Long Term Supportive Services

Long Term Supportive Services (LTSS) is the term commonly used by LeadingAge and many policymakers to refer to long term care services. Such services are needed in particular by the elderly, though such services are also needed for many disabled Americans. Toward the end of 2012, in response to the failure of the LeadingAge sponsored Community Living Assistance Services and Supports Act (CLASS Act), LeadingAge formed the LeadingAge Finance Reform Task Force. The CLASS Act was repealed effective January 1, 2013 on grounds of being ill-considered and unworkable.

The LeadingAge Finance Reform Task Force was charged to take a fresh look at the cost and financing for long term care in the United States in a quest for a workable, sustainable solution for older adults. Recognizing that the prior solution, a financing linchpin of the Affordable Care Act, had not worked, the Task Force developed seven "Pathways" as a set of possible alternative approaches. The idea was that the work of the Task Force would be followed by a second phase of widespread discussion. The second Phase is now underway and has been for some time.

The seven pathways are as follows:

1. Status Quo – No change
2. Personal Responsibility – preferential tax treatment for LTSS savings
3. Private Market – cash benefits with government absorbing catastrophic risk
4. Private Catastrophic – government mandated private coverage against LTSS catastrophe

5. Public Catastrophic – mandated social insurance against LTSS catastrophe
6. Common Good – mandatory first dollar social insurance leaving catastrophic open
7. Comprehensive – mandated full coverage social insurance

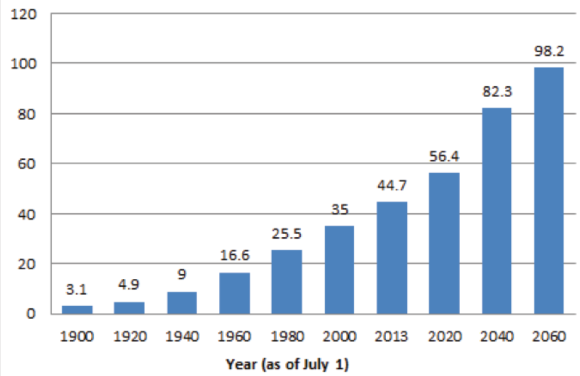
The report concludes, "When faced with other risks of this magnitude, the United States has responded by pooling the risk and sharing the costs, such as with unemployment insurance or Social Security. With respect to LTSS, we must ask ourselves whether we want to create a shared solution to this most human of problems. LeadingAge and the task force believe the answer to this can be nothing other than a resounding 'Yes.'"

One doesn't need to read much between the lines to discern that LeadingAge believes that a government monopoly type social insurance program, like Social Security, is likely to provide the best revenue source for its eldercare members. The report is liberally sprinkled with pictures of smiling older people enjoying the comfort of one-on-one smiling caregivers. Once a government program is in place, funding is assured by the U. S. Treasury. Neither financial soundness, i.e. each generation funding its own needs over its productive years, nor individual equity of benefits relative to costs are required.

What is missing is integration of LTSS solutions within the larger context of America's healthcare challenge. Healthcare has become so much costlier in the United States than in other comparable countries that it impacts the ability of American workers to compete in the global marketplace.

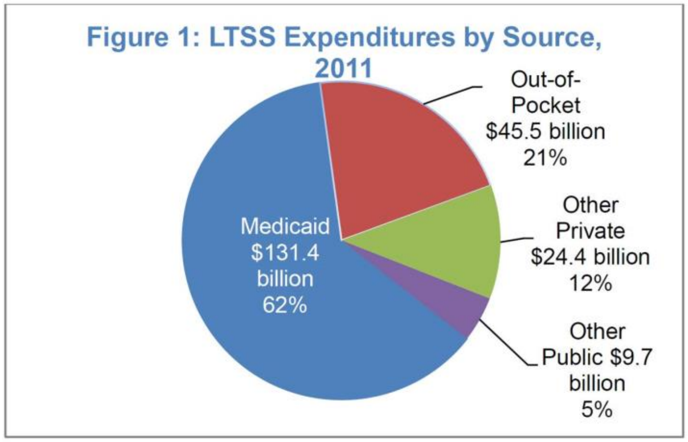
The White House Conference on Aging's Final Report, released in December 2015, aside from publicizing the President's initiatives, set the future clearly in perspective. Senior services providers have a vast growth potential if they are able to develop business models that gain the public's trust and acceptance.

Figure 1: Number of Persons 65+, 1900 to 2060 (numbers in millions)



NOTE: INCREMENTS IN YEARS ARE UNEVEN.
SOURCE: U.S. CENSUS BUREAU, POPULATION ESTIMATES AND PROJECTIONS.

But the social challenge of LTSS, if it is simply added on top of existing healthcare and other social insurance entitlement programs, will absorb all of the government's financial capacity and cause equally vast political challenges. The graph below shows the extent of the LTSS challenge if it is addressed in isolation from other aspects of healthcare. Moreover, as telling as this graph is, it omits the bulk of the LTSS caregiving which is provided by uncompensated family members and volunteers.



Source: National Health Policy Forum, 2013

Active Aging Advocates has developed a crude estimate of what a socialized LTSS government program would add to payroll costs. By our estimate, funding the LTSS expenditures shown in the graph alone, would cost roughly 2.7% of payrolls. Adding compensation for family and voluntary caregiving would add at least another 5.6% of payroll, giving a total of 8.3% of payroll. Moreover, the demand for services, and reduced pressure for efficient delivery of services, is likely to drive costs much higher as new providers enter the business to take advantage of the ready availability of government funding.

Despite the academic trappings of the LTSS Pathways report, and its semblance of considering all options, resident experts in NaCCRA and Active Aging Advocates can bring pragmatic analytical skills to the process, which are lost now in the effort to reinforce the social engineering concepts prevalent in today's American political discourse.

The “pathway” that would make sense would be to bring overall healthcare costs down in line with, say, Germany, and to improve markedly the efficiency of care-giving itself. The former can be accomplished by a government incentivized system of private insurance, which is the successful German model, and the latter can be addressed by encouraging technology and by developing models for group caregiving.

Active Aging Advocates
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