

Long-Term Care and Health Care Reform

Long-term care is a variety of services and supports provided to individuals unable to care for themselves due to a range of disabilities and cognitive impairments. Long-term services include home and community-based services (e.g., personal care attendants and adult day care), as well as institutional care (e.g., nursing homes). Of the approximately 10 million Americans needing long-term care services, 60 percent are over age 65. The Administration on Aging estimates that close to 70 percent of individuals over age 65 will require some type of long-term care in their lifetime, and on average this age group needs long-term care for three years.¹

Long-term care can be expensive and many people are unprepared when it comes to paying for these services and supports. The following table shows the average cost of institutional long-term care and home and community-based care options.

2009 Average Long-Term Care Costs

	Missouri	United States
Care in a nursing home	\$49,000 per year	\$72,000 per year
Care in an assisted living facility	\$36,000 per year	\$38,000 per year
Care in an adult day health care center	\$67 per day	\$67 per day
Care provided by a home health aide	\$19 per hour	\$21 per hour

Source: National Clearinghouse for Long-term Care Information, Administration on Aging

Medicaid, the federal-state program for low-income individuals, accounts for almost 50 percent of all long-term care spending.¹ The majority of this spending is used for nursing home care. AARP reports that for the cost of serving one person in a nursing home, Medicaid can provide home and community-based services to three people.² Most home and community-based services ensure individuals are able to take care of their activities of daily living (e.g., bathing, eating, dressing, and medication management). Several provisions in the Patient Protection and Affordable Care Act (Affordable Care Act) will have an impact on how people are able to access and pay for long-term care.

Health Care Reform Provisions

Home and Community-Based Services. The Affordable Care Act encourages a shift from institutionalized care settings to increased services and supports in home and community-based settings. Many of the federal health care reform changes are tied to Medicaid. The Affordable Care Act extends and creates new programs to provide states with financial assistance to make this transition. For example, Money Follows the Person, a demonstration project that increases the federal medical assistance percentage (FMAP) for each Medicaid beneficiary transitioned from institutional care to a community setting, is extended. States can also receive increased FMAP if they adopt the Community First Choice Option, a program to provide home and community-based supports and services to individuals who would otherwise need institutional level care.³

CLASS Program. The Affordable Care Act establishes a national, voluntary insurance program for buying Community Living Assistance Services and Supports, called the CLASS program. This

insurance program gives people an opportunity to plan for their future needs. CLASS program participants will receive a cash benefit to pay for services and supports that allow them to remain in their homes in the event participants develop a chronic or disabling condition. The program begins enrolling participants in 2012, with benefits available in 2017.

The CLASS program will pay an average of at least \$50 a day to offset the cost of services or supports like a personal care attendant, adult day care, home modifications, and accessible transportation. The CLASS benefit may also be used to cover some of the cost of assisted living facilities and nursing homes. After paying into the CLASS program for five years, participants will be eligible for this benefit. CLASS benefits may be used to supplement, not replace, other health care benefits, including Medicaid. The value of CLASS benefits will not be counted when determining an individual's eligibility for benefits under any federal or state funded assistance program.

Most working adults will be automatically enrolled in the CLASS program, unless they choose to opt out. The program will be paid for with voluntary payroll deductions. The monthly premiums for the CLASS program may be adjusted for age, with younger adults paying a lower premium than older adults. Low-income individuals and full-time students who participate in the program will pay minimal premiums, starting at \$5 a month. The CLASS program must be self-sustained through the premiums collected, as the Affordable Care Act specifically states no taxpayer funds may be used to pay for CLASS benefits. The CLASS Independence Fund will be set up to collect premiums and pay for benefits and the administrative expenses of the CLASS program, and funds will be managed by a board of trustees who will annually report on the solvency of the program.

Conclusion

Most people can expect to need long-term care services and supports at some point in their life, yet many do not plan for this inevitability. The Affordable Care Act addresses long-term care in a number of ways. Primarily, states may be able to offer more Medicaid beneficiaries the option to remain in their home through increased federal funding for home and community based services. Health care reform also encourages working adults to prepare for their long-term care needs with the CLASS program. This long-term insurance program provides a cash benefit for the purchase of nonmedical services and supports essential for remaining in a community setting.

These provisions may make it easier for people to maintain their independence and remain in their homes and in the community. However, as CLASS benefits will not be available until 2017, seniors and individuals with disabilities may continue to have financial problems covering their long-term care needs. Additionally, there are concerns that the health care workforce is inadequate to meet the needs of a growing older adult population. This is especially true with long-term care as turnover rates are high in nursing homes (45-105%) and among home health care staff (12-60%) due to low wages and the physical demands of the work.⁴

Endnotes

1. Administration on Aging. National Clearinghouse for Long-Term Care Information, U.S. Department of Health and Human Services, May 2010.
2. AARP. *Across the States 2009: Profiles of Long-Term Care and Independent Living*, 2009.
3. Patient Protection and Affordable Care Act. Public Law 111-148.
4. Health Resources and Services Administration. *Nursing Aides, Home Health Aides, and Related Health Care Occupations- National and Local Workforce Shortages and Associated Data Needs*, U.S. Department of Health and Human Services, 2004.