Who Will Pay For Your Long-Term Care?
An Overview Of A Personal and Public Dilemma

Long-Term Care Public Presentation
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Who are we?

www.cahealthadvocates.org

Policy – Conduct public policy research to support recommendations for improving rights and protections for Medicare beneficiaries and their families

Training – Provide timely and high-quality information on Medicare through our website, fact sheets, policy briefs and educational workshops

Advocacy – Bring the experiences of Medicare beneficiaries to the public, and especially legislators and their staff at federal and state levels, through media and educational campaigns
Topics

• What will and won’t pay for long term care?
• Why is this happening?
  • A public policy challenge
• What is the federal government doing?
• What are states doing?
• Where can I get information or help?
• What is the Senior Medicare Patrol (SMP)?
What Is Long-Term Care?

• Assistance or supervision
  • With bathing, dressing, other daily activities
  • Reminding, supervision due to dementia

• Paid and/or unpaid care
  • Professional care
  • Family care

• Needed because of
  • Advanced age
  • Medical or cognitive condition
  • Physical or mental deterioration
Who *Won’t Pay* for Your Care?

- Medicare pays only when
  - You need medical *skilled care* services
    - Physical therapy, nursing care, etc
    - In a nursing home or qualified care at home
    - $92.6 billion 2021 (19.8% of all LTSS spending)

- MediCaid (MediCal) pays when
  - You meet *low income* requirements
    - Medicaid: $207.08 billion 2021 (44.3% of all LTSS spending)

- Out-of-Pocket spending (personal resources)
  - $63.6 billion 2021 (13.6% of all LTSS spending)

- Private health insurance and LTC insurance
  - $32.9 billion 2021 (7% of all LTSS spending)

[https://crsreports.congress.gov](https://crsreports.congress.gov): Who Pays for Long Term Care?
Who *Will Pay* for Your Care?

- **Very Likely:**
  - You and your family will provide care

- **Unpaid care:**
  - Family and friend caregivers
  - Spouses, daughters, daughters-in-law, sons, friends
    - 36 billion hours of unpaid care in 2023
    - Valued at $600 billion in 2023

- **Paid care:** $$$$
  - Your income and/or savings (personal resources)
  - Home care, assisted living, nursing home

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https://www.guardianlife.com/reports/caregiving-in-america
Why Will *You* Pay?

- Why are you and your family at risk of paying for your care?
  - There is no single source of payment for long term care in the United States

  - Medicare only pays as part of skilled medical care
    - Medigaps only pay if Medicare pays
    - MA plans only pay what Medicare requires

  - MediCal pays if low income
Meet Oscar!
This is Long Term Care!

Long-term care: An octopus of issues on steroids!
Why is this Happening?

Beyond The Personal Challenges

A Public Policy Challenge
A Public Policy Challenge

- Growing numbers of people needing care
  - Baby boomers begin turning 80 in 2025, age 85 by 2030

- No secure payment source
  - Everyone is on their own

- No identifiable system of care
  - Build your own where you live

- Emotional and financial toll on families
  - Unpaid caregiving by families

- Huge costs for state and federal government
  - Medicaid payer of last resort
  - Spending down to Medicaid
The American Silver Tsunami

• 10,000 people turn 65 every day
  • Baby Boomers (2010–2030)
    • By 2025 Baby Boomers reach age 80
      • By 2030 estimated 81 million Baby Boomers will be 85
    • 70% likely to need some long-term care
      • On average for 3 years

• Projection: By 2030
  • 20%* of U.S. population 65+
    • (24% of California’s population expected be 60+)
  • U.S. has more people 100+ than any other country

*https://www.cdc.gov/nchs/data/databriefs/db233.htm
(Percentages predicted vary by organizations, target dates, and age cohorts used.)
Aging and Long Term Care

• The need for care increases with age
  • More people are living to advanced ages
  • More people needing long term care

• Most long term care begins at home
  • Most families provide care in the beginning

• As care needs continue
  • More hours of care needed
  • More services and supervision needed
  • Care needs increase and paid care begins
Long Term Care In The U.S.

• A patchwork of public and private components without a common definition

• Long-term care financing
  • Disparate elements in an unorganized, non-systemic manner including:
    • Unpaid, informal, family caregiving
    • Formal paid care provided to individuals at home
    • Institutional care, privately paid or public benefits
    • Insurance; long-term care, medical, auto, worker’s comp
    • Other governmental programs; Medicare, VA, Military
    • Medicaid
Overview: How We Pay for Care

• Programs with benefits for long term care
• Federal proposals to pay for care
• States and long term care initiatives
Medicare

- Medicare pays **only when**
  - You need medical *skilled medical care or therapy* services
    - Such as physical therapy, skilled nursing care, etc.
      - In 2021 Medicare paid for 19.8% of U.S. LTC costs
  - 100 days in a nursing home, **Only IF**
    - You meet Medicare criteria upon admission
    - You continue to meet Medicare criteria every day
      - Copay after 20 days up to day 100
    - Average # of days paid by Medicare = less than 24 days
  - Home care after a hospital stay, **ONLY IF**
    - You meet and continue to meet Medicare criteria for skilled medical care or therapy services every day
MediCaid Pays For Most LTC

• MediCal: Primary Payer
  • For low income people, or people who spend down
    • Income eligibility requirements
    • Asset test disappearing in California, but
      • Income standards and estate recovery still applies
    • In Home Supportive Services
      • Separate eligibility requirements
  • Low reimbursement rates
    • Waiting lists may apply
    • Scarcity of providers

Medicaid paid for 44.3% of U.S. long term care costs in 2021
Long Term Care Insurance

• Free standing policies
  • Only paid for long term care
    • Few insurers still selling
  • High premium cost
  • Premium increases

• Financial products
  • Life and annuities with long term care benefits
  • Combining two complicated products
  • Internal costs can be deducted before benefits paid

All private insurance payments equaled 8% of U.S. long term care costs in 2021
Health, auto, workers comp, life, annuities, LTCi, etc
Insurance to Pay for Care

• If you need it you can’t buy it
  • Health underwriting
  • Expensive premiums
    • Premiums 40% higher for women

• If you have it can you keep it?
  • Premium increases
  • Income changes, death of spouse

• If you have it does it pay when you need it?
  • Do you meet the requirements for paid benefits?
  • Do you have a elimination period?
    • You pay first, then policy pays
  • Does it pay for what you need?
    • At home, assisted living, nursing home?
  • Is the premium waived while you get care?
Federal Actions

• National proposals for long term care
  • Proposed federal legislation and tax changes
    • WISH Act
      • 1 to 5 year waiting period before long term care benefits paid
      • Based on income at time of retirement
    • Proposed federal tax benefits
      • For purchased insurance products
      • Early withdrawals from retirement funds
        • To buy insurance
        • To pay for care
  • Federal policy changes
    • Expansion of nonmedical services
      • MA plans and extra benefits
      • Medicaid expansions of home and community based services
Experimentation by States

- **Washington state implemented**
  - Employment tax paid state program
    - $36,500 in total benefits (plus inflation)
    - $0.58 tax on each $100 of wages earned

- **Michigan, Illinois exploring state program**
  - New York reintroduces legislation for a state program

- **Minnesota**
  - Proposals to add LTC to Medicare and Medigap

- **Hawaii**
  - State stipend paid to caregivers
California State Actions

• Ongoing state action
  • Master Plan on Aging
    • Coordinated approach to state long term care services
    • MediCal expansion: home and community based services
    • Elimination of asset test for MediCal LTSS
    • Income test still in effect
    • Estate recovery still in effect

• California’s proposal for a state program
• SB 567 passed in 2022
  • Created a LTC Task Force
    • TF made recommendations for state LTC plan
      • 5 options for long term care programs
      • Actuarial report with cost and funding for each option
    • Reports submitted to state legislature for consideration
Here is a *very brief* summary of the five program options in the report and some ways to think about cost.
Design Description Overview Estimated Contribution Rate

1. Supportive LTC benefits
   • $36,000 over two years in supportive LTC benefits for California’s adult population (ages 18+)
   • Examples of supportive benefits include caregiver support, adult day care, durable medical equipment, and minor home modifications
   0.60%
   Percentage of a single level payroll tax rate as yet to be determined

2. Home care and residential care facilities (“RCF”) benefits for older adults
   • $110,400 over two years in targeted benefits for California’s older adult population (ages 65+)
   • Covered services are the same as Design 1 plus formal home care and care in an RCF
   • This design attempts to limit duplication with Medi-Cal by not having lower-income individuals participate
   1.15%
   Percentage of a single level payroll tax rate as yet to be determined

3. Lower-range comprehensive LTSS benefits
   • $36,000 over one year in comprehensive benefits for California’s adult population (ages 18+)
   • Covered services are the same as Design 2 plus coverage for California’s Program for All-Inclusive Care for the Elderly
   0.65%
   Percentage of a single level payroll tax rate as yet to be determined

4. Mid-range comprehensive LTSS benefits
   • $81,000 over 18 months in comprehensive benefits for California’s adult population (ages 18+)
   • Covered services include those covered in Design 3 plus care in a skilled nursing facility
   1.60%
   Percentage of a single level payroll tax rate as yet to be determined

5. Higher-range comprehensive LTSS benefits
   • $144,000 over two years in comprehensive benefits for California’s adult population (ages 18+)
   • Covered services are the same as Design 4
   3.00%
   Percentage of a single level payroll tax rate as yet to be determined

Estimated contribution rate by Program design (baseline scenario)

For the Actuarial Analysis, a contribution rate is defined as a single, level payroll tax rate at age 18, with no maximum age.
Next Steps?

• Both reports
  • Feasibility Report
  • Actuarial Report
  • Sent to the Legislature and the Governor December 2023

• What happens next?
  • Legislation would have to be introduced
    • Questions: program design, administration, funding
      • All to be determined by legislation

• Stay tuned!
Information and Help With Long-Term Care Insurance In California

HICAP Services

• Information about long term care and where to get help

• Help understanding long term care insurance

• Help with long term care premium increases

• Help understanding how to file a claim with long term care insurance
Getting Local Help

• Your local HICAP (SHIP national network)
  • The Health Insurance Counseling and Advocacy Program
  • Free assistance for Medicare beneficiaries and families
  • State and federally funded
  • Provides unbiased counseling and assistance
    • All things Medicare and long term care
    • 1-800-434-0222
    • https://cahealthadvocates.org/hicap/
      • To Find Your Local HICAP

• Next up!
  • SMP
  • Senior Medicare Patrol
    • All things fraud related for Medicare and MediCal
Resources And Tools

• California Department of Aging
  • Taking Care of Tomorrow (Consumers Guide to LTC)
  • https://aging.ca.gov/Care_Options/Taking_Care_of_Tomorrow/

• California Department of Insurance
  • http://www.insurance.ca.gov/01-consumers/105-type/7-ltc/index.cfm

• California Health Advocates:
  • http://cahealthadvocates.org/

• California Partnership for Long-Term Care
  • http://www.dhcs.ca.gov/services/ltc/Pages/CPLTC.aspx
  • www.RUReadyCA.org

• California Advocates for Nursing Home Reform (CANHR.org)
  • http://www.canhr.org/medcal/index.html
More Resources And Tools

- **Center for Medicare Advocacy:**

- **Centers for Medicare & Medicaid Services (CMS):** [https://www.cms.gov/](https://www.cms.gov/)
  - CMS National Training Program
  - CMS Medicare Learning Network (Guided Pathways)

- **Long-Term Care (U.S. Department of Health and Human Services):**
  - [http://www.longtermcare.gov](http://www.longtermcare.gov)
Questions?