Long-Term Care and the CLASS ACT

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LTC/SS in Health Reform

- Medicaid Options, Incentives, Adjustments along with expansion
- Nursing Home Reforms
- Chronic Care Coordination
- Integration of Acute and Long-Term Care
- National LTSS Insurance Option – CLASS Act
What Does Medicare Say?

Some Facts About Social Security

About Social Security and Medicare...
Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay for inpatient hospital care, nursing care, doctors’ fees, drugs and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more. Medicare does not pay for long-term care, so you may want to consider options for private insurance. Your Social Security covered earnings qualify you for both programs. For more information about Medicare,

Taken from an actual Social Security Statement
Who Pays for Long Term Care?

(Home Care and Nursing Home)

- Medicare: 17%
- Medicaid: 30%
- Out-of-pocket: 30%
- Private Insurance: 7%
- VA: 2%
- Other: 5%
What is Long Term Care?

- Assistance with ADL’s
- Monitoring & Support
- Care vs. Cure
- Physical and/or Cognitive
- Greater than 90 days
Long Term Care Risks

- Chronic health conditions
- Premature health changes
- The normal aging process
- Accidents
The CLASS Act
Community Living Assistance Services and Supports
A National Voluntary Long Term Care Program

• Part of The Patient Protection and Affordable Care Act
• Overseen by Dept. of Health and Human Services
• Final plan structure required by 10/01/2012
• DHHS can change all aspects if “fiscally unsound”
The CLASS Act

Enrollment

- Available to actively-at-work employees
- Employee paid
- Employer can opt-out
- Employees can enroll direct through HHS if employer opts-out
- If employer opts-in, employees are automatically enrolled through payroll deduction
The CLASS Act

Benefits

• No underwriting
• 5 year waiting period
• Benefit triggers help with two or three ADLs
• Flexible Cash benefit from $50 to $100 per day
• Benefits based on a sliding scale of functional limits
• Adjusted annually for inflation based on CPI
• Paid into “Life Independence Fund”
The CLASS Act Concerns

- No provision for non-working spouses or other non-working individuals
- Lack of resources for education (3% for adm)
- Adverse selection
- Potential future rate increases
- Financial insolvency
Summary of Key CLASS Features

- Hard to pin down, DHHS secretary to decide many details
- Voluntary (opt out) long-term care insurance option, offered through work
- 5 year vesting period before benefits begin, must be 18 to collect
- CBO est. premium $123 per month preserves 75 year solvency
- Disability based $50-$100 daily cash benefit, lifetime payout, supplement LTC needed
Average LTC costs in the United States (in 2009) are:

- $219/day for a private room in a nursing home
- $198/day for a semi-private room in a nursing home
- $105/day for care in an Assisted Living Facility (1 Bbu)
- $67/day for care in an Adult Day Health Care Center
- $21/hour for a Home Health Aide
- $19/hour for a Homemaker services
CLASS Act Questions

• Option for uninsurable?
• Care Coordination benefit?
• Competition good or bad?
• Supplement opportunity?
• Devil in the details; who will run it and how will they run it?
• Stay tuned, learn and be educated
LTC insurance v. CLASS Act

<table>
<thead>
<tr>
<th>LTC Insurance</th>
<th>CLASS Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collects &amp; invests in reserves</td>
<td>Reserves are treasury bonds</td>
</tr>
<tr>
<td>Underwritten</td>
<td>No underwriting</td>
</tr>
<tr>
<td>State regulated</td>
<td>Secretary of HHS regulated</td>
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<tr>
<td>Contracts enforceable by law</td>
<td>Federal Entitlement Program</td>
</tr>
<tr>
<td>Voluntary</td>
<td>Compulsory / opt-out option</td>
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<tr>
<td>Average 90-day waiting period</td>
<td>Five year waiting period</td>
</tr>
<tr>
<td>Employment status not considered</td>
<td>Available to actively at work employees only</td>
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CLASS Act may be an appropriate option, but your employees have more choices.
Questions & Answers