

Georgetown University Long-Term Care Financing Project: Trade-Off Proposal for Funding Long-Term Care

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Overview

Type of Reform: Creating a New Program

Description:

- Following a cafeteria benefit model, public social insurance program that “trades” a small portion (5%) of individuals’ Social Security benefits to use for LTC coverage. It would create in the public sector a social insurance program for covering basic LTC by enabling people to exchange a small part of their income protection for LTC protection. Exchanging some income protection for some LTC protection will strengthen one’s total economic security, defined to encompass both income security and health care security (including LTC). As well, giving up a small amount of Social Security benefit for some basic LTC benefit is akin to paying the premium (a small but certain loss) for an insurance policy in order to avoid a large potential loss.
- Complementary private insurance to supplement public program. The notion is that new private products would emerge to fill the gap in mandatory public coverage at the same time that the demand for private insurance would increase, thus making products cheaper for consumers as the risk pool grows.

Sponsoring Organization and Key Author(s):

Sponsoring Organization: The purpose of the Georgetown University Long-Term Care Financing Project was to elevate discussion of policy initiatives to improve LTC financing and access to needed LTC.

Key Authors: Included the editors of the papers (Judith Feder and Sheila Burke) as well as the individual authors of various papers: Judith Feder, Harriet L. Komisar, Robert B. Friedland, John Cutler, Lisa M. Shulman, Mark Litow, Mark J. Warshawsky, James Knickman, Marty Lynch, Carroll Estes, Mauro Hernandez, Christine E. Bishop, Anne Tumlinson, Jeanne Lambrew, Yung-Ping Chen, Leonard E. Burman, and Richard W. Johnson.

Impact and Action:

Not addressed.

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Program Details

Participation Criteria:

Universal-Mandatory for all individuals eligible for Social Security benefits.

Conditions for Receiving Benefits Scope of Services:

Not addressed; raised as topic for further consideration.

Scope of Services

All covered supportive service (NOTE: only the care component covered, no room and board costs).

Amount of Services

Amount and limit not addressed and raised as topic for further consideration.

Participant Financial Responsibility

Not addressed and raised as topic for further consideration.

Elimination Period

Not addressed and raised as topic for further consideration.

Provider Requirements

Not specified.

Provider Payment Levels

Not specified.

Inflation Adjustments

Cost of living increases linked to Social Security increases.

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Financing & Implementation

Revenue Source(s)

Funded by 5% of Social Security cash benefits, with an exemption for low-income individuals.

Total Program Costs

None estimated.

Program Administration

Not addressed.

Private Sector Role

Assumes supplemental insurance coverage will be provided to the base coverage funded by the new Social Security LTC Coverage and that such coverage may include combination products, that is, LTC coverage combined with life insurance or an annuity plan.

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