

## Why long-term care insurance is a tough sell

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By Alina Tugend

Ken Dychtwald, who is 65 and the chief executive officer of Age Wave, a consulting and research company focused on aging, decided in his 50s that he and his wife should buy long-term care insurance so they wouldn't be a burden on each other or their children if they became ill or disabled.

Mark V. Pauly, 74, a professor of health care management, business economics and public policy at the Wharton School at the University of Pennsylvania, considered long-term care insurance and decided against it. He is "self-insuring" — that is, stashing enough in savings so that, hopefully, it will cover any needs that arise.

Both are experts in the field of aging and both understand, more than most, the potential cost of paying for care in later years. But they took different paths in addressing those needs.

Even as the debate about how to take care of an aging population grows, interest in long-term care insurance has waned. Individual market sales of long-term insurance stood at 380,000 in 1990, peaked at 750,000 in 2002 and were at the lowest figure in a quarter-century at 110,000 in 2015, according to the American Association for Long-Term Care Insurance.

That slide has occurred for a number of reasons. First, insurance companies found themselves faced with more claims, and more expensive claims, than they had anticipated. Another factor is that the low interest rates of recent years mean their investments didn't earn what they once did.

Companies began raising premiums. Some left the business. Long-term care insurance developed a reputation for being unpredictable.

Now, only about 8 million Americans, of the almost 45 million 65 and older, have such insurance, which is usually sold to people in their 50s and 60s. The average long-term care insurance premium for a couple who are both 60 years old is \$2,000 to \$3,500 annually. The older you get, the more difficult and more expensive it is to buy.

That hypothetical couple would be eligible, upon buying the insurance, for \$164,000 each in benefits, which would go up to \$365,000 each when they turn 85. Policies vary widely in what

they cover, so it's important to do some research. Caring.com offers helpful tips, including making sure the policy includes controlled premium increases and inflation protection.

Research shows that people who buy such insurance tend to be very conscientious and cautious.

"They're the people who get their flu shots, get their mammograms, exercise, always wear seatbelts," said Kathleen McGarry, a professor of economics at UCLA. So that means the very people most likely to buy long-term care insurance are the very ones who are least likely to need it.

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