

New Long Term Care Insurance

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Last month I wrote about new state legislation regarding advanced directives that will have a direct impact on many seniors. There is also some important federal legislation that is little known and about which not much has been said, but that may well affect seniors. More particularly, though, it will surely impact those baby boomers who will need long term care services in the years to come.

The CLASS Act, Community Living Assistance Service and Supports Act, was included in the just passed health plan although it's been little discussed and is still quite unsettled; many details are still unresolved and they're of course critical to understanding this legislation. Certain issues appear likely to stand as they now are. For example, one must be employed to sign up because insurance is purchased via one's employer. Further, employers must be willing to participate. And, enrollees must pay into the plan for at least five years before collecting benefits. No one will receive benefits until 2016, therefore, and if you plan to retire before that, this plan may not for you; if your employer offers it, you'll probably want to consider opting out of the program. It's unclear right now whether any accommodations will be made for unemployed or self employed people. It's not clear whether unemployed spouses of employed people will qualify.

We also don't know the size of monthly premiums, and we don't yet know what the payout will be. I've read estimates of monthly premiums up to the neighborhood of \$180 per month with payout estimates of perhaps \$50 to \$75 daily. That's surely not enough to begin to address nursing in home costs but this isn't designed for that; instead, it's to help people remain in the community. At today's rates, that daily benefit would be enough to cover a social day care program with some money left over for transportation, or it would buy a few hours of a home health aide. It'll partially pay the cost of a medical day program.

Participation rates are anticipated to be low even though this program is not limited to seniors but instead, to anyone who has paid premiums for five years. The Congressional Budget Office has estimated that 5% of the eligible population will sign up and that may well be a problem if it doesn't represent a sufficient number to keep this program on a sound actuarial basis.

This is the first time that our government has addressed the issue of costs involved in long term care aside from the Medicaid system, and as many readers who have applied for Medicaid will agree, the Medicaid program is not a great fit with long term care. Assuming this really gets off the ground, we'll all be well served.