average annual cost of receiving long-term care in a private room in a nursing home. Overall, close to half (45%) of these individuals underestimate the average annual cost of this type of care and an additional 27 percent overestimate this cost.

Few are also aware of the actual costs associated with long-term care insurance.

Just one in three (37%) respondents recognize that the cost of a long-term care insurance policy is about three times more expensive if the same policy is purchased at age 65 rather than at age 45. Americans age 40 to 70-years-old are just as likely to overestimate as well as underestimate these costs.

A significant proportion of older Americans do not recognize that long-term care insurance is the primary form of insurance that pays for extended care at home, in an assisted living facility or in a nursing home.

Forty-one percent of the respondents believe long-term care is an entitlement that all Americans are eligible for when they reach retirement age. This same proportion also cites Medicare, Medicare Supplement (Medigap) or disability insurance as forms of insurance that pays for this care.

Americans do not understand other aspects of long-term care.

Eighty-six percent of the respondents know that long-term care refers to a situation when a person needs ongoing assistance with day-to-day activities such as bathing, dressing or eating and that the need for long-term care can be the result of many different factors including Alzheimer's disease or other form of dementia, accidents or chronic conditions. Six in ten (61%) of these same Americans also recognize that the probability of their need for long-term care is greater than their chances of experiencing an automobile accident.

IMPLICATIONS

The survey shows that Americans recognize they may need long-term care at some point in their lives. While they know they have this need, however, few know as much about it as they could in order to make informed decisions about planning for this possibility. As the population ages and as life spans increase, long-term care planning is increasingly considered an integral part of a retirement plan. Yet, according to this study, only 37 percent of Americans have the information they need in order to plan effectively. This lack of knowledge has the potential to develop into a crisis for many families that can threaten their financial stability and their emotional well-being.

Simply recognizing the potential need for long-term care is only part of the equation. Americans also have to know the true costs of providing this care, the likelihood they or other family members will need this care and the best way this care can be delivered in order to prepare for their future.

DETAILED FINDINGS

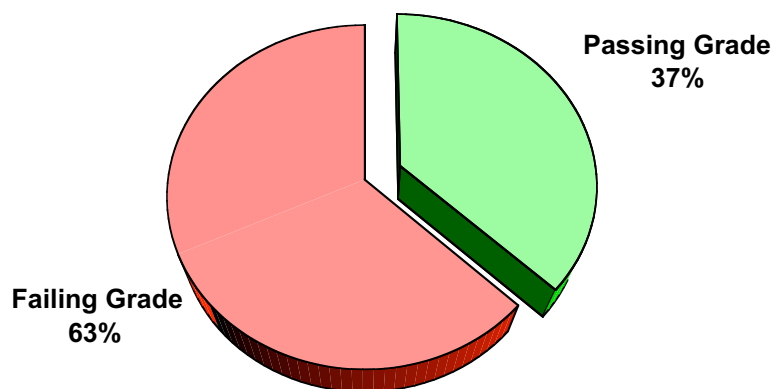
Overall Findings

Americans did not pass the “Long-Term Care IQ Test.”

Only about one in three (37%) Americans between 40 and 70-years-old have the information they need to help them make decisions about long-term care planning.

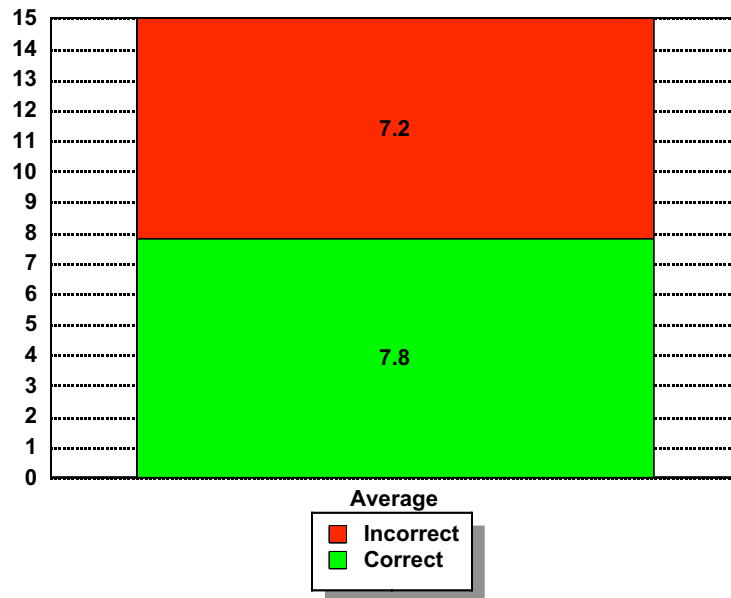
Proportion of Americans Passing Long-Term Care IQ Test

Passing = 9 or More Correct Responses (60%)



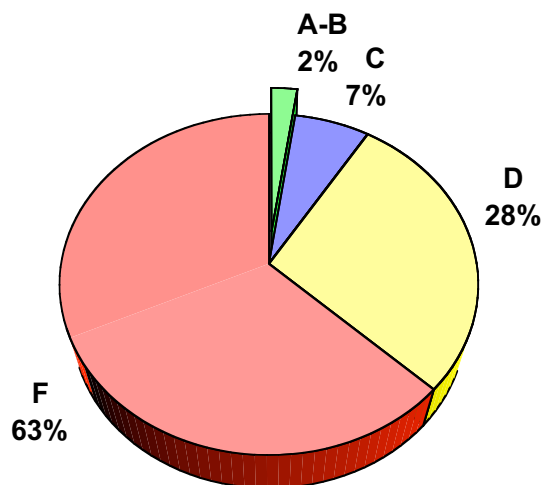
The “Long-Term Care IQ Test” consists of 15 questions. Participants in the test were given four possible answers to each question and were asked to select the one they considered correct. With a passing grade of 60 or nine correct responses, the average “grade” was 52 or 7.8 correct responses.

Average Number of Correct & Incorrect Responses



Only two percent of those taking the test received a grade of “B” or higher. Seven percent received a “C” and 28 percent barely passed the test with a “D.”*

Distribution of Grades For “Long-Term Care IQ Test”

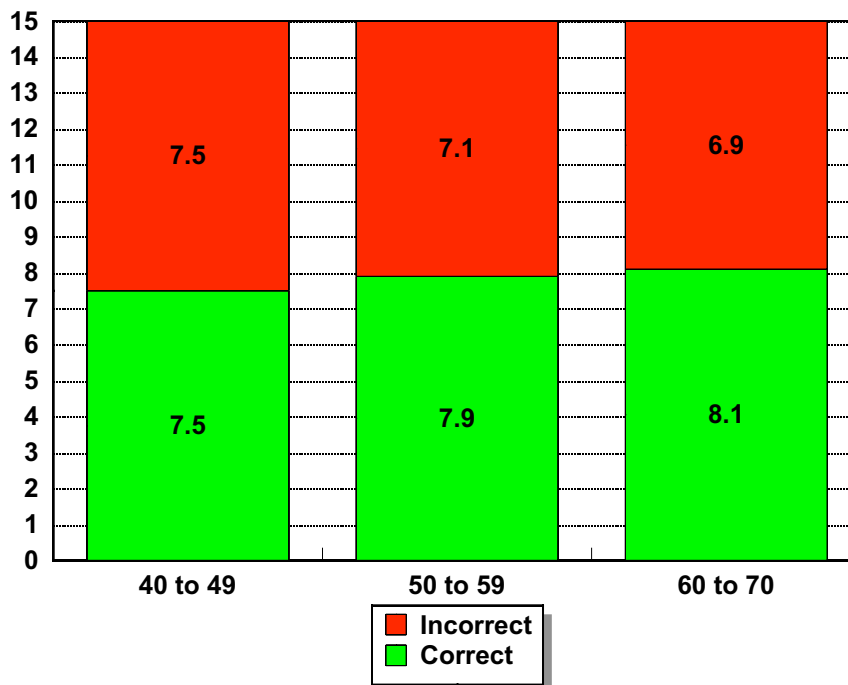


*A = 14 to 15 correct responses, B = 12 to 13 correct responses, C = 11 correct responses, D = 9 to 10 correct responses, F = 8 or fewer correct responses

Overall knowledge about long-term care increases slightly with age.

Americans age 50 and older know more about long-term care than those aged 40-49. However, even these individuals fail to demonstrate an adequate level of knowledge about long-term care and related issues.

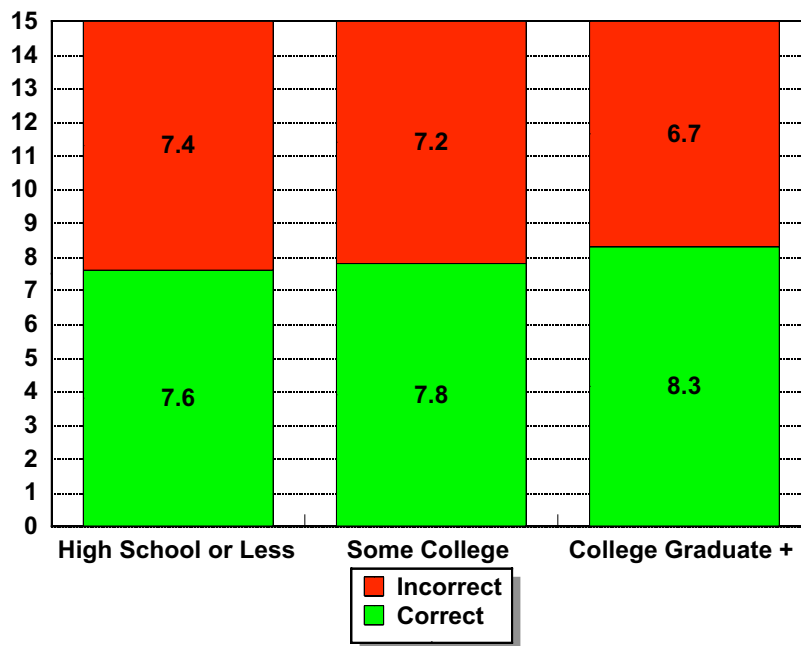
Average Number of Correct & Incorrect Responses
By Age



The typical American age 50 to 70-years-old only gets about eight correct responses on the “Long-Term Care IQ Test” for a grade of 53. By comparison, those ages 40 to 49-years-old answer 7.5 questions correctly for a grade of 50.

Education appears to be a key influence in overall levels of knowledge about long-term care. College graduates received the highest average grade on the “Long-Term Care IQ Test.” However, even this well-educated group failed the test. On average this group answered 8.3 questions correctly for a grade of 55.

Average Number of Correct & Incorrect Responses
By Education



Household income and financial assets were also positively related to knowledge about long-term care but, since they are strongly correlated to education level, they are not reported separately. No other demographic factors (e.g., gender, marital status, or region of the country) appear to significantly influence levels of knowledge about long-term care or long-term care related issues.

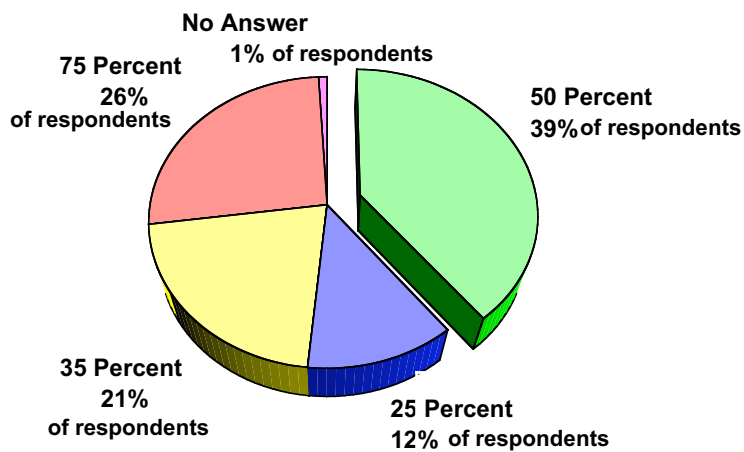
Areas With Greatest Gaps In Knowledge

Many older Americans are unfamiliar with their likely need for long-term care.

Fewer than four in ten respondents (39%) recognize that a 65-year-old has a 50 percent likelihood of living another 18 years...

Chances of an Individual At Age 65 Living 18 More Years

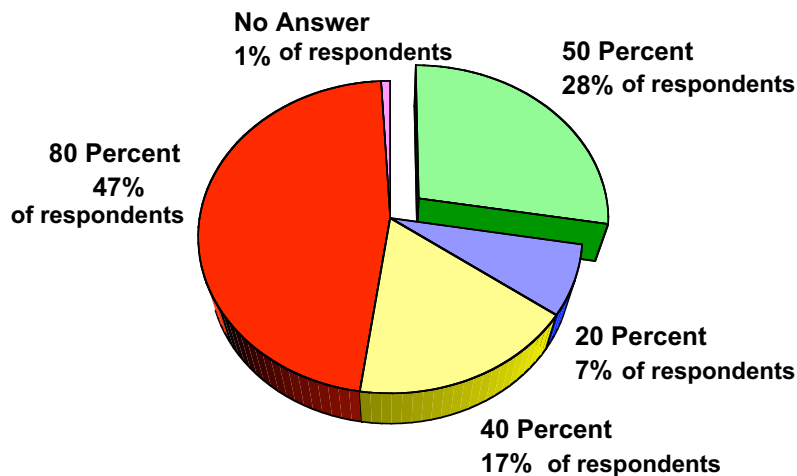
Correct Answer = 50 Percent



...and only one in four of these respondents (28%) understand that once someone reaches 85 the odds are even they will eventually need help with the activities of daily living (ADLs).

Percent Of Those 85 And Older Needing Help With ADLs

Correct Answer = 50 Percent

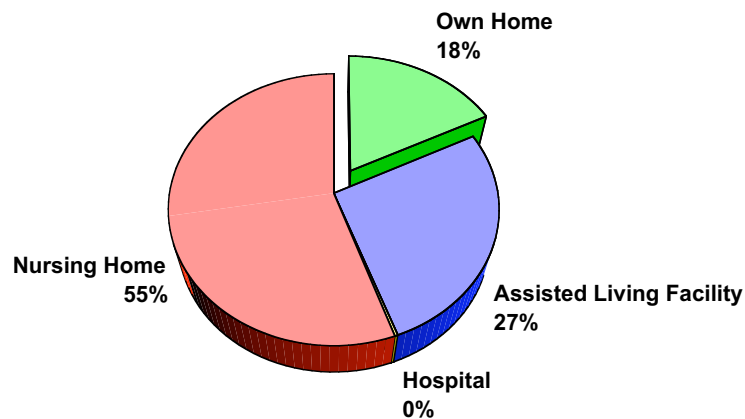


Americans also incorrectly associate long-term care exclusively with nursing homes.

Fifty-five percent of those between 40 and 70-years-old think most people who receive long-term care receive these services in a nursing home. Only one in five (18%) correctly identify their homes as the most likely place where long-term care services are provided.

Where Most People Receive Long-Term Care

Correct Answer = In Own Home

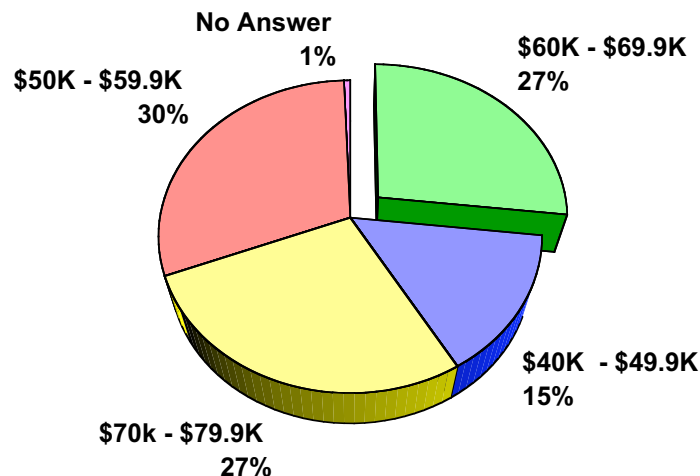


The cost of long-term care is one of the areas where Americans have the greatest gaps in their knowledge.

Only 27 percent of Americans ages 40 to 70 correctly identify the average annual cost of receiving long-term care in a private room in a nursing home. Overall, close to half (45%) of these individuals underestimate the average annual cost of this type of care and an additional 27 percent overestimate this cost.

Average Annual Cost Of Receiving Long-Term Care In Nursing Home

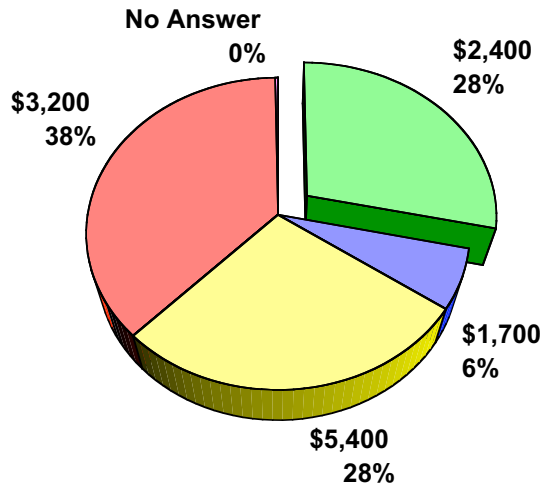
Correct Answer = \$60,000 to \$69,999



In addition, Americans in this age group cannot accurately identify the cost of an assisted-living facility, with the majority of them (65%) overestimating the average monthly cost by a wide margin.

Average Monthly Cost Of Assisted Living Facility

Correct Answer = \$2,400

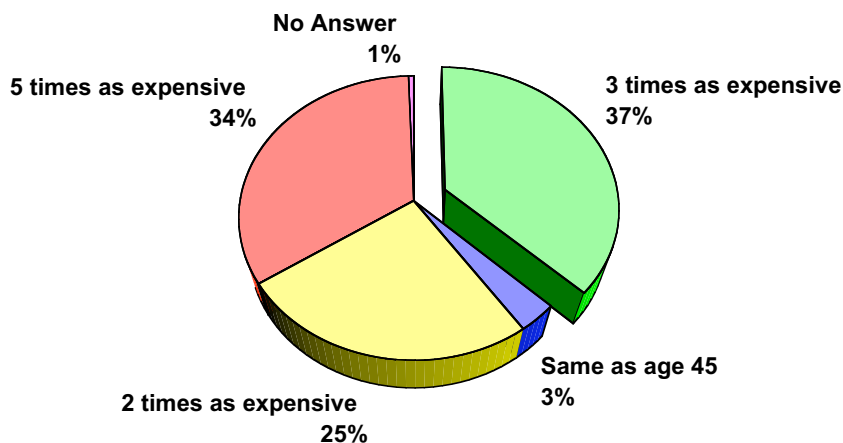


Few are also aware of the actual costs associated with long-term care insurance.

Just one in three (37%) respondents recognize that the cost of a long-term care insurance policy is about three times more expensive if the same policy is purchased at age 65 rather than at age 45. Americans age 40 to 70-years-old are just as likely to overestimate as well as underestimate these costs.

Cost To Purchase Same LTC Policy If Wait 20 Years Until Age 65

Correct Answer = Three Times More Expensive

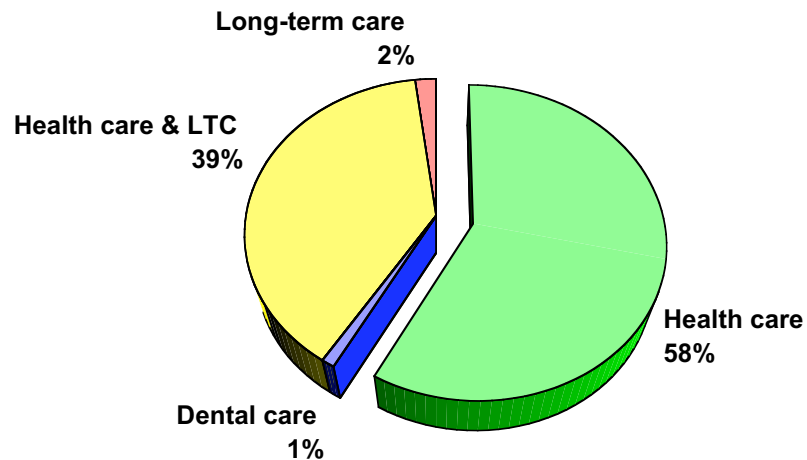


A significant proportion of older Americans do not recognize that long-term care insurance is the primary form of insurance that pays for extended care at home, in an assisted living facility or in a nursing home.

Forty-one percent believe long-term care is an entitlement that all Americans are eligible for when they reach retirement age.

Benefits Americans Entitled To At Retirement Age

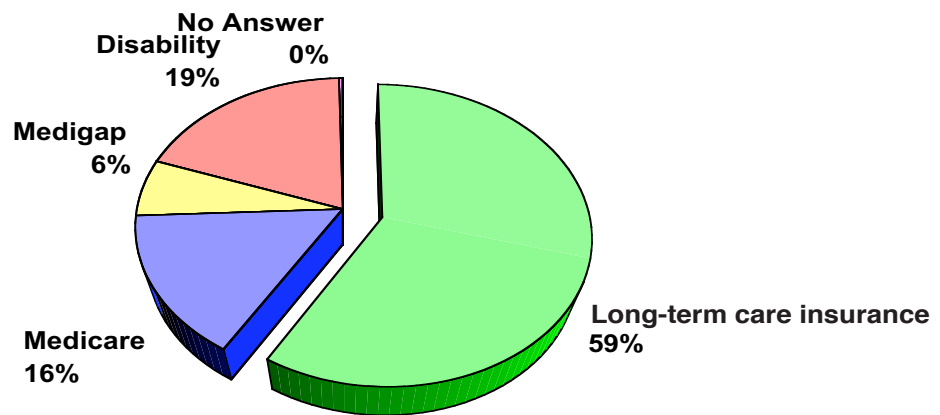
Correct Answer = Health Care



The same proportion also cites Medicare, Medicare Supplement (Medigap) or disability insurance as forms of insurance that pays for this care.

Type of Insurance That Pays For Extended Care

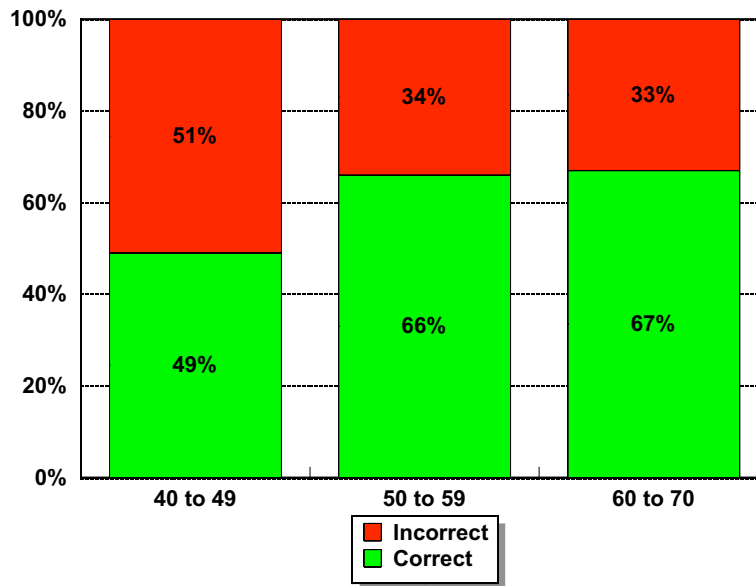
Correct Answer = Long-Term Care Insurance



This is particularly the case among those under age 50, where over half (51%) did not recognize that long-term care insurance is the primary form of coverage for this type of expense.

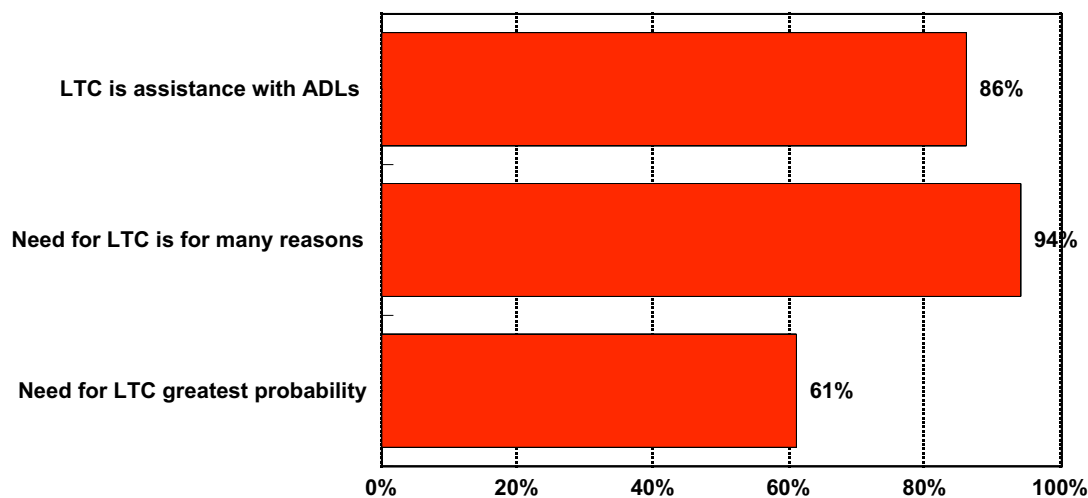
Type of Insurance That Pays For Extended Care

By Age



Americans do understand other aspects of long-term care.

Eighty-six percent know that long-term care refers to a situation when a person needs ongoing assistance with day-to-day activities such as bathing, dressing or eating and that the need for long-term care can be the result of many different factors including Alzheimer's disease or other form of dementia, accidents or chronic conditions. Six in ten (61%) of these same Americans also recognize that the probability of their need for long-term care is greater than their chances of experiencing an automobile accident.



Correct and Incorrect Responses to “Long-Term Care IQ Test”

IQ Question	Correct Answer	% Correct	Leading Incorrect Answer	% Incorrect
1. Long-term care refers to a situation when a person needs...	Ongoing assistance with day-to-day activities such as bathing dressing or eating	86%	Medical treatment at home	9%
2. The need for long-term care may be a result of...	All of the above	94%	Chronic or disabling conditions	3%
3. How many households are providing care to an adult family member or other loved one?	One out of 5	45%	One out of 10	30%
4. What percent of Americans aged 85, or older need some help with ordinary activities of daily living	50%	28%	80%	47%
5. What is the current national average annual cost of receiving long-term care in a private room in a nursing home?	\$60,000 - \$69,999	27%	\$50,000 - \$59,999	30%
6. When they reach traditional retirement age, all U. S. citizens are entitled to receive basic coverage from the government for...	Health care	58%	Both health care and long-term care	39%
7. How much would it cost to purchase the same policy if the buyer were to wait 20 years and buy it when he/she is 65 years old?	About three times more expensive	37%	About five times more expensive	34%
8. Where do most people receive long-term care services?	In their own home	18%	Nursing home	55%
9. Transferring financial assets to your family or loved ones would allow you to qualify immediately for Medicaid payment for long-term care.	False	70%	True, as long as I am in a nursing home	12%
10. Which has the greatest probability of happening to you at some point in your life?	Need for long-term care	76%	An auto accident	22%
11. If a long-term care insurance policy pays benefits for informal care who provides this kind of care?	Friends and family members	53%	Assisted living facilities	32%
12. Which of the statements below is true of long-term care insurance?	Covers the cost of someone who needs supervision because of Alzheimer's disease	61%	Replaces lost income when someone is out of work because of a disability	20%
13. In the event that you needed extended care due to an accident or to a chronic illness, whether in your home, in an assisted living facility or in a nursing home, what type of insurance would pay your expenses?	Long-term care insurance	59%	Disability insurance	19%
14. What is the average monthly cost for Assisted Living facilities in the United States?	\$2,400	28%	\$3,200	37%
15. What are the chances that an individual who reaches age 65 will live at least 18 more years?	50%	39%	75%	26%

PROFILE OF RESPONDENTS

Gender

Male	47%
Female	53%

Age

40 to 49	43%
50 to 59	33%
60 to 70	24%

Marital Status

Married	60%
Single	14%
Divorced/Widowed/Separated	25%

Employment Status

Full-Time	47%
Part-Time	17%
Not employed	18%
Retired	18%

Education

High School or less	51%
Some college	18%
College graduate or higher	30%

Household Income

Under \$30,000	30%
\$50,000 to \$249,000	28%
\$250,000 or more	14%
Average	\$138,080
Median	\$42,400

Region

Northeast	20%
Midwest	23%
South	37%
West	21%

QUESTIONNAIRE

LTC IQ Quiz

- 1. Long-term care refers to a situation when a person needs:**
 - A. Medical treatment in a hospital
 - B. Medical treatment at home
 - C. Chemotherapy
 - D. Ongoing assistance with day-to-day activities such as bathing, dressing or eating**

- 2. The need for long-term care may be as a result of:**
 - A. Alzheimer's disease
 - B. An accident
 - C. Chronic or disabling conditions
 - D. All of the above**

- 3. How many households are providing care to an adult family member or other loved one?**
 - A. One out of 2
 - B. One out of 5**
 - C. One out of 10
 - D. One out of 15

- 4. What percent of Americans aged 85 years, or older, need some help with ordinary activities of daily living?**
 - A. 20%
 - B. 40%
 - C. 50%**
 - D. 80%

- 5. The cost of receiving long-term care can vary a lot, depending on where in the country you live. What is the current national average annual cost of receiving long-term care in a private room in a nursing home?**
 - A. \$40,000 - \$49,999
 - B. \$50,000 - \$59,999
 - C. \$60,000 - \$69,999**
 - D. \$70,000 - \$79,999

-
6. When they reach traditional retirement age, all U.S. citizens are entitled to receive basic coverage from the government for:
- A. Dental care
 - B. Health care**
 - C. Long-term care
 - D. Both B and C
7. The annual cost of a long-term care insurance policy that covers care both in your own home and in a facility at \$150 per day for three years of care and provides inflation protection for a 45-year old can be purchased for about \$950. How much would it cost, per year, to purchase the same policy if the buyer were to wait 20 years and buy it when he/she was 65-years old?
- A. 25% cheaper than when purchased at the younger age
 - B. About the same
 - C. 25% more expensive than when purchased at the younger age
 - D. Nearly three times more expensive**
8. Where do most people receive long-term care services?
- A. In their own home**
 - B. Assisted living facility
 - C. Nursing home
 - D. Hospital
9. Transferring financial assets to your family or loved ones would allow you to qualify immediately for Medicaid payment for long-term care.
- A. True
 - B. True, as long as I only transfer money to my children
 - C. True, as long as I am in a nursing home
 - D. False**
10. Which has the greatest probability of happening to you at some point in your life?
- A. Need for long-term care**
 - B. An auto accident
 - C. A fire in your home
 - D. An airline accident

-
11. If a long-term care insurance policy pays benefits for 'informal care,' who provides this kind of care?
- A. Friends and family members
 - B. Hospitals
 - C. Assisted living facilities
 - D. Nursing homes
12. Which of the statements below is true of long-term care insurance?
- A. Replaces lost income when someone is out of work because of a disability
 - B. Covers the cost of someone who needs supervision because of Alzheimer's disease
 - C. Pays for visits to the doctor
 - D. Pays for a hospital stay
13. In the event that you needed extended care due to an accident or to a chronic illness, whether in your home, in an assisted living facility or in a nursing home, what type of insurance would pay your expenses?
- A. Medicare
 - B. Medicare Supplement (Medigap)
 - C. Long-term care insurance
 - D. Disability insurance
14. What is the average monthly cost for assisted living facilities in the United States?
- A. \$1,700
 - B. \$2,400
 - C. \$3,200
 - D. \$5,400
15. What are the chances that an individual who reaches age 65 will live at least 18 more years?
- A. 25%
 - B. 35%
 - C. 50%
 - D. 75%

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