
The Case for Financing Older America's Long-Term Care Need



ANNE TUMLINSON
INNOVATIONS

A Risk We All Face

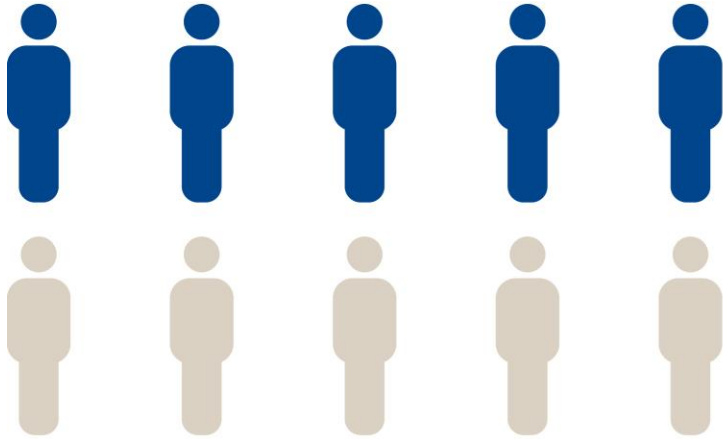


**Half of Adults Age 65+ Will Need a
High Level of Care at Some Point**

Favreault & Dey (2015), Table 1



Women Face Higher Lifetime Risk



50% of Men Age 65+ Will
Face High Levels of Need



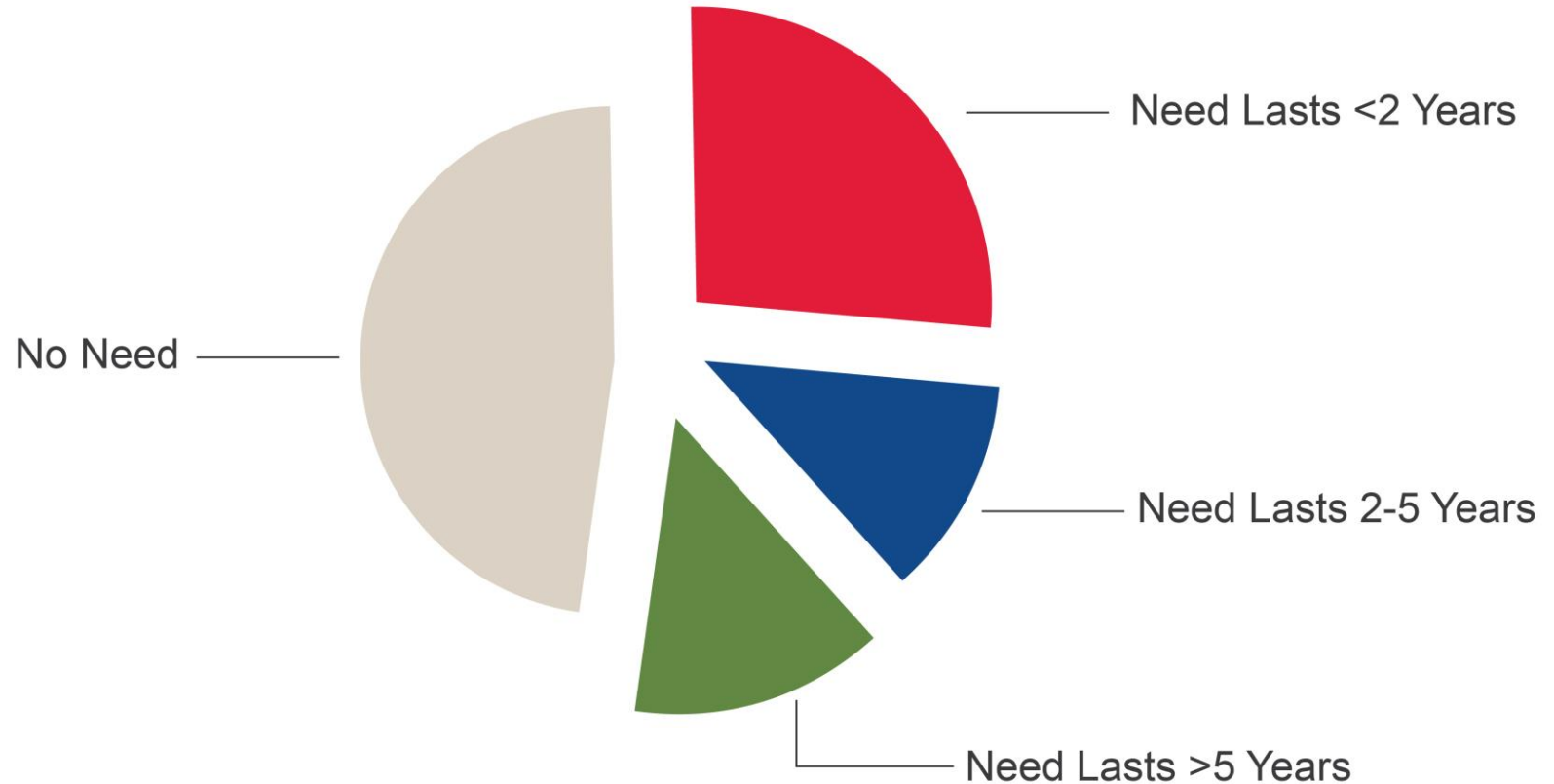
60% of Women Age 65+ Will
Face High Levels of Need

Note: Percentages in picture are approximate. Actual values are 46.7% of men, and 57.5% of women
Favreault & Dey (2015), Table 1



Older Adults Risk Many Years of High Need

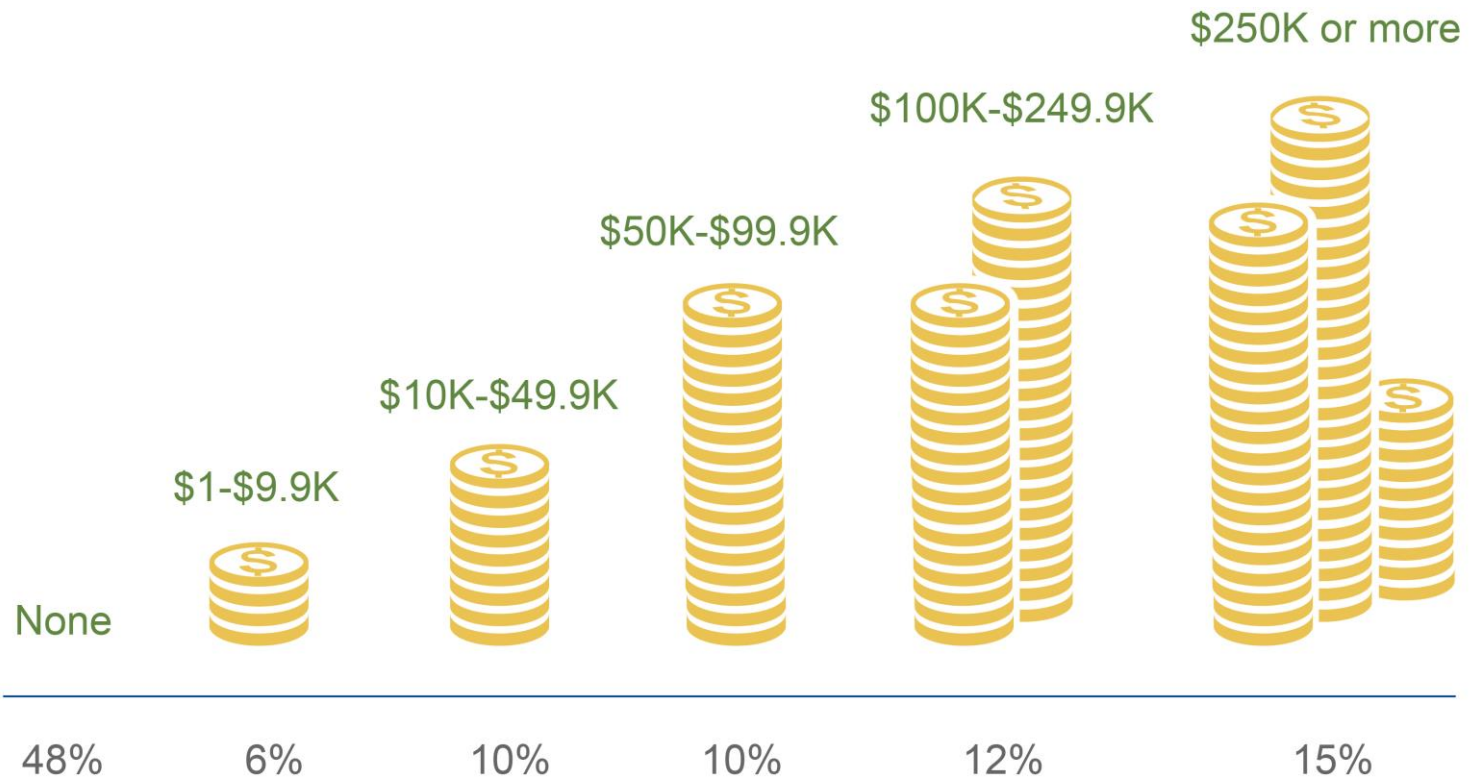
52% of Adults Age 65+ Have High Need



Favreault & Dey (2015), Table 1



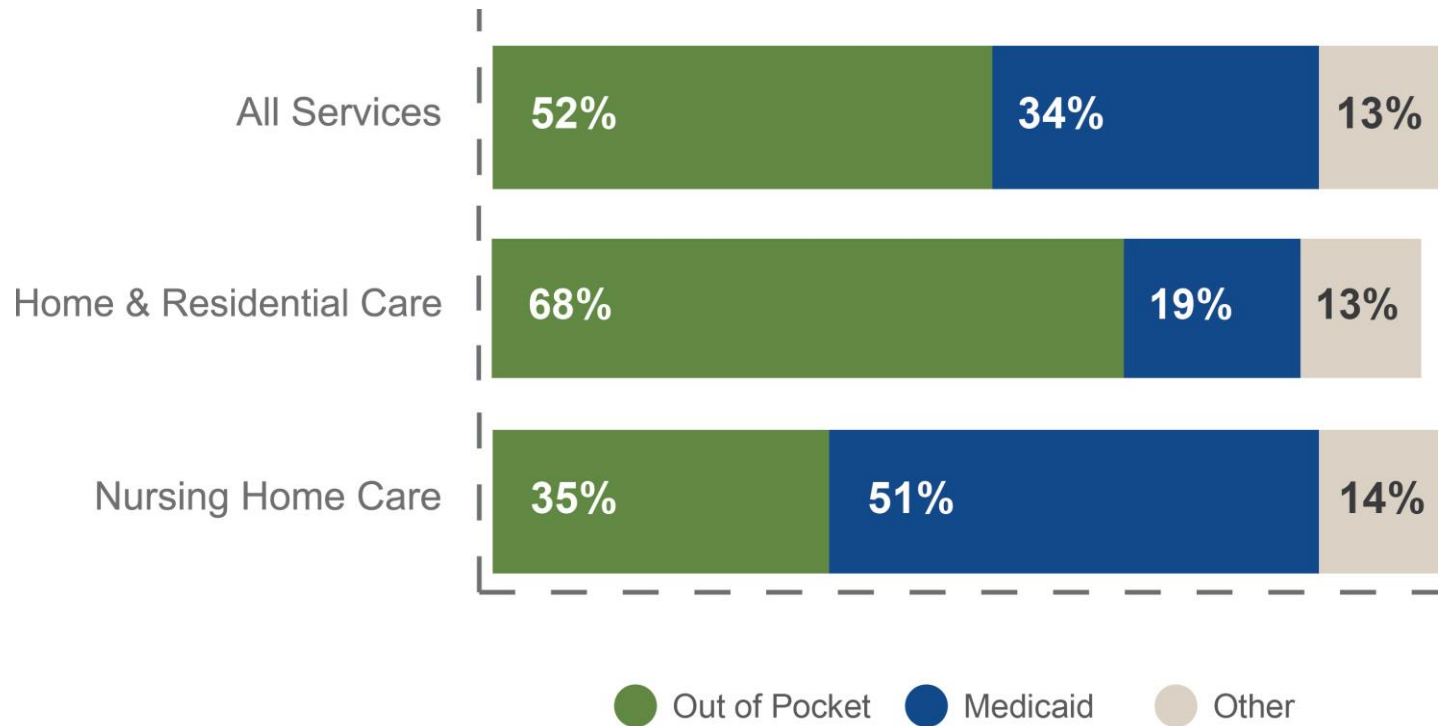
And Risk VERY High LTC Costs Over Lifetime



Favreault & Dey (2015), Table 5



Much of Which is Covered by Families Through Out of Pocket Spending



Note: The estimated remainder of spending (Other) includes a combination of private LTC insurance and Medicare
Favreault & Dey (2015), Table 3A



And Unpaid Family Caregiving



Nearly 2/3

of Older Adults with
LTC Needs Living at
Home Receive All
Help from Unpaid
Family and Friends

Note: Excludes individuals living in nursing homes
Freedman & Spillman (2014), Table 2



Families Are in Crisis

They are the ultimate "accountable care organization"



Frail Older Adult



Family

Management • Coordination •
Unpaid Caregiving • Legal •
Financial



Complex Medical Need

Doctors • Post-Acute Care •
Hospital

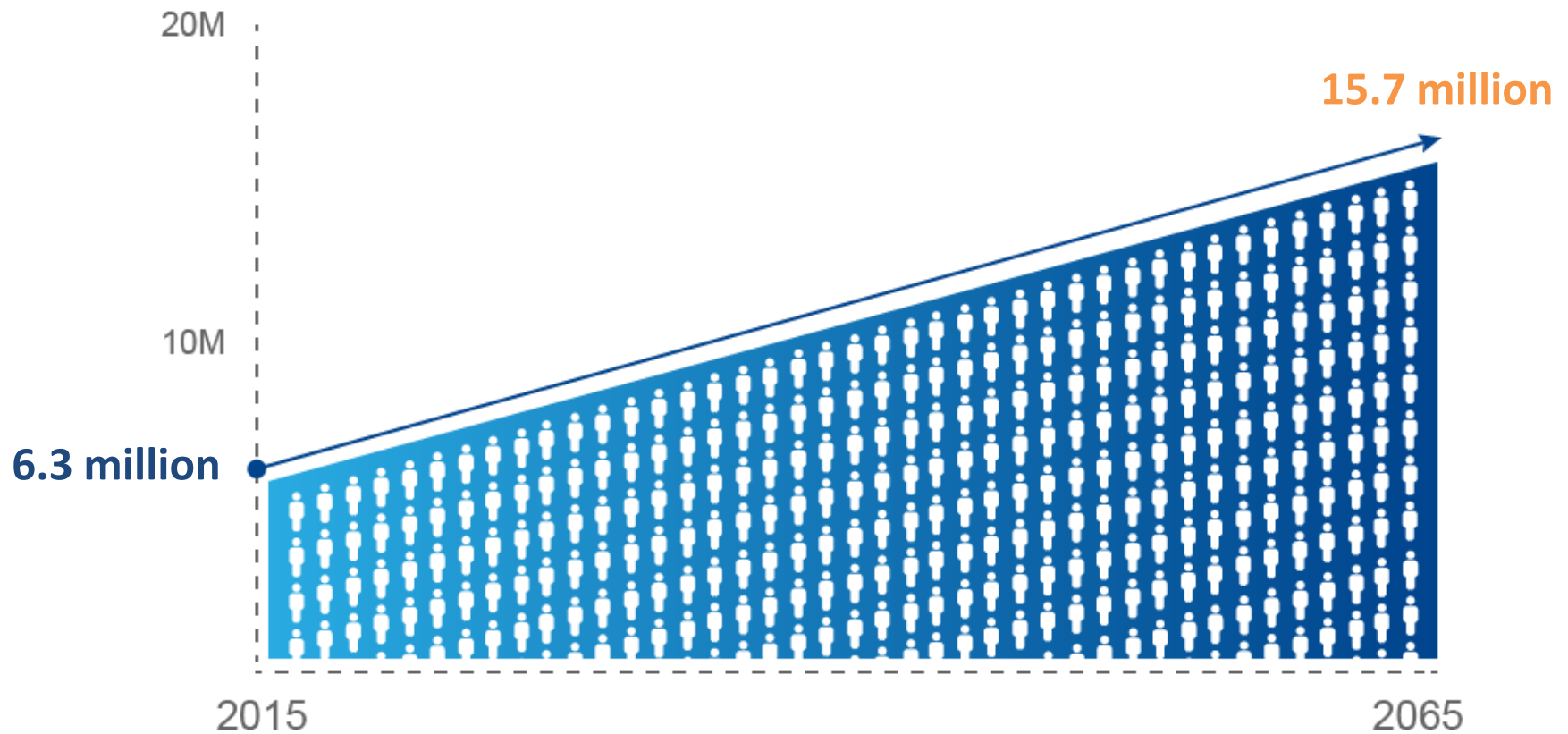


**Long-Term Services
& Support Need**

Home Care • Senior Housing
Nursing Home



This System Is Inadequate to the Need



Favreault & Dey (2015), Figure 1

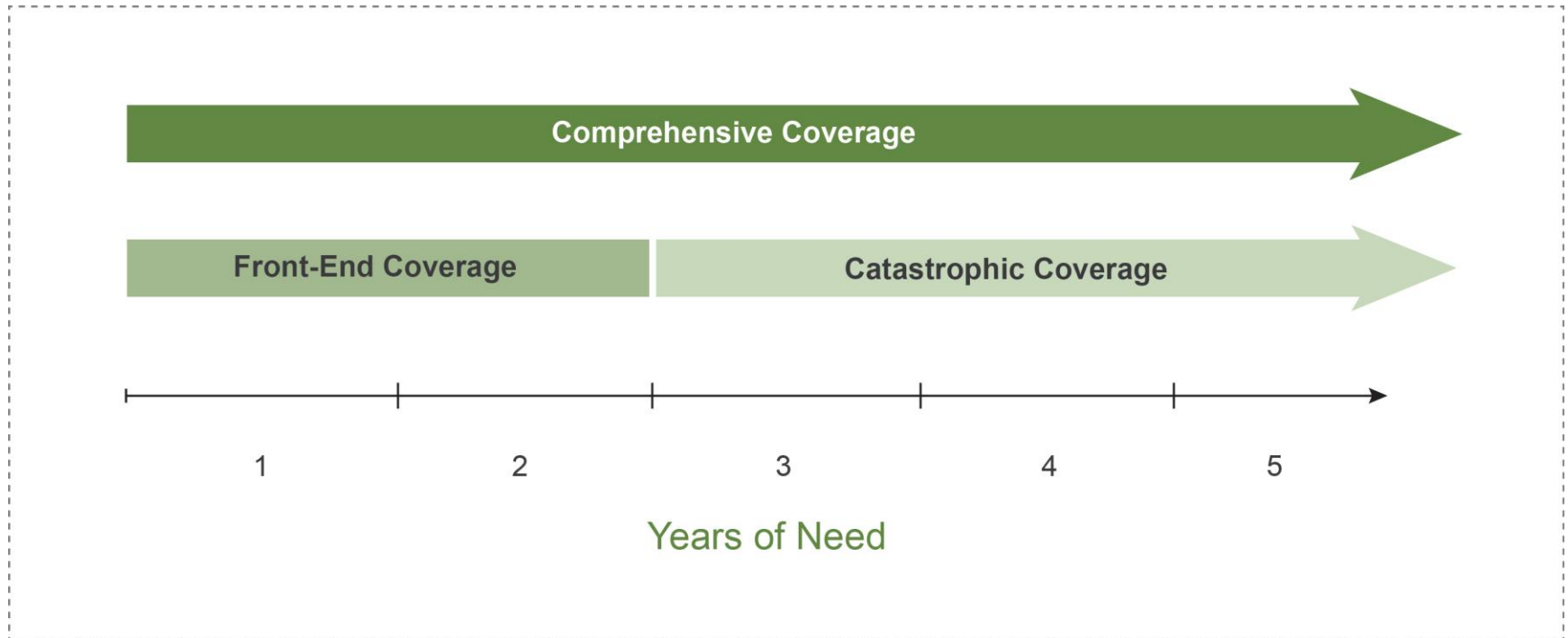


New Insurance-Based Options for Financing LTC



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Mandatory & Voluntary: Three Approaches to Covering Risk



Mandatory Option Creates Largest Medicaid & Out-of-Pocket Savings



Favreault & Johnson (2015), Table 15



Impacts of Mandatory Approaches

Front-End

Catastrophic

Comprehensive



Out-of-Pocket
Reduction

14%

16%

24%



Medicaid
Reduction

8%

28%

32%

Favreault & Johnson (2015), Table 15



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Emerging Consensus on Policy Direction

AREAS OF CONSENSUS

- Voluntary private market solutions for coverage of front end risk
- Universal coverage for catastrophic/back-end risk
- Strengthening Medicaid coverage of HCBS



Private/Public Partnership

SUMMARY

Reform the private insurance marketplace to provide lower priced policies of limited duration (ideal for front end risk)

- Limited duration products (e.g., 2 years)
- Auto-enroll through employer
- Expanded use of retirement accounts to purchase products

BPC	Leading Age	The Collaborative
Specific recommendations to establish a lower cost, limited benefit product	Supports innovations in the private insurance market that emphasize consumer choice and flexibility	Suggests a series of initiatives to revitalize private sector specifically to cover front-end risk



Mandatory Public Catastrophic Coverage

SUMMARY

Protect everyone against the risk of high LTSS need that occurs over long periods of time.

Groups will continue to work on details, including how to define catastrophic risk and how to finance it.

BPC	Leading Age	The Collaborative
A public insurance approach for catastrophic expenses is worthy of consideration	Supports concept of universal insurance as having the biggest impact	Recommends a universal catastrophic insurance program

