

Alternative Solutions

Alternative Finance Proposals

Part 2: Policy Implications
of Financial and Actuarial Modeling

March 14, 2016

3:45 – 5:00 pm



16th Annual Intercompany Long Term Care Insurance Conference

Alternate Finance Proposals-Part 2



Panelists:

Brian Collins

Senior Policy Analyst, Bipartisan Policy Center

Howard Gleckman

Resident Fellow, Urban Institute

Aaron Tripp

Director, Long-Term Care Policy and Analytics, Leading Age

Jean Accius

Vice President, LTSS and Livable Communities, AARP

Moderator:

Gretchen Alkema

Vice President, Policy & Communications, The SCAN Foundation

Producer:

John O'Leary

President, O'Leary Marketing Associates LLC

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Initial Recommendations to Improve the Financing of LTC

Brian Collins

Bipartisan Policy Center



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- Founded in 2007 by four former Senate Majority Leaders (Daschle, Dole, Mitchell, Baker)
- LTC Initiative launched in early 2014 with co-chairs:
 - Sen. Tom Daschle
 - Gov. Tommy Thompson
 - Dr. Alice Rivlin
 - Sen. Bill Frist
- First financing recommendations published February 1, 2016
- Delivery recommendations later this year



- Expand the private LTCL market for initial LTSS needs
- Principles for a public-insurance approach for catastrophic LTSS needs
- Encourage expansion of Medicaid HCBS coverage
- Offer LTSS-only Medicaid Buy-In for working people with disabilities



- Goals:
 - Enable products with lower premiums that are more sustainable for carriers
 - Address supply- and demand-side issues
 - Expand distribution through new channels
 - Apply learning from behavioral economics (e.g., opt-out decision frameworks)
- Trade-offs are necessary to meet these goals



- **Establish new private-market LTCL design called *retirement LTCL***
 - Lower-cost, limited benefit, standard designs
 - Cash deductible/longer EP
 - 20 percent coinsurance
 - Standard inflation protection (indexed to ECI)
 - Non-level premiums
 - Annual updates for CPI
 - Repriced on 3- and 6-year cycles (up or down) to reflect latest assumptions (e.g., interest rates, lapse rates, mortality, morbidity)

Private LTCl Recommendations



- Allow distributions from defined contribution (DC) retirement plans and IRAs beginning at age 45 for *retirement LTCl*
 - Waive 10-percent early-distribution penalty
 - Normal income-tax treatment (i.e., distributions from traditional accounts would be taxable)
- Encourage employers to auto-enroll DC plan participants into default *retirement LTCl* policy
 - Safe harbor to address legal risk
 - Expanded catch-up contribution limit
- Allow state/federal insurance marketplaces to sell *retirement LTCl*



- For 2017, exploring additional ways to help middle-class Americans pay for LTSS. Ideas:
 - Integration of limited LTSS benefit with Medigap and Medicare Advantage
 - Tax credits for caregiving expenses
 - Medicare respite-care benefit
 - Additional specification for catastrophic LTSS program
 - Ways to integrate *retirement LTCI* on an in-plan basis
- Feedback/ideas are welcome!
 - Report available at: bpcdc.org/1nA2jK2
 - bcollins@bipartisanpolicy.org

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Long-Term Care Financing Collaborative (LTCFC)

Howard Gleckman
LTCFC



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Gretchen Alkema, The SCAN Foundation+

Robert Blancato, Elder Justice Coalition

***Sheila Burke**, Harvard Kennedy School; Strategic Advisor, Baker, Donelson, Bearman, Caldwell & Berkowitz

***Stuart Butler**, The Brookings Institution+

***Marc Cohen**, LifePlans, Inc.

Susan Coronel, America's Health Insurance Plans (AHIP)

John Erickson, Erickson Living

Mike Fogarty, former CEO, Oklahoma Health Care Authority

William Galston, The Brookings Institution+

***Howard Gleckman**, Urban Institute+

Lee Goldberg, The Pew Charitable Trusts+

Jennie Chin Hansen, immediate past CEO, American Geriatrics Society+

Ron Pollack, Families USA

***Don Redfoot**, Consultant

John Rother, National Coalition on Healthcare

Nelson Sabatini, The Artemis Group

Dennis G. Smith, Dentons US LLP

Ron Soloway, UJA-Federation of New York (retired)

Richard Teske (1949-2014)
Former U.S. Health and Human Services Official

Benjamin Veghte, National Academy of Social Insurance+

Paul Van de Water, Center on Budget and Policy Priorities (CBPP)+

Audrey Weiner, Jewish Home Lifecare, immediate past Chair, LeadingAge

***Jonathan Westin**, The Jewish Federations of North America (JFNA)

Gail Wilensky, Project HOPE

Allen Schmitz, *Technical Advisor to the Collaborative*, Milliman, Inc.+

Project Director: Caryn Hederman, Convergence Center for Policy Resolution

+Collaborative members have joined in their individual capacities with institutional affiliations provided for identification purposes only.



- Build consensus that would:
 - Finance person-centered care
 - Promote autonomy and choice
 - Shift from welfare to insurance
 - Draw clear lines between public and personal responsibility
 - Meet needs of people of all incomes
 - Be financially sustainable
 - Build solutions on data and modeling



- A roadmap, not a bill
- Conceptual, not specific
- Realistic but not constrained by politics
- Comprehensive
- Move the needle
- Show lawmakers that solutions are possible

What We Accomplished



- Reached consensus on:
 - Universal catastrophic insurance
 - Medicaid reform
 - Improved private insurance
 - Enhanced savings and use of home equity



- Future Research
 - Demand curve
 - Opt-out/ behavioral-based designs
 - More specific proposals
- Turn concepts into concrete ideas
- Educate and work with policymakers

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Thank you

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Perspectives on the Challenges of Financing Long-Term Services and Supports

Aaron M. Tripp
LeadingAge



16th Annual Intercompany Long Term Care Insurance Conference

Who is LeadingAge?



The mission of LeadingAge is to expand the world of possibilities for aging.

Our 6,000+ members and partners include not-for-profit organizations representing the entire field of aging services, 39 state partners, hundreds of businesses, consumer groups, foundations and research partners.

LeadingAge is a 501c3 tax exempt charitable organization focused on education, advocacy, and applied research.

Why now?



1. The status quo is unsustainable.
2. The existing system for LTSS financing is irrational.
3. The LTSS financing system is unfair.



We believe that a new system of financing LTSS needs to be insurance-based and guided by the principles of rationality, equity, and affordability.

1. There is new evidence that the current LTSS financing system is untenable.
2. A universal insurance approach that covers catastrophic costs would have the greatest positive impact on both individuals and strained public programs, while creating a more rational system.

What is next?



LeadingAge will strive for the development of a new system of financing LTSS that is insurance-based and guided by the principles of rationality, equity, and affordability. We will work toward efforts, large and small, to:

- Offer families better ways to plan and prepare for future LTSS needs.
- Create a fairer and more rational financing system that benefits citizens and government by ensuring quality LTSS.
- Encourage states to play a role as a testing ground for new approaches to financing services.
- Encourage innovation in private long-term care insurance markets.

Any questions?



Aaron M. Tripp

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http://www.leadingage.org/2016_Pathways_Report.aspx

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Raising Expectations: Delivering Long-Term Services and Supports

Jean Accius, PhD
AARP Public Policy Institute



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- Development of the modeling tool addresses a major barrier-- the inability to estimate the costs and impacts of specific policy proposals.
- Capacity to now analyze a range of policy options using a single model and explore the potential impact on older Americans, their families and public programs.
- While AARP is not endorsing any specific proposal, the initial findings highlight the need for broader discussion and additional analysis:
 - The problem we want to solve for
 - The inherent tradeoffs
 - The paths forward

Goals For Reforming LTSS



- Strategies for financing LTSS must include both private and public sector solutions.
- Financing should be affordable with shared responsibility among government, individuals, and the private sector.
- Give meaningful support to families and friends who provide the bulk of care.

Goals For Reforming LTSS



- Support greater innovation and encourage experimentation with new ways of organizing care.
- Enable people to remain in their homes and communities for as long as possible through an array of home and community-based options.
- Design and delivery of all LTSS should be person and family centered—tailored to individual needs and preferences.