

## LONG-TERM CARE

### What is long-term care?

About 10 million Americans need long-term care because they require help with daily activities such as bathing, dressing, eating, or walking. This kind of care can be provided at home, in the community, or in nursing homes.

Medicare does not cover the costs of long-term care, and most people have not purchased a private long-term care insurance policy. As a result, millions of Americans rely on family and friends for support to stay at home or are forced to spend their life savings on expensive and unwanted nursing home care.

### How does health reform affect long-term care?

Health reform includes several provisions to help people find and pay for long-term care at home and in their communities, so they can avoid going into a nursing home. These provisions include changes to Medicaid and the CLASS program.

### How does the law affect Medicaid long-term care programs?

Medicaid is a state-federal program that provides long-term care benefits to individuals with modest incomes and assets (excluding a home). Right now, almost three-quarters of Medicaid long-term care spending goes for care in nursing homes and other institutions—even though most

people would prefer to receive help at home, which is also less expensive.

Several provisions in health reform offer states incentives to make long-term care available to people at home instead. These include:

- **A new Community First Choice option** that gives states extra federal money to provide home and community services to people who would otherwise need nursing home care (effective in 2011). [Sections 2401-2403]
- **A new State Balancing Incentives program** that will improve standards for home care programs, encourage states to shift funds away from nursing homes, and increase the number of people receiving home and community services (effective in 2011). [Sections 2401-2403]
- **Spousal impoverishment protections** to ensure that spouses of people needing Medicaid home and community services are no longer forced to spend-down their savings into poverty before getting help. While amounts vary by state, spouses will be able to keep half of the couple's countable assets—up to a ceiling as high as \$110,000—with a maximum monthly income allowance of about \$2,700 (effective in 2014). [Section 2404]

- **Added funding for better information and referrals** to help people find and pay for long-term care and for programs to identify and support nursing home residents who can return to their homes.

The first two new provisions are options to the states, and it's hard to predict how many will adopt these changes.

### What is the CLASS program?

CLASS (Community Living Assistance Services and Supports) is a new public insurance program designed to help people pay for long-term care at home. Full- and part-time workers can choose to participate by paying into the program through voluntary payroll deductions. Non-working retirees are not eligible for the program.

A person is eligible to receive CLASS benefits if he or she can't perform multiple basic living activities—such as eating, dressing, or bathing—or has certain mental impairments such as Alzheimer's disease. To be eligible for benefits, you also must pay premiums for five years. [Section 8002]

The CLASS benefit is projected to average \$75 a day. Unlike most private insurance plans, there is **no** time limit on how long the benefits last. Participants have the freedom to use this cash benefit for any non-medical services they need to stay at home—such as paying a family member for assistance, making home modifications, or getting transportation.

The CLASS premium and benefit are still being developed, and the program is not projected to begin until 2012 or 2013. According to early estimates, the monthly premiums could be over \$100, but they are likely to be less expensive for younger purchasers and more expensive for older buyers.

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