

# Health Security Act. Subtitle B. Long Term Care (S.1757)

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## Overview

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

**Description:** Expands Medicare by (1) extending Medicare Part A coverage to extended care services to chronically dependent individuals; and (2) providing coverage of home care services under Medicare Part B.

- Requires states to establish and support state plans to provide home and community-based care to individuals with disabilities without regard to age or income.
- Clarifies favorable tax treatment of private LTC insurance premiums and benefits.
- Provides a tax credit to working individuals with disabilities, for up to 50% of their care costs, up to a maximum of \$15,000 per year.
- Provides federal grants for consumer education and counseling on LTC insurance.
- Certain provisions regarding Medicaid eligibility that protect against spousal impoverishment for recipients of HCBS.

## Sponsor/Cosponsors:

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- Introduced by Sen. Mitchell (D-ME) on November 23, 1993.
- 23 co-sponsors, including 15 Democrats and eight Republicans.

## Impact and Action:

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- Major health care reform legislation including new benefits within Medicare to cover LTC (Title II; Subtitle B).
- Called for tax advantaged treatment for premiums and benefits from LTC insurance (Title VI; Subtitle G).
- Laid the groundwork for other Medicare expansion bills, e.g., The Health Security Act of 1994 (S. 2357).

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## Program Details

### Participation Criteria:

Individuals meeting one of the following criteria:

- Older adults with Medicare.
- Chronically ill individuals as defined in the Conditions for Receiving Benefits (below).

### Conditions for Receiving Benefits Scope of Services:

Specific criteria determined by each state, but generally individuals meeting one of the following criteria:

- Requiring help with three or more ADLs expected to last at least 180 days.
- Having severe cognitive impairment or mental impairment.
- Having profound or severe mental retardation.
- Being a child under six years old with a severe disability or chronic medical condition that would otherwise require facility-based care.

### Scope of Services

Including, but not limited to, care management, homemaker and chore help, home modification, respite, assistive technology, adult day care, and homehealth services. Room and board are excluded.

### Amount of Services

Amount and limits of services determined by each state.

### Participant Financial Responsibility

Co-insurance amounts based on income:

- Incomes below 150% FPL: 0%
- Incomes of 150% to 200% FPL: Up to 10%
- Incomes of 200% to 250% FPL: Up to 25%
- Incomes more than 250% FPL: 25%

### Elimination Period

Not specified.

### Provider Requirements

Determined by each state.

### Provider Payment Levels

Determined by each state.

### Inflation Adjustments

- Program budget increases annually, keeping with the increase for the national health care budget and the growth in the number of persons with severe disabilities.
- Provider payment methodology, including inflation adjustments, determined by each state.

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## Financing & Implementation

### Revenue Source(s)

Not specified.

### Total Program Costs

For FY 1996, the initial budget estimate was \$4.5 billion, increasing annually up to \$38.3 billion in 2003.

### Program Administration

- Department of Health and Human Services establishes the program structure and allocates funding to states (based on a formula with a federal share of program costs ranging from 78% to 95%).
- States fund the non-federal share of costs and administer the program including specifying covered services, creating protocols for determining need, certifying provider eligibility, overseeing program quality, and more. To 80% for quality management activities (see above).

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