

A Better Way to Finance Long-Term Services and Supports

A Risk We All Face



Half of Adults Age 65+ Will Need a High Level of Care at Some Point

Americans Rely on Unpaid Caregivers



Nearly 2/3 of Older Adults with LTC Needs Living at Home Receive All Help from Unpaid Family and Friends

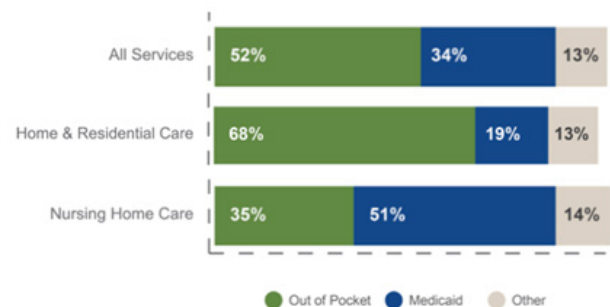
Every American faces a 50/50 chance, that as older adults, we'll need someone else's help with basic activities of daily life like bathing, dressing, eating, and getting in and out of bed.

The expense of long-term services and supports, whether at home, in assisted living, or in a nursing home or other residential setting, catches most families off-guard. Medicare coverage of post-acute care is extremely limited. Average lifetime care costs can add up to \$250,000 per person. Over half of that amount comes out of individuals' pockets; much of the rest is covered by Medicaid.

Many Older Adults Face VERY High LTC Costs Over Lifetime



Medicaid & Out of Pocket Cover Most Lifetime Average LTC Spending



Create a new way of paying for long-term services and supports

- A new system must cover high quality services and protect families from economic peril. LeadingAge recommends a dignity-driven and universal long-term services and supports insurance program grounded in the principles of shared risk and consumer flexibility. That system has three essential features:
 1. A **universal approach to coverage:** The mandatory program would spread risk over a large population, thus lowering expenses for individuals, and increasing overall funding for long-term services and supports.
 2. A **catastrophic benefit period:** The program would finance care for individuals with high needs for long-term services and supports. Benefits could begin after individuals had financed their own care for two years through private long-term care insurance or out-of-pocket spending.
 3. A **“managed cash” benefit structure:** Beneficiaries would use a cash payment to purchase services and supports related to a long-term services and supports need. This flexible approach would ensure that services and supports were tailored to individual needs and preferences.

A long-term services and supports financing system that promotes consumer choice and flexibility will stimulate and reward innovation, quality improvement, and the development of products and services consumers want and need.

In view of the rapid aging of our population, with the swiftest growth in the cohort aged 85 and over, Congress must begin to develop a better way of financing the services that will be needed.

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