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## Editorial: A growing price tag for long-term care

State budget woes highlight need to rein in long-term care costs.

It's a message that can't be repeated loud enough or often enough, especially as the graying tsunami of baby boomers sweeps toward retirement: Medicare doesn't cover most long-term care costs.

If Mom needs to be in a nursing home or Dad requires home health care, chances are the well-known government-run health program for seniors will not pick up the tab. Instead, responsibility for the bill -- about \$4,800 a month for nursing home care, up to \$8,000 a month for round-the-clock home health care -- typically falls on the family. Only when personal assets are exhausted does Medicaid, a different government-run medical program for the poor and disabled, kick in. It's a policy that's decades old but still comes as a shock to far too many. "What happens ... is that at the time we're in crisis is when we discover that Medicare doesn't cover this," said Deb Newman, a Twin Cities woman whose agency specializes in long-term care insurance.

Newman, of course, has a financial interest in increasing the number of people who hold long-term care insurance. But so does every taxpayer in Minnesota and across the nation. Two-thirds of people age 65 and over will need long-term care at some point in their lives -- the average length of assistance is three years. Yet only 6 to 7 million Americans currently have private policies, meaning such plans pick up just 7 percent of the nation's long-term care costs. Without such coverage, a lifetime of savings can evaporate in days or weeks. And when those are gone, the bill gets paid out of state and federal coffers, which jointly fund the \$360-billion-a-year Medicaid program. In effect, a program designed for the very poor has become the long-term care insurance plan for much larger group: the middle class.

Strategies designed to increase individually held long-term care coverage are decades overdue. But the problem has become especially acute as states such as Minnesota face devastating budget deficits of billions of dollars. Minnesota is projected to spend \$1.4 billion on Medicaid long-term care expenses for the elderly in 2008. This year, the long-term care bill for all 50 states is estimated at \$51.5 billion. By 2027, the tally is expected to hit \$115 billion, according to one landmark report.

While poor children, their parents or pregnant women make up the majority of Medicaid enrollees, two-thirds of the Medicaid budget is spent on the elderly and disabled. One-third of the program's total spending goes toward long-term care, which is why reform here could yield dramatic savings and benefits. Unfortunately, while there is traction in Washington and at the state level for medical health care reform -- especially in Medicare -- long-term care finance has not been enough of a priority. "It's been completely absent from the health care reform debate at the state level so far," said John Tschida, Courage Center's vice president of public affairs and research.

That has to change. Overhauling long-term care doesn't mean starting from scratch. Proposals to revamp Medicare -- rewarding high-quality providers and finding ways to deliver services efficiently-- also make sense for Medicaid. In addition, there are a number of thoughtful proposals to increase the number of people who buy long-term care coverage -- from tax incentives to public-private insurance programs. One idea worthy of more discussion -- a public-private savings plan modeled on an initiative from the American Association of Homes and Services for the Aging -- was advocated on the opinion pages this week by Kathryn Roberts, CEO and president of Ecumen, and Jan Malcolm, CEO of Courage Center. In the meantime, individuals also need to take more responsibility for long-term care planning. Purchasing coverage is something more people need to do. Your 40s and 50s are an ideal time, Newman said. If a preexisting condition means long-term care coverage isn't available or too expensive, there's time to react and figure out a savings strategy. Said Newman: "I wish families understood this, that it's a gift to your family to plan for this."



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