

Helping People with Long-Term Health Care Needs: An Insurance Program to Help People Afford Long-Term Services and Supports

No one likes to think about getting old, getting sick, or having an accident and needing long-term help with daily activities. But as more of us are living longer—and often living longer with disabilities—more of us will need that kind of help.

Most people who need long-term services prefer to stay at home and receive the care that they need there, rather than having to move into an institution (such as a nursing home). For many, getting help at home can delay—or avert—the need for institutional care. Yet few people have insurance that will help pay for long-term services, in spite of the high cost of that type of care. The average hourly cost for a home health aide is \$29, and homemaker services cost \$18 an hour.

Health reform includes a voluntary insurance program, Community Living Assistance Services and Supports (CLASS), that will help people afford the long-term services they need so that they can remain living in the community longer.

The Problem: Necessary Financial Protections That Many Don't Have

About 70 percent of people over age 65 need some long-term services. But only about 9 percent of all adults have insurance that covers that type of care. There are several reasons for such low insurance rates. Employers don't typically offer long-term care insurance, so people must buy policies in the individual market. That can be very expensive; benefits can be difficult to compare; and consumer protections for policy holders are often inadequate, which makes people wary of buying such policies. In addition, many people incorrectly believe that Medicare covers long-term services. In fact, Medicare coverage of these kinds of services is quite limited and does not include home- and community-based care.

Without insurance, the cost of long-term services can be financially devastating for the average family. Many eventually exhaust their financial resources and qualify for Medicaid, but that does not always mean that they will have access to the community-based care that many need and want. While Medicaid covers long-term nursing facility care, coverage of community-based care is optional and varies tremendously from state to state. There can be waiting lists; services are often not available statewide; and to qualify for care, there is often a requirement that a person be sick enough to need a nursing home.

The Solution: Health reform creates a new public insurance program that covers long-term services that will help people stay in the community.

■ What Health Reform Does:

Health reform establishes the CLASS program, a voluntary public insurance program for long-term services. The program will start in 2011; the initial date to enroll has not been set. The program will be available to working adults. After a few years' enrollment, individuals can stay in the program if they no longer work. There is a five-year vesting period. After that, enrollees who need long-term services will be eligible for a daily cash benefit. The benefit can be used to pay for services and supports such as home modifications that assist with continued community living.

- The CLASS program will be fully financed by enrollee premiums, so it will not add to the deficit.
- The program provides a cash benefit. The Secretary of Health and Human Services will develop benefit levels and premiums. Benefits will vary by level of disability, but must average \$50 a day or more. Premiums will likely vary by age at enrollment. Initial assessments indicate that, with an average benefit level of \$75 a day, the program could be sustainable with monthly premiums that average \$123. For full-time students between ages 18 and 22 and those with incomes below the poverty level, premiums will be \$5 a month.

■ Why This Makes a Difference

- The CLASS program will provide more reliable and more accessible assistance with the costs of home- and community-based care than most other coverage options that are available today.
- The program will not deny coverage or charge a higher premium based on health status, like private insurance can. It is a lifetime benefit, so it pays as long as you need it; private insurance often limits the dollars or time period covered.
- A \$75-a-day benefit translates to \$27,000 a year. While that may not pay for all of the care that someone needs, it can be a substantial contribution. The benefit will be adjusted to increase with inflation, something that not all private long-term care insurance policies do.
- The CLASS program will keep many people from spending their assets to the point of reaching Medicaid eligibility. The Congressional Budget Office estimates that the program could save more than \$3 billion in Medicaid costs in its first 10 years.

The CLASS program will give people a reliable benefit that will help them stay independent.

References are available upon request.