

Beyond the ACA: Long Term Care in America Over the Next Five Years

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**The views of the speaker are entirely his own and do
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Long Term Care (aka Long Term Services and Supports)

- Lots of interesting things happening in service delivery, moving beyond traditional nursing homes (mostly dominated by increased reliance on ALFs)
- Lots of challenges too, for instance, around how many service workers there will be in the future
- Bipartisan interest in caregiving issues.
- But this is not about that those things... This is a discussion about money

LTC/LTSS Funding Sources

- Private:
 - Long term care insurance (10% or so)
 - Savings, home equity, life insurance and related “point in time” products
- Public:
 - Medicare (post acute)
 - Medicaid
 - Other (e.g., VA)

What's Up with Long Term Care Insurance?

- The traditional long term care insurance market has been stable or shrinking since 2002
- Most carriers are exiting the market though some continue to look for solutions via different product offerings
- Given resistance in the marketplace by consumer to what is considered “true” (comprehensive) LTC insurance carriers have gone to selling short term care policies that provide one year of LTC insurance protection
- The other direction is almost the reverse... .the insurers have added LTC to life insurance and annuities (“combo products”). While the cost might be slightly more (because two risks are being covered) acceptance is supposedly going to be greater because consumers appreciate life insurance (annuities, not so much)

LTC Reform -- Medicaid

- Common theme of ongoing discussions in Congress and among Governors is a desire to accelerate state innovation and save money
- Block grants to allow State innovation and save the Federal government money. How many States think they lack authority to innovate now? How will States innovate if they don't have the money to do so? Will LTSS lose out to other core Medicaid needs (e.g., women and children).
- Effective mechanisms can be built into Medicaid reform with financial incentives for states to undertake cost-effective initiatives that support older adults to have improved access to housing; and for enhancing supports to family caregivers
- Infrastructure investments should include housing that is suitable for lifelong use, which will save money for the health care sector over time

LTC Reform -- Medicare

- Altarum's MediCaring proposal as well as related proposals, for instance National Academy of Medicine, to improve Medicare coordination and delivery for those with chronic conditions and/or functional limitations
- CHRONIC Care Act (S. 870) to allow MA plans to cover home care and other supportive services (e.g., personal care, transportation, nutrition services) for targeted enrollees, not just medical care
- Bipartisan Policy Center and Minnesota DHS proposals to add home care coverage to either or both medigap and Medicare Advantage (MA) plans
- Commonwealth Fund "Help at Home"
- Expansion of PACE (Program of All-Inclusive Care for the Elderly). Congress has already begun to address this but more can be done

Other Federal Options to Enhance LTC/LTSS Financing

- Congress could remove restrictions that exist at the federal level that are barriers to insurance solutions. Examples:
 - revising the rules around Medicaid “Partnership” LTC insurance to change inflation requirements
 - allow NAIC to more easily approve new policy types under HIPAA
 - consumer-friendly Medigap-type coverage could be created that is affordable, available online
- Change tax rules to allow better use (“repurpose”) existing health and retirement products. Examples:
 - accounts like 401Ks and IRAs for long term care
 - HSAs could be considered too (but probably would have to be separate LTC account, hopefully tied to insurance)
 - Additional tax benefits for LTC insurance (maybe)

Promising State Proposals

- Minnesota:

- Minnesota has been focusing on LTSS financing reform since 2012. They have joined the ranks of States educating their people via “Own Your Future” education campaign:
- More interesting, they have decided on product development in light of poor LTC insurance market. This includes:
 - A “life stage” product, basically term life insurance that converts to LTC insurance at retirement
 - Add a home care benefit to all Medicare Advantage and Medigap plans sold in Minnesota

Promising State Proposals (con't)

- Washington State:
 - Washington State has passed legislation to fund a study on the feasibility of new LTSS financing options that would include studying a public mandatory LTSS program, and a public/private approach where the state would assist in funding catastrophic coverage to help stimulate the private insurance market
 - Funding would be through a payroll deduction that could provide a one-to-three year, capped-dollar long-term care insurance benefit. In addition there could be a public-private reinsurance or risk-sharing model. It is envisioned that the private insurer's role would be as the primary risk bearer

Promising State Proposals (con't)

- Hawaii:
 - **2014.** Hawaii seriously considered what some would regard as universal long-term care coverage. The fundamental characteristics of the 2014 program options were: (1) mandatory membership; (2) limited benefit periods; and (3) limited benefit amounts. An additional provision was that the program initially be restricted to working households
 - **2016.** As of 2016 the discussion was about whether a caregiver support program could be constructed for those working full time who need respite care. This would be paid for from general revenue and limited in terms of the number of slots available

Promising State Proposals (con't)

- California:
 - Cal MediConnect: California is among a dozen states participating in national demonstrations to improve care for people with serious chronic illnesses and functional limitations who qualify for both Medicaid and Medicare
 - Will integrate the full range of Medicare and Medi-Cal (California's Medicaid program) services, including LTSS and behavioral health services. The main components of the Coordinated Care Initiative (CCI) include mandatory enrollment of dual eligibles into Medi-Cal's managed care program (MLTSS)

Promising State Proposals (con't)

- Others:
 - **Indiana.** Legislatively mandated report providing a complete study on LTSS, including financing. Goals are three-fold: (1) raise awareness about LTSS need, (2) offer innovative and affordable tools and options for people to prepare and pay for LTSS and (3) protect future Indiana Medicaid budget by shifting funding to private sources where possible
 - **Nebraska.** Task Force for Financial Independence to: foster financial independence through private market incentives as well as better manage state resources focusing on Medicaid rebalancing efforts

Thank you!

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