



White House Asks Congress to Take a Closer Look at Long-Term Care

BY ARNESA HOWELL

IT'S A STORY ALL TOO FAMILIAR IN LONG-TERM CARE. A second stroke leaves a single, elderly man in his 70s, let's call him Ed, paralyzed on his left side and unable to complete without assistance some of the basic activities of daily living, including toileting and dressing. His mind is intact, but his dignity is not. And despite Ed's struggles, the hospital says rehabilitation is complete and sends him home. Why? Because according to Medicare, he is not homebound.

"There isn't really a benefit from the Medicare program that's going to provide the types of services that you need to remain in your home," admits Henry Claypool, senior advisor of the Social Security Administration's Office of Employment Support Programs, adding that when Medicare was created in 1965 people weren't spending much time in their homes without support of family members. "We have to look to creative ways to finance the types of services that individuals would need when they need assistance with things like toileting, bathing, minor modifications to their home, and make sure they can maintain their independence."

Presented during the recent Long-Term Care Mini-Conference as part of the 2005 White House Conference on Aging, Ed's story is a hypothetical one. But it reflects a possible reality for the more than 39 million seniors who will be 70 years of age or older by the year 2016 and eligible for most long-term care services, including care provided in the home, community, or through an assisted living or skilled nursing facility.

And in the next decade, baby boomers—with their multiple, chronic health problems—are expected to put an immense strain on the nation's public long-term care assistance programs. Clearly, a long-term care crisis is looming in this country, agree

public and private sector policy leaders, and it must be addressed through some sort of comprehensive, national policy. Unfortunately, for most Americans—both on and off Capitol Hill—the problem goes unrecognized.

With the spotlight on issues such as national defense and security, some observers argue that long-term care falls by the wayside. In a youth-centric society, most Americans hold on to a "cowboy mentality of taking care of number one" rather than looking out for those needing long-term care assistance within the community, notes Val Halamandaris, president of the Washington, D.C.-based National Association for Home Care and Hospice.

Americans Misinformed About Problem

"Forty percent of Americans assume long-term care is a covered benefit within Medicare," says Hal Daub, president and CEO of the American Health Care Association/National Center for Assisted Living.

Such misunderstanding causes most Americans to ignore the issue until it's too late. Most Americans simply don't prepare for the exorbitant costs of long-term care services they may need as they grow older, in some cases forcing a depletion of personal savings or "spending down" of hard-earned assets to qualify for Medicaid. But

it appears the tides may be changing as policymakers rev up debate on Capitol Hill over retirement security and updating Medicare.

Mark McClellan, MD, administrator for the Centers for Medicare & Medicaid Services (CMS), is spearheading policy changes that could dramatically improve the future of long-term care in this country. The new Medicare law, he says, is jumpstarting opportunities within the agency to support and improve long-term care. Starting Jan. 1, the new Medicare drug coverage



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CMS Administrator Mark McClellan, MD, believes the new Medicare law will also bring much needed improvement to long-term care health delivery systems.

benefit folded into the law will offer comprehensive, up-to-date coverage to beneficiaries in nursing facilities free of charge. And almost one-third of lower income Medicare beneficiaries—those most likely to have substantial long-term care needs—will be able to get their prescriptions for only a few dollars, with no premiums, deductibles, or coverage gaps.

"We're taking steps to prevent any gaps in coverage, particularly for our beneficiaries in long-term care facilities who get their

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medications now through long-term care pharmacies,” says McClellan, adding the agency is also working with states to identify and support better approaches to delivering effective, coordinated care for beneficiaries with multiple chronic illnesses in Medicare and Medicaid. A large portion of frail beneficiaries with long-term care needs are using medications that have known adverse reactions with other drugs, and the agency is using the new Medicare law to offer these individuals more help. The law makes available special versions of coordinated care benefits through the Medicare Advantage option to beneficiaries with potentially costly, chronic illnesses.

“These plans have shown they can work with nursing homes and other assisted living programs to improve quality of life and save literally thousands of dollars for our beneficiaries and for state Medicaid programs at the same time,” explains McClellan. “We are now using risk adjustment to concentrate the additional funding in our Medicare Advantage program and our funding for the drug benefit on the plans that care for our high-cost beneficiaries with frailty and chronic illnesses.”

Unsurprisingly, the agency admits Medicaid needs an overhaul as well. The increasing number of seniors and others living longer with disabilities, rising health care costs, and the growing Medicaid spending on long-term care services are all driving much needed change. McClellan says there is bipartisan interest in moving forward with the New Freedom Initiative legislative package that seeks to rebalance and reorganize major public long-term care programs. The agency is also focused on community-based services, which enhance consumer choice while improving the cost effectiveness of the care received by beneficiaries with long-term care needs. About \$69 billion was spent to support home and community-based waivers between 2001 and 2004, according to McClellan, a significant improvement over previous years.

“What we do about long-term care in this country will have a fundamental impact on the sustainability of our Medicare and Medicaid programs,” says McClellan. “It will have a fundamental impact on the availability and affordability of innovative, high quality long-term care support. And

most importantly, it will have a huge impact on the quality of life for older Americans and people with a disability.”

CMS is also partnering with the Administration on Aging, non-profit, and community agencies to create one-stop aging and disability resource centers to help consumers learn about and access long-term care support, from in-home services to nursing facility care.

While policymakers and other stakeholders agree a revamp of Medicare and Medicaid is necessary, it is not the fix to all the problems surrounding long-term care. Consumers need to be empowered to take greater control in financing their future health care needs. Long-term care insurance is an important part of the solution.

Consumer Empowerment A Possible Solution

McClellan says programs such as the Partnership for Long-Term Care, a joint venture between Medicaid and long-term care insurers, focus on creating affordable products encouraging people to self-insure, enabling purchasers to provide better protection against impoverishment, and leading to reduced long-term care costs within the Medicaid program. States participating in this partnership include California, Connecticut, Indiana, and New York. Such effort on the policy front is garnering accolades from industry observers, including America's Health Insurance Plans (AHIP).

“I commend the administration and leaders in Congress on both sides of the political aisle for prioritizing the issue,” says Karen Ignagni, president and CEO of AHIP. She noted there needs to be a paradigm shift in both health care and tax policy for beneficiary choices to be extended in a broad way in long-term care.

“It's time to end the differentiation between acute care and long-term care and have a level playing field,” asserts Ignagni. “We need to have the opportunity for employers to offer flexible benefits for people to be allowed to purchase long-term care protection and to take care of their families.”


But how do we encourage consumers to finance their long-term care? Education and tax incentives are two options, according to many industry observers. Still, skeptics quickly point out that a tax deduction would primarily help the rich who could already

afford to buy long-term care coverage, rather than those who need it most.

With the common goal of creating a comprehensive national long-term care policy, public and private sector leaders at the mini-conference developed a set of draft recommendations urging universal coverage of long-term care insurance through participation in public and private risk pools. On expanding public risk pools for long-term care, stakeholders agreed Congress must create a new public program providing basic services for all Americans. On the private side, the panel recommended that Congress enact laws encouraging private arrangements by individuals and families for long-term care services, such as tax incentives for the purchase of long-term care insurance or other private options for financing long-term care.

Secondly, an improvement in the use of health and long-term care dollars is needed across programs by leveraging current funding to maximize efficiency and effectiveness of quality care. According to Robert Friedland of Georgetown University, one way to do that is by using best practices from demonstration projects and private sector initiatives on long-term care. And, the panel recommended the development of a national educational campaign on long-term care focusing on risks, costs, and financing.

Other recommendations include declaring a state of crisis in long-term care; urging Congress to establish a unified quality agenda for long-term care and supportive services; and requiring the public and private sector to work collaboratively to enhance the recruitment, retention, and training of a strong professional workforce. This includes a congressional reevaluation of immigration laws to allow foreign nurses and trained health care workers to enter the United States to take jobs in long-term care facilities.

With these recommendations on the table, the long-term care discussion is gaining momentum. Policymakers are noticing and taking the first steps for change. Long-term care is losing its veil, and therefore, its reputation as the issue that hides in plain sight. 

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