



The Challenge of Financing Long-Term Care

Broken Insurance Market

- Over 90% of adults are uninsured for LTC – plans are too expensive for most individuals, and those with pre-existing conditions can be denied coverage¹
- Neither health insurance nor Medicare pay for LTC²
- Most seniors must spend their lifesavings down to poverty in order to qualify for Medicaid LTC coverage

Age Wave

- Over 60,000 Washingtonians rely on LTC provided by the state. This need is projected to nearly double by the year 2040³
- 70% of Washingtonians over the age of 65 will require some type of LTC as they age⁴

Unpaid Family Caregivers

- The state's 850,000 unpaid family caregivers provide about \$11 billion worth of care annually⁵
- Due to demographic changes, the supply of potential family caregivers is projected to decrease by 43% by 2030⁶

Strained Budgets

- Medicaid LTC currently makes up 6% of Washington's entire state budget and is projected to double by 2030⁷
- With declining numbers of family caregivers, there could be up to \$6.3 billion in additional LTC costs to families and the state by 2030

Milliman Report

The State hired Milliman actuaries to study two policy reforms to help make long-term care more accessible and affordable: a public benefit trust similar to Social Security, paid into by all workers, or a public private solution to help stabilize the existing private market. Milliman found the public benefit would have significant and broad impact on both family and state budgets. They also found that any attempts to revive the private market would require large state subsidies and risk-sharing, with inconclusive results on increased insurance coverage amongst the population.

1. Robert Wood Johnson Foundation. (2014). *Long-term Care: What are the Issues?*

2. U.S. Department of Health & Human Services. *National Clearinghouse for Long-Term Care Information*. <http://longtermcare.gov/the-basics/who-pays-for-long-term-care/>

3. Kettel, J. (2013, September 9). DSHS: Long Term Care Presentation to the Joint Legislative Executive Committee on Planning for Aging and Disability Issues.

4. U.S. Department of Health & Human Services. *National Clearinghouse for Long-Term Care Information*. <http://longtermcare.gov/the-basics/who-needs-care/>

5. AARP Public Policy Institute. (2015). *Valuing the Invaluable: 2015 Update*

6. Redfoot, D., Feingberg, L., & Houser, A. (2013). *The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers* (No. 85). AARP Public Policy Institute.

7. Kettel, J. (2013, September 9). DSHS: Long Term Care Presentation to the Joint Legislative Executive Committee on Planning for Aging and Disability Issues.



The Long-Term Care (LTC) Trust Act

Legislative Details

- Benefit is open to all workers over the age of 18
- \$100 per day maximum benefit reimbursed to providers
- 365 days-worth of benefits, can be used consecutively or non-consecutively
- Benefit can be used on services by any certified provider or choice of setting – including in-home care aides, adult family homes, assisted living, or skilled nursing facilities
- Financed by a 0.49% payroll deduction on all workers
- Vesting period of 3 of the last 6 years or 10 years total
- Individuals who move from the state still have access to the benefit for up to 5 years after moving

Impacts of the LTC Trust Act

- Relieves strain on Medicaid
- Prevents seniors from spending their lifesavings down to poverty to access Medicaid
- Family savings
- Business productivity
- New LTC wrap products
- Provides a layer of financial protection for seniors in the face of federal Social Security, Medicaid, and Medicare cuts

Public and Organizational Support for the LTC Trust Act

- The LTC Trust Act has broad organizational support from major senior organizations, including AARP, Alzheimer's Association, Washington Health Care Association, SEIU 775, Washington Association of Area Agencies on Aging (W4A), Senior Citizens' Lobby, the Long-term Care Ombudsman Program, and many others.
- A recent statewide poll found that after hearing details of the legislation 62% of likely voters support the LTC Act.

Washingtonians for a Responsible Future members include AARP of Washington, the Adult Family Home Council of Washington State, Alzheimer's Association of Western & Central Washington, Caring Across Generations, Casa Latina, Leading Age Washington, Puget Sound Advocates for Retirement Action, SEIU 775, Washington Association of Area Agencies on Aging (W4A), Washington Health Care Association, Washington State Long-Term Care Ombudsman, and the Washington State Senior Citizens' Lobby.