

An Updated Policy Roadmap: Caring for Those with Complex Needs

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Overview

Type of Reform: Transforming Healthcare Structures (Medicare Expansion, Medicaid Reform, and Private Market Incentives)

Description: Federal Catastrophic Long-Term Care Insurance. Presents a mix of publicly funded programs and private insurance approaches to financing LTSS as a package of solutions designed to be financially and politically viable. Components include programmatic changes to expand the role of the private market, improvements to public programs such as Medicaid and Medicare, and consideration of a new social insurance program for protection against catastrophic LTSS costs.

To enhance multiple financing approaches representing a collaboration of public and private sectors thereby injecting new dollars into the system to improve service delivery and quality of care in the context of controlled spending.

- Components include programmatic changes to expand the role of the private market, improvements to public programs such as Medicaid and Medicare, and consideration of a new social insurance program for protection against catastrophic LTSS costs.
- Other objectives include maximizing opportunities for: (1) person- and family centered care; (2) coordinated care across program silos; and (3) support for family caregivers.

Sponsoring Organization and Key Author(s):

Sponsoring Organization: The Bipartisan Policy Center is a non-profit that seeks to combine politically balanced policymaking with strong advocacy and outreach. It was founded in 2007 by former Senate Majority Leaders Baker, Daschle, Dole, and Mitchell.

Key Author: Authors bring significant expertise and experience in the public sector (including positions with Congress and state Medicaid agencies) and include: Lisa Harootunian, Katherine Hayes, G. William Hoagland, Brian O’Gara, Kamryn Perry.

Impact and Action:

- The report represents a culmination of recommendations from a dozen prior reports, providing policy guidance for Congress and federal agencies.
- This report is a part of the Bipartisan Policy Center’s Health Project, which develops bipartisan policy recommendations to improve health care quality, lower costs, and enhance coverage and delivery. This project is under the leadership of former Senate Majority Leaders Tom Daschle and Bill Frist, M.D.

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Program Details

Participation Criteria:

Individuals who have worked 40 quarters. Eligibility would be phased in over 10 years.

Conditions for Receiving Benefits Scope of Services:

Individuals who have demonstrated need for LTSS by meeting one of the following criteria:

- Being unable to perform two or more ADLs.
- Requiring supervision due to severe cognitive impairment.

Scope of Services

Includes both HCBS and facility care.

Amount of Services

Up to \$110/day cash benefit (2014 dollars).

Participant Financial Responsibility

Not applicable.

Elimination Period:

Waiting period varies depending on individual lifetime incomes (based on distribution of income in quintiles):

- One year for those in the lowest two quintiles.
- Two years for those in the third quintile.
- Three years for those in the fourth quintile.
- Four years for those in the fifth quintile.

Provider Requirements:

Not specified.

Provider Payment Levels:

Not specified.

Inflation Adjustments :

Annual benefits increase pegged to hourly cost increase for home health aides.

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Financing & Implementation

Revenue Source(s)

Premium surcharge on Medicare tax.

Total Program Costs

No cost estimates provided.

Program Administration

Federal government collects revenue and administers the program with reforms to Medicare and Medicaid:

Medicare

- Change Medicare's risk adjustment model to account for functional impairment.
- Provide incentives through quality measures for profusion of non-Medicare covered support services.
- Allow Medicare Advantage plans to provide health-related social supports and services.

Medicaid

- Create incentives for states to expand HCBS by streamlining and consolidating state plan amendments and waivers.
- Allow states to offer LTSS-only buy in for persons with disabilities whose employment would result in the loss of Medicaid coverage.

Dual Eligible Plans:

- PACE: Newly authorize various demonstrations and expansions of the Program for All-inclusive

Care for the Elderly (**PACE**) by making the program available at all ages and consolidating regulatory authority, etc.

- Special Needs Plans (SNPs): Better program alignment for demonstrations and Medicare advantage plans serving dual eligibles through SNPs.

Private Sector Role:

Incentives could help the private market provide front-end support and/or insurance coverage by:

- Creating limited benefit Retirement LTC insurance with three basic design options for simpler, lower-cost, limited-duration coverage. Include term life to LTC insurance conversions for adults in the workplace.
- Allowing individuals age 45+ to use retirement savings (401(k), 403(b), IRA) to purchase Retirement LTC insurance without early withdrawal penalties, subject to income tax but exempt from the 10% penalty.
- Providing safe harbor and expanded catch-up contributions for employers enrolling employees in Retirement LTC insurance.
- Permitting Retirement LTC insurance policies to be sold on health insurance marketplaces and strengthening public education on LTC planning, including in financial literacy and retirement materials.

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