

# Paving the Way for Successful CLASS Implementation: An Overview of the CLASS Technical Assistance Brief Series

By Lisa R. Shugarman

*The Community Living Assistance Services and Supports (CLASS) Plan – a groundbreaking component of the Affordable Care Act – creates a voluntary federally-administered insurance program to help individuals pay for needed assistance in a place they call home if they become functionally limited. Implementation will require knowledge translation from various sectors, including research and existing public and private programs. This Technical Assistance Brief Series seeks to answer questions pertinent to developing and implementing the program.*

This brief provides an introduction to The SCAN Foundation's CLASS Technical Assistance Brief Series, which explores many of the critical issues to be considered for successfully implementing CLASS.

## Background

The passage of the Patient Protection and Affordable Care Act (ACA, P.L. 111-148) on March 23, 2010 laid the foundation for long-term care systems transformation. A key cornerstone is the Community Living Assistance Services and Supports (CLASS) Plan, a voluntary, publicly-administered long-term care insurance program. The Secretary of the U.S. Department of Health and Human Services (HHS) is tasked with implementing this new program by 2012 and there are many issues to consider for successful implementation.

A major challenge of the current system of care is the inability of middle-income individuals to access the range of available supports and services to help them remain in their homes and communities when facing functional limitations. Over 10 million Americans need supports and services today due to disabling conditions, and this figure

will likely grow due to population aging.<sup>1</sup> In 2008, the cost of this care totaled \$264 billion, comprising public, private, and in-kind expenditures.<sup>2</sup>

Americans are living longer with greater chronic illness burden and functional impairment. Public policy has resulted in a range of supports for older Americans in the spheres of health and income security. These policies include Medicare and Medicaid as public policies that address health security, supported by retiree health insurance and Medigap policies on the private side. Social Security is the largest public policy linked to income security, supported by defined retirement benefits and 401(k)'s and other retirement vehicles on the private side.

Policy development, both public and private, has fallen short in addressing "functional security," the support for functional needs of Americans who have a disability. Public policy has not been substantially changed since 1965

when Medicare and Medicaid became law. However, the population in need of support has changed as average life expectancy has increased from 69 to 78 years. Financing for these supports and services has predominantly been the role of federal and state governments through Medicaid, with more limited support from programs authorized through the Older Americans Act. Medicaid, the joint federal/state program for low-income Americans, provides a safety net covering 40 percent of the long-term care bill.<sup>2</sup> Medicaid requires individuals to spend down their income and assets to poverty levels in order to receive this kind of care and only guarantees nursing home and limited home health coverage. It does not require states to provide the broader range of home- and community-based services that are not only the preference of most Americans, but also more cost-effective on a per-person annual basis.

Personal out-of-pocket spending on long-term care services is the second highest category, equaling 29 percent of all long-term care spending.<sup>2</sup> Out-of-pocket spending covers only a portion of need. Families are constantly making trade-offs about what to spend their limited resources on, and older Americans often go without needed supports when it is a choice between funding services and paying the rent or utility bills. Approximately 42 percent of people in the United States age 45 and over have saved less than \$25,000 for retirement.<sup>3</sup> This figure also does not account for the contributions of unpaid caregivers who are often overlooked in discussions of long-term care financing. Approximately 87 percent of those who need supports

and services nationally receive assistance from unpaid caregivers. There are 65.7 million unpaid caregivers nationally, two-thirds of whom provide care to adults age 50 and older.<sup>4</sup> The estimated value of unpaid caregiving is substantial – approximately \$375 billion – increasing the total cost of long-term care by 150 percent.<sup>5</sup>

Private long-term care insurance covers approximately seven percent of all long-term care expenditures. Currently, there are approximately 6-7 million policies in force, reflecting a market penetration of less than 10 percent.<sup>6</sup> This small percentage reflects the low enrollment rates nationally in private long-term care insurance offerings. Private plans are often costly and underwritten, leaving them out of reach for a large portion of the population.

The absence of coherent long-term care (functional security) policy, the low uptake of costly private long-term care insurance, and low savings rates among those nearing retirement have made the purchase of long-term supports and services prohibitive for many individuals. As a result, middle-class Americans are generally not prepared to pay the \$6,000 per month for nursing home care or the \$1,800 per month for part-time help in the home.<sup>7</sup> With so little saved and few affordable options for coverage, middle-income Americans are particularly vulnerable, given the startling reality that 70 percent of Americans over 65 will need long-term care support at some point in their lives.<sup>8</sup> A March 2010 poll of California voters by The SCAN Foundation and the UCLA Center

for Health Policy Research found that, regardless of political affiliation, adults 40 and over are worried about long-term care costs and are unprepared to pay for these services.<sup>9</sup>

## Community Living Assistance Services and Supports Independence Benefit Plan

A new era of reforming the system of care for adults with functional needs begins with the Community Living Assistance Services and Supports (CLASS) provision of the ACA. This is a critical step toward ensuring working Americans will have an affordable way to plan for and access supportive services in the setting of their choice without immediately impoverishing themselves to Medicaid eligibility. CLASS fundamentally reframes the concept of living with functional limitations from one of sickness and poverty to one of independence, choice, and personal responsibility.

The law creates the CLASS Independence Benefit Plan, which is a voluntary, publicly administered long-term care insurance plan for employed individuals with no underwriting or exclusion for pre-existing conditions. Based on a risk pool concept, it offers a lifetime benefit for people with significant difficulty performing daily living tasks as determined by an eligibility assessment. Premiums will be age-rated, with younger people paying considerably less and older adults more. People who are fully vested

and meet the eligibility threshold for functional impairment will receive a cash benefit that can be used to purchase a variety of supports and services, including personal care, home modifications, adult day programs, assisted living, or institutional care.

By law, CLASS is not funded by tax dollars and must be actuarially sound for 75 years. HHS Secretary Kathleen Sebelius recently acknowledged that CLASS, as specifically codified in law, will need modifications prior to launch. The law provides the Secretary with substantial authority to make the needed changes ensuring optimal functioning of CLASS.

On January 28, 2011, the Office of Community Living Assistance Services and Supports (CLASS Office) was established within the Administration on Aging. Under the leadership of the Assistant Secretary for Aging, Kathy Greenlee, the CLASS Office will oversee the administration and management of CLASS, including the setting of premiums, the development and implementation of rules for enrollment and eligibility systems, and the payment of benefit.<sup>10</sup> Aspects of the program, such as premium amounts, eligibility, criteria, and form in which the benefit will be distributed remain to be determined.

The CLASS Office will have the expertise and guidance of two critical advisory panels. First is the Personal Care Attendants Workforce Advisory Panel, which is the Department's statutory public advisory body on personal care attendant workforce issues related to CLASS.

Given that an available and well-trained workforce is a critical component of the long-term care system necessary for successful CLASS implementation, HHS solicited nominations for the Personal Care Attendants Workforce Advisory Board on June 16, 2010.<sup>11</sup> Second is the Independence Advisory Council, which will advise the CLASS Office and the HHS Secretary on the determination of monthly premiums and the financial solvency of the program. Nominations for the CLASS Independence Advisory Council were solicited on November 16, 2010.<sup>12</sup> Membership for both of these advisory panels has not yet been announced.

## The SCAN Foundation CLASS Technical Assistance Brief Series

The HHS Secretary is tasked with implementing CLASS by October 2012, with many implementation decisions to be considered and made. Full implementation of CLASS requires knowledge transfer from various sectors, including the research community and existing program operations. The SCAN Foundation developed the CLASS Technical Assistance Brief Series as a way to gather that extant knowledge from a broad range of academic, private, and public sector experts on the issues critical to successful implementation of CLASS. Given the complexity of these pressing implementation issues, each brief in this series answers a clear and distinct question pertinent to implementing CLASS.

To build the most consumer-focused benefit, the CLASS Office needs to consider the types of services and supports most individuals with disabilities might need to remain as independent as possible. Given the many ways one might become disabled – at birth, by an accident early in life, or as an older adult – there is not a “one-size-fits-all” approach to addressing the needs of individuals with functional limitations. Kicking off the Technical Assistance Brief Series is a brief by Gitlin and colleagues (#1) describing how the CLASS cash benefit might be used by beneficiaries. It outlines a broad range of products, services, technologies, and environmental modifications that the authors argue should be permitted as part of the CLASS benefit.<sup>13</sup>

The next three briefs in the series (#2, #3, and #4) answer questions from the private long-term care insurance perspective about systems for determining eligibility for benefits, methods for assessing need, and the ways insurance companies define eligibility through the measurement of activities of daily living and cognitive impairment.<sup>14-16</sup> Briefs #5, #6, and #7 address these same issues from the Medicaid personal care services perspective.<sup>17-19</sup> In total, these six briefs chronicling assessment from both the private long-term care insurance and public personal care services perspectives illustrate current models used for eligibility determination that can inform the critical benefit and eligibility design activities the CLASS Office must develop.

Most current long-term care service programs in either the private or public arena are based on a fixed benefit model in which the participant is assessed and, if eligible, receives a set of services provided in the setting most appropriate to their needs. The CLASS Plan offers a cash benefit allowing the beneficiary to determine what services they need and are willing to purchase. This approach provides the beneficiary much more flexibility to arrange for the broad range of products, services, technologies, and environmental modifications described in Brief #1, but also requires the capacity to make the important decisions to ensure that the funds are used appropriately. A series of five briefs (#8 through #12) detail the experience of the Cash and Counseling (C&C) model, now in operation in 15 states as a participant-directed home- and community-based services program. C&C participants manage their own budgets for supportive services and can arrange a broad array of services. An important lesson learned from C&C is that a broad and flexible definition of allowable spending is important (Brief #8). A flexible spending plan was associated with increased safety, comfort, mobility, independence, ability to perform tasks and helped participants maintain their independence in their chosen communities.<sup>20-24</sup>

The CLASS statute requires that the HHS Secretary establish procedures that would allow the use of debit cards to access cash benefits. In addition, CLASS expressly allows beneficiaries to use their cash benefit to pay friends or family members to provide personal care services. Acting as an employer requires important knowledge about and compliance with

tax and employment laws and regulations. Not all beneficiaries will have this skill set or will want this responsibility. CLASS requires every state to assess existing entities that could serve as fiscal intermediaries. The authors of these briefs illustrate through the C&C model how financial management services can support beneficiaries serving as employers. These providers can also facilitate fiscal accountability and reporting to ensure that benefits are not spent on unauthorized goods or services. Briefs #9 through #12 consider what is known about the use of debit cards and financial management services, and how this information could be utilized in CLASS.<sup>21-24</sup>

In order for CLASS to be successful, enrollment must be sufficient to ensure that the monthly premium is affordable. The more people that enroll, the greater the ability to spread the insurance risk, which can help keep premium costs down and thus increase its attractiveness to working adults. For people to choose enrollment in CLASS, they must be aware that it exists and that planning for future long-term care needs is essential. How the CLASS Office and others develop messages and marketing materials for the plan will have a significant impact on enrollment. Marketing messages must not only be targeted to individual purchasers, but also to their employers as potential conduits for enrollment activities. In Briefs #13, #14, and #15, Eileen Tell describes lessons learned from the *Own Your Future* campaign and employer and buyer profiles to identify best practices in achieving strong participation rates and opportunities for cost-effective marketing of CLASS.<sup>25-27</sup>

Brief #16 considers a key issue from a supply-side perspective, namely what workforce infrastructure is needed to meet the new and growing demand for services? CLASS will provide eligible individuals with cash in hand, ready to purchase services, so it is imperative that they be able to buy what they want to remain independent. In this last brief of the current series, Seavey and Marquard focus on “matching service registries.” These are labor market intermediaries that facilitate consumer direction, in order to ensure that the personal care attendant workforce is matched appropriately to beneficiaries in an effective and efficient manner.<sup>28</sup>

CLASS, like most innovative efforts in the 21st century, builds on key ideas from

times past and charters new waters that transform the financing of supportive services from Medicaid as a government safety net toward personal planning, choice, and responsibility. CLASS is fundamentally about ensuring that all Americans have choice and access to the services and supports when needed to remain independent members of society. We hope this series will shed light on some key implementation issues that have not yet been addressed in the public debate, and foster active discussion on how to pave the way for successful implementation of CLASS so that adults with functional limitations and their families gain financial security while living with independence, dignity, and choice.

## Author:

**Lisa R. Shugarman**, Ph.D. is the Director of Policy for The SCAN Foundation.

---

## References

1. The Henry J. Kaiser Family Foundation, The Kaiser Commission on Medicaid and the Uninsured. (2009). Medicaid and Long-Term Care Services and Supports. Retrieved from [http://www.kff.org/medicaid/upload/2186\\_06.pdf](http://www.kff.org/medicaid/upload/2186_06.pdf).
2. The SCAN Foundation. (2011). DataBrief Series No. 13: Sources of Long-Term Care Spending. Retrieved from [http://www.thescanfoundation.org/sites/default/files/DataBrief\\_No\\_13.ppt#264,1,Sources](http://www.thescanfoundation.org/sites/default/files/DataBrief_No_13.ppt#264,1,Sources).
3. Helman, R., Copeland, C., & VanDerhei, J. (2010). Employee Benefit Research Institute Issue Brief: The 2010 Retirement Confidence Survey. Retrieved from [http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_03-2010\\_No340\\_RCS.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_03-2010_No340_RCS.pdf).
4. AARP & National Alliance for Caregiving. (2009). Caregiving in the U.S. 2009. Retrieved from [http://assets.aarp.org/rgcenter/il/caregiving\\_09\\_fr.pdf](http://assets.aarp.org/rgcenter/il/caregiving_09_fr.pdf).
5. AARP Public Policy Institute. (2008). Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update. Retrieved from [http://assets.aarp.org/rgcenter/il/i13\\_caregiving.pdf](http://assets.aarp.org/rgcenter/il/i13_caregiving.pdf).

6. Mulvey, J. (2011). Factors Affecting the Demand for Long-Term Care Insurance: Issues for Congress. Washington, D.C.: Congressional Research Service.
7. Genworth Financial. (2010). Genworth 2010 Cost of Care Survey: Home Care Providers, Adult Day Health Care Facilities, Assisted Living Facilities and Nursing Homes. Retrieved from [http://www.genworth.com/content/etc/medialib/genworth\\_v2/pdf/ltc\\_cost\\_of\\_care.Par.14625.File.dat/2010\\_Cost\\_of\\_Care\\_Survey\\_Full\\_Report.pdf](http://www.genworth.com/content/etc/medialib/genworth_v2/pdf/ltc_cost_of_care.Par.14625.File.dat/2010_Cost_of_Care_Survey_Full_Report.pdf).
8. Administration on Aging. (2010). National Clearinghouse for Long-Term Care Information. Washington, D.C.: U.S. Department of Health and Human Services.
9. Lake Research Partners & American Viewpoint. (2010). New Poll Shows California Voters 40 and Older Largely Unprepared for Costs of Long-Term Care Services. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF-UCLA%20Poll%20Results\\_1.pdf](http://www.thescanfoundation.org/sites/default/files/TSF-UCLA%20Poll%20Results_1.pdf).
10. 76 FR 5178 (28 January 2011).
11. 75 FR 34141 (16 June 2010).
12. 75 FR 70274 (17 November 2010).
13. Gitlin, L.N., Szanton, S.L., & DuGoff, E.H. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.1: Supporting Individuals with Disability Across the Lifespan at Home: Social Services, Technologies, and the Built Environment. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No1\\_Supporting\\_Individuals\\_At\\_Home\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No1_Supporting_Individuals_At_Home_FINAL.pdf).
14. Cohen, M., Gordon, J., & Miller, J. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.2: The Historical Development of Benefit Eligibility Triggers Underlying the CLASS Plan. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No2\\_History\\_Benefit\\_Eligibility\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No2_History_Benefit_Eligibility_FINAL.pdf).
15. Cohen, M., Gordon, J., & Miller, J. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.3: Understanding Long-Term Care Benefit Triggers: Contract and Implementation. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_3\\_LTCi\\_Benefit\\_Triggers\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_3_LTCi_Benefit_Triggers_FINAL.pdf).
16. Gordon, J., Cohen, M., & Miller, J. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.4: The Independent In-Person Assessment Process. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_4\\_LTCI\\_Assessment\\_FINAL\\_0.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_4_LTCI_Assessment_FINAL_0.pdf).
17. Kelley, M.E. & Tucker, S.M. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.5: Elements of a Functional Assessment for Personal Care Services. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_5\\_Medicaid\\_Assessment\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_5_Medicaid_Assessment_FINAL.pdf).
18. Tucker, S.M. & Kelley, M.E. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.6: Determining Need for Medicaid Personal Care Services. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_6\\_Medicaid\\_Assessment\\_Determining\\_Need\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_6_Medicaid_Assessment_Determining_Need_FINAL.pdf).
19. Tucker, S.M. & Kelley, M.E. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.7: Functional Assessment Processes for Medicaid Personal Care Services. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_7\\_Medicaid\\_Assessment\\_Process\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_7_Medicaid_Assessment_Process_FINAL.pdf).

20. Simon-Rusinowitz, L., Loughlin, D., & Mahoney, K. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.8: How Did Cash and Counseling Participants Spend Their Budgets, and Why Does That Matter for CLASS. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_8\\_Spending\\_Cash\\_and\\_Counseling\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_8_Spending_Cash_and_Counseling_FINAL.pdf).
21. Parker, C.C., Wironen, J., Murphy, M.G., & Mahoney, K.J. (2011) The SCAN Foundation CLASS Technical Assistance Brief No. 9: Debit Card Fundamentals and Their Use in Government Programs. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_9\\_Debit\\_Cards\\_FINAL\\_0.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_9_Debit_Cards_FINAL_0.pdf).
22. Murphy, M.G., Selkow, I., & Mahoney, K.J. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.10: Financial Management Services in Participant Direction Programs. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_10\\_Financial\\_Management\\_Services\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_10_Financial_Management_Services_FINAL.pdf).
23. Murphy, M.G., Simon-Rusinowitz, L., Loughlin, D., Mahoney, K.J., & Selkow, I. (2011). The SCAN Foundation CLASS Technical Assistance Brief No.11: Options for Getting Purchasing Power into the Hands of Participants: Lessons from Participant Direction Programs. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_11\\_Purchasing\\_Power\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_11_Purchasing_Power_FINAL.pdf).
24. Murphy, M.G., Parker, C.C., Selkow, I., & Mahoney, K.J. (2011). The SCAN Foundation CLASS Technical Assistance Brief No. 12: Considerations for Debit Card and Cash Purchasing Mechanisms in the CLASS Plan. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_12\\_Cash\\_vs\\_Debit\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_12_Cash_vs_Debit_FINAL.pdf).
25. Tell, E. (2011). The SCAN Foundation CLASS Technical Assistance Brief No. 13: The “Own Your Future” Long Term Care Awareness Campaign: Implications for the CLASS Plan. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_13\\_Own\\_Your\\_Future\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_13_Own_Your_Future_FINAL.pdf).
26. Tell, E. (2011). The SCAN Foundation CLASS Technical Assistance Brief No. 14: Employer LTCI Market Participation Rates: Implications for the CLASS Plan. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_14\\_Employer\\_LTCi\\_Participation\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_14_Employer_LTCi_Participation_FINAL.pdf).
27. Tell, E. (2011). The SCAN Foundation CLAS Technical Assistance Brief No. 15: LTC Insurance Buyer Profiles: Implications for CLASS. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA15\\_LTCi\\_Buyer\\_Profiles\\_FINAL.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA15_LTCi_Buyer_Profiles_FINAL.pdf).
28. Seavey, D. & Marquard, A. (2011). The SCAN Foundation CLASS Technical Assistance Brief No. 16: Building Infrastructure to Support CLASS: The Potential of Matching Service Registries. Retrieved from [http://www.thescanfoundation.org/sites/default/files/TSF\\_CLASS\\_TA\\_No\\_16\\_Matching\\_Service\\_Registries\\_FINAL\\_0.pdf](http://www.thescanfoundation.org/sites/default/files/TSF_CLASS_TA_No_16_Matching_Service_Registries_FINAL_0.pdf).