

# *Long Term Services and Supports*



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Presentation at the National Health Policy Forum

“Health Policy Essentials: The Fundamentals of Long-Term Services and Supports”

April 1, 2011

# *Preview*

1. Need for LTSS is defined based on functional limitations.
2. Definition of functional limitations is important for policy.
3. The population needing LTSS will continue to grow.
4. Most needing LTSS live at home relying on unpaid help.
5. Lifetime risk of LTSS need is high, varies, and uninsured.
6. Medicaid and limited private insurance have important effects on people with functional limitations, families, and industry.

1. Need for LTSS is defined based on functional limitations regardless of cause, setting, or payer.

# *What are LTSS?*



A broad range of supportive services needed by people who have **limitations in their ability to perform daily activities** because of a physical, cognitive, or mental disability or condition.

Source: O'Shaughnessy (2011).

## *What LTSS are NOT*

- Medical and nursing care for chronic health conditions underlying disability
- Short-term post-acute care after hospitalization
- Hospice care

*But for the individual LTSS intersect all of these.*

*Individuals who need LTSS often also have chronic health conditions, may be hospitalized, or are nearing end of life.*

# *What causes functional limitations?*

- Chronic diseases or conditions
- Developmental disabilities
- Aging
- Trauma
- Alzheimer's disease and dementia

# *Where do people receive LTSS?*

- At home (from unpaid family, friends, and paid caregivers)
- In the community (e.g., adult day care centers, workplace)
- In residential places (e.g., group homes, assisted living facilities, adult foster care)
- In nursing facilities

## *A caution on terminology*

- “LTSS” is a relatively new term for what has been called “long term care”
- Many still use “long term care” to mean LTSS
- But beware: Some use “long term care” to mean *only* nursing home care
- The Affordable Care Act uses LTSS



2. The definition of functional limitations is important for policy.



# *How is need for LTSS defined in practice?*

## *Activities of Daily Living (ADLs)*

- Eating
- Toileting
- Transferring
- Bathing
- Dressing
- Continence

## *Instrumental Activities of Daily Living (IADLs)*

- Going places
- Shopping
- Cooking
- Housework
- Managing money
- Managing medications

## *Supervision*

To prevent harm due to intellectual or cognitive impairment

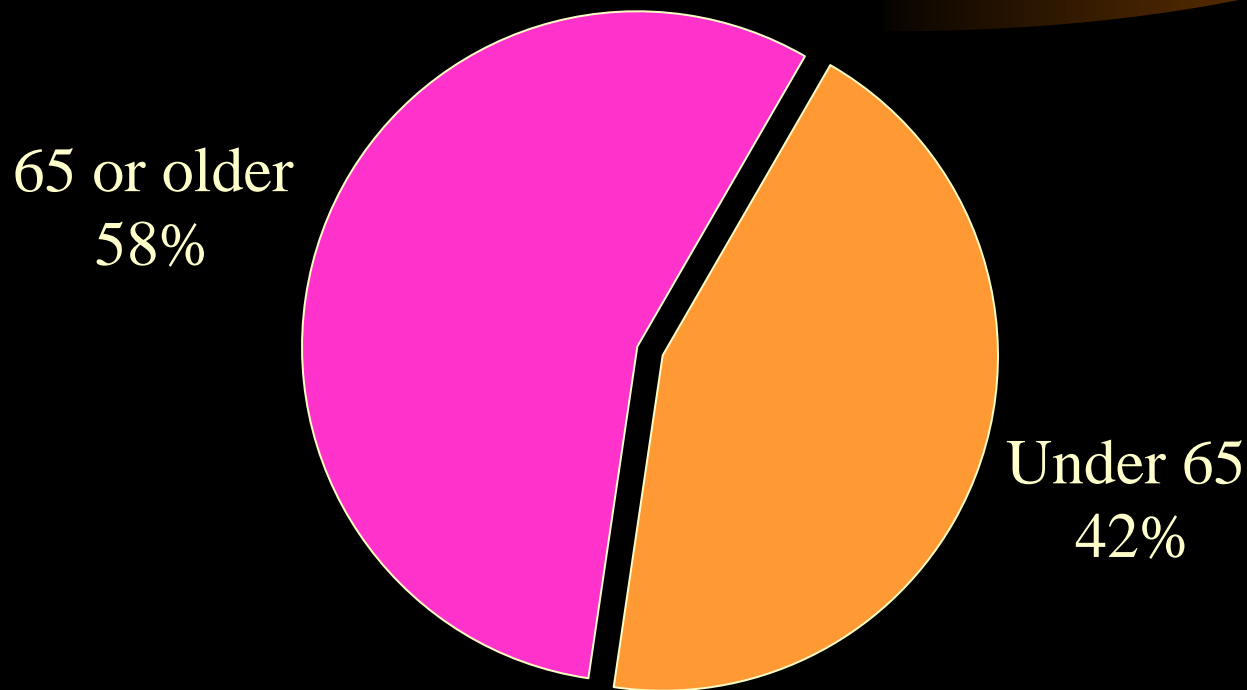
# *Why is the definition important for policy?*

- Basis for eligibility for state LTSS
- Private insurance's benefit trigger
- CLASS Act's benefit trigger
  1. Is unable to perform at least 2 or 3 **activities of daily living** without substantial assistance; or
  2. Requires substantial **supervision** to protect the individual due to substantial cognitive impairment; or
  3. Has a **similar level** of functional limitation  
(for 90 days or longer in each case)

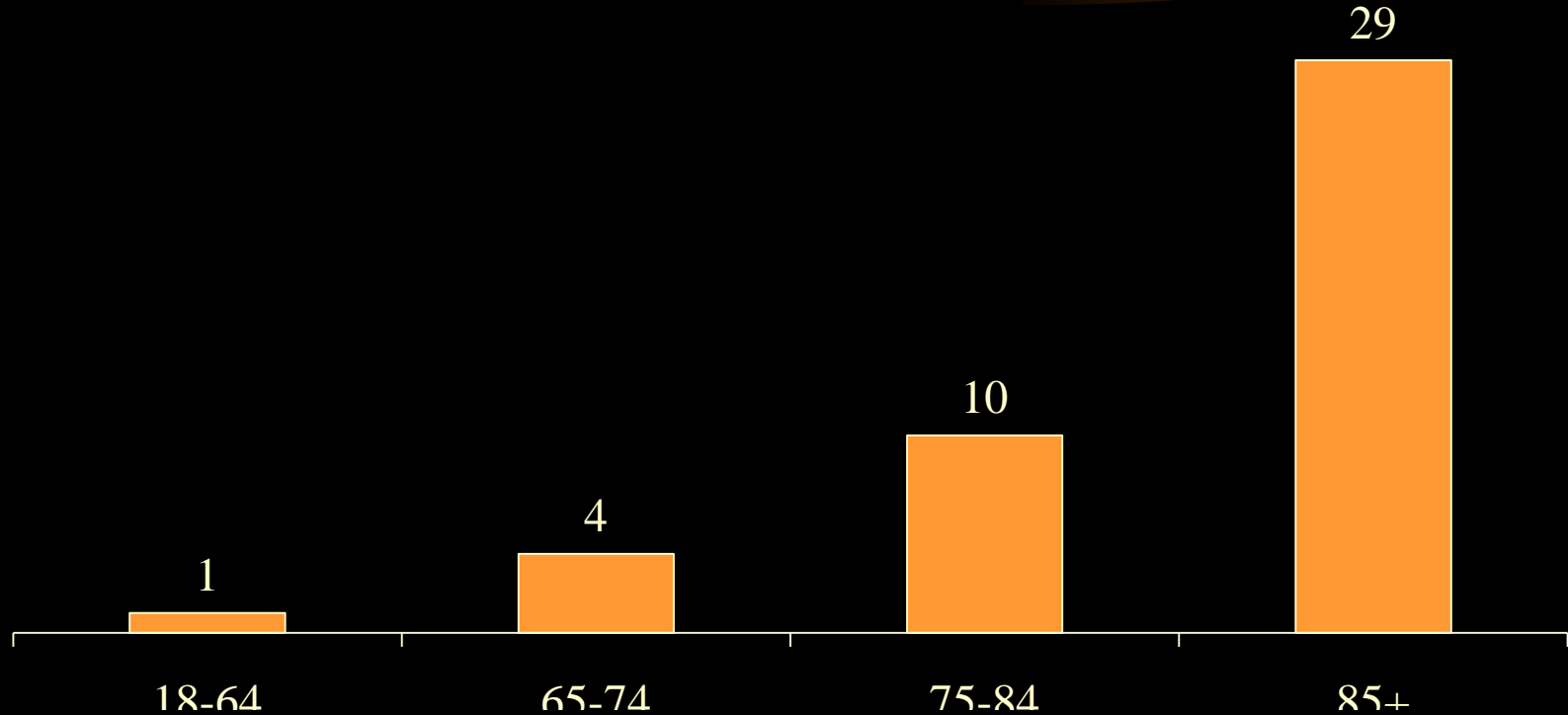
3. The population needing LTSS will continue to grow.



*About three-fifths of adults who need  
LTSS are 65 or older*

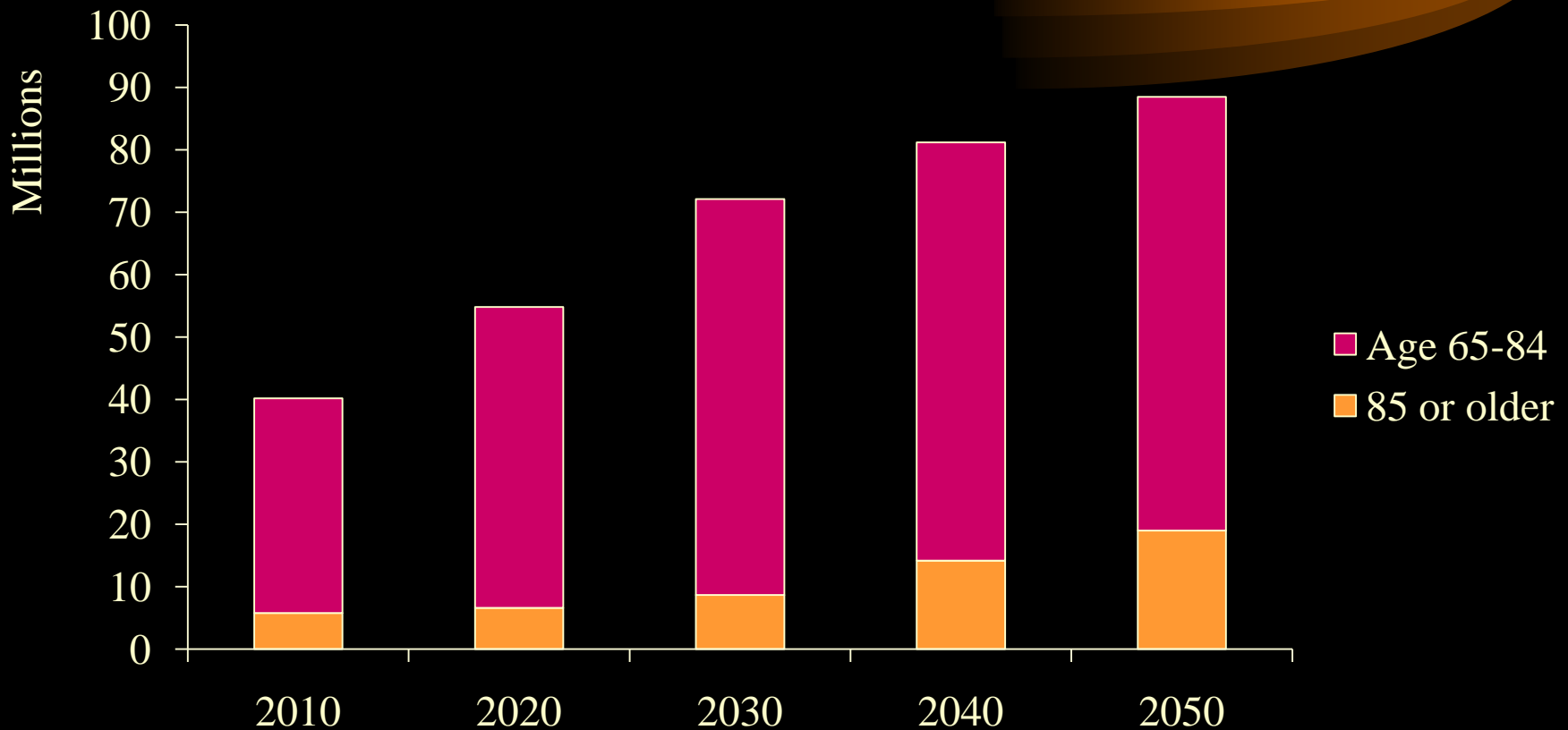


# *Percent of the adult population that needs LTSS rises with age*

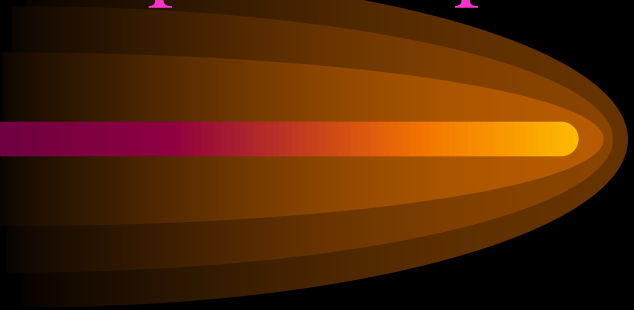


Source: Feder, Komisar, & Friedland (2007).

# *Population over age 65 will continue to grow; so will need for LTSS*

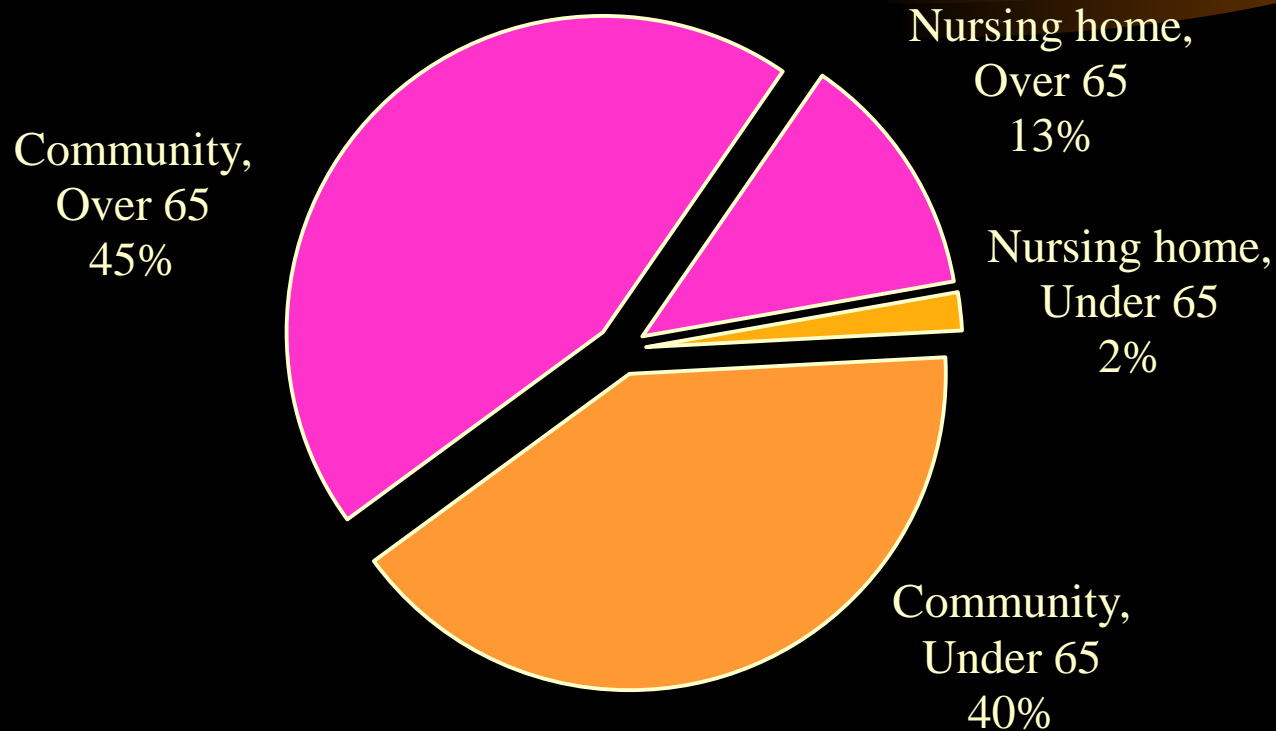


4. Most adults who need LTSS live in the community relying on unpaid help.

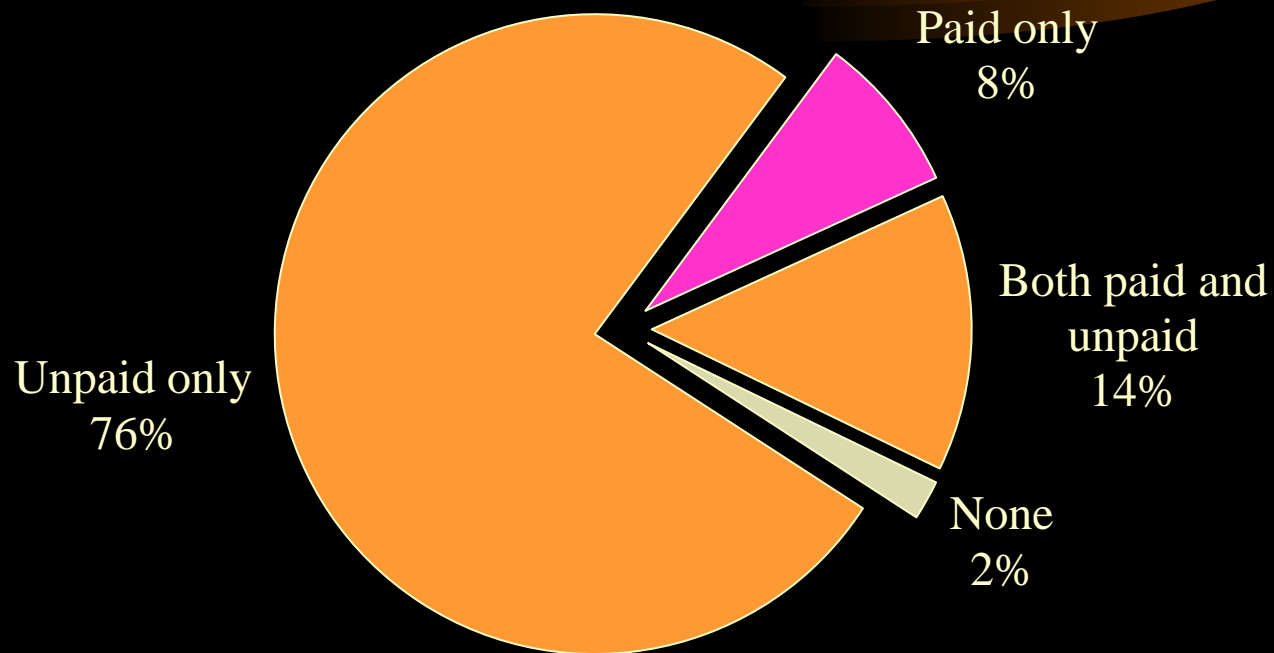




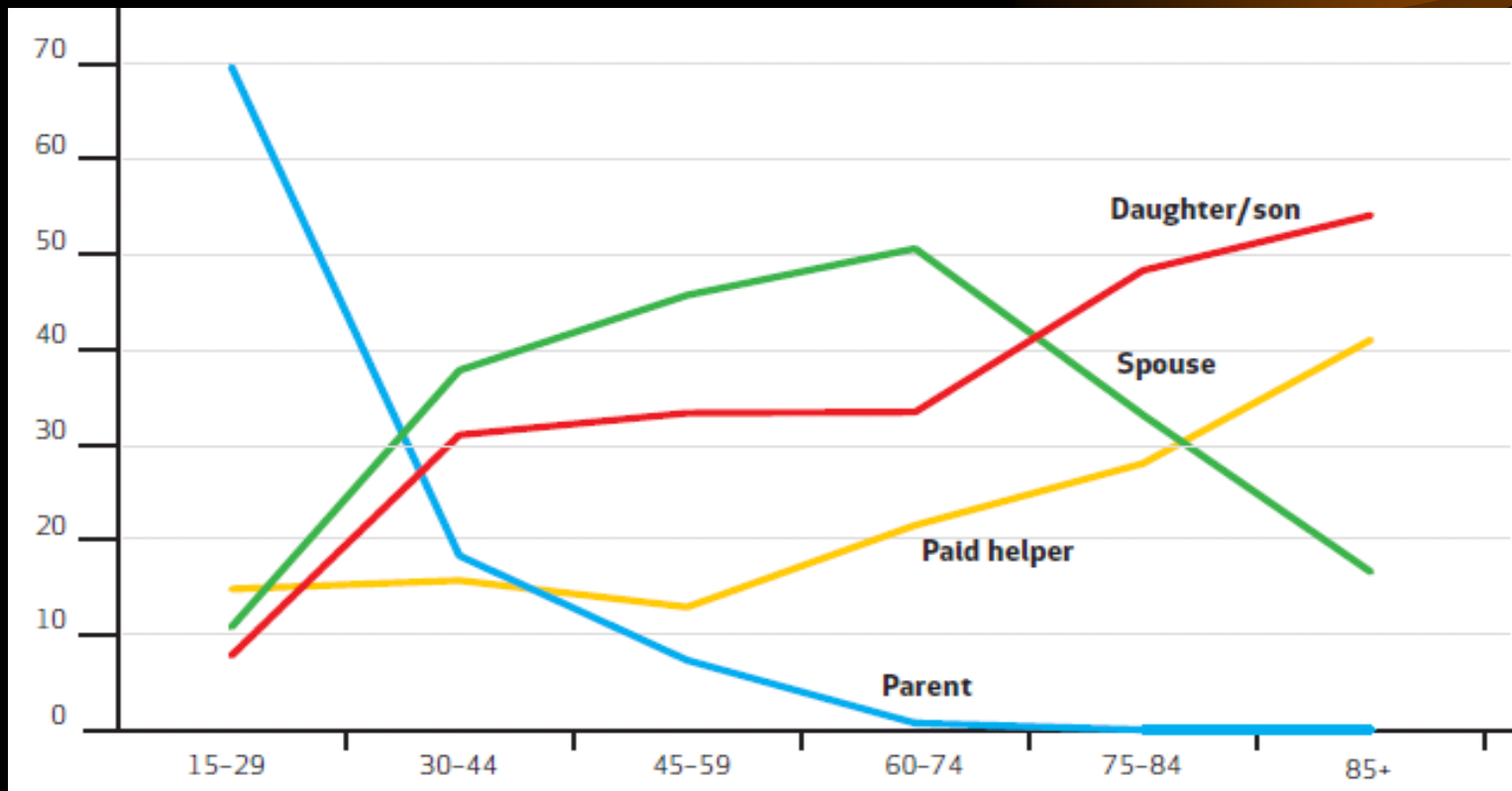
# *Most adults who need LTSS live in the community, especially if under age 65*



# *Most adults in the community who need LTSS receive unpaid help*



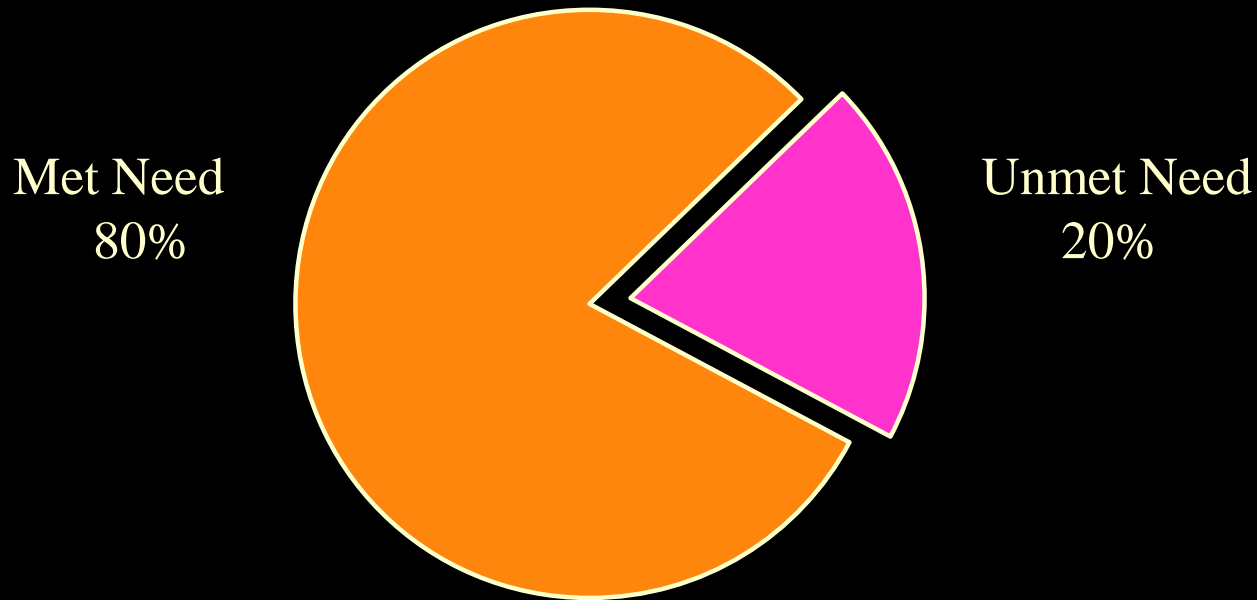
# *Who cares varies with recipient's age*



Source: Kaye, Harrington, & LaPlante (2010).

# *Many people go without needed LTSS*

Community adults who need LTSS



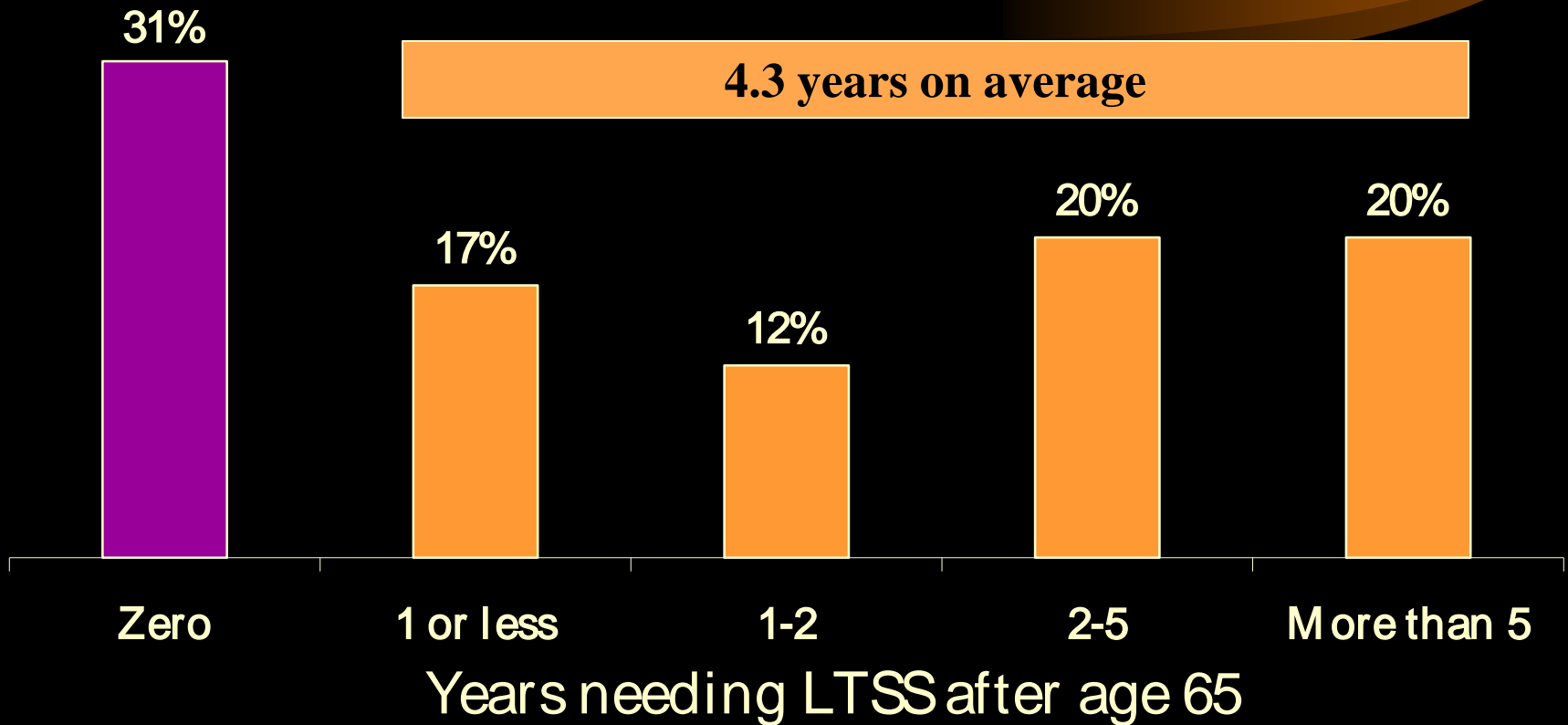
Source: Feder, Komisar & Friedland 2007.

5. An individual's lifetime risk of needing LTSS is high, duration varies greatly, but few have insurance.

# *What LTSS risk does an individual face?*

Risk at age 65 of needing LTSS before death	
Percent who will need some LTSS	69%
Average duration	
Among people needing some LTSS	4.3 years
Among all people turning 65	3 years

# *The duration of need for LTSS varies greatly*



# *Extensive LTSS can be costly*

- Nationwide average prices (in 2010)
  - Nursing home: \$75,000 per year
  - Assisted living: \$40,000 per year
  - Home care aide: \$30,600 per year (\$21/hr. x 28 hrs./wk.)
  - Adult day services: \$16,000 (\$67/day x 240 days)
- Prices vary greatly; e.g., nursing home cost:
  - San Francisco: \$112,000
  - Houston: \$53,000

Source: *The 2010 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Cost.*



*Private long term care insurance exists,  
but relatively few have it*



- Most policies cover nursing home & home care
- Some also cover assisted living & adult day
- Price depends on features, age when purchased
- Typically sold as individual policies
- But market penetration is low

# *Why do so few people have private long term care insurance?*

- Demand is low
  - Consumer confusion, lack of knowledge
  - Difficult to navigate individual market
  - Concerns about premium increases, insurer viability, market consolidation, benefit adequacy
  - Medicaid available if assets are exhausted
  - Expensive unless purchased when young
- “Underwriting” means many people can’t purchase it
  - One estimate: 28% of people age 65-69 could not buy policy

# *Federal efforts have had little effect on the number of purchasers*

- Federal tax incentives
  - Benefits exempt from taxation (for qualified policies)
  - Itemized deductions of premiums as medical expenses
- Information
  - Own Your Future campaign
  - National Clearinghouse for Long-Term Care website
- The Partnership for Long-Term Care program:
  - After exhausting benefits, policyholders can retain more assets and still qualify for Medicaid

6. Medicaid policy and limited private insurance have important implications.

## *Key features of LTSS financing*

- Much of LTSS are provided at home by unpaid family and friends
- A small minority have private LTC insurance
- Medicaid covers paid LTSS for those with limited financial resources
- Most of the rest is paid for out-of-pocket

# *How LTSS is financed affects families, risk, access, and industry*

- Reliance on family care → places unequally distributed demands on families
- Lack of insurance → people are at financial risk
- Reliance on Medicaid and out-of-pocket →
  - Affects access to care
  - Determines whether, what types of care can be obtained
  - Can lead to fragmented and uncoordinated care
- Payment, regulatory policy shapes industry

## *Take away*

1. Need for LTSS is defined based on functional limitations.
2. Definition of functional limitations is important for policy.
3. The population needing LTSS will continue to grow.
4. Most needing LTSS live at home relying on unpaid help.
5. Lifetime risk of LTSS need is high, varies, and uninsured.
6. Medicaid and limited private insurance have important effects on people with functional limitations, families, and industry.

# Sources

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