

SECURING THE FUTURE

Findings of the Massachusetts Long-Term Care Financing Advisory Committee

Almost everyone in Massachusetts will arrive at a time when they must meet the challenge of providing for their own daily support needs or the needs of an aging parent or family member with a disability. At any one time, approximately 10 percent of the population requires long-term services and supports (LTSS) such as assistance with bathing and dressing and help with laundry, shopping and transportation. These services can be provided in homes and communities or in facility-based settings like nursing homes. Unpaid family and friends provide the bulk of these supports; however, many individuals and families must seek additional assistance because the services and supports are needed over an extended time period, or because support needs are greater than what family members can provide.

Paying for long-term services and supports

Individuals have three primary choices for financing long-term services and supports:

- They can pay for LTSS out of their own pockets, at the time their need occurs.
- They can anticipate the need for LTSS before it occurs and use one of a variety of insurance or savings mechanisms to set aside funds for later use. These mechanisms include traditional savings approaches, private long-term care insurance, certain life insurance policies, annuities and reverse mortgages.
- Low-income individuals with limited assets can have needed LTSS paid for by Medicaid.

When the need arises, many individuals are surprised to learn that private health insurance and Medicare do not pay for most types of LTSS. Most people do not have the financial means to pay for LTSS when needs arise. One in six individuals turning age 65 will incur over \$100,000 in LTSS costs over his or her lifetime.

The primary public payer for LTSS is Medicaid (called MassHealth in Massachusetts), a health insurance program for low-income families, people with disabilities and elders that is funded jointly by the state and federal governments. MassHealth rules limit the income and assets of recipients, however, and there are gaps in the types of LTSS available.

The number of individuals requiring LTSS will continue to increase, making the current public system of financing LTSS unsustainable. With no intervention, the projected

cost of LTSS in Massachusetts will increase at least 50 percent to \$28 billion per year in 2030, mostly borne by MassHealth and individuals who pay out of pocket.

Strategies for securing the future

The Massachusetts Long-term Care Financing Advisory Committee was convened to recommend strategies to improve and expand the options for financing LTSS for people with disabilities and elders within the Commonwealth. The Committee's vision is for universal access to basic financial protection for Massachusetts residents with LTSS needs. Universal access would ensure that individuals can use LTSS without impoverishing themselves and also relieve the state's growing financial burdens. The Committee identified three strategies:

- Increase utilization of private LTSS financing mechanisms;
- Expand MassHealth coverage to achieve equity in access to LTSS;
- Promote the use of social insurance programs that allow all people to prepare for financing their LTSS needs.

The Committee's final report includes under each strategy a series of discrete recommendations as part of a suggested ten-year phased-in roadmap. Discrete recommendations include increasing consumer protections and promoting the use of private insurance options, expanding eligibility to MassHealth service packages in a manner that rectifies some of the current gaps, and promoting the use of social insurance programs that allow people to pre-pay for LTSS needs and spread risk among all participants. The Committee identified additional foundational strategies to increase awareness about LTSS financing, support unpaid caregivers and maximize integrated LTSS financing and care coordination.

The strategies the Committee identified will make LTSS cost increases more sustainable over time by decreasing reliance on MassHealth and enabling individuals and families to finance care over longer time horizons and spread risk across a greater portion of the population. Successful implementation of the roadmap strategies will go far in helping people with disabilities and elders and their families live as they wish, where they want, and within their means in the decades to come.

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For more information about the recommendations of the Long-term Care Financing Advisory Committee and the financing challenges facing Massachusetts, go to www.mass.gov/hhs/communityfirst.

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