SPECIAL NEEDS ALLIANCE

Bipartisan Policy Center Recommends Long-Term Care Innovations

By Robert F. Brogan, CELA

It was in late 2013 that the Bipartisan Policy Center (BPC), led by former Senators Tom Daschle (D) and Bill Frist (R), began studying the financing and delivery of long-term care. It took only a few months for them to assess the problem's scope.

- Long-term care is costly in the U.S. As of 2014, the average annual cost for a nursing home stay was $87,600; for a home health aide, $45,800; and for the services of an adult daycare center, $16,900.
- At present, long-term care supports are provided through Medicaid, private insurance, family savings and unpaid assistance from friends and loved ones.
- It's estimated that, as the baby boomers age, the number of Americans needing such care will jump to 27 million in 2050, compared to 12 million in 2014.

What's at Stake

BPC went on to observe that, given ballooning demand, current resources would be overwhelmed and difficult tradeoffs would become necessary–care of the vulnerable versus the nation's future prosperity– unless there were significant changes to social policy. In response, they called for a greater reliance on privately-funded options, greater efficiencies for public programs, and better collaboration between HUD and the U.S. Department of Health and Human Services.

BPC's emphasis on the coordination of housing and health care initiatives was a recognition of the many benefits of community-based services, including lower individual costs. Sadly, there has been little progress concerning inter-agency cooperation; government agencies continue to operate in silos.

One dramatic example is the inability of some special needs trust (SNT) beneficiaries to obtain Section 8 housing vouchers. The Social Security Administration has long excluded SNT-held assets when assessing an individual's eligibility means-tested benefits, yet certain HUD offices are counting those same assets when determining whether or not to issue rental vouchers. Two agencies that should be working together to reduce reliance on institutional care are not talking to one another, and individuals with disabilities are being prevented from living within the community.

Another obstacle has been the "floodgate theory," a fear that if more public programs were established to supply affordable housing and community-based services, the demand would swamp state and federal budgets.

Financing Recommendations

In February of this year, BPC built upon its earlier work with the announcement of "initial recommendations" for the revamping of long-term care financing:

- Creation of more affordable private long-term care insurance policies that would be available through employer retirement plans and state/federal insurance marketplaces.
- Incentives for states to expand Medicaid's home-based services.
- Development of a Medicaid option for working individuals with special needs to buy into long-term care services in order to supplement coverage by public and private health insurance.
- An innovative approach to public insurance for catastrophic long-term care that avoids adding to the federal deficit.

That last suggestion is essentially a call to revive the CLASS (Community Living Assistance Services and Supports) Act, which was originally part of the Affordable Care Act. The Obama Administration found CLASS to be unworkably expensive and repealed it before it got off the ground.

BPC has signaled that by early next year, it will offer more detailed recommendations, such as:

- Expansion of privately offered Medigap and Medicare Advantage plans to include long-term care.
- A tax credit for caregiving expenses.
- A respite benefit through Medicare.

While all these goals are laudable, it will be tough going to get them implemented. Although the federal government might be able to flex tax policy in order to convince private insurers to reenter and expand the long-term care market, the new policies could end up being too expensive to be broadly attractive. People don't like paying today for something they may not need tomorrow. The healthiest segment of the population—millennials—is famously underemployed and many would be likely to opt-out, depleting the premium pool.

The long-term care crisis looms at a time when Congress is increasingly concerned about public debt and the cost of benefits such as Medicaid. For any of BPC's recommendations to gain traction, Congress and the White House would need to agree on questions that have proven highly divisive in the past. If Washington's current polarization persists after the fall elections, it's unlikely that we'll see resolution of these critical social problems any time soon.

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