

Demise of Obama long-term care plan leaves gap

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In this May 19, 2011, file photo, HHS Secretary Kathleen Sebelius leaves a news conference on Capitol Hill in Washington. The Obama administration's decision to pull the plug on a financially flawed long-term care insurance plan is likely to worsen a dilemma most middle-class families are totally unprepared for. "Despite our best analytical efforts, I do not see a viable path forward for CLASS implementation at this time," Sebelius told congressional leaders. (AP Photo/Harry Hamburg, File)

(AP) -- It's the one major health expense for which nearly all Americans are uninsured. The dilemma of paying for long-term care is likely to worsen now that the Obama administration pulled the plug on a program seen as a first step.

The Community Living Assistance Services and Supports program, or CLASS, was included in the health overhaul law to provide basic long-term care insurance at an affordable cost. But financial problems dogged it from the outset.

Those concerns prompted the administration to announce that CLASS would not go forward. Yet it could take a decade or longer for lawmakers to tackle the issue again, and by then the retirement of the [Baby Boomers](#) will be in full swing.

Most families don't plan for long-term care. Often the need comes unexpectedly: an elder takes a bad fall, a teen is calamitously injured in a car crash or a middle-aged worker suffers a debilitating stroke.

Nursing home charges can run more than \$200 a day and a home health aide averages \$450 a week, usually part-time. Yet Medicare doesn't cover long-term care, and only about 3 percent of adults have a private policy.

"Long-term care is a critical issue, and people are in total denial about it," said Bill Novelli, former CEO of AARP. "I am very sorry the administration did what they finally did, although I understand it. It is going to take a long time to get this back - and fixed."

The irony, experts say, is that paying for long-term care is the kind of problem insurance should be able to solve. It has to do with the mathematics of risk.

Most drivers will have some kind of accident during their years behind the wheel, but few will be involved in a catastrophic wreck. And some very careful drivers will not experience any accidents. The risks of long-term care are not all that different, says economist Harriet Komisar of the Georgetown University Public Policy Institute.

"A small percentage of people are going to need a year, two years, five years or more in a nursing home, but for those who do, it's huge," Komisar said. "Insurance makes sense when the odds are small but the financial risk is potentially high and unaffordable."

Komisar and her colleagues estimate that nearly 7 in 10 people will need some level of long-term care after turning 65. That's defined as help with personal tasks such as getting dressed, going to the toilet, eating, or taking a bath.

Many of those who need help will get it from a family member. Only 5 percent will need five years or more in a nursing home. And 3 in 10 will not need any long-term care assistance at all.

For those who do need extended nursing home care, Medicaid has become the default provider, since Medicare only covers short-term stays for rehab. But Medicaid is for low-income people, so the disabled literally have to impoverish themselves to qualify, a wrenching experience for families.

Liberals say the answer is government-sponsored insurance, like the CLASS plan the Obama administration included in the health overhaul law, only to find it wouldn't work financially.

The administration was unable to reconcile twin goals of CLASS: financial solvency and affordable coverage easily accessible to all working adults, regardless of health.

Conservatives have called for private coverage, perhaps with tax credits to make it more affordable.

Some experts say it will take a combination of both approaches.

"It almost has to be," said Robert Yee, a financial actuary hired by the Obama administration to try to make CLASS work.

Lower-income workers probably would never be able to afford private insurance, Yee explained. And a lavish public plan is out of the question.

"Anytime people talk about a social program, you are talking about a basic layer," he said.

Indeed, Yee had proposed to keep CLASS afloat by using some of the techniques of private insurers to attract the healthy and discourage the frail. The administration rejected that hybrid approach as incompatible with the law's intent to cover all regardless of health.

"Despite our best analytical efforts, I do not see a viable path forward for CLASS implementation at this time," Health and Human Services Secretary Kathleen Sebelius told congressional leaders.

Although CLASS would have come too late to help his disabled mother, Jacob Bockser of Walnut Creek, Calif., says he is disappointed.

Bockser, 29, is a former emergency medical technician studying to become a respiratory therapist. His mother Elizabeth, 58, is struggling with an aggressive form of multiple sclerosis.

She had moved to lower-cost Washington state to save money, but as her condition worsens her son is trying to find a way to bring her back to California. She can still live in her own home, with help to keep safe.

"She did a lot of good saving. But because she did good, it disqualifies her from some kinds of public assistance," said the son. "When you are only 58 and looking at hopefully living another 20 or 25 years, it's scary to think the money just won't last."

Bockser says he doesn't expect the government to solve everything, but "even if there is the opportunity to try to piece together a couple of different programs that would be a start."

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