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CARING FOR OUR PARENTS

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Sen. Corker: Long-Term Care is "Heading for a National Crisis"

Sen. Bob Corker (Photo credit: Wikipedia)

Senator Bob Corker (R-Tenn) warned today that long-term care financing is "a major train wreck" and "heading for a national crisis." Corker, the senior Republican on the Senate Aging Committee, said he was very worried about the viability of private long-term care insurance and added , "there is no doubt there is a public sector role" in the future of financing long-term care supports and services.

At a time when the issue has fallen victim to partisan demagoguery (Exhibit A: the CLASS Act) Corker's remarks, at a Senate Aging Committee hearing on long-term care, suggested an opening to build a consensus on future financing and delivery reforms.

Interestingly, Corker was speaking on the same day a House committee proposed completely eliminating the federal Social Service block grant program which, among other things, funds Meals on Wheels and other critical programs for the frail elderly living at home.

Corker was not the only participant in today's hearing who was worried about private long-term care insurance. John O'Brien, Director of Healthcare and Insurance at the federal Office of PersonnelManagement, proudly told the panel that enrollment in the federal LTC insurance program rose 20 percent this year, to about 270,000 employees. But he also expressed concern that only one carrier bid for the federal contract in 2011 and that so many insurers have left the business.

Senators are eligible to enroll in O'Brien's program but both Corker and Democrat Mark Udall admitted they had not. Udall, like so many consumers, said he keeps putting it off. Corker flatly said he "may not" buy.

Still, former Congresional Budget Office director Doug Holtz-Eakin said that private insurance needs to be part of the solution. He suggested finding ways to encourage businesses to include coverage in their benefit packages, adding new tax subsidies, and perhaps making enrollment automatic (which was also an element of the CLASS Act).

Witnesses at today's hearing shared a wide range of views about how to improve care delivery. My Urban Institute colleague Judy Federpresented research showing that patients with both chronic disease and personal care needs account for an outsized share of Medicare spending. Much of those costs–and average of $16,000 per year for those enrollees–were for hospital and post-hospitalization care at home or in nursing facilities.

The key to both better outcomes and cost savings, Judy argued, is to improve care coordination and primary care and reduce hospitalizations. She suggested those who receive both Medicare and Medicaid benefits (the dual eligibles), might be better off if all their care was provided by Medicare.

But Loren Colman, Assistant Commissioner of the Minnesota Department of Human Service, argued that states, though Medicaid, ought to be given more flexibility to design care for this population. He argued, as I and others have, that the default option for Medicaid long-term care ought to be home care and not nursing facility care, as it is today.

States, he said, should not have to apply for complicated waivers to provide community care.

Bruce Chernof, President and CEO of the SCAN Foundation in Long Beach, CA, agreed. A goal, he said, should be to free the frail elderly from the "tyranny of bricks and mortar."

But, he said, home and community programs need to be well-organized, cost-effective, and accountable to care recipients and their families.

While there was little consensus at today's hearing, the discussion was productive and pointed the way towards what could be some creative solutions for both delivery and financing of long-term care services.

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Make Long-Term Care Insurance Part Of Health Care

(Image credit: Getty Images via @daylife)

Why not make insurance for long-term care services and supports part of health care coverage?

It is a radical idea that turns the current model—which often treats long-term care insurance as an element of retirement planning—entirely on its head.

The concept isn't new. John Rother, who ran public policy for AARP for many years, talked about integrating long-term services and chronic care long ago. And real people with chronic disease see no difference between medical and personal care. But nobody could ever figure out how to make the insurance work.

Here's the problem: As long as most medical insurance was based on a fee-for-service model, there was little incentive for carriers to provide benefits for personal care. Why would they add a costly extra benefit if it didn't improve the bottom line?

But the rise of Medicare Advantage managed care plans, Medicaid managed care, and the growth of integrated health systems such as Kaiser Permanente may be changing that. In fact, a few states are effectively trying this experiment by expanding Medicaid managed care to seniors. The PACE progam is built on the same idea.

In all these managed care models, which are explicitly encouraged by the 2010 health reform law, insurers are at financial risk if their cost of care is too high. And they have the opportunity to make more money if they can provide quality care at lower cost.

A key goal is to keep people with chronic disease out of the hospital. And one cost-effective way to do that is to get elderly patients with chronic disease good quality personal assistance.

Here's a simple example: Medicare spends nearly 40 percent of its budget on patients with congestive heart failure (many of whom suffer from other diseases as well). And the average cost of hospitalizing a patient with severe heart failure is about $24,000-a-year.

We can keep heart failure patients stable and out of the hospital by making sure they watch their diet and properly take their medications, and by weighing them regularly (weight gain is a key indicator that CHF is out of control).

Now, imagine a system where, as part of Medicare Advantage insurance, a senior receives basic long-term care benefits that may include an aide who weighs them, cooks healthy meals, and helps administer meds.

Keeping a patient at home is a potential win/win. She is healthier and the insurer saves money. While such a system might only provide basic coverage for personal care, consumers could supplement coverage much as they buy Medigap health insurance today.

I don't know what such coverage would cost or what the benefits would be. But, as a reality check, I asked a senior executive at a large health insurer what he thought. His response: "The concept seems to make sense."