



Wider Opportunities for Women

## *Elder Economic Security and Long-Term Care*

MARCH 2009

### **The CLASS Act (H.R. 1721 and S. 697)**

Action must happen now to assure future generations of elders can afford the home and community-based long-term care services they need to achieve economic security and age in place with dignity. *To this end, WOW urges the members of the U.S. Congress to support passage of the CLASS Act.*

#### **Issue Overview**

The high cost of home and community-based services coupled with the current long-term care financing system forces many seniors to rely on institutional care for services that could easily be provided in their own homes. These home and community-based services, such as personal care, care management, homemaker and/or nursing assistance, are overwhelmingly preferred by elders and their families.

- According to the Elder Economic Security Standard™ Index (Elder Index) the cost of home and community-based long-term care can double, if not triple, a senior's expenses.
- For instance, according to the national averages of the Elder Index, the cost of home and community-based services range from **\$7,322 per year to \$41,871** per year depending on the level of care required.
- Seniors who cannot afford the home and community-based services they need must spend down their retirement savings to become eligible for public assistance, most often state and federal Medicaid dollars, to pay for the care they need.

In sum, the current long-term care delivery system threatens the economic security of seniors and compromises the autonomy of those who desire to remain in their community and age in place with dignity.

#### **WHAT IS THE ELDER ECONOMIC SECURITY STANDARD™ INDEX?**

*Developed by the Gerontology Institute at the University of Massachusetts Boston and Wider Opportunities for Women, the Elder Economic Security Standard Index is a new geographically-based measure of income adequacy for elders that incorporates the cost of housing, food, health care, transportation and home and community-based long-term care services.*



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## Solution for Change: The Class Act (H.R. 1721 and S. 697)

Without appropriate action, millions of seniors will be unable to afford the long-term care services they need to reach economic security and age in place with dignity. The Community Living Assistance Services and Supports (CLASS) Act offers a **forward thinking, budget neutral** and **balanced** solution to the long-term care crisis.

- **Forward Thinking...** The number of adults age 65 and older is expected to increase from 35 million in 2000 to 71 million in 2030, thereby significantly increasing the need for long-term care and the demand for home and community-based services.

The CLASS Act addresses future needs by creating an employee-financed long-term care insurance program for current workers. The bill proposes implementing a \$30 per month voluntary payroll deduction for a minimum of five years to be eligible for a tiered system of home and community-based services based on need.

- **Budget Neutral...** In today's economic climate, spending concerns are a top priority. The CLASS Act offers a fiscally responsible approach that is both budget neutral and limits Medicaid spending.
- **Balanced...** The CLASS Act works within the current health care system by sustaining the role of private health and long-term care insurance while creating a public long-term care insurance program. As such, the CLASS Act is not designed to cover the full cost of long term care services. The bill acknowledges the role for private insurance and/or personal savings in covering the remainder of costs.

Estimates show that services provided under the CLASS Act will cover one quarter to one half of the cost for home and community-based services. In sum, the bill balances the responsibility of the public and private sectors to ensure the health and economic well-being of our nation's seniors.

Introduced in both the House, by Representative Frank Pallone (D-NJ), and Senate, by Senator Ted Kennedy (D-MA), the CLASS Act represents an innovative effort by law makers to meet the future economic and health care needs of today's workers. To date, the bill has two co-sponsors in the House. The Senate legislation (S. 697) has five co-sponsors.

### WHAT IS THE ELDER ECONOMIC SECURITY INITIATIVE™?

*The Elder Economic Security Initiative™ is a multi-year effort combining coalition building, research, advocacy and media outreach at the national, state and community levels to promote the economic well-being of elders and their families.*