



## Community Living Assistance Services and Supports (CLASS) Act Keeping the Provisions in Health Care Reform

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### Background

- The provisions of the CLASS Act (H.R. 1721, Rep. Pallone, NJ and S. 697, Senator Kennedy, MA) are being considered as part of comprehensive health care reform. The CLASS Act is included in the final health reform bill in the House, America's Affordable Health Choices Act (H.R. 3200).
- In the Senate bill, now up for debate, a social long-term care insurance program is also included.
- President Obama supports the inclusion of the CLASS Act in health care reform.
- **Wider Opportunities for Women** supports inclusion of the CLASS Act in health care reform.

### Why include the CLASS Act in health care reform?

- Today, 10 million Americans are in need of long-term care services and supports. These services are critical to allowing older adults and persons with disabilities to maintain their independence in their homes and communities.
- According to the Elder Economic Security Standard™ Index (Elder Index), a new measure of the cost-of-living for seniors developed by Wider Opportunities for Women and the Gerontology Institute at the University of Massachusetts Boston, home and community-based long-term care costs can double, and in some cases triple, an elder's overall expenses.
- The cost of home and community-based long-term care can be financially catastrophic for elders, disabled persons and their families.
- The current long-term care system forces those who need long-term care services to spend-down their assets into poverty in order to access care through Medicaid. Further, the Medicaid system disproportionately favors institutional care, forcing many out of their homes and communities and into more costly government-funded facilities.
- Although never intended to be the sole source of income in retirement, a significant proportion of seniors, disproportionately women, rely on Social Security income alone. Two in five older American women lives solely on Social Security.

- The CLASS Act represents a critical step forward in addressing these issues and would create a system that makes community-based long-term care services and supports more affordable and accessible to today's workers and future retirees.
- The CLASS Act would establish a national insurance program financed by voluntary payroll deductions. Workers would be automatically enrolled unless they chose to opt-out.
- The program would provide, at a minimum, a cash benefit of \$50 per day to purchase non-medical, long-term care services and supports for those who need assistance with two or more activities of daily living (ADLs), such as bathing, dressing, eating and transferring.
- For those who meet the ADL eligibility requirement in the CLASS Act, the minimum proposed benefit (\$50 per day) could cover the full cost of a low level (6 hours per week) of home and community-based long-term care services, as measured by the national Elder Index.
- For those who meet the ADL eligibility requirement in the CLASS Act, the minimum proposed benefit (\$50 per day) could cover 60% of the cost of a medium level (16 hours per week) of home and community-based long-term care services, as measured by the national Elder Index.
- Key elements of the CLASS Act include:
  - A fiscally responsible approach that would moderate Medicaid spending
  - A structure that retains a role for private insurance and provides opportunities for personal planning
  - Voluntary participation in a broad-based risk pool needed to keep premiums affordable
- Ultimately, the CLASS Act would make long-term care services and supports more affordable and accessible to older adults and persons with disabilities who need help to remain in their homes and communities and would alleviate the burden of long-term care costs on the Medicaid spending at the federal and state levels.