

# Stakeholder Views on a Public Program to Provide Long-Term Care Catastrophic Coverage



## SUMMARY

The Urban Institute and others came out with a design for a national program to cover long term care financing risks via a national program that required all workers to pay into a public program (via payroll deduction as done by Medicare and Social Security). A key feature is that coverage would not begin until a 1-4 year deductible period was met (depending on income).

The authors looked at what could be done at the state level. Minnesota was chosen as a pilot state to study.

The authors defined two potential “strawman” designs and then solicited feedback from Minnesota stakeholders as to the design and acceptability of financing options. Generally, the option that provided comprehensive protection (similar to LTC insurance) was preferred.

Many challenges exist in the design and outreach for such a program. Enacting such a proposal was viewed as difficult if it was seen as an increase in taxes.

## HIGHLIGHTS

- The researchers interviewed stakeholders in Minnesota about their views on catastrophic (i.e., back-end) coverage for long term care.
- The two main design options given were either comprehensive coverage (meaning triggered by ADL deficiencies or severe chronic impairment) or a disease specific trigger. The first option was favored.
- The original Urban model also required a waiting period of between 1 and 4 years depending on the income of the insured. The idea was that the individual was incented to cover the first several years either by private financing (e.g., LTC insurance) or otherwise.
- The original concept of a variable waiting period seemed overly confusing and even potentially seen as unfair (since higher income enrollees would pay more through the payroll deduction process).
- Financing for the program was through payroll deduction.
- Stakeholders preferred a mandatory program over voluntary due to the perceived risk of adverse selection.
- Education and marketing are critical as the benefit program is developed as well as when it is actually launched.
- Given the interaction of both private LTC insurance as well as Medicaid either HIPAA or Medicaid could be used. This interaction in coverage as well as how claims would be triggered would need to be addressed.

### Caveat and Disclaimer

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Long-Term Care Coverage: Stakeholder Thoughts on State-Based Catastrophic Insurance

<https://www.soa.org/resources/research-reports/2023/ltc-catastrophic-insurance/>

## METHODOLOGY

Key program design issues that were explored included:

- Program Eligibility: age, income, and benefit triggers and/or qualifying events
- Program benefit duration and daily/monthly benefit amounts
- Waiting or vesting period prior to the commencement of benefits
- Coordination with other pre-catastrophic funding such as private LTC insurance
- Need for coordination with Minnesota Medicaid programs
- Potential financing approaches including state payroll taxes.

The research was composed of the following components:

- Reviewing existing literature on catastrophic plans
- Developing an interview questionnaire and a list of potential stakeholders/interviewees
- Developing “strawman” plan design options to be evaluated by stakeholders
- Scheduling and conducting interviews
- Analyzing results and reporting out findings to the project oversight group (POG) of subject matter experts recruited for this effort.

## REPORT SPECS

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- Data source: Expert interviews.



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