

Supply & Demand - The LTC Crisis is Here, Making Insurance More Important Than Ever

Published on January 7, 2022



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An extended stay in a medical facility would likely be a financially catastrophic event for the vast majority of Americans. Yet, the planning surrounding longevity continues to be on the backburner for many families. While the statistics for needing care are overwhelming and widespread, a couple of factors make the need for long term care insurance even more important today than it was for previous generations. Consider this:

There are 10,000 baby boomers turning age 65 every day between now and 2030(1). By 2065, the estimated number of Americans needing care will increase from 7 million to 14 million(2).

The Baby Boomers (born 1946-1964) currently have a population of approximately 70.68M, with the youngest at age 57 and the oldest at age 75. With long term care facilities having an average nursing home admittance age of 79, there is an enormous population on the doorstep of needing substantive care. Generation X (born 1965-1980) represents a population of 64.95M, Millennials (1981-1996) representing a population of 72.26M, and generation Z (born 1997-2012) are just starting to enter adulthood(3). Using simply math, there are two non-baby boomer adults for every one baby boomer entering retirement. While not every individual will need care, government statistics suggest 70% will at some point in time(4), suggesting that over the next 10-20 years, we are likely to face overcrowded nursing homes and a shortage of care professionals available to provide home health care services.

Even before the Baby Boomers advance in age, there is already an extreme shortage of care providers across the United States.

According to the American Health Care Association, “Caregivers in long term care facilities continue to exit the profession, resulting in a worsening labor crisis. According to data from the Bureau of Labor, nursing homes have lost more than

380,000 employees because of the pandemic. A recent American Health Care Association and National Center for Assisted Living (AHCA/NCAL) survey found that nearly every nursing home and assisted living community is currently facing a workforce crisis. Reports indicate that the staffing shortages show no signs of slowing”(5). Across a sample of 1,183 long-term care providers polled by the American Health Care Association and the National Center for Assisted Living (AHCA/NCAL), 99% of nursing homes and 96% of assisted living communities said they are facing some degree of staffing shortages. Fifty-nine percent of nursing homes and 30% of assisted living communities characterized their staffing situation as “severe”(6). While many would point to the pandemic as the major contributor, this shortage has been a looming problem for the long term care industry for many years pre-COVID.

Unpaid, Family Caregivers are not the solution.

Nearly 1 in 5 adults is providing unpaid care to an adult with health or functional needs(7), which represents about 53 million Americans. While we all like to believe that we will be able to help care for a loved one in need, the reality is that providing that care has proven to cause emotional, financial and relationship turmoil for the caregiver. 56% of family caregivers, who are employed, work full-time outside of their caretaking responsibilities, and 69% report having to rearrange their work schedule, decrease hours or take unpaid leave to provide the care. That interference with work also impacts wages, health insurance and other job benefits, retirement savings or investment and social security benefits(8). Combine this with heightened levels of depression and weakened relationships with spouses and children, asking (or planning for) a loved one to provide care is a monumental request. A plan with an unpaid family caregiver at the center would be considered by many to be no plan at all.

So, where does Long Term Care Insurance fit in?

It's simple supply and demand. The supply of care is rapidly decreasing while the need for care is rapidly increasing, making the cost of care likely to substantially increase. The likelihood is that those who have the means to pay for care will be the few who receive the level of care any of us would want, and those who have the means are very likely to be those with private insurance. For those who intend to have a family member provide care, private LTC insurance with an indemnity style benefit provides an avenue to compensate that family member for providing that care, thus alleviating a major source of stress. While state governments across the country are considering how to handle this major healthcare issue, the only state that has actually passed legislation (Washington) has run into significant hurdles and has strongly encouraged its residents to purchase private LTC insurance in lieu of the government benefits, which are grossly insufficient even for those who qualify for the maximum benefit. The government can't be relied upon to provide care. Those who want to have a comfortable life in retirement and, particularly those who want to stay in their homes

as long as possible without becoming a burden to loved ones, would be well-served to review LTC insurance options while they are young and healthy (and therefore can actually qualify for the insurance).

(1) "2020 Census Will Help Policymakers Prepare for the Incoming Wave of Aging Boomers" (census.gov), site accessed 11/04/20.

(2) Grunebaum, Dan. "How Much Long-Term Care Will YOU Need?" *MedicareGuide.com*, 14 June 2021, [medicareguide.com/how-much-long-term-care-will-you-need-337811?eType=EmailBlastContent&eId=44444444-4444-4444-4444-444444444444](https://www.medicareguide.com/how-much-long-term-care-will-you-need-337811?eType=EmailBlastContent&eId=44444444-4444-4444-4444-444444444444). Site accessed 7/2/21.

(3) Published by Statistica Research Department, and Sep 10. "U.S. Population by Generation 2019." *Statistica*, Stastica Research Department, 10 Sept. 2021, <https://www.statista.com/statistics/797321/us-population-by-generation/>

(4) Benz, Christine. "40 Must-Know Statistics About Long-Term Care." Morningstar. <https://www.morningstar.com/articles/564139/40-must-know-statistics-about-long-term-care>

(5) "Long Term Care Sector Continues to Battle Worsening Crisis." *Press Releases*, American Health Care Association, <https://www.ahcancal.org/News-and-Communications/Press-Releases/Pages/Long-Term-Care-Sector-Continues-To-Battle-Worsening-Workforce-Crisis.aspx>

(6) Muoio, Dave. "Staffing Shortages Face Long-Term Care Facilities to Limit Admissions, Hire Agency Workers." *FierceHealthcare*, 22 Sept. 2021, <https://www.fiercehealthcare.com/hospitals/staffing-shortages-force-long-term-care-facilities-to-limit-admissions-hire-agency>

(7) May, Steven. "Caregiving in the US 2020." 2020 Report. The National Alliance for Caregiving, 11 May 2020, <https://www.caregiving.org/caregiving-in-the-us-2020/>

(8) "Caregiver Statistics: Work and Caregiving." *Caregiver Statistics: Working and Caregiving – Family Caregiver Alliance*, <https://www.caregiver.org/resource/caregiver-statistics-work-and-caregiving/>