

The American Long-Term Care Insurance Program, 2017: A Solution to Reduce Cost and Provide Stability

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Overview

Type of Reform: Introducing Private Market Incentives

Description:

Goals are to make private coverage more affordable for middle-income buyers, relieve pressure on Medicaid budgets, and draw new consumers into the LTC market by:

- Creating a federally regulated electronic exchange for the distribution of private LTC insurance as an alternative, lower-cost distribution channel.
- Providing incentives for insurers to participate by reducing education and distribution costs, reducing regulatory burdens, and spreading risk.

Sponsoring Organization and Key Author(s):

Sponsoring Organization: Not Applicable.

Key Authors: Paul E. Forte, former CEO of the company responsible for administering the Federal Employees LTC Insurance Program (FLTCIP); views represent the author's alone.

Impact and Action:

Offers a framework for a more efficient and lower-cost distribution channel for private LTC insurance, as a standalone or as a supplement to expanded public financing.

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Program Details

Participation Criteria:

Voluntary participation and open to all consumers and insurers agreeing to the exchange's conditions for participation.

Conditions for Receiving Benefits Scope of Services:

All participating policies would use HIPAA criteria for benefit eligibility.

Individuals who meet one of the following criteria:

- Need support with two or more ADLs.
- Have a severe cognitive impairment expected to last at least 90 days.

Scope of Services

To be determined by participating insurers, but policies must be tax-qualified.

Amount of Services

To be determined by participating insurers, but policies must be tax-qualified.

Participant Financial Responsibility

To be determined by participating insurers, but policies must be tax-qualified.

Elimination Period

To be determined by participating insurers, but policies must be tax-qualified.

Provider Requirements

Not specified.

Provider Payment Levels

Not specified.

Inflation Adjustments

To be determined by participating insurers, but policies must be tax-qualified.

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Financing & Implementation

Revenue Source(s)

Funding would be required to support federal agency management and program oversight, but benefit costs would be covered by the premiums paid by participating consumers.

Total Program Costs

Not specified.

Program Administration

Federal role includes congressional approval, assignment of a sponsoring federal agency, and likely approval from both the Treasury and IRS.

Private Sector Role

Creates a federally regulated exchange on which individuals can purchase and insurers can offer private LTC insurance, along with education, information, coverage comparison tools, and consumer protection standards.

Long Term Care Family Security Act of 1992 (H.R. 6076)

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