Long Term Services and Supports (LTSS) Primer:
Who uses LTSS in the U.S. today?

12.7 million Americans need LTSS, 80% of which is provided in home and community settings.

Population Needing LTSS, by Age Group and Level of Need (Millions)

- **Children**: 0.6 (5%)
- **Working Age**: 5.4 (42%)
- **Elderly**: 6.7 (53%)

Source: S. Kaye, data from 2012 NHIS, 2010 Census, Nursing Home Data Compendium 2010
What is LTSS need?

**LTSS Need**

- **Overall LTSS Need**
- **High Need (Insurable)**

**Definition**: Varies from high level of need for help with routine/everyday activities to less than high need.

**Definition**: Need for assistance with at least two routine/everyday activities expected to last at least 90 days or need for supervision due to severe cognitive impairment.
Who needs LTSS?

More than half of Americans 65+ will have high level of need for help with routine/everyday activities.

More than 70% of 65+ will need some form of LTSS.

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute.
Long Term Services and Supports (LTSS) Landscape:

Are we heading into the Perfect Storm?
What are the perfect storm conditions?

- Demographic Imbalances
- Economic Pressures
- Social Norms
- Absence of Adequate Options
Demographic Imbalances
The aging population will increase future demand for LTSS

By 2055, there will be almost 90 million people aged 65+

Those age 75+ (heavier users of LTSS) will represent close to half of that number

Projected Number of People Age 65 or Older by Year

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute
Unpaid caregivers provide most LTSS today

Unpaid Family Caregiving:
- $470 billion annually
- 40 million family caregivers
- 37 billion hours of care
- Averaging 20-22 hours per week

Paid caregivers: 70-80% home health aides, certified nursing assistants, personal aides

The national caregiver dilemma

1. Ratio of # people in most common caregiving age (45-64) to those at most risk for needing care (80+)

AARP PPI “The aging of the baby boom and the growing care gap: A look at future declines in the availability of family caregivers

Ratio of Potential Caregivers to Those Needing Care

- 1990: 6.6
- 2010: 7.2
- 2030: 4.1
- 2050: 2.9

1/2 as many caregivers will be available in 2050
Economic Pressures
Estimated Total U.S. LTSS expenditures

AL/Homes for the aged without nursing: 4%
CCRCs/AL with on-site nursing: 12%
Home Health: 20%
Nursing Homes: 30%
Other group homes, personal care & other services: 34%

2011 Long-Term Services and Supports = $363 billion

LTSS expenses are growing

High need LTSS expenses will more than double as a share of the economy over the next 30 years.

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute.
Average LTSS expenditures at an individual level

- Can expect LTSS expense > $250,000
  - 12% (women) vs. 5% (men)
  - Reflects longer LTSS need duration

- Can expect LTSS expense < $11,000
  - 11% (women) vs. 11% (men)

Based on Need, Not Actual Use; User Expenditures are Double this Amount
High need duration varies

Who is at greatest risk of high needs for 5+ years?

- **Women**: 80% higher chance than men
- **Unmarried People**: 26% higher chance than married people
- **Bottom Income Quintile**: 87% higher chance than highest income quintile
- **Fair or Poor Health**: 45% higher chance than those with excellent health

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute
Medicaid spending will more than double in the next 10 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Medicaid $</th>
<th>Federal Medicaid $s</th>
<th>State Medicaid $s</th>
<th>Avg. Federal %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$427.4</td>
<td>$270.7</td>
<td>$156.7</td>
<td>63%</td>
</tr>
<tr>
<td>2012</td>
<td>$431.0</td>
<td>$248.8</td>
<td>$182.2</td>
<td>58%</td>
</tr>
<tr>
<td>2013</td>
<td>$456.4</td>
<td>$262.2</td>
<td>$194.2</td>
<td>57%</td>
</tr>
<tr>
<td>2022 (est.)</td>
<td>$853.8</td>
<td>$511.1</td>
<td>$342.5</td>
<td>60%</td>
</tr>
</tbody>
</table>

Impact on federal Medicaid budget

Medicaid has become the default LTSS funding source in 2013. Medicaid has become the default LTSS funding source.

LTSS = 27% of federal Medicaid expenses in 2013

Growth in Medicaid Expenditures, 1995-2011

Source: KCMU and Urban Institute analysis of CMS-64 data

1. Congressional Budget Office “Baseline Projections 2014”
Impact on state Medicaid budgets

2012

Medicaid became the largest single component of state spending, nationwide.

<table>
<thead>
<tr>
<th>Year</th>
<th>National Average % of State Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>23.8%</td>
</tr>
<tr>
<td>2012</td>
<td>23.7%</td>
</tr>
<tr>
<td>2013</td>
<td>24.4% (est.)</td>
</tr>
</tbody>
</table>

Social Norms: Awareness, Knowledge, Planning and Policy Heritage
Less than 1 in 5 Boomers have taken any action to prepare for LTSS care.
More Boomers prepare for death than life

Approximately 5x more Boomers have taken action to prepare for death vs. life

Action Taken to Prepare for Life vs. Death

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013
Boomers are poorly informed regarding LTSS need.

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013; Aging and health: Expectations about Future Use of LTSS Vary by Current Living Arrangement, Health Affairs, January, 2015, 34:139-47—60% of people 40-65 underestimate their future needs for LTSS.
Boomers are poorly informed regarding LTSS payment

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>52%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>26%</td>
</tr>
<tr>
<td>Personal Savings</td>
<td>25%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>20%</td>
</tr>
<tr>
<td>LTCi</td>
<td>13%</td>
</tr>
<tr>
<td>Spouse Will Provide Care</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
</tr>
<tr>
<td>Children Will Provide Care</td>
<td>9%</td>
</tr>
<tr>
<td>Children Will Pay for Care</td>
<td>2%</td>
</tr>
</tbody>
</table>

Perceived Methods for Funding Ongoing Long-Term Care

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013. LTCi = Long Term Care Insurance
New national study reinforces lack of consumer LTSS knowledge

A new national study by the Assistant Secretary of Planning and Evaluation (ASPE) on Consumer Awareness and Attitudes toward LTSS, reinforced the lack of knowledge, consumer confusion, and inaction on planning for LTSS.

Sources: HHS ASPE Research Brief: Findings from the Survey of Long-Term Care Awareness and Planning July 2015; RTI Analysis of the 2014 Survey of Long Term Care Planning and Awareness
Consumers are concerned about LTSS, but not acting

<table>
<thead>
<tr>
<th>High Level of Concerns</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Losing Independence</td>
<td>91%</td>
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<tr>
<td>Being Family Burden</td>
<td>84%</td>
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<tr>
<td>Losing Control/Choice</td>
<td>83%</td>
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<tr>
<td>Unable to Afford Quality Care</td>
<td>82%</td>
</tr>
<tr>
<td>Use of Savings/Income</td>
<td>81%</td>
</tr>
<tr>
<td>Rely on Medicaid</td>
<td>79%</td>
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<tr>
<td>Agree to Importance of Planning</td>
<td>71%</td>
</tr>
<tr>
<td>Agree Financing LTSS is Individual Responsibility</td>
<td>59%</td>
</tr>
</tbody>
</table>

Yet Only 12% Said They Own LTC Insurance

Sources: HHS ASPE Research Brief: Findings from the Survey of Long-Term Care Awareness and Planning July 2015; RTI Analysis of the 2014 Survey of Long Term Care Planning and Awareness
Absence of Adequate Options to Address LTSS Needs
Sales of LTC insurance are declining since 2002.

The current LTCi situation

The Share of LTC Sales to the Middle Market Age 40-69 is Declining
Why does this matter and to whom?

- Current and future older Americans
- Caregivers
- Families
- Employers and employees
- States
- Federal government
- Taxpayers
How Might We Weather the Storm?
Define the problem

Our country and its people cannot meet their long-term service and support needs.
Address the problem

Pathways to LTSS Reform

LeadingAge initiated Pathways to foster federal and state reform.
Multi-Faceted Partners

- Government/Budget directors/Regulators
- Proposal design and analysis/Think Tanks
- Business/Insurers/Employers
- Providers/Consumer Reps
Pathways: desired outcomes

A federal LTSS reform package is signed into law.

2017

At least 5 states adopt LTSS reforms that foster preparing for and financing LTSS.
Pathways: Federal Reform

Foster Adoption of Federal LTSS Package
Federal Reform Pathways

1. Status Quo
2. Personal Responsibility
3. Private Market
4. Private Catastrophic
5. Public Catastrophic
6. Public Front End
7. Public Comprehensive
Pathway 1: Status Quo

- Expectation of personal responsibility
- Nearly half of expenditures are paid through public sources
- Public support is primarily safety net (must be impoverished) through Medicaid
The U.S. is spending $ anyway, so can we do it better?
Pathway 2: Personal Responsibility

- Tighten safety net with intention to spur more private savings and purchase of insurance
- Gov’t does little to encourage/support private market options
Pathway 3: Private Market

- Gov’t seeks to activate personal responsibility by encouraging new and more affordable products
- Gov’t may offer subsidies and tax incentives for purchase
- May be some vehicle for re-insurance (gov’t or private)
Pathway 4: Private Catastrophic

- Individuals required to purchase private catastrophic LTC insurance
- Gov’t may offer subsidies and tax incentives
- Safety net (Medicaid) becomes primarily for those who can’t get covered in private market
- Reinsurance through portion of catastrophic premium
Pathway 5: Public Catastrophic

- Individuals required to contribute to and participate in public catastrophic LTC insurance
- Gov’t may offer subsidies and tax incentives for front-end coverage
Pathway 6: Public Front End

- Public program offers basic “front-end” cash and services
- Limited dollar and/or time limit
- Reaches more people, more immediately than catastrophic coverage
Pathway 7: Public Comprehensive

- Combines public front-end and catastrophic coverage in a comprehensive program
- Participation mandatory or voluntary opt-out
- Safety net serves only those who can’t afford co-pays/deductibles/out-of-pocket
# Evaluating Pathways in Terms of Potential Outcomes

<table>
<thead>
<tr>
<th>Pathway</th>
<th>Gets people care</th>
<th>Supports family caregiving role</th>
<th>Achieves “right” balance b/n private vs. public and individual vs. shared responsibility</th>
<th>Achieves “right” balance across generations</th>
<th>Addresses stress on federal/state budgets</th>
<th>More likely to be adopted/accepted</th>
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<tbody>
<tr>
<td>Status Quo</td>
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<td>Personal Responsibility</td>
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<td>Private Catastrophic</td>
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<tr>
<td>Public Catastrophic</td>
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<tr>
<td>Common Good/Public Front End</td>
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<td>Public Comprehensive</td>
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Proposal Development: Economic Modeling Project

Goal: Inform potential LTSS financing solutions with credible, updated data and projections

Consistent with but not specific to Pathways
- Status Quo
- Private Market
- Public Catastrophic
- Public Front End
- Comprehensive
(Also potential impact of changes to Medicaid)
Proposal Development: Economic Modeling Project

Key Participants

- Model Executors - Milliman actuarial and Urban Institute using the Dynasim3 micro sim model

- Project Funders
  - SCAN Foundation
  - AARP
  - Leading Age
  - Office of the Assistant Secretary of Planning and Evaluation (ASPE) HHS
Pathways: State Reform

Support State-Level Conversations Regarding LTSS Reform
Process map for developing a state approach to LTSS financing

Identify and Convene Key Stakeholders

Analyze State LTSS Situation

Clarify Problem, Goals, and Guiding Principles

Develop and Review Potential Concepts

Evaluate Highest Potential Concepts

Enact State Legislation and Regulatory Changes
Potential stakeholder involvement

High Level State Support - Governor, Legislators

Champion Organization – i.e. State Human Services

Care Recipients /Caregivers, Families

Local Advocacy Orgs

State Budget Office

Consumers

Insurance Carriers

Employers

Medicaid/Medicare Expertise

National LTC Policy Expertise

State Insurance Dept.

Actuarial Expertise

State Aging Dept.

LTC Experts
Potential state actions

- Awareness/Education
- Re-energize LTCi and Other Private Market Options
- Medicaid Reform or Regulatory Changes
- Public Insurance or Health Insurance and Medicare
Payers vary as a result of need duration.

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute.