



Community Living Assistance Services and Supports Act of 2009 (CLASS Act)



THE CURRENT STATE OF LONG TERM SERVICES & SUPPORTS

There are presently 10 million Americans in need of long term services and supports (LTSS), and this number is expected to increase to almost 15 million by 2020. While approximately 45 million Americans do not have medical insurance, more than **200 million adult Americans lack any insurance protection against the cost of LTSS.** Almost every American family will have to navigate and coordinate LTSS, which encompass the wide array of health care and supportive services a person needs and receives over an extended period due to limited functional capacity or a chronic health care condition. In the United States, of those people that turning 65: only 31% will not need long term care services; 29% will need less than 2 years of support; but 40% will require 2 or more years of services.

Medicare only covers a part of long term services and supports (LTSS) costs; it is for short term acute treatment, and is not intended to be a LTSS program. Medicaid is the country's largest public payer for long-term care, accounting for 40% of all LTSS services delivered. However, to qualify for Medicaid one must have less than \$2000 in savings and may only receive an allowance of about \$30 a month from Social Security. The current system forces people into long term care institutions, requiring many people to spend-down into poverty before receiving the help they need. Health care reform should include affordable access to LTSS coverage.

CLASS ACT

On March 25, 2009, Senator Edward Kennedy (D-MA) and Congressmen Frank Pallone (D-NJ) introduced the *Community Living Assistance Services and Supports Act of 2009 (CLASS Act)* (S. 697 and H.R. 1721); the bills would create an insurance program for adults who become functionally disabled. This legislation will help people with severe functional impairments and their families to pay for the services and supports they need to stay functional and independent, and to have choices about community participation, education and employment.

How It Works: The CLASS Act will establish a national insurance program, financed by voluntary premium payments collected through payroll withholding (not to exceed \$30 a month) and placed in a "National Independence Fund." The Department of Health and Human Services will manage the Fund as a new insurance program. Anyone who is 18 years old and actively working would be automatically enrolled in this program and would contribute to it through payroll deductions. A worker may opt out of the program. The large risk pool created by the CLASS Act will make coverage much more affordable than it is currently.

Retirees and individuals that are not working and is over 18 years old, may also pay into the system, and receive benefit.

Benefit Eligibility: People who have contributed to the program for a minimum of 60 months and are unable to perform two or more activities of daily living (ADL), such as feeding, dressing, bathing, toileting, or walking; or individuals who have an equivalent cognitive disability will be eligible to collect a benefit. Eligibility for benefits will be determined by state disability determination centers on two cash benefit tiers. Tier 1 benefits (\$50/day) will be for individuals who are unable to perform two or more ADLs or have the equivalent cognitive impairment. Tier 2 benefits (\$100/day) will be for individuals who are unable to perform four or more ADL's or have the equivalent cognitive impairment.

Eligibility for CLASS Act benefits will be independent of whether or not an individual is eligible for Social Security Disability Insurance (SSDI) or retirement benefits, so participation in the CLASS Act insurance program will not impair an individual's ability to remain qualified for SSDI. If an individual is eligible for CLASS Act benefits and is also eligible for the long-term care benefit under Medicaid, CLASS Act benefits can be used to offset the costs to Medicaid, thus producing Medicaid savings for the state.

TALKING POINTS

- The Alliance for Retired Americans supports an affordable social insurance model for a long term care system that provides for choice of a range of quality care services for all who need them, whether seniors or persons with disabilities of any age.
- Our nation lacks a coordinated, national public-private system for adequately and efficiently delivering high-quality long-term services and supports in a fiscally responsible manner. This has extreme negative consequences for emerging older adults, baby boomers, and younger persons with disabilities.
- The CLASS Act is a critical piece in creating a new, voluntary national insurance program to help individuals who need assistance stay independent and remain in their communities.
- The CLASS Act promotes the principles of independence, choice, and empowerment in a fiscally responsible way, and amplifies nationwide discussions about the serious long-term care challenges we face.
- The CLASS Act should be a part of any health care reform conversation and legislation. This public program provides a strong foundation of protection while providing opportunities for personal planning that include a role for private sector options.

WHAT CAN CONGRESS DO?

- We urge you to support S. 697 and H.R. 1721, which would improve the lives of millions of Americans and their families; if you are not a cosponsor of this legislation, we urge you to consider becoming one.
- We urge you to support this legislation and include it in the health care reform package.

