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## The Growing Crisis in Aging

*Complex challenges exist with long-term care options.*

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The year 2019 saw many states approving record increases in long-term care (LTC) insurance premiums, with some states greenlighting increases of more than 200%. As elder law attorneys, we know that planning for the cost of future care is one of the most important steps our clients can take to protect themselves (and their families) as they age. Traditionally, we feel relieved when our clients arrive with a comprehensive LTC policy in place. But, what happens when the cost of the policy balloons beyond affordability? Will consumers be forced to walk away from the same policies that were meant to protect them as they advance in age?

With these historic rate changes, legislators have given insurers the ability to increase policy costs in a variety of ways. The increase can affect the basic premium price and the cost of essential policy additions like inflation riders and grants insurers the ability to substantially extend the exclusionary period before a policy goes into payout status. Predictably, consumer and senior watch groups have highly criticized these changes. They've placed burdens on individuals interested in planning for the catastrophic cost of LTC as they grapple with both the availability and affordability of planning for the future.

These rate increases aren't without explanation. The face of LTC has substantially changed in recent years, with many large insurance companies forgoing the issuance of any new LTC policies. Insurers argue that the financial commitments to policy holders covering home care, nursing home and related costs have skyrocketed, leaving them with no choice but to substantially increase rates. Increasing costs for the consumer has seemingly only compounded the problem. The rate upticks naturally drive healthier plan members to drop coverage, leaving those who remain in the plan more likely to need care.

## **Creative Solutions**

All is not lost. We learned in 2019 that insurers are intent on remaining profitable in the LTC arena and have begun to implement creative solutions as they relate to the issue of inflating premiums.

For example, this year, John Hancock Insurance Company, one of the country's largest insurers, introduced a plan to offer policy holders a discount if they agree to a co-pay on future claims. Experts believe this structure is the first of its kind in the LTC market. The concept is similar to the current co-pay structure on medical insurance. This structure would make the initial premium payments more affordable and keep costs down but would require consumers to have more cash available as they age to offset the additional payment required when care is needed.

This new offering is an exciting addition to the already changing LTC market. Most practitioners are now familiar with the hybrid insurance plans that are still very attractive options for many consumers. Simply put, a hybrid plan marries the traditional life insurance policy or annuity with an LTC policy. The hybrid plan, however, offers the unique opportunity to lock in premiums and avoid the financial strain of rising costs of a care plan. The hybrid plan also assures a substantial return of premiums as the death benefit protects clients who don't end up needing LTC. In most cases, a policy's death benefit will pay back a sum equal to or greater than the amount of premiums paid.

As the insurance market continues to shift, an informed elder law attorney will become an invaluable asset for a client. Affordability of care impacts not just the elderly client but also his children, grandchildren and other extended family members.

## **Stuck in the Middle With You**

What if your client doesn't have the resources to maintain the ever costly LTC policies previously discussed? Most aging clients will rely on immediate family members for care as they age. Recent years have seen the average age of a caregiver in the United States drop from 53 years old in 2010 to just 47 years old eight years later in 2018. Experts attribute this change to a variety of factors including the rise of chronic disease, the increase in life expectancy and the restructuring of the American family. The Baby Boomer generation is more likely to be unmarried or without children than previous generations and is more likely to be living alone than generations before them.

Last year in particular, many news organizations began reporting on the significant impact this caregiving is having on the Sandwich Generation. The "Sandwich Generation" is defined as a generation of individuals, typically in their 30s or 40s, responsible for bringing up their own children and for the care of their aging parents. A 2018 Associated Press National Opinion Research Center study found that by age 40, a third of Americans already considered themselves to be caregivers, and an additional third of 40 year olds expect to become caregivers in the next five years.<sup>1</sup> So, is this structure different from previous generations and if so, why is the financial strain so significant now?

Many factors contribute to the current state of caregiving in this country. Most notably, the Baby Boomer generation is living longer, but not necessarily healthier, lives. Degenerative conditions like Alzheimer's disease are changing the landscape of care. Barring breakthroughs in treatment, the number of Americans living with Alzheimer's disease is projected to more than double by 2050, inflicting more than 13 million people.<sup>2</sup> Baby Boomers generally saved less than the generation before

them and don't have the substantial savings available to afford a formal caregiving arrangement. Almost half of the Americans nearing retirement have saved less than \$25,000. It isn't surprising then that our clients will often turn to their loved ones when their needs increase.

The Sandwich Generation is comprised of children of Baby Boomers who are in their prime earning years. It's estimated that there are more than 10 million Millennial caregivers in the United States who provide at least 20 hours of caregiving every week, and at least one quarter of all caregivers of those suffering from Alzheimer's or related dementias are of the Sandwich Generation.<sup>3</sup> The increasing demands on this informal caregiver network strain the elderly population while simultaneously decreasing the earnings potential and savings of their children, who take unpaid leave or even leave employment to support their parents. This strain is disproportionately borne by women who are more than twice as likely to be caregivers as their male counterparts.<sup>4</sup>

The growing strain on informal caregivers is so significant that it has a measurable impact on the U.S. economy. More than 60% of individuals caring for an older person work at least part-time, and their time away from work equates to almost \$28.9 billion per year in lost wages.<sup>5</sup> Some states have recently begun to offer paid family leave plans that can cover some of the financial strain or time away from work. These policies, however, are often limited to about 10 weeks per year and only pay a portion of the regular salary an employee would be entitled to for that given period.

Paid family leave, however, simply isn't enough to alleviate the burden on caregivers, and the escalating concern for the changing face of care in the United States should be something that every individual is concerned about.

## **Politics No More**

In a presidential race defined by divisive issues, many believe the candidates can and should unite behind a purely human issue: the aging population and the crisis of

caregiving. In fact, elder law issues may be one of a select few that unite all the candidates. Of course, how to structure and fund such initiatives are the source of serious disagreement among the presidential hopefuls, especially across party lines.

The most prominent proposals relating to senior citizens and caregiving are found within the Medicare for All program. Of course, no two candidates envision this program in the same way (as of the this writing, there are 15 Democrats and four Republicans currently declaring candidacy for president). Setting aside the serious debate on funding for such programs, Medicare for All has generally been proposed as a program that would eliminate the current multi-payer system in favor of a single-payer system. Rather than multiple groups paying for health insurance, Medicare for All envisions that the federal government is the sole payer, effectively eliminating the role of private health insurance companies and employers in providing and paying for health care. Under this vast umbrella of coverage, benefits would become more robust and ideally include items such as LTC, which isn't currently covered. Additionally, at least 15 candidates have agreed that this insurance expansion would now cover nursing homes as an additional means of providing LTC.

This single-payer system is but one means of expanding coverage for LTC, and it seems as if it's the only option gaining any attention. Though discussion around Medicare expansion has seemingly taken center stage, campaigns have largely ignored any other talk about seniors and the serious societal issues we face related to caregiving. Surprisingly, though this crisis in caregiving looms large, very little time has been devoted to vetting candidates and their policy proposals related to the nation's senior citizens.

This has advocacy groups concerned. They hope the upcoming Iowa caucus will provide opportunities to force candidates to articulate a position on caregiving, especially for those candidates who seek the female vote. The issues related to our aging population seem less about politics than about awareness. It's incumbent on all of us to continue to seek out those candidates with the knowledge and creativity to tackle these complex challenges. One thing is for certain—more than half of

Americans currently alive today will need care over their lifetimes. We need to stop thinking of caregiving as a purely personal problem and advocate for the political involvement these problems deserve.

## Endnotes

1. AP-Norc Poll: Young Adults Feel Stress of Long-Term Care (April 5, 2018).
2. Liesi E. Hebert, Jennifer Weuve, Paul A. Scherr and Denis A. Evans, “Alzheimer disease in the United States (2010-2050) estimated using the 2010 Census,” *Neurology* (May 7, 2013).
3. National Alliance for Caregiving in Partnership with the Alzheimer’s Association, “Dementia Caregiving in the U.S.” (February 2017), [www.caregiving.org/wp-content/uploads/2017/02/DementiaCaregivingFINAL\\_WEB.pdf](http://www.caregiving.org/wp-content/uploads/2017/02/DementiaCaregivingFINAL_WEB.pdf).
4. Family Caregiver Alliance (November 2012). Selected Caregiver Statistics (Fact Sheet).
5. MetLife Mature Market Institute and National Alliance for Caregiving, “The MetLife Study of Employer Costs for Working Caregivers,” 1997 (Dec. 4, 2015).

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