# Paying for LTSS: How Can States Build New Financing Programs?

HCBS CONFERENCE
Home & Community-Based Services

2023 Home and Community-Based Services Conference

# Panelists

**Amber Christ**, Managing Director, Health Advocacy of Justice in Aging

**Marc Cohen**, Co-Director LeadingAge LTSS Center at UMass Boston; Research Director, Center for Consumer Engagement in Health Innovation at Community Catalyst

**Allison Cook**, Founder of Better Aging and Policy Consulting

**Bryan O'Malley**, Executive Director at Consumer Directed Personal Assistance Association of NYS (CDPAANYS)

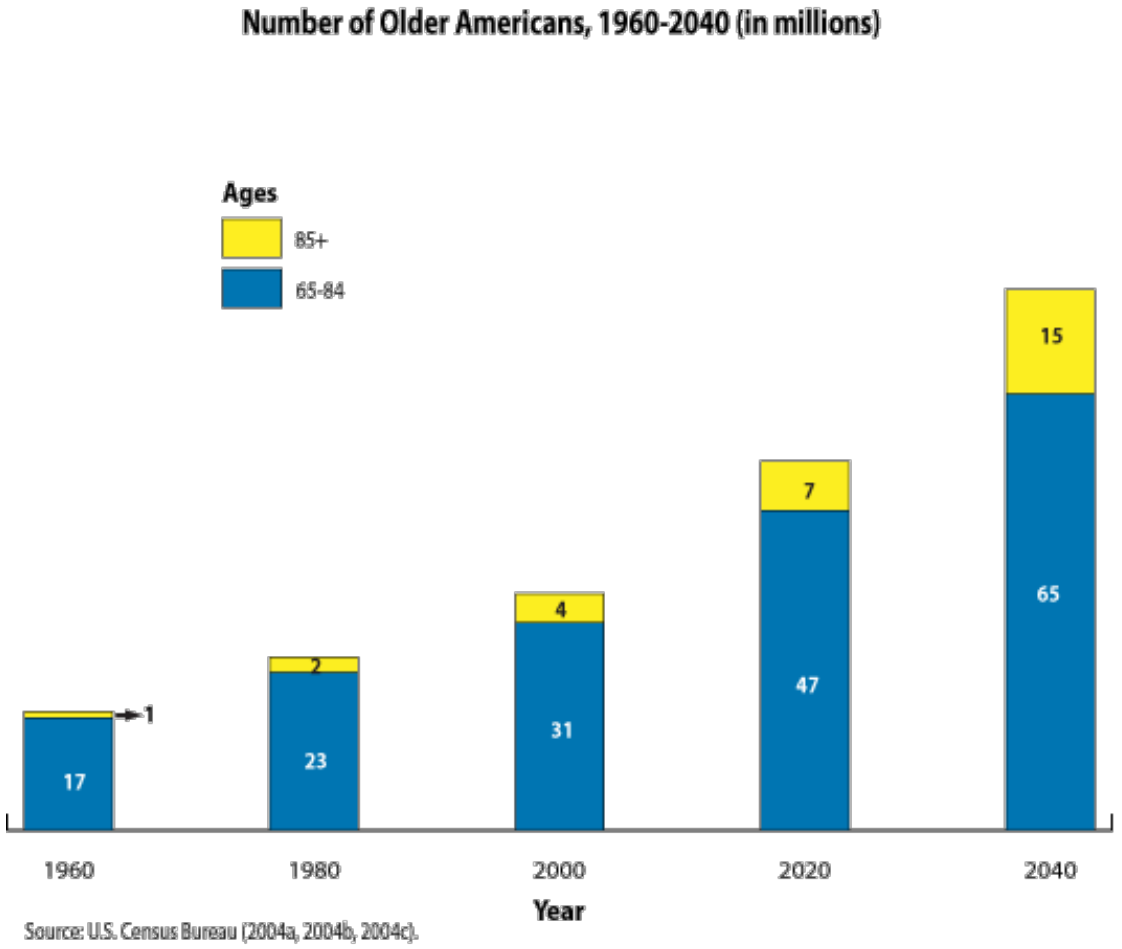
# Agenda

- Overview of LTSS financing models
- What select states are doing (WA, MN, NY, and CA)
- Q&A
- Breakout discussion

# The Need for LTSS Reform

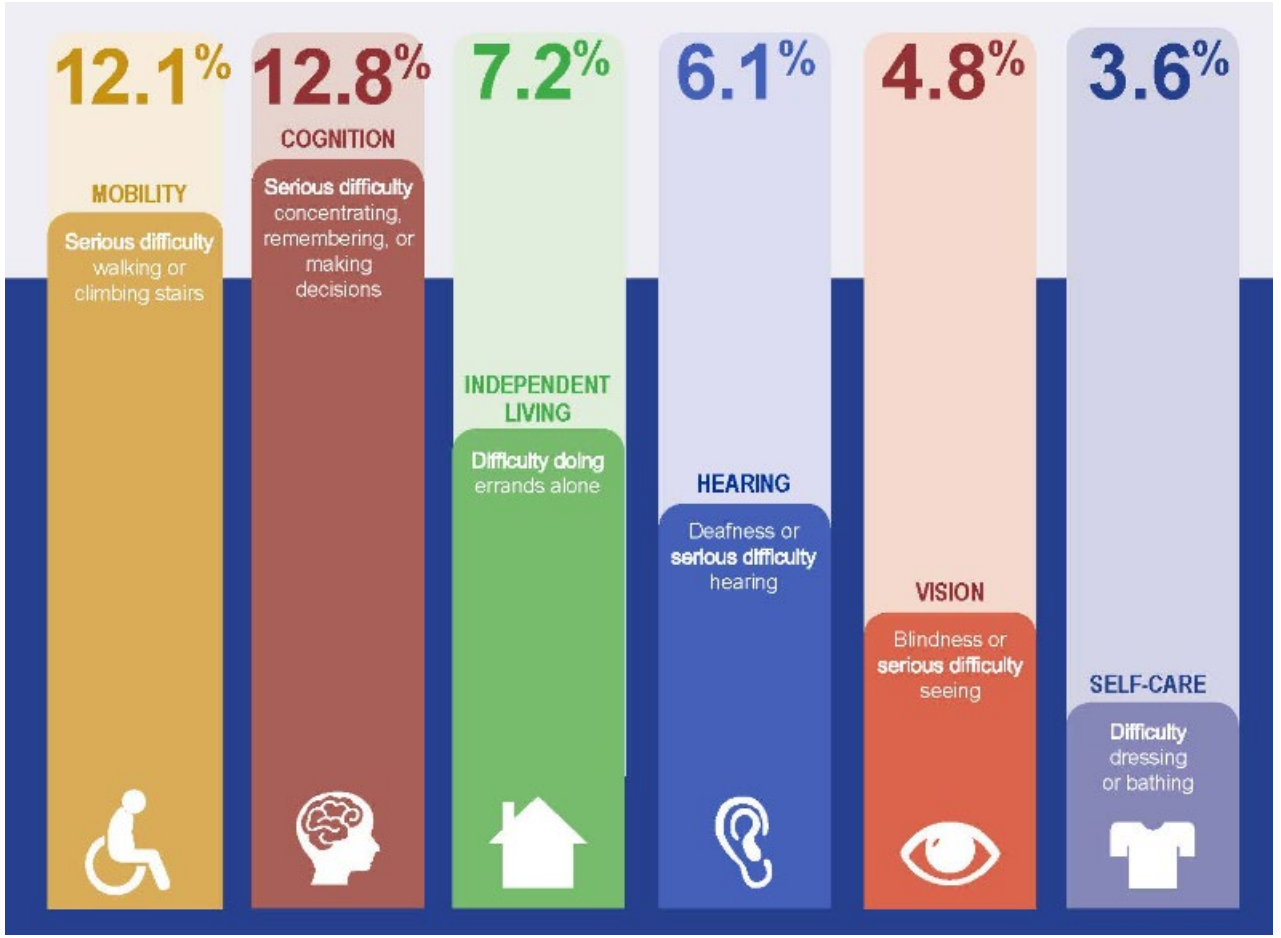
Allison Cook, Founder of Better Aging and Policy Consulting

# The US Population is Aging




Source: [The Urban Institute]

# The Number of People with Disabilities is Increase



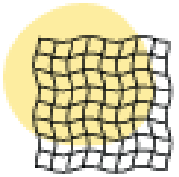

Source: [Disability Impacts All of Us]

# We Aren't Prepared

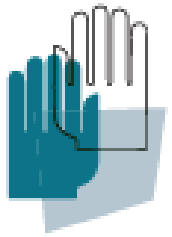
- LTSS is unaffordable for most Americans
- Our LTSS financing system has been created by default – leading to Medicaid being the largest payer
- Low uptake in private insurance
- Perpetuates many of the inequities in our society

# LTSS Financing Models

**PRIVATE LTSS INSURANCE:** Private insurance companies provide coverage to individuals who pay premiums. This model tends to exclude lower-income individuals who cannot afford the premiums.



**SAFETY NET:** The government provides LTSS coverage to individuals who fall below a certain income and asset level (as is done through the Medicaid program). This model can force those of moderate means who would not otherwise qualify to impoverish themselves to meet qualification thresholds.



**SOCIAL INSURANCE:** Individuals contribute taxes toward a government-run program through which they can access benefits as needed. While this model can work well for older adults who have had time to pay into the program, it does not always meet the needs of younger people with disabilities.

**UNIVERSAL COVERAGE:** The government provides LTSS coverage to all who need it. Generally financed through general revenues and taxes, this model is the most expensive to maintain but also tends to be the most equitable.

Source: Centering Equity in Long-Term Services and Supports: A Primer on Financing Models

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# Paying for LTSS: How Can States Build New Financing Programs?

## A Review of Activity in Washington and Minnesota

Marc A. Cohen, Ph.D.

August 31, 2023

Co-Director, LeadingAge LTSS Center @UMass Boston and Research Director, Center for Community Engagement in Health Innovation, Community Catalyst

# Why are states interested in LTSS reform initiatives?

- Limited growth in the private market fueling search for “shared or communal approaches”
- Gridlock in policymaking at the federal level does not offer promise
- Changes in family composition lead to strains on budget, workforce & delivery system

***The costs of waiting are starting to exceed the costs of taking action***


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# Do states have expertise to implement new LTSS insurance-based programs?

- States are the only level of government with experience administering comprehensive LTSS.
  - More than 50 years defining and assessing benefit eligibility, certifying qualified providers, reimbursing providers, and managing benefits
- Understand and familiar with the LTSS service delivery system.
- States also have a solid track record in launching and running social insurance programs:
  - Workers' compensation and unemployment insurance
  - Paid Family and Medical Leave (PFML) social insurance programs (4 states)
- Greater political feasibility and ability to reflect unique needs of state residents.

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# Quick Summary of State-based Activity in Study States

## Social Insurance program enacted (State LTC Trust Act of 2019)


## States in process of coalition building and reform effort


Studying social insurance proposal, actuarial modeling and state Master Plan on Aging


Long history of LTSS reform attempts. Kapuna Caregiver Program


Feasibility study social insurance and workforce issues

Support development of new private LTSS product options


Ballot initiative for comprehensive home-care social insurance program rejected 63% vs 37%.


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# The Road to Passage of Washington's LTSS Trust Act

- Broad-based coalition formed to tackle LTC financing crisis
- Legislative Committee

- Actuarial feasibility completed
- Legislators introduce 2017 Long Term Care Trust Act


- Coalition continues education & outreach
- Legislature mandates feasibility study

- LTC Trust Act gets bi-partisan support and passed through two committees
- National media
- Updated feasibility study
- Interim stakeholder policy workgroup

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# Washington State Program

- LTC Trust Act - the nation's first public state-run LTSS program
- Funded by employee-paid payroll tax of 0.58% with all workers contributing
- Retirees or those not in the work force neither contribute nor benefit from program
- Ten-year vesting period where workers pay into fund before they can claim benefits
- If you are self-employed, you can opt into the Trust to get benefits and if you have long-term care insurance, you can opt out of the Trust
- $100/day paid for LTSS services up to **lifetime maximum of $36,500**
- Broad Range of services and supports covered – professional care in your home, adaptive equipment, training and support for family members, home safety evaluations, rides to the doctor, etc.

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# Minnesota

- Approach has been to explore options for private LTSS financing vehicles for middle income market.

- Two products:

  - A term life insurance policy that converts into long-term care insurance coverage when someone reaches the "policy conversion age." At that time – roughly age 65 – the life insurance benefit would convert to LTSS coverage with no change to the premium level. (LifeStage Product)

  - Add expanded coverage for a package of home and community services to Medicare supplemental health policies sold in Minnesota. **require** all Medicare supplemental plans cover personal care services similar to what is provided in Medicaid program to chronically ill individuals receiving Medicare benefits who need nonmedical supports in order to stay safely in their home.

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# Current Initiatives in Minnesota

- Changed DOI regulation so that companies can now file the LifeStage Conversion product as a Long-Term Care Insurance Product

- Have completed a study that relied on stakeholder interviews with the LTC insurance industry to facilitate market development in Minnesota

- Are conducting a new Study to review different approaches to a possible public financing option including

  - Catastrophic protection program
  - First Dollar coverage
  - Comprehensive social insurance

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# Medicaid Reform

- States looking to expand coverage and access through Medicaid expansion
  - Already have experience
  - Can leverage federal dollars
  - System has been significantly rebalanced

- Opens up new service delivery options
  - Managed LTSS
  - Partnerships with community-based organizations
  - Buy-in options for middle income individuals

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# Changing Medicaid Eligibility

- Use of Supplemental Poverty Measure  which takes taxes, health care costs and certain other expenses into account.
- If the amount of assets that people can have were in line with other programs, such as the Medicare Savings Plan.
- If Medicaid stopped considering assets altogether.
- If the income eligibility threshold were higher, equal to 138% of the federal poverty level, it would mirror how the government determines whether adults under 65 can get Medicaid.
- The Elder Index, which takes into account basic expenses like housing, health care and food. People over 65 with incomes that fall above the official poverty line but below the Elder Index are considered to be financially vulnerable.

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# New York's Medicaid Buy-In Program

Bryan O'Malley, Executive Director of CDPAANYS

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# NY Increases Eligibility for Medicaid Buy-In

- Increased eligibility for Medicaid Buy-In, on sliding scale, from approx. $64,500/year to $600,000/year
- Increases asset limit to $300,000, exempts home, car, retirement accounts, and more
- Removes marriage penalty
- Removes age limits at the upper and lower end
- Requires 40 hours of work per month
- Caps Enrollment at 30,000 (approximately 18,000 using today)

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# Why this is important

- Equity
- Lowers costs associated with Medicaid by generating offsetting tax revenue
- Prevents need for impoverishment upon retirement/forced retirement

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# Still some problems

- The co-pays are high, particularly at the higher levels
- Requiring 40 hours of work per month does exclude some folks with disabilities who are not capable of more
- Cap at 30,000 participants artificially limits participation

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# States to model

- Eight states require no co-pay
- Five states have no asset or income limit
- Colorado and Massachusetts are leaders nationally
- The Bipartisan Policy Center originally created much of the research that we used in our advocacy

JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

# Paying for LTSS: How States Can Build New Financing Programs?

Amber Christ, Managing Director, Health Advocacy

August 31, 2023

# JUSTICE IN AGING

FIGHTING SENIOR POVERTY THROUGH LAW

Justice in Aging is a national organization that uses the power of law to fight senior poverty by securing access to affordable health care, economic security, and the courts for older adults with limited resources.

Since 1972 we've focused our efforts primarily on fighting for people who have been marginalized and excluded from justice, such as women, people of color, LGBTQ+ individuals, and people with limited English proficiency.

# Justice in Aging's Commitment to Advancing Equity

## To achieve Justice in Aging, we must:

- Advance equity for low-income older adults in economic security, health care, housing, and elder justice initiatives.
- Address the enduring harms and inequities caused by systemic racism and other forms of discrimination that uniquely impact low-income older adults in marginalized communities.
- Recruit, support, and retain a diverse staff and board, including race, ethnicity, gender, gender identity and presentation, sexual orientation, disability, age, and economic class.

# California's Efforts to Expand Access to LTSS

- **Master Plan for Aging**
  - Long Term Services and Supports Subcommittee Stakeholder Report
- **California Aging & Disability Association**
  - Added LTSS question to California Health Interview Study to assess unmet need
  - Secured Funding for Milliman LTSS Feasibility Study
- **California Department of Insurance Long Term Care Insurance Taskforce**
  - Feasibility Report

# California's Efforts to Expand Access to LTSS

- **Mel King Community Fellows**
- **Medicaid Expansions**
  - Increased income limit to 138% Federal Poverty Level (FPL)
    - More than 50,000 people gained free Medicaid
  - Eliminated Asset Limits in all Medicaid
    - To date, 11,000 newly eligible
  - Increasing Medicaid medically needy income level to 138% FPL effective in 2025
    - 28,000 people expected to no longer have a share of cost; 91,000 people would have a lower share of cost

# Questions?

# Discussion:

Choose a state that you live, work in, or are otherwise familiar with.

Is there an LTSS financing approach that you think is possible in the state?

What would be needed to make that happen?

# Thank you!

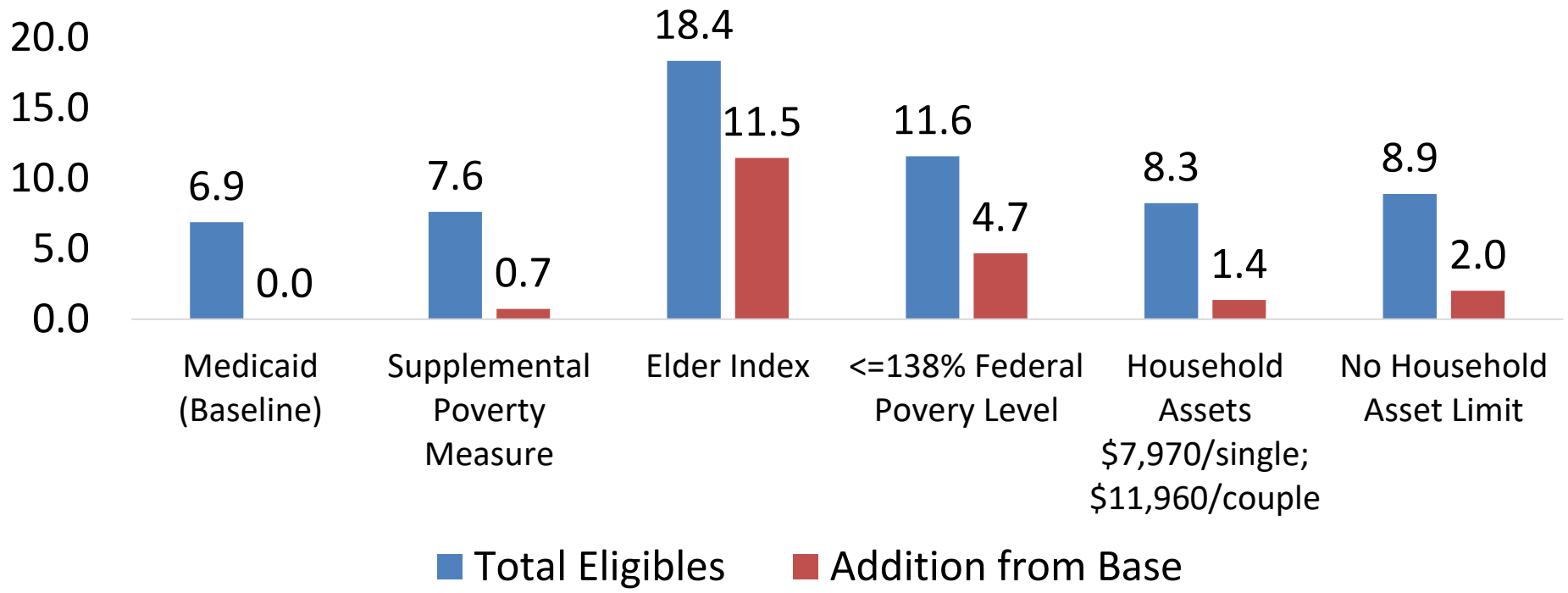
**Amber Christ**, achrist@justiceinaging.org

**Marc Cohen**, Marc.Cohen@umb.edu

**Allison Cook**, ACook@BetterAgingAndPolicy.com

**Bryan O'Malley**, bryan@cdpaanys.org

# Figure 1: Medicaid Eligibility Estimates for Various Indices Applied to 2020 Baseline Enrollment (millions)




Most of the additional enrollees in these scenarios would have poor health and few financial assets.

Cohen, M. and Tavares, J. (2023). How Medicaid Financial Eligibility Rules Exclude Financially and Medically Vulnerable Older Adults Journal of Aging and Social Policy. March 29th. https://doi.org/10.1080/08959420.2023.2195784

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