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## Hillary Clinton on LTC

by [Stephen Moses](#)

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**Presidential candidate Senator Hillary Clinton has promised a cornucopia of LTC benefits if elected. Would our service delivery and financing system be better or worse if she delivered?**

Hillary Clinton announced her plans for long-term care public policy a few weeks ago. (Check out the press release at [www.hillaryclinton.com/news/release/view/?id=4592](http://www.hillaryclinton.com/news/release/view/?id=4592).) Let's give due credit: none of the other presidential candidates have committed themselves to anything like such a detailed plan. At least she's on the record, with lots of ideas, some of which are very appealing.

First a synopsis, then our comments:

### Hillary Clinton's Long-Term Care Agenda

*Supporting Seniors with Long-Term Care Needs, and The Invisible Army of Caregivers That Support Them:*

-- Enacting a new \$3,000 Caregiving Tax Credit to provide financial relief to millions of seniors, people with disabilities and their families. Clinton will also invest more than \$300 million per year to support unpaid family caregivers.

-- Giving more seniors the ability to access long-term care services where and when they need them, including in their homes.

-- Doubling the elderly standard deduction to provide additional financial relief for 11 million elderly tax filers.

*Helping the Elderly Prepare for Long-Term Care Needs by Making Long-Term Care Insurance More Secure and Affordable:*

-- Requiring tough new consumer protections for long-term care insurance, including ending discrimination against veterans and helping states create consumer advocates for long-term care insurance.

-- Offering consumers the same secure long-term care insurance options that members of Congress enjoy.

-- Providing a new Long-Term Care Insurance Tax Credit to make secure, high-quality insurance plans affordable.

*Protecting Our Seniors by Improving the Quality of Our Nursing Homes:*

-- Tripling federal support for nursing home ombudsmen programs to protect consumers of long-term care.

-- Directing the Department of Justice and the Federal Trade Commission to assist state consumer advocates and prosecutors to tackle persistent abuses and new challenges in the long-term care industry.

-- Reversing the inexcusable policy of the Centers for Medicare and Medicaid Services

(CMS) of withholding information on poor-performing nursing homes and giving seniors full access to usable data on nursing homes, including data on nursing home ownership structures.

-- Strengthening our nursing and direct care workforce with a national system of background checks for long-term care workers and \$125 million investment in Workforce Improvement Programs.

**Comment:** Senator Clinton's laundry list of LTC promises includes something for nearly everyone -- a tax credit for caregivers, a tax credit for LTC insurance, new LTC insurance options, tough new LTCL consumer protections, expanded home and community-based care and tougher nursing home regulation. Well, nothing in there for the much-maligned nursing homes, but they're supposed to be the problem that schemes like this are intended to fix. So, no surprise in that.

Here's the flaw in this and any similar grab bag of uncoordinated proposals: They do not derive from analysis of what caused the problems they seek to fix. Consequently, they run the risk of making the problems worse instead of better. So, to evaluate the Senator's plan, let's begin by summarizing why America has such a dysfunctional LTC system in the first place. Then we'll be able to see if her proposals are compatible and progressive or contradictory and self-defeating.

LTC is a mess in the U.S.A. because the government made nursing home care free in 1965 by paying for it through Medicaid and Medicare. That's why the public is in denial today about LTC risk and cost. That's why the system has a nursing home bias. That's why a private home and community-based services infrastructure never developed. That's why the long-term care insurance market remains stunted. It's a big reason why Medicaid and Medicare costs have exploded. And that's why state and federal budgets are too tight to fund access to quality long-term care reliably through public programs.

Now, does anything in Senator Clinton's LTC plan address this underlying dysfunction? No. If anything, her plan would exacerbate all of the underlying causes of the problems. For example:

-- Expand Medicaid-financed home and community-based care? That makes Medicaid LTC even more attractive than it already is. It would increase Medicaid estate planning and ruin the LTCL market unless combined with strict eligibility controls, which the Clinton plan lacks.

-- A \$3,000 tax credit for caregivers? That also sends the wrong message: don't worry about long-term care. Not only will Medicaid pay for it, but you'll get a check from the government if you provide the care yourself. Furthermore, it's an open invitation to elder abuse. Find an elderly person to put in the basement and cut your taxes \$3,000.

-- Give a tax credit for LTC insurance? Great idea, but it won't help much if combined, as it is in Senator Clinton's plan, with so many expensive new initiatives to make publicly financed LTC more attractive and responsible LTC planning less necessary than ever.

-- Improve nursing home care by adding more regulations and enforcement? Dream on. The problem with nursing home care is that it is underfunded by parsimonious public programs, not that it is under-regulated. Nursing homes are already as regulated as the nuclear industry.

It is tempting for politicians to throw a lot of money and popular proposals at problems. But too often, as in this case, their proposals treat the symptoms of social problems instead of the causes. That's why the unintended consequences of their well-intentioned ideas often make worse the very problems they are trying to solve. Then will come another set of politicians who propose more of the same. After 40 years of this we find ourselves in a quagmire of conflicting policies and funding sources so complicated it takes serious analysis to unravel and correct. But serious analysis is something no politician has the time or inclination to attempt.

And what about the cost? Five billion dollars per year! For what? To add more government interference in the LTC marketplace which is exactly what caused the

problems in the first place. Just think what \$5 billion could do left in the hands of consumers if they had real incentives to prepare responsibly for long-term care risk and cost.

On the other hand, there is no chance Senator Clinton's proposals will come to pass, whether she becomes president or not. Before long, the fiscal tide will turn (it may be turning already); Social Security and Medicare will shirk their unfunded liabilities by becoming means-tested welfare programs like Medicaid; Medicaid will sink further into red ink; public financing of long-term care will retrench if not disappear altogether; the burgeoning boomer generation will tap their home equity (if any remains) to pay for long-term care; their heirs will get the message and start to buy LTC insurance; and the marketplace will work things out in the long run.

What's so very sad, however, is that a lot of poor people for whom we could have preserved a social safety net will be hurt as this scenario unfolds. And here's the irony. The very politicians who claim to care most about the needy and underprivileged are the same ones who propose the policies that do the most harm. But that is no defense for the other political side, which errs by omission almost as seriously as their opposition seeks to do by commission.

The next 20 years will tell the tale.



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