

Long Term Care Planning Project Meeting 5

Notes – *Financing Alternatives to Public Programs*
October 25, 2019

On October 25, 2019, the fifth meeting of the LTCPP was held at the Empire State Plaza in Albany, New York and focused on Financing Alternatives to Public Programs. The meeting included presentations from LeadingAge LTSS Center at UMASS Boston, the SCAN Foundation, and AARP. At the conclusion of the meeting, participants were offered the opportunity to make a public statement.

Included below are summaries of the presentations, questions and answers, and comments by attendees received during or after the meeting.

Presentations are posted to the LTCPP webpage:
https://www.health.ny.gov/facilities/long_term_care/planning_project/

Presentations

Marc Cohen, LeadingAge LTSS Center at UMass Boston

Key Points

- There is a lack of understanding of the cost of care and a recognition of the need for care.
 - Majority of those age 65 and older today will need some level of long term services and supports (LTSS).
 - It is difficult to plan for long term care needs as the length of time needed for LTSS is unknown.
 - High costs of LTSS affects an individual's preparedness for retirement.
 - Home care costs are growing.
 - The majority of care is paid for through out of pocket costs.
- New York has the largest percentage of Medicaid expenditures nationally.
 - Eleven percent of Medicaid expenditures in the United States are in New York; however, New York State accounts for only six percent of the total Medicaid population.
- There is inconsistency in the private pay market for long term care insurance policies.
 - Long term care insurance policies are not easily accessible to middle or lower income individuals.
 - People are discontinuing long term care insurance policies at a faster rate than new sales.
 - Annual sales of standalone long term care policies have been declining.
 - Long term care insurance claims are going up at a faster rate than insurance companies expected, making the sustainability of long term care insurance uncertain.
- The absence of an effective insurance mechanism is one of the fundamental problems with LTSS financing.
- States must act now in order to prepare as states are increasingly left to cover the gap in private market.

- Growing LTSS costs compete with other State priorities.
- Unmet LTSS needs drive up medical costs.

Gretchen Alkema, SCAN Foundation

Key Points

- There is high need and high cost for LTSS in the community
 - Half of all adults age 65 and older will need LTSS at some point.
 - More than three quarters of Medicare beneficiaries with complex care needs live in the community.
 - Almost two-thirds of older adults living in the community receive help from unpaid caregivers.
 - More than half of long term care spending is out of pocket.
 - One-third of all assisted living payments are made by family members.
- There are emerging policies that attempt to relieve the out of pocket costs of long term care, such as:
 - Improvements in private long term care insurance;
 - Increases in Medicare Advantage supplemental benefits;
 - Including respite services in the Medicare benefit package; and
 - Medicare Special Supplemental Benefits for Chronically Ill (SSBCI).
 - This added new flexibility under special supplemental benefits for the chronically ill.
- States who typically rank high on the Long Term Care Scorecard have developed a plan for aging which involves various state agencies and seeks to set up a strategic plan that will guide the state in meeting the needs of an aging population in a cost effective manner.

Ilene Henshaw - AARP

Key Points

- Caregivers are key in long term care and need to be supported.
 - The pool of potential caregivers is shrinking.
 - Caregivers are providing increasingly more complex medical and nursing tasks.
 - Out of pocket costs are rising to pay for care and supplies.
 - Policies directed at supporting family caregivers have the potential to impact approximately ten times the number of individuals receiving home and community based services.
- States are beginning to look at innovative models of payment:
 - Washington State – Long Term Care Trust Act
 - Hawaii – Kupuna Caregiver Program
 - Arizona – Caregiver Tax Credit/grant programs
 - California – Advisory panels (Master Plan for Aging in California)
 - Minnesota – Own Your Own Future

Public Comments

- Increase education to people with both Medicare and Medicaid coverage regarding which services are covered under each program, what services are available, and how to access them.
- Increase wages to direct care workers to ensure there is a sufficient workforce to meet the needs of the growing population.

- Research continued viability of long term care insurance in contrast to Medicaid planning.
- Explore developing a new program similar to EISEP with a sliding scale payment structure.
- Continue to explore the Washington State Long Term Care Act for New York.
- Conduct an actuarial study on the feasibility of various long term care financing models including Medicaid, long term care insurance, and a payroll tax approach similar to the Washington State model.
- Create a statewide education campaign detailing the cost of long term care and providing resources to help people plan before a person needs care.