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ISSUE BRIEF

Financing Long-Term Services and Supports in California

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BACKGROUND: On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act into law. One provision of the health care law was the Community Living Assistance Services and Supports (CLASS) Act, which sought to establish a national and voluntary insurance program for purchasing Long-Term Services and Supports (LTSS). In October 2011, the provision was repealed and the CLASS Act was never realized. Currently, there is no viable alternative to provide middle-class Americans with financial assistance to access high-quality and affordable LTSS.

What are LTSS?
LTSS provide older adults and people with disabilities with functional limitations or chronic illnesses with access to needed services that support assistance with daily living tasks, such as bathing, getting dressed, fixing meals, taking medications, completing errands, grocery shopping or providing transportation.

What is driving the increased demand for LTSS?
The U.S. is in the process of experiencing a dramatic demographic shift in age with the "baby boomers" reaching older adulthood. Our public policy and private market has not kept up with record longevity or the health issues that often accompany longevity. As such, the demand for LTSS will only increase. According to the Kaiser Family Foundation, 70 percent of baby boomers can expect to use some form of long-term care at one point in their lives. These factors put us at a significant risk for catastrophic LTSS costs in the near future. In the face on increased demand for LTSS, states and the federal government will be challenged to find creative and affordable options that deliver high quality, person-centered LTSS, reduce unmet long-term care needs and HCBS workforce shortages, increase accessible and affordable community-based housing options, and strengthen community-based provider and resource networks.

How are LTSS paid for?
According to the Kaiser Family Foundation, approximately $357 billion was spent on LTSS in 2011. Medicaid (Medi-Cal) accounted for 40 percent of total expenditures, and Medicare, which provides limited post-acute care, accounted for 21 percent. Direct out-of-pocket spending accounted for 15 percent of total LTSS spending, with private insurance and other public and private funding sources covering 7 percent and 18 percent of total LTSS spending, respectively.

The lack of affordable private insurance coverage options or viable public insurance alternatives have created an environment where many individuals exhaust all of their assets paying for LTSS, eventually "spending down" and qualifying for Medi-Cal. If no viable alternative to the current long-term care financing structure is implemented, there will only continue to be an increasing reliance on the state's Medi-Cal program.

Who provides these services?
Family caregivers often provide both formal and informal assistance with personal care and household chores. In many cases, family caregivers now provide a greater level of assistance, including skilled medical/nursing care tasks such as meal preparation for a special diet, wound care, and care coordination.

While most family caregivers are more than willing to provide care for their family members and friends, it can take a mental, physical and financial toll. Since many family caregivers are unpaid, they must juggle their job responsibilities while also trying to care for a family member. The majority of family caregivers providing care to people with multiple chronic physical and cognitive conditions were:

- Female (58%)
- Age 50 or above (66%)
- Caring for a parent (38%)
- Providing care for three or more years (44%)
- Employed outside of the home (47%)
- Making less than $50,000 annually (48%)

Our Efforts on Financing LTSS in California
LeadingAge California has been leading the charge to find a viable option for financing LTSS in the state. The past several years, we have been facilitating stakeholder meetings with various interested parties throughout the state, seeking to find a solution to the problem of how middle class families will pay for long-term care.

While we have made some strides passing legislation that deals with some of the shortfalls in our current system, we believe that changes that are more significant are needed. We are currently working with our stakeholder group to seek funding for data collection on LTSS users, soliciting foundation support for a potential actuarial feasibility studies and are exploring proposals that will provide affordable and accessible care for all Californians.

We believe that the first step in this process is to collect meaningful data that shows who is currently accessing LTSS, who is relying on unpaid caregiving and where the holes are in our current system.

ISSUE: Our state's lack of a long-term care financing system puts millions of Californians at substantial financial risk. This crisis inordinately affects middle-class Americans, increases health care costs, strains our state budget, limits workplace productivity, derails retirement savings and reduces investment in future generations.

RECOMMENDATION: Support a California budget request that will appropriate up to $1 million dollars to the California Health and Human Services Agency for contracting with UCLA for the collection and analysis of data on LTSS access and needs in California by incorporating specified questions in the California Health Interview Survey (CHIS) in the next survey cycle (2019-2020).

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