

# It's Time to Get Real on Long-Term Care Financing

Perspectives on Aging with Dignity • February 2016

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In the last month, three separate bipartisan groups – the [Bipartisan Policy Center](#), [LeadingAge](#), and the [Long-Term Care Financing Collaborative](#) – released recommendations about how to help working Americans better prepare for their future long-term care needs and associated costs. These recommendations come at a critical time as new information about the extent of the crisis is striking. While Americans today are living dramatically longer than their parents did, they are doing so with more chronic illness and daily functional challenges.

Slightly more than half of adults who reach age 65 will need a high level of support with daily activities at some time in their life...and it will cost them. Almost 15 percent of these adults will face this high level of need for five or more years, and seek to remain living in the place they call home. Currently Americans have few viable tools to plan for these costs, putting enormous pressure on their own retirement savings, as well as requiring hands-on and financial support from families and public programs. Yet our policy frame is stuck in the past, built for a place that no longer exists.

The good news is that despite these politically contentious times, the three separate sets of policy recommendations clearly outline a path forward. [The SCAN Foundation reviewed each report](#) and found these common threads:

- A multi-pronged approach is necessary – one that requires reimagining the roles of the public and private sectors;

- Structural changes and reforms in the private market are critical – including modifications to the private insurance marketplace to provide lower-priced policies with a better distribution strategy (e.g., in the workplace) to protect against the initial costs once a person needs a high level of support;
- Targeted public solutions to address catastrophic needs are critical – including insurance designs specifically to protect against the longer-term costs for those with high levels of need (e.g., 10 years of support for one with Alzheimer’s disease); and
- It’s time to refocus Medicaid’s role – strengthening this vital safety net program so it maintains its important yet smaller role in a reformed, insurance-based long-term care financing system.

Ultimately, these reports show that the whole is greater than the sum of the parts and more refinement work is needed. Taken together, these recommendations clarify the appropriate extent of personal responsibility; create a full and meaningful space for the private market to flourish in covering early stage needs; ensure risk protection for those with long-standing needs; and finally, take some pressure off Medicaid as well as Medicare.

For those who are holding out for a large new entitlement program fix, you might as well be “waiting for Godot,” since the necessary bipartisan support for passage does not exist. For those who believe that Americans just need to save more effectively and/or purchase existing forms of private insurance, it is time to come to terms with the fact that working families cannot currently save or purchase their way out of this future problem. One thing is for certain – aging with high levels of need will affect almost all of us and is the most bipartisan issue that exists. The time is now to define a realistic and implementable package of solutions that can be signed into law.