Don’t Let Our Country Make a Long-Term Mistake

By Connie Garner and Kate Josephson
The CLASS Act (Community Living Assistance Services and Support Act) represented a vision — a vision of a system of services that was owned and invested in by the citizens of the United States. CLASS is intended to be an infrastructure under which the government would design a voluntary, federally administered, consumer-financed insurance plan. It became law when President Barack Obama signed the Patient Protection and Affordable Care Act on March 23, 2010. The CLASS plan would provide those who participate with cash to help pay for needed assistance if they become functionally limited. This cash benefit is intended to be used in the place people call home, ranging from independent living to a nursing facility, if they so choose. While most provisions of the CLASS Act became effective as of January 1, 2011, it was up to the secretary of Health and Human Services (HHS) to develop the details of the plan and proceed to its implementation. The law requires that the secretary release details of the plan no later than October 1, 2012.

WHAT IS THE PURPOSE OF CLASS?

The goal of the CLASS Act is to make all Americans who are “actively at work” eligible to enroll in a long-term benefit plan, regardless of any pre-existing conditions. Enrollment details and procedures were to be decided and detailed by HHS Secretary Kathleen Sebelius.

CLASS has the potential to offer countless advantages to those who choose to enroll in the program. The plan will provide an all-cash benefit, to be no less than $50 per day. However, a person can only trigger the benefit if they are unable to perform at least two activities of daily living (ADLs). A benefit payment scale, to be developed by the secretary, will result in higher cash benefits for people with greater need for help with basic activities of living, such as bathing, eating, dressing, and mobility. The cash benefit can increase or decrease depending on an assessment of a person’s need for help due to a physical or cognitive limitation.

Over a lifetime, a person could have several separate instances of qualifying for benefits. CLASS could offer independence and support, giving Americans the much-needed ability to plan ahead.

WHAT IS HAPPENING NOW?

Over the last several months, Congress has put CLASS through the ringer. Last October, the secretary of HHS opted to close the Office of CLASS, which subsisted under the umbrella of the Administration on Aging (AoA). According to the secretary, the Office of CLASS was unable to come up with any actuarial plans that would make CLASS sustainable going forward. However, at the annual October conference of LeadingAge, a nonprofit organization concerned with the well-being of seniors, the newly ousted actuary of the CLASS program, Bob Yee, spoke out on Secretary Sebelius’s decision. The actuarial report that Yee authored and submitted to the secretary found that CLASS could be implemented on a sustainable basis. The panel that Yee participated in discussed the feasibility of CLASS, the public’s preference for it, and potential options to ensure that the program stays in in the law.

Since October’s meeting, members of the House of Representatives have gathered several times to look at a bill meant to repeal the CLASS Act, authored by Rep. Charles Boustany (R-LA) and referred to as H.R. 1173, or the “Fiscal Responsibility and Retirement Security Act of 2011.” The bill was passed first in the House Energy and Commerce Committee and then in the House Committee on Ways and Means. While this situation was not a complete surprise, it was comforting to know that the votes in both committees came along party lines. During all debates, Democratic members vocalized their support for CLASS and emphasized the need for this country to have an alternative to Medicaid.

At the beginning of January 2012, H.R. 1173 was
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brought to the House floor for discussion. On January 25, 2012, the House officially passed the bill and repealed the CLASS Act — but not without a fight from its staunch Democratic supporters. One of the most outspoken members on CLASS, Rep. Frank Pallone (D-NJ) said on the House floor that “Despite the great achievements of our country, the U.S. lacks an affordable and ethical system of financing long-term care services. The CLASS program is a significant step towards finding a realistic solution to this problem.” Mr. Pallone’s main message was to “mend, not end” the CLASS Act.

The House floor debate on January 25 was a heated one. Both Democrats and Republicans agreed that the United States lacked a system of long-term services and supports, and desperately needed one. Today, there are 10 million Americans in need of long-term services and supports. By 2020, 15 million people will be in need of these supports, and by 2050, the number of seniors who need long-term care will reach 26 million. The CLASS Act is the best framework we have in place that could begin helping people in need of services and supports.

During the House debate, one of the CLASS Act’s biggest opponents even acknowledged the problem. Rep. Boustany said, “As a physician, I know firsthand of this really dire need to solve the problem for many families across this country who are struggling with their long-term care needs. I am the oldest of 10 children, and my father was a physician. He died three years ago from a lengthy illness, and required a lot of care at home. He did not have long-term care, but we gladly bore that burden and were able to provide for him even though it was somewhat of a strain.”

To his credit, Rep. Boustany acknowledged the urgency of the need to fix the nation’s long-term care system. However, the CLASS approach was not an approach he endorsed. Most middle-class American families cannot bear the burden and cannot provide care without some type of loss. Caregivers often give up their jobs and personal income to care for loved ones. At least the CLASS program could provide an extra bit of support to those who enroll and have to access their benefits with time. Even the small amount of $50 per day could provide two hours of caregiving to people who are homebound. That amount multiplied by one year equals $18,250 — a large sum that could help pay for nursing home care, build in-home ramps for people who cannot climb stairs, or go towards the purchase of a new wheelchair. Since the benefit is cash, there are a great many ways of using it to help someone with limitations.

THE FIGHT GOES ON

Long-term services and supports are important because, at some unpredictable point in life, everyone will need them. This need could arise from an unexpected health event or just the normal process of aging. It is vital that Americans have access to the services and supports they need so that they can stay on a level playing field both in their communities and at work. More and more people would rather continue to live in their homes and communities than be placed under the care of a nursing facility. In fact, if people are given the tools to live and prosper in their homes, it will save the insurmountable expense of having to go to a nursing home. The median annual rate of a private nursing home in 2011 was $77,745, an amount that most Americans simply cannot afford. So we cannot put these issues and concerns on the backburner for much longer.

As baby boomers continue aging and the number of disabled Americans keeps increasing, the need for long-term services and supports will become more pressing than ever before. CLASS tackles a variety of issues, including Medicaid, disabilities, aging, and women’s issues. It helps resolve an issue that too many people face: Should American citizens who have worked hard all their lives have to “spend down” to qualify for Medicaid services? They shouldn’t because it’s just not fair.

The Employee Benefit Research Institute estimates
that a man with median drug costs would need $65,000 in savings, and a woman would need $93,000 to have a 50/50 chance of having enough money to cover health care expenses in retirement. To have a 90 percent chance of complete coverage during retirement, a man would need $124,000 and a woman would need $152,000.

As Rep. Jan Schakowsky (D-IL) noted, “CLASS would help make these challenges easier. It would help provide the care women may require if and when they need long-term care or supports for themselves. It would help provide relief or a break, if you will, for those women who spend all day every day at home taking care of others in need of long-term care. To take away this program is to take away the first real opportunity that the women of this country have to deal with the long-term care challenges they face day in and day out both as patients and as caregivers. Like so many other Republican assaults on the Affordable Care Act, H.R. 1173 is, in fact, an attack on women and women’s health.”

WHAT ARE SOME OTHER WAYS TO SOLVE THE PROBLEM?

It is unclear whether the CLASS Act will come up for repeal in the Senate. Now, more than ever, it is important to educate senators and their staff members on why long-term supports and services are important and how they will affect everyone in this country at some point throughout their lifespan. Rep. Ted Deutch (D-FL) recently said, “No one is immune from becoming disabled or growing old, yet just 10 percent of Americans over age 50 can afford long-term care insurance. However, no one is immune from the frailty of old age, and no one is exempt from disability.”

Congress needs to put aside petty arguments for the sake of saving a structure of administering long-term supports and services to members of this country. CLASS is already in place. It cannot be repealed without a replacement, though the issue could fade away again for the next 20 years. Yes, CLASS must be improved, and according to the law, the secretary of Health and Human Services has the ability to make those changes for the better. We cannot, and we must not abandon our most vulnerable citizens. If the CLASS Act is repealed, the one infrastructure with the potential to help solve the problem will be gone.

References:


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Kate Josephson, a Policy Associate at United Cerebral Palsy (UCP), began her career working on disability and aging issues in the nonprofit world. At UCP, her focus is on federal entitlements like Medicaid, Medicare, and Social Security and continued work on disability and aging issues. Kate also works with the national nonprofit organization Advance CLASS, Inc. Advance CLASS is dedicated to the implementation of a national long-term services and supports program called the CLASS Act that was passed in the Affordable Care Act (ACA) in 2010. Ms. Josephson holds a B.S. in Marketing from University of Minnesota’s Carlson School of Management.