



CALIFORNIA HEALTH ADVOCATES
Medicare: Policy, Advocacy and Education

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>: 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

<https://www.aarp.org/caregiving/financial-legal/info-2023/unpaid-caregivers-provide-billions-in-care.html>
<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!

Employment

Health

Retirement

Family Caregivers

LTC Insurance

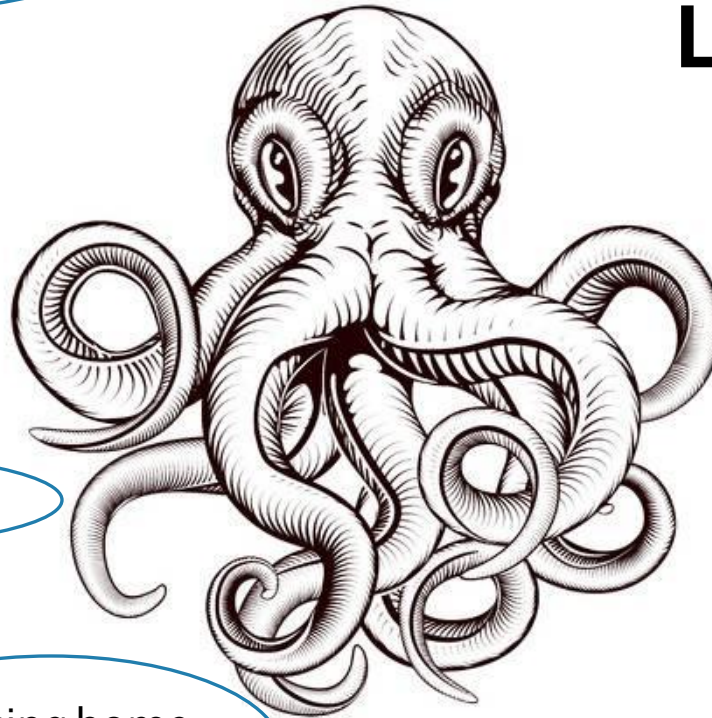
Life Insurance

Reverse Mortgage

Annuities

Medical, Auto, Workers comp

OSCAR



**Long-term care:
An octopus of
issues on
steroids!**

MediCaid Eligibility

Spend down

Asset Protection

Assessment Plan of Care

ADLs

Dementia

Medicare

Skilled care

Nursing home care

Memory care

Personal care

Assisted Living

Nurses Aides

Home Care



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, et
 - **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

Five California Options for a State Plan for Long Term Care

Design	Description	Overview	Estimated Contribution Rate
1.	Supportive LTC benefits	<ul style="list-style-type: none"> •\$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 	<p>0.60%</p> <p>Percentage of a single level payroll tax rate as yet to be determined</p>
2.	Home care and residential care facilities (“RCF”) benefits for older adults	<ul style="list-style-type: none"> • \$110,400 over two years in targeted benefits for California’s older adult population (ages 65+) • Covered services are the same as Design 1 <i>plus</i> formal home care and care in an RCF • This design attempts to limit duplication with Medi-Cal by not having lower-income individuals participate 	<p>1.15%</p> <p>Percentage of a single level payroll tax rate as yet to be determined</p>
3.	Lower-range comprehensive LTSS benefits	<ul style="list-style-type: none"> •\$36,000 over one year in comprehensive benefits for California’s adult population (ages 18+) • Covered services are the same as Design 2 <i>plus</i> coverage for California’s Program for All-Inclusive Care for the Elderly 	<p>0.65%</p> <p>Percentage of a single level payroll tax rate as yet to be determined</p>
4.	Mid-range comprehensive LTSS benefits	<ul style="list-style-type: none"> •\$81,000 over 18 months in comprehensive benefits for California’s adult population (ages 18+) • Covered services include those covered in Design 3 <i>plus</i> care in a skilled nursing facility 	<p>1.60%</p> <p>Percentage of a single level payroll tax rate as yet to be determined</p>
5.	Higher-range comprehensive LTSS benefits	<ul style="list-style-type: none"> •\$144,000 over two years in comprehensive benefits for California’s adult population (ages 18+) • Covered services are the same as Design 4 	<p>3.00%</p> <p>Percentage of a single level payroll tax rate as yet to be determined</p>



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

<https://www.medicare.gov/publications/10050-Medicare-and-You.pdf>

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))**
 - <http://www.canhr.org/medcal/index.html>

More Resources And Tools

- **Center for Medicare Advocacy:**
 - <http://www.medicareadvocacy.org/medicare-info/home-health-care/>
- **Centers for Medicare & Medicaid Services (CMS): <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>



Questions?

