

Long-Term Care and the CLASS ACT

Mark R. Meiners Ph. D.

George Mason University

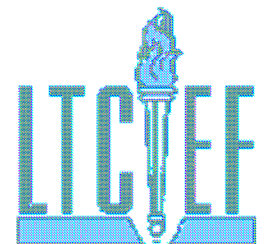
Long-Term Care Educational Foundation

Osher Lifelong Learning Institute

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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

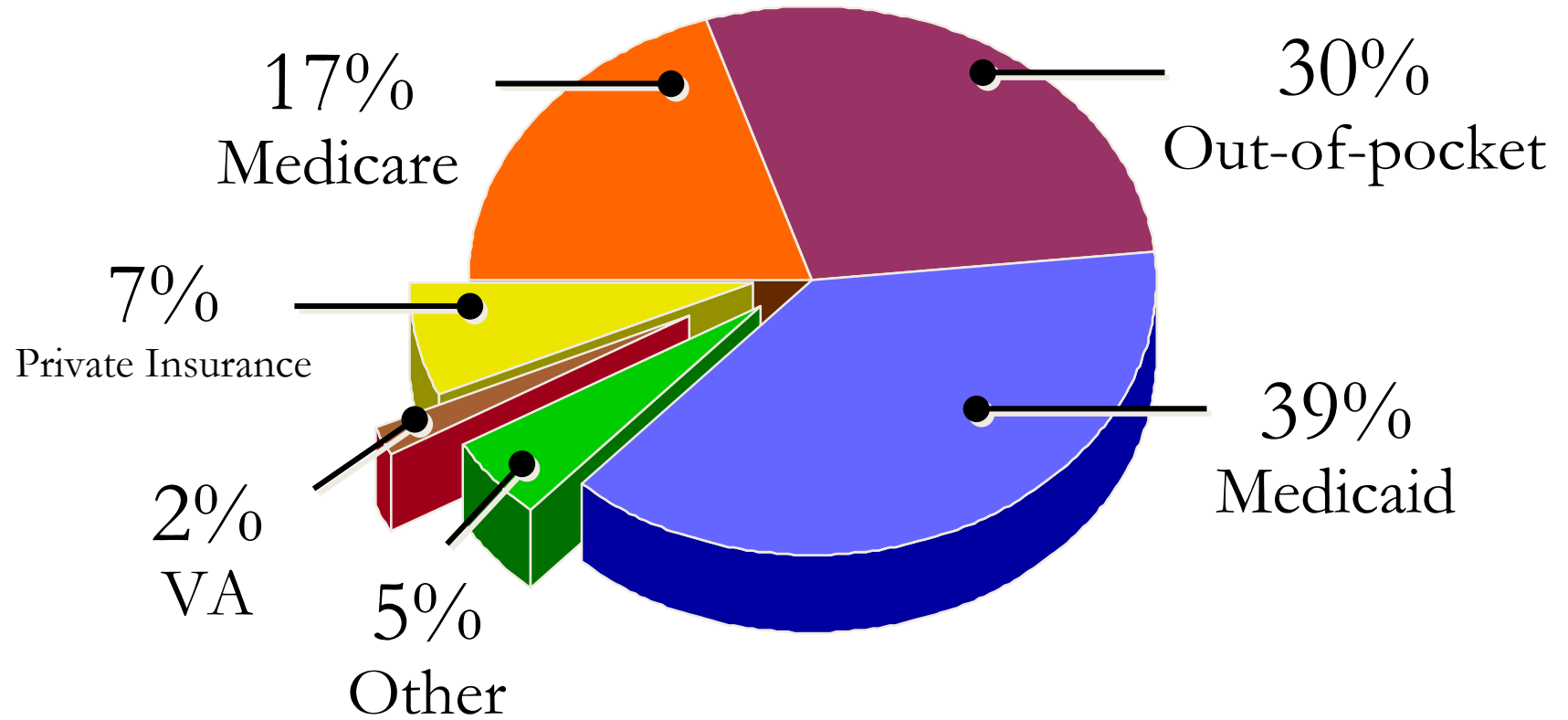
About Social Security and Medicare...

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)



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 decided 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

LTC Insurance

CLASS Act

Collects & invests in reserves	Reserves are treasury bonds
Underwritten	No underwriting
State regulated	Secretary of HHS regulated
Contracts enforceable by law	Federal Entitlement Program
Voluntary	Compulsory / opt-out option
Average 90-day waiting period	Five year waiting period
Employment status not considered	Available to actively at work employees only

CLASS Act may be an appropriate option, but your employees have more choices.

Questions & Answers