U.S. Senate Commission on Long-Term Care, 2013: Report to the Congress

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Overview

Type of Reform: Transforming Healthcare Structures (New Program and Private Market Incentives)

Description:

- Section 643 of the American Taxpayer Relief Act of 2012 directed the Commission to develop a plan for the establishment, implementation, and financing of LTSS for individuals, including older adults, those with cognitive or functional limitations, and others who require assistance to perform ADLs.
- The Commission did not agree on a financing approach, and, therefore, made no recommendation. However, it offered two different approaches to illustrate ways that Congress could achieve a restructuring of LTSS financing:

  Option A: Strengthen LTSS financing through private options:

  - Create tax advantages for LTC products through retirement and health accounts.
  - New Product Designs: Support new forms of products, including combination life/LTC and annuity/LTC;
  - Allow product innovations such as flexibility in pricing and product design not currently allowed.
  - Allow individuals to "opt out" of Medicaid when claiming Social Security, receiving a portion of the expected Medicaid benefits as a subsidy to purchase LTC insurance, in exchange for forfeiting future Medicaid LTC services.
  - Create a financing mechanism for the catastrophic LTC costs. Create safety net for catastrophic costs through private or public reinsurance.
  - Ease regulatory requirements on private LTC insurance to enable innovation and affordable products.
  - Raise awareness of the risks and costs of LTC and the need to plan ahead for how to meet those needs. Make consumers aware of financial incentives and private finance options, including encouraging use of reverse mortgages and Partnership for LTC Policies.

  Option A: Strengthen LTSS financing through private options:

  - Create a comprehensive Medicare benefit for LTSS in Medicare Part A that would be triggered when an individual is certified to meet certain qualifying criteria.
  - Create a basic LTSS benefit within Medicare or a New Public Program which would create a more limited benefit, either within Medicare or as a new public program, to insure only catastrophic risk and making clear the "hole" that people able to prepare in advance should plan to fill through private resources.

Sponsoring Organization and Key Author(s):

Sponsoring Organization:

- The Commission on Long-Term Care was established under Section 643 of American Taxpayer Relief Act of 2012 (P.L. 112–240), signed into law January 2, 2013.

Key Author(s):

- The Commission was established with 15 members. Three members each were appointed by the President of the United States, the majority leader of the Senate, the minority leader of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives.

Impact and Action:

The bipartisan commission created a compendium for Senate lawmakers and others of reform ideas that were being discussed among advocates and policy experts to address the LTSS finance considerations and related workforce, service delivery, and quality issues.

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Program Details

Participation Criteria:

- Medicare-eligible, with possible accommodations for individuals who meet eligibility criteria but are not otherwise part of the Medicare program.
- Contemplates inclusion of younger people who are impaired and those with current needs, but specifics not provided.

Conditions for Receiving Benefits Scope of Services:

- Assistance with at least two ADLs expected to last at least 90 days.
- Ongoing and continued cognitive or mental health issues, such that independence is impossible or contraindicated.

Scope of Services

LTSS including: skilled nursing facility care, home health care, personal care attendant services, care management and coordination, adult day care, respite care, outpatient therapies and other reasonable and necessary services.

Amount of Services

- Not specified, contemplates that dollar amounts may vary with level of impairment.
- Program would cover only catastrophic risk, making clear the coverage gap that people need to address privately during the income-based waiting period.

Participant Financial Responsibility

Responsible for costs during the income-based waiting period.

Elimination Period

Income-based waiting period with accommodations for younger people who become impaired and individuals with significant disability age 75+ at the time the program is established.

Provider Requirements

Not specified.

Provider Payment Levels

Set federal payment rates to providers, adjusted for geographic variation in input costs; “site-neutral” payments, that is, payment of providers based on the service provided to the consumer rather than site of care, and alignment of payments to reward providers for outcomes, quality of care and quality of life.

Inflation Adjustments

Not addressed.

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Financing & Implementation

Revenue Source(s)

- If established as a Medicare Benefit: Finance through an increase to the current Medicare payroll tax and the creation of a Part A premium.
- If established as a new Social Insurance Program: Finance through a combination of Medicaid savings and a surcharge on income tax.

Total Program Costs

Not addressed.

Program Administration

Not addressed.

Private Sector Role

Recommendations include: (1) standardize LTCI policies similar to the Medigap market; (2) create an electronic exchange and broad consumer education and awareness; (3) strengthen consumer protections in private market; (4) enable and encourage product innovation and regulatory reform.

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