National Committee to Preserve Social Security & Medicare™
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July 11, 2013

Dear Long-Term Care Commissioners:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare (NCPSSM), we thank you for participating in the Long-Term Care (LTC) Commission and for your commitment to the needs of individuals requiring long-term services and supports (LTSS). While there are many issues that the LTC Commission must examine over the next three months, below are nine recommendations that we hope you will consider during your deliberations. We have included a one-page summary of the recommendations, followed by detailed descriptions.

1. Extending the LTC Commission's Work Timeframe
2. Educating Americans about LTC Realities and Options
3. Developing a National LTC System
4. Shifting Resources from Institutional Care to Home- and Community-Based Services
5. Supporting Family Caregivers
6. Reauthorizing the *Older Americans Act*
7. Promoting Strong Consumer Protections for Dual Eligible Individuals
8. Strengthening the Medicaid Program
9. Making Private LTC Term Care Insurance More Affordable

We hope this information is helpful to the Commission. Please let us know if our organization can be of assistance as you move forward with your work.

Sincerely,

Max Richtman

Max Richtman
President and CEO

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SUMMARY OF RECOMMENDATIONS

1. Extending the LTC Commission's Work Timeframe. Request an extension beyond the current three-month work timeframe. Allocate additional funding for the Commission to conduct a thorough analysis and develop a blueprint for the future of LTSS. Commission meetings and activities should be transparent and open to the public. Include input from various stakeholders, particularly seniors and people with disabilities and the consumer groups representing them.

2. Educating Americans about LTC Realities and Options. Advocate for a national LTSS awareness and education campaign, beyond current federal and state efforts, targeting adults 18 and older. Ideally, it would communicate the following facts: 1) people of all ages use LTSS, 2) Medicare does not cover LTSS costs, 3) options for LTSS vary by state and 4) all LTSS costs are expensive.

3. Developing a National LTC System. Develop the framework for a new national long-term care social insurance program, financed by public and private sources. The CLASS Act was a step in the right direction. We encourage the Commission to build on the CLASS Act in a way that makes it financially solvent for future generations. A national long-term care program should support patient-centered and coordinated care and encourage beneficiary independence, self-direction and choice. It also should promote expanding the LTSS workforce by providing improved recruitment, education, compensation and training for health care professionals specializing in the aging and disability fields.

4. Shifting Resources from Institutional Care to Home- and Community-Based Services. Encourage states to reallocate their Medicaid resources to home- and community-based care, providing incentives for states and adequate resources. Identify ways to provide to HCBS and long-term care institutional facilities with adequate resources to enable them to offer quality services to beneficiaries.

5. Supporting Family Caregivers. Support Social Security credits for caregiving by recommending a revision to the benefit formula to impute earnings for up to five family service years for workers who provide care to children under the age of six or to elderly or disabled family members. Please see the National Committee's report, *Breaking the Glass Ceiling,* for specifics: http://www.ncpssm.org/Portals/0/pdf/embargo_breaking_ss_glass_ceiling.pdf.

6. Reauthorizing the Older Americans Act. Support reauthorizing the OAA and increase its funding. OAA programs, such as Meals on Wheels, transportation services, respite care and others, are lifelines for millions of seniors and their caregivers. Additional resources are necessary to compensate for the lack of adequate funding over past years, a funding shortfall that is aggravated by the sequester enacted as part of the Budget Control Act of 2011. Adequate funding also is necessary to keep pace with our growing elderly population.

7. Promoting Strong Consumer Protections for Dual Eligible Individuals. Ensure that CMS requires strong consumer protections in place before enrolling dual eligible individuals into the state demonstrations. Examples of protections are transparent three-way contracts, ombudsman programs, appropriate quality measures, voluntary enrollment, state and health plan readiness reviews, mechanisms for seamless transitions and continuity of care, conflict-free enrollment brokers and supplemental services. Additional details on consumer protections are included in a June 2013 letter sent to the MMCO by 35 national aging and disability organizations: http://www.ncpssm.org/Portals/0/pdf/state-dual-demonstrations.pdf.

8. Strengthening the Medicaid Program. Strengthen Medicaid by promoting expansion in the states and extending the temporary payment increases for primary care providers serving Medicaid beneficiaries beyond the two-year period, as included in the ACA.

9. Making Private LTC Term Care Insurance More Affordable. Identify ways to educate the public about LTC insurance and work with the industry to create more affordable products for the general population.

Nine Key LTSS Recommendations

1. Extending the LTC Commission's Work Timeframe. Developing a comprehensive long-term care program that is financially solvent and provides quality care is critical to our nation. Eleven million adults age 18 and older, about five percent of adults in the U.S.[1], use long-term services and supports (LTSS).[2] Because LTSS are essential to millions of people with physical, cognitive and/or mental disabilities, we are concerned that three months is not enough time for the Commission to examine all the relevant LTSS issues and provide recommendations.

- *Recommendation: Request an extension beyond the current three-month work timeframe. Allocate additional funding for the Commission to conduct a thorough analysis and develop a blueprint for the future of LTSS. Commission meetings and activities should be transparent and open to the public. Include input from various stakeholders, particularly seniors and people with disabilities and the consumer groups representing them.*

2. Educating Americans about LTC Realities and Options. To prepare for their future, Americans need to understand the cost of LTSS. Many people falsely believe that Medicare covers long-term care.[3] A national poll of persons aged 40 and over shows that two-thirds have done little to no planning for their own LTSS.[4] Clearly, more education about LTSS, beyond current federal and state efforts, is needed.

Sticker shock is one side effect of this false perception. In 2012, the national average cost for a private room in a nursing home was $90,520; the cost for assisted living was $42,600 and for a home health aide it was $21,840.[5] These expenses are prohibitive for many older adults, considering that *one-half* of Medicare beneficiaries have annual incomes of less than $22,500.[6]

- *Recommendation: Advocate for a national LTSS awareness and education campaign, beyond current federal and state efforts, targeting* adults *18 and older. Ideally, it would communicate the following facts: 1) people of all ages use LTSS, 2) Medicare does not cover LTSS costs, 3) options for LTSS vary by state and 4) all LTSS costs are expensive.*

3. Developing a National Comprehensive LTC System. Most Americans will require some type of LTSS during their lives. After age 65, nearly 7 in 10 Americans will need LTSS for approximately three years on average.[7] The number of persons requiring LTSS will increase to 89 million over the next 40 years.[8] In 2011, national spending for LTSS was $210.9 billion

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[1] National Health Policy Forum. (2013). *The Basics: National Spending for Long-Term Services and Supports (LTSS), 2011.* The George Washington University. http://www.nhpf.org/library/the-basics/Basics_LTSS_02-01-13.pdf.

[2] The terms long-term services and supports and long-term care are used interchangeably in this document.

[3] Administration for Community Living. *Who Pays for Long-Term Care?* http://longtermcare.gov/the-basics/who-pays-for-long-term-care/.

[4] Agiesta, J. and Neergaard, L. (2013). *Americans in Denial about Long-term Care.* http://www.nbcnews.com/health/americans-denial-about-long-term-care-6C9578920.

[5] *The 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs*. https://www.metlife.com/assets/cao/mmi/publications/highlights/mmi-market-survey-long-term-care-costs-highlights.pdf.

[6] Kaiser Family Foundation. (2013). *Policy Options to Sustain Medicare for the Future.* http://kaiserfamilyfoundation.files.wordpress.com/2013/02/8402.pdf.

[7] http://kaiserfamilyfoundation.files.wordpress.com/2013/02/8402.pdfAgiesta, J. and Neergaard, L. (2013). *Americans in Denial about Long-term Care.* http://www.nbcnews.com/health/americans-denial-about-long-term-care-6C9578920.

[8] AARP. (2012). *Across the States: Profiles of Long-term Services and Supports.* 9th edition. http://www.aarp.org/home-garden/livable-communities/info-09-2012/across-the-states-2012-profiles-of-long-term-services-supports-AARP-ppi-ltc.htm.

(9.3 percent of all U.S. personal health care spending).[9] The Medicaid program is the dominant payer, covering almost two-thirds of LTSS costs. States bear the brunt of LTSS costs. Medicaid accounted for about 24 percent of total state spending in 2011.[10] An aging population also will require a sufficient number of health care providers to serve them. By 2030, an estimated 3.5 million additional health care professionals and direct-care workers will be needed.[11]

- *Recommendation: Develop the framework for a new national long-term care social insurance program, financed by public and private sources. The CLASS Act was a step in the right direction. We encourage the Commission to build on the CLASS Act in a way that makes it financially solvent for future generations. A national long-term care program should support patient-centered and coordinated care and encourage beneficiary independence, self-direction and choice. It also should promote expanding the LTSS workforce by providing improved recruitment, education, compensation and training for health care professionals specializing in the aging and disability fields.*

4. Shifting Resources from Institutional Care to Home- and Community-based Services. There remains wide variation among the states regarding their spending allocations on institutional care versus home- and community-based services (HCBS). Although HCBS is usually less expensive than institutional care, two-thirds of Medicaid spending goes to nursing homes.[12] The polls consistently show that most people want to remain in their homes and avoid institutionalization. While we recognize that some individuals, especially those with severe cognitive and physical impairments, may require institutional care, we believe that more Medicaid resources should go to HCBS, especially in states that have not pursued rebalancing previously.

- *Recommendation: Encourage states to reallocate their Medicaid resources to home- and community-based care, providing incentives for states and adequate resources. Identify ways to provide to HCBS and long-term care institutional facilities with adequate resources to enable them to offer quality services to beneficiaries.*

5. Supporting Family Caregivers. Caregivers - family and friends - are the backbone of the U.S. long-term care system. In the U.S., 4 in 10 adults are caring for a sick or aging family member.[13] In 2009, 42 million caregivers provided personal assistance. This labor has an estimated economic value of $450 billion - almost four times the amount of spending that year on total Medicaid costs.[14] Despite their commitment, caregivers often struggle to balance their jobs with their caregiving duties. This is a sacrifice that reduces retirement resources. Many women have fewer assets and less income in retirement than men because they often interrupt their participation in the labor force to care for disabled family members. Some caregivers will see lost wages and financial insecurity in their own later years. Other caregivers will not meet the criteria for Medicare eligibility.

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[9] National Health Policy Forum. (2013). *The Basics: National Spending for Long-Term Services and Supports (LTSS), 2011.* The George Washington University. http://www.nhpf.org/library/the-basics/Basics_LTSS_02-01-13.pdf.
[10] National Governors Association. (2012). *NGA, NASBO Say Medicaid Costs Growing, Fiscal Recovery Slow.* http://www.nga.org/cms/home/news-room/news-releases/page_2012/col2-content/nga-nasbo-say-medicaid-costs-gro.html.
[11] Eldercare Workforce Alliance. (2013). *Worker Shortage.* http://www.eldercareworkforce.org/issues-and-solutions/workforce-shortage/issue:workforce-shortage/.
[12] AARP. (2012). *Across the States: Profiles of Long-term Services and Supports.* Ninth edition. http://www.aarp.org/home-garden/livable-communities/info-09-2012/across-the-states-2012-profiles-of-long-term-services-supports-AARP-ppi-ltc.htm.
[13] Abutaleb, Y. (2013). *Two-fifths of U.S. adults care for sick, elderly relatives. http://www.reuters.com/article/2013/06/20/us-usa-health-caregivers-idUSBRE95J03X20130620.*
[14] AARP. (2012). *Across the States: Profiles of Long-term Services and Supports*. Ninth edition. http://www.aarp.org/home-garden/livable-communities/info-09-2012/across-the-states-2012-profiles-of-long-term-services-supports-AARP-ppi-ltc.htm.

- *Recommendation: Support Social Security credits for caregiving by recommending a revision to the benefit formula to impute earnings for up to five family service years for workers who provide care to children under the age of six or to elderly or disabled family members. Please see the National Committee's report, Breaking the Glass Ceiling, for specifics: http://www.ncpssm.org/Portals/0/pdf/embargo_breaking_ss_glass_ceiling.pdf.*

6. Reauthorizing the Older Americans Act. The Older Americans Act (OAA), which provides an array of home and community-based services, makes it possible for older adults to remain as independent as possible. In addition, OAA services help seniors avoid hospitalization and nursing home care. This saves federal and state funds that otherwise would be spent on such care.

- *Recommendation: Support reauthorizing the OAA and increase its funding. OAA programs, such as Meals on Wheels, transportation services, respite care and others, are lifelines for millions of seniors and their caregivers. Additional resources are necessary to compensate for the lack of adequate funding over past years, a funding shortfall that is aggravated by the sequester enacted as part of the Budget Control Act of 2011.* Adequate funding also is necessary to keep pace with our growing elderly population.

7. Promoting Strong Consumer Protections for Dual Eligible Individuals. Because dual eligible individuals (those eligible for Medicare and Medicaid benefits) are generally sicker, poorer and more expensive to treat than other beneficiaries of these programs are,[15] we hope that the Commission will discuss the care provided to this population. While dual eligible individuals account for only 15 percent of the Medicaid population, they represent 39 percent of Medicaid costs.[16] Medicaid spending per capita was higher for LTSS users ($35,031) compared to dual eligible individuals who were non-LTSS users ($2,374).[17] The CMS Medicare-Medicaid Coordination Office is working with some states to develop demonstrations for dual eligible beneficiaries to lower their health care spending and improve care coordination. Many state demonstrations plan to use Medicaid managed care organizations as the primary way of delivering care to LTSS dual eligibles. However, it is important that strong consumer protections be in place before dual eligible individuals enroll in the state demonstrations, especially since few Medicaid managed care plans have experience serving a frail LTSS population.

- *Recommendation: Ensure that CMS requires strong consumer protections in place before enrolling dual eligible individuals into the state demonstrations. Examples of protections are transparent three-way contracts, ombudsman programs, appropriate quality measures, voluntary enrollment, state and health plan readiness reviews, mechanisms for seamless transitions and continuity of care, conflict-free enrollment brokers and supplemental services. Additional details on consumer protections are included in a June 2013 letter sent to the MMCO by 35 national aging and disability organizations: http://www.ncpssm.org/Portals/0/pdf/state-dual-demonstrations.pdf.*

8. Strengthening the Medicaid Program. Until a national long-term care program is established, Medicaid is likely to remain the dominant payer for LTSS. Medicaid pays for about 62 percent of all LTSS costs.[18] Strengthening Medicaid by

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[15] Kaiser Family Foundation. (2013). *Financial Alignment Demonstrations for Dual Eligible Beneficiaries Compared California, Illinois, Massachusetts, Ohio, and Washington.* http://kaiserfamilyfoundation.files.wordpress.com/2013/05/8426-024.pdf.

[16] Kaiser Family Foundation. (2013). *Dual eligible beneficiaries as a share of Medicare and Medicaid population and spending, 2008.* http://kff.org/medicaid/slide/dual-eligible-beneficiaries-as-a-share-of-medicare-and-medicaid-population-and-spending-2008/.

[17] MedPAC. (2013). *Report to the Congress: Medicare and the Health Care Delivery System.* Chapter 6. Care needs for dual-eligible beneficiaries. http://www.medpac.gov/documents/Jun13_EntireReport.pdf

[18] National Health Policy Forum. February 2013. *The Basics: National Spending for Long-Term Services and Supports (LTSS), 2011.* The George Washington University. http://www.nhpf.org/library/the-basics/Basics_LTSS_02-01-13.pdf.

expanding the program and incentivizing providers to serve beneficiaries would increase access to benefits to more low-income individuals. Because millions of low-income seniors and people with disabilities (1 out of 5 Americans)[19] depend on Medicaid for their health care, we oppose cuts to the program. Reductions to Medicaid, such as per capita caps, block grants and a blended matching rate, likely would result in scaling back on quality care and safety protections in nursing home and HCBS, endangering the lives of vulnerable individuals. It also could lead to stricter HCBS eligibility criteria, resulting in more individuals moving into nursing homes.

In addition, under the ACA, states have the option to expand Medicaid to 138% of the federal poverty level. Expanding Medicaid is especially beneficial to people from communities of color. Over 50 percent of uninsured Hispanics and nearly two-thirds of uninsured Blacks and American Indians/Alaska Natives have incomes below the Medicaid expansion limit.[20] Low-income adults who reside in states that do not expand Medicaid may not have access to an affordable health coverage option or could remain uninsured.

- *Recommendation: Strengthen Medicaid by promoting expansion in the states and extending the temporary payment increases for primary care providers serving Medicaid beneficiaries beyond the two-year period, as included in the ACA.*

9. Making Private LTC Term Care Insurance More Affordable. Private LTC insurance is expensive and not purchased by most people in the U.S. In 2010, only 11 percent of older adults had coverage and 3 percent of the general population.[21] Premiums are based on personal health and likelihood of using the services, thus LTC plans are unavailable or cost prohibitive for many middle and lower income individuals with certain health conditions. For those who have purchased LTC insurance, premiums continue to rise due to the economic fluctuations and insurers leaving the market.[22]

- *Recommendation: Identify ways to educate the public about LTC insurance and work with the industry to create more affordable products for the general population.*

[19] Kaiser Family Foundation. (2013). *Medicaid: A Primer.* http://kaiserfamilyfoundation.files.wordpress.com/2010/06/7334-05.pdf
[20] Kaiser Family Foundation. March 2013). *Health Coverage by Race and Ethnicity: The Potential Impact of the Affordable Care Act.* http://kaiserfamilyfoundation.files.wordpress.com/2013/04/8423.pdf

[21] Congressional Budget Office. (2013). *Rising Demand for Long-Term Services and Supports for Elderly People.* http://www.cbo.gov/sites/default/files/cbofiles/attachments/44363-LTC.pdf.
[22] Congressional Budget Office. (2013). *Rising Demand for Long-Term Services and Supports for Elderly People.* http://www.cbo.gov/sites/default/files/cbofiles/attachments/44363-LTC.pdf.