

CLASS ACT - NEW FEDERAL LONG TERM CARE INSURANCE PLAN

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How many readers are aware of the tremendous step the Obama Administration has taken by including provisions for long term care coverage in recently passed health care reform legislation?

Much attention has been placed on the "un" or underinsured American and the need for this country to provide comprehensive, affordable health insurance for all. However, those of us assisting the chronically ill and/or dependent elderly who are insured for acute care needs via Medicare, frequently have no ability to access long term care coverage or have any help with paying for the daily in home or out of home care unless qualified for Medicaid.

Even today, most older adults and their families still believe that Medicare pays for long term care and struggle with the concept that Medicare pays only for *short term skilled care* in a long term care setting. With the enactment of this legislation, not only do we begin to see a shift in government thinking about long-term care, but eventually the average American consumer may also begin to recognize that

Medicare does not pay for long-term care.

The Community Living Assistance Services and Supporters (CLASS) Act simply stated creates a new, voluntary government program in which participants will pay a monthly premium and will be eligible for benefits for their long-term care needs after five years of being enrolled. CLASS is intended to be a voluntary contribution plan for all Americans who are actively working. Employers will be able to complete the enrollment process and premiums for future long term care coverage will be handled through a payroll deduction much like other benefits and Social Security. Employers may opt to pay part of the premium but will not be required to do so, with employers and employees having the ability to voluntarily participate. While provisions for the Class Act are slated to become effective in 2011, many details are still being worked out and the regulations will probably not be implemented until 2013.

What is anticipated is that this long-term care insurance program will work very similarly to private insurance products now on the market. That is, for an individual to qualify to receive benefits they will need to meet criteria of needing help in at least two activities of daily living (ADL) tasks. The thinking is that there will be a potential 90-day elimination or

waiting period, and once met, then a daily amount will be sent to the individual to pay for care as he or she wishes. Best predictions is that this amount may be in the \$75.00 per day range, certainly not enough to cover the cost of live-in care, but certainly more than presently available. Perhaps the most exciting component of the CLASS Act is that the money could be used to pay family caregivers directly, and not only third party agencies.

Since families continue to provide the most care for the elderly and disabled, this innovative way to help compensate the family caregiver for their work and potential lost wages, is very exciting.

And for individuals who already have purchased private Long Term Care insurance, the thinking is that this public plan could be used in conjunction or in addition to the existing private coverage.

The CLASS act is certainly a step in the right direction in addressing the needs of the ever-increasing senior population. This represents the country's first attempt at public long-term care insurance, and it is with interest that we await this program's implementation. Elder Life Management recommends a comprehensive consultation to review all the options available for your long term care needs in order to have a plan in place well before the actual need occurs. "A failure to plan is a plan for failure."