

The Great Long Term Care Compromise

By **Stephen A. Moses** - January 1, 2022



Everyone agrees long term care is a huge problem. Too many people need it already. Many more will need it in the future. Financing for care, whether public or private, is inadequate. Long term care threatens to overwhelm both government and family budgets.

What should be done? There have been two schools of thought historically.

One says the government should pay for care after people exhaust their own resources or agree to pay back the cost of their care from their estates. This is the deal Medicaid has offered since its inception in 1965 as amended by mandatory estate recovery in 1993.

The other school of thought, ascendant recently, says the government should require citizens to prepay long term care by means of payroll deductions in a manner similar to other social insurance programs such as Social Security and Medicare.

For decades researchers, advocates and policy makers have conducted studies, published reports, and recommended programs to require the public to participate in long term care social insurance. All of these efforts have failed. Voters rebel.

Likewise, funding long term care through Medicaid with the hope that people would save, invest or insure privately against long term care risk and cost have disappointed. Medicaid costs exploded while the private LTCI market imploded.

Could there be a way to ease the path for social insurance, enhance demand for private LTCI, and relieve the burden of long term care on Medicaid simultaneously?

What if the federal government or individual states implement social insurance programs for long term care but allow citizens plenty of time to opt out permanently by purchasing private LTCI?

We have hard empirical evidence of what would happen based on actual experience recently in Washington State. When citizens of the Evergreen State were given the choice to pay a .58 percent payroll tax for long term care or buy private insurance instead, more than 400,000 sought the latter option.

Because the state gave people a choice to opt out with too little advanced notice, however, demand for private insurance overwhelmed insurance carriers' ability to meet it in the time available.

But done right, with plenty of time for people to obtain private insurance and with a requirement to keep the coverage in effect year after year, private LTCI could finally become a major long term care funder relieving financial pressure on both the new social insurance program and Medicaid.

Win, win, win.

Social insurance covers all who do not opt out. LTCI covers the rest. Medicaid survives as the safety net it was originally intended to be, but at much lower cost and with sufficient resources to ensure access to quality care in the most appropriate venues.

The Great Long Term Care Compromise invites social insurance advocates to relinquish their demand for compulsory universal participation. It requires free market advocates to agree with mandatory participation for all who do not opt out. If both sides can make those concessions, we can quickly get everyone covered for long term care now and for the future.



Stephen A. Moses

425-891-3640 smoses@centerltc.com

Stephen A. Moses is president of the Center for Long-Term Care (www.centerltc.com). The Center promotes universal access to top-quality long term care by encouraging private financing as an alternative to Medicaid dependency for most Americans. Previously, Mr. Moses was president of the Center for Long Term Care Financing (1998-2005), director of research for LTC, Inc., (1989-98), a senior analyst for the Inspector General of the U.S. Department of Health and Human Services (1987-89), a Medicaid state representative for the Health Care Financing Administration (1978-87), a HHS Departmental Management Intern (1975-78), and a Peace Corps Volunteer in Venezuela (1968-1970). He is widely recognized as an expert and innovator in the field of long term care.

He completed the "2008 National Long Term Care Consciousness Tour" traveling for a year and 28,028 miles while living in an Airstream trailer dubbed the "Silver Bullet of Long Term Care." The LTC Tour promoted responsible long term care planning and rational long term care public policy.

Moses can be reached at the Center for Long-Term Care Reform, 2212 Queen Anne Avenue North, #110, Seattle, WA 98109