Principles for Improving Financing and Delivery of Long Term Services and Supports

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Overview

Type of Reform: Transforming Healthcare Structures (Medicaid Reform and Private Market Incentives) solutions.

Description: Recommends a combination of public and private sector reforms:

- Universal catastrophic insurance program of financial support for those with extended LTC needs.
- Various initiatives to revitalize the private LTC insurance market to better address non-catastrophic care needs.
- Stronger support for family caregivers.
- Modernization of the Medicaid safety net for LTSS.

Sponsoring Organization and Key Author(s):

Sponsoring Organization: In 2012, a group of policy experts representing a wide range of interests and ideological views created The Long-Term Care Financing (Collaborative) to work towards consensus around ways to improve the LTC financing system. The group was convened by the Convergence Center for Policy Resolution which works to facilitate efforts to build trust, identify solutions, and form alliances for action.

Key Author: Members of the Collaborative included policy experts, consumer advocates, service providers, insurance industry representatives, bipartisan representation from senior executive branch officials, former congressional aides, and former top state health officials. Key authors include: Jonathan Westin, Stuart Butler, Howard Gleckman, Sheila Burke, Marc Cohen, and Don Redfoot.

Impact and Action:

Broad range of stakeholder involvement generated thoughtful proposals for both public finance reform and actions to enhance the private market.

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Program Details

Participation Criteria:

Universal and mandatory enrollment.

Conditions for Receiving Benefits Scope of Services:

Not specified; report discusses the importance of including coverage for young people with disabilities.

NOTE: A more fleshed out version of the initial set of recommendations along with premium and benefit estimates was published in 2018 and additional recommendations put forward in an updated report also published in 2022. This became the basis for the WISH Act (H.R. 4289).

Scope of Services

All LTSS, whether provided through a facility or in the community.

Amount of Services

Not specified.

Participant Financial Responsibility

Not specified.

Elimination Period

A front-end waiting period (e.g., one to two years before public insurance program eligibility), consistent with principles of a “back-end” catastrophic program.

Provider Requirements

Not specified.

Provider Payment Levels

Not specified.

Inflation Adjustments

Not specified.

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Financing & Implementation

Revenue Source(s)

Suggests options such as payroll tax, value-added tax, premiums, or some combination.

Total Program Costs

None estimated.

Program Administration

Federal role dependent on revenue source agreed upon.

Private Sector Role

Incentives outlined in the report could help the private market provide front-end support before public coverage begins. Private sector reform recommendations include:

- Encourage industry, employers, and policymakers to adopt cost-effective policies that promote consumer purchases, including products combining LTC and life insurances, Medicare supplements, and annuities.
- Recommended ways to reduce policy costs by changing policy designs and regulatory approaches (e.g., allow benefits and premiums to increase over time, streamline the policy approval process, and examine multi-state reinsurance approaches).
- To encourage greater insurance up-take, employers automatically enroll employees in LTC insurance programs. Employees would have to affirmatively "opt out" of a program rather than affirmatively "opt in."
- Examine which tax incentives would have the greatest impact on consumer interest in LTC insurance purchase, including use of retirement savings without early withdrawal penalties, and more.
- Allow LTC insurance policies to be sold through an electronic marketplace. Strengthen public education of risks and costs of LTSS and the need to plan ahead. Consider including information about care needs in Social Security statements.

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