Milken Institute: New Approaches to Long-Term Care Access for Middle-Income Households

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Overview

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

Description:
Goal to develop complementary public-private LTSS financing solutions focused on front-end protection provided by the state.

Identifies three promising areas for increased financing and delivery opportunities:

- Medicare expansion solutions.
- Technology solutions.
- Public and private LTC insurance solutions.individuals.

Sponsoring Organization and Key Author(s):

Sponsoring Organization: The Milken Institute is a nonprofit, nonpartisan think tank. Milken conducts research and analysis and convenes top experts, innovators, and influencers to offer expertise and insight to construct programs and policy initiatives.

Key Authors: This report summarizes key findings of a Financial Innovations Lab® organized by the Milken Institute Center for the Future of Aging and Innovative Finance teams in Fall 2020. The Lab convened an expert group of stakeholders from government, health care, LTC delivery, senior housing, insurance, technology, finance, and academia to develop solutions to improve access to care for middle-income households.

Key authors include: Jason Davis and Caroline Servat, along with Milken Institute colleagues Caitlin MacLean, Nora Super, Théo Feldman, and Cara Levy.

Impact and Action:

Not addressed.

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Program Details

Participation Criteria:
Medicare beneficiaries. Limited to vested adults (vesting criteria not specified).

Conditions for Receiving Benefits Scope of Services:
Consistent with benefit eligibility triggers used in the private insurance market and consistent with Treasury regulations for tax exemption, individuals must meet the following criteria:

- Loss of two or more ADLs.
- Severe cognitive impairment.

Scope of Services
Not specified.

Amount of Services
Amount and limits determined by states, presumably equivalent to a one or two-year benefit.

Participant Financial Responsibility
Not specified.

Elimination Period
Not specified.

Provider Requirements
Not specified.

Provider Payment Levels
Not specified.

Inflation Adjustments
Not specified.

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Financing & Implementation

Revenue Source(s)
Determined by state. Possibilities include increases to payroll tax, Medicare tax, and income tax surcharges.

Total Program Costs
None estimated.

Program Administration
Federal recommendations include:

- Designing Medicare Advantage demonstration projects with an emphasis on technology and data to better address middle income LTSS costs to reduce risks of individuals becoming more medically complex.
- Scaling up integrated care programs for dual eligibles, such as PACE and D-SNPs.
- States formulate and administer the insurance program.

Private Sector Role
Recommends private LTC insurance to provide supplemental coverage to a public program like enhanced daily amount and/or longer coverage duration.

- Simplifies private insurance products to make them easier for consumers to
- understand and facilitate decision making.
- Allows private LTC insurance to have a 365-day elimination period so it coordinates with front-end state public insurance program.
- Allows multi-tier products (e.g., $50,000; $100,000, plus) to provide lower benefit levels for those with more limited affordability.
- Explores the impact on premiums and participation rates for federal support for the market through a reinsurance program for private LTC insurance.

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