

COMPENDIUM OF FINANCING OPTIONS FOR LONG-TERM CARE SERVICES & SUPPORTS

Executive Summary

The need for federal long-term care financing solutions has never been more urgent.

Millions of families across the country struggle to pay for and coordinate the kind of long-term services and supports (LTSS) that allows older adults to age well in their homes and communities. These services, which support daily living activities like bathing, eating, and dressing, are not covered by traditional Medicare and not consistently covered by Medicaid. This huge gap in America's care delivery must be addressed to stem the ever-increasing burden on older adults and family caregivers.

The oldest Baby Boomers are turning 80 in 2025, an age at which LTSS needs increase significantly. When coupled with long term care workforce shortages, decreasing numbers of family caregivers, and a retirement crisis in which most individuals do not have enough money saved to pay for the health and long-term care they'll likely need, it is clear that now is finally the time for policymakers to act.

To help catalyze new solutions, The SCAN Foundation, which has been leading work on long-term care policy for over 15 years, commissioned the LeadingAge LTSS Center @ UMass Boston and ATI Advisory to develop the [Compendium of Financing Options for Long-Term Care Services and Supports](#).

Policymakers do not need to start from scratch.

For decades, Congress has at various times considered legislation to make LTSS more accessible and affordable. Similarly, researchers and aging and disability advocates have developed policy concepts to further address the need. The *Compendium of Financing Options for Long-Term Care Services and Supports* is a comprehensive overview of the public and private financing solutions proposed over the past three decades that can help inform current and future policymaking.

Proposals include public and private market solutions.

The compendium categorizes solutions to address LTSS financing in five ways. The first four expand, strengthen, or create a public program. The fifth expands private sector solutions.

1. Expanding Medicare to include LTSS coverage
2. Strengthening, expanding, or reforming Medicaid LTSS
3. Creating a new public financing program for LTSS
4. Including LTSS financing reform as part of broad health care transformation
5. Expanding private market solutions to finance LTSS

The Compendium offers a wide range of options explored over decades by policymakers and advocates of all political ideologies. It serves as a helpful, comprehensive resource to understand how federal policymakers could finance America's long-term care needs.

Public Financing Considerations

For public sector solutions, Congress must account for a number of considerations, including:

- Whether to add coverage for long-term care to existing federal programs or create a new standalone program
- Whether such a program should be administered by the federal government, states, or some combination of both
- How the program design may exacerbate existing capacity for long-term care workers

The compendium recognizes that each consideration comes with tradeoffs. For example, a federally administered program could provide consistent eligibility rules, while one coordinated by states would allow flexibility and customization. Similarly, a new standalone solution might face greater political challenges but could drive savings across other government programs like Medicaid, while building on the existing policy infrastructure would be administratively simpler but potentially not as comprehensive.

Private Market Considerations

The compendium also includes legislative proposals intended to expand private market solutions to finance long-term care. Past policy efforts in this space have mostly focused on lowering the cost of private long-term care insurance by providing tax credits and/or deductions for premiums, which allows for tax-free withdrawals from retirement accounts. The compendium contains diverse views on the impact of advancing these kinds of private market-based solutions and provides current and historical context of tax treatment for long-term care insurance.

Policymakers must consider comprehensive long-term care financing solutions NOW.

The health and well-being of older adults and people with disabilities, their families, and communities depends on it.