

LeadingAge

PATHWAYS

State Conversation Exploring
Forging a Path for LTSS Financing Reform

Meeting goals

- ▶ Review output of first meeting and clarify scope
- ▶ Review and explore possible avenues for Ohio to move forward on LTSS financing reform
- ▶ Identify high priority options for further analysis and development
- ▶ Identify next steps and accountabilities



Ohio Specific Environmental Landscape Updates

Ohio-specific data requested during Meeting 1

- Information on Ohio Medicaid portion of state budget
- Information on County Levy data to fund in-home services
- Information on # of people with LTSS insurance in Ohio
- Information on Ohio Partnership program uptake if any and product specifications
- Information on income levels/assets of over-65 Ohio residents

In Ohio Medicaid now accounts for more than 1/3 of state spending

Medicaid is the largest component of state spending in Ohio

28.9%

2012

29.2%

2013

35.8%*

2014

Average % of State Spending- 2014 estimate

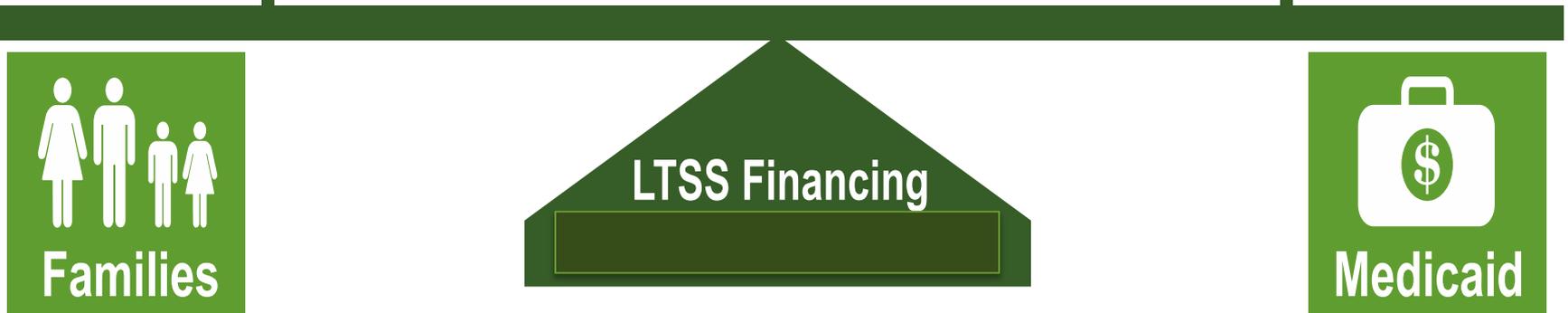


Quick Refresher

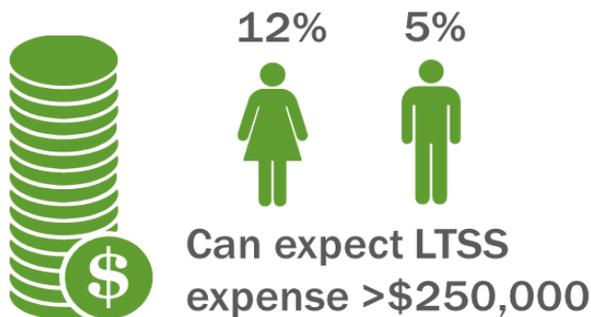
The financial burden of LTSS falls on two principal sources

Approximately half of costs are borne by **people who use LTSS (and their families)** through out of pocket expenditures, especially in early years

Over one third of the costs are borne by the **Medicaid program. Medicaid has become the default public LTSS payer for long duration LTSS need**



Average LTSS expenditures at an individual level



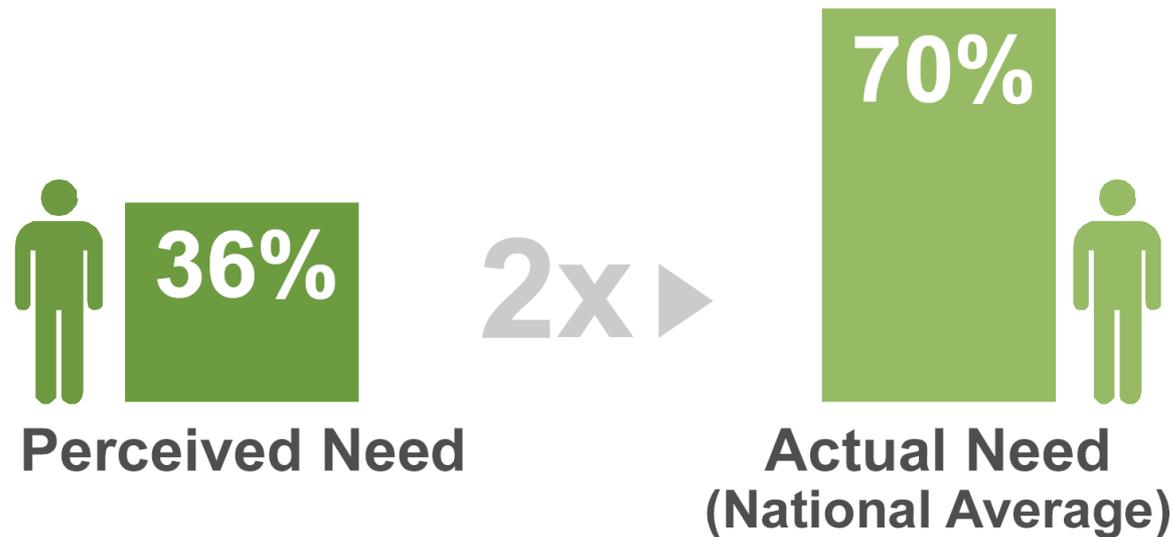
Reflects longer LTSS need duration



People are not prepared for LTSS costs

In 2014, those 65 and older had median financial assets of \$76,000 and median home equity of \$80,000 or less, woefully deficient amounts for meeting average lifetime LTSS costs.

Boomers are poorly informed regarding LTSS need



Boomer Long-Term Care Expectations and Reality

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013; Aging and health: Expectations about Future Use of LTSS Vary by Current Living Arrangement, *Health Affairs*, January, 2015, 34:139-47—60% of people 40-65 underestimate their future needs for LTSS.

Boomers Are Poorly Informed Regarding LTSS Cost



Home Health Aide Estimate (hourly cost)



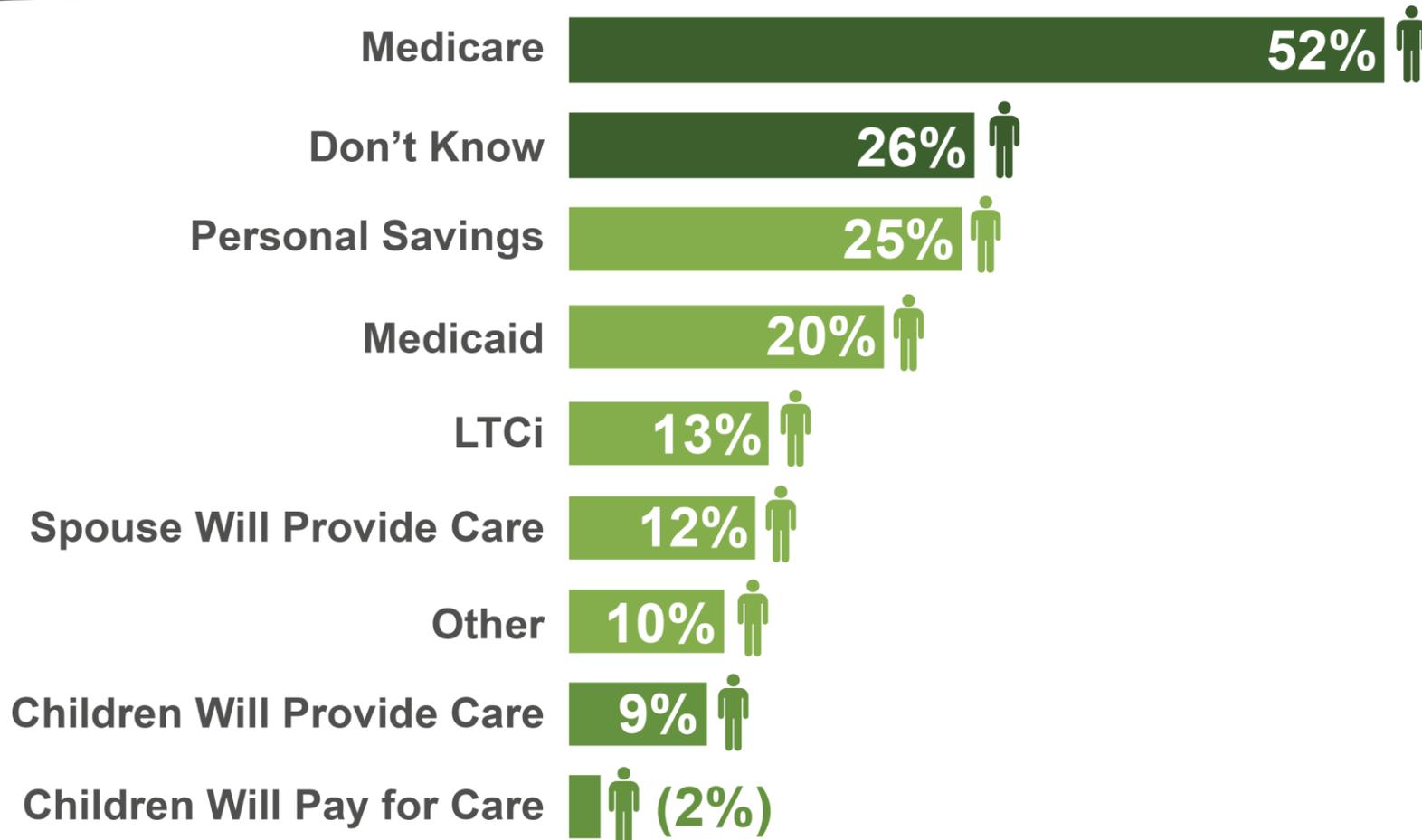
Nursing Home Care Estimate (annual cost)

■ Don't Know Costs ■ Provided a Response

Approximately
80%
of Boomers
don't know
estimated
costs of care

Pervasive Care Cost Uncertainty

Boomers are poorly informed regarding LTSS payment



Perceived Methods for Funding Ongoing Long-Term Care

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013. LTCi = Long Term Care Insurance

LTSS planning mental model barriers

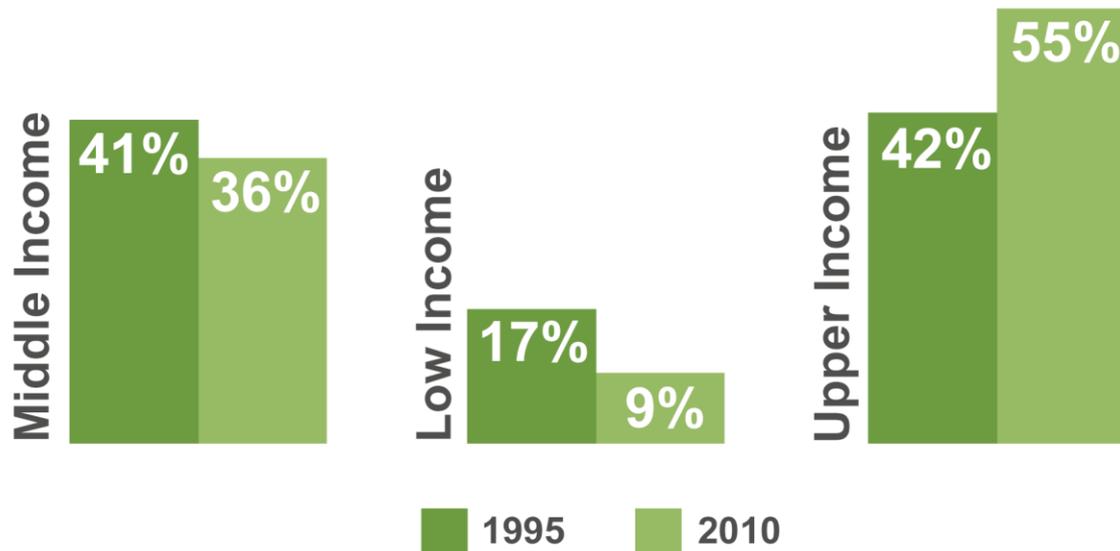
**LTSS
planning/
options not
integrated
with other
life planning**



**Life,
health,
savings
and other
planning**



The middle class impact



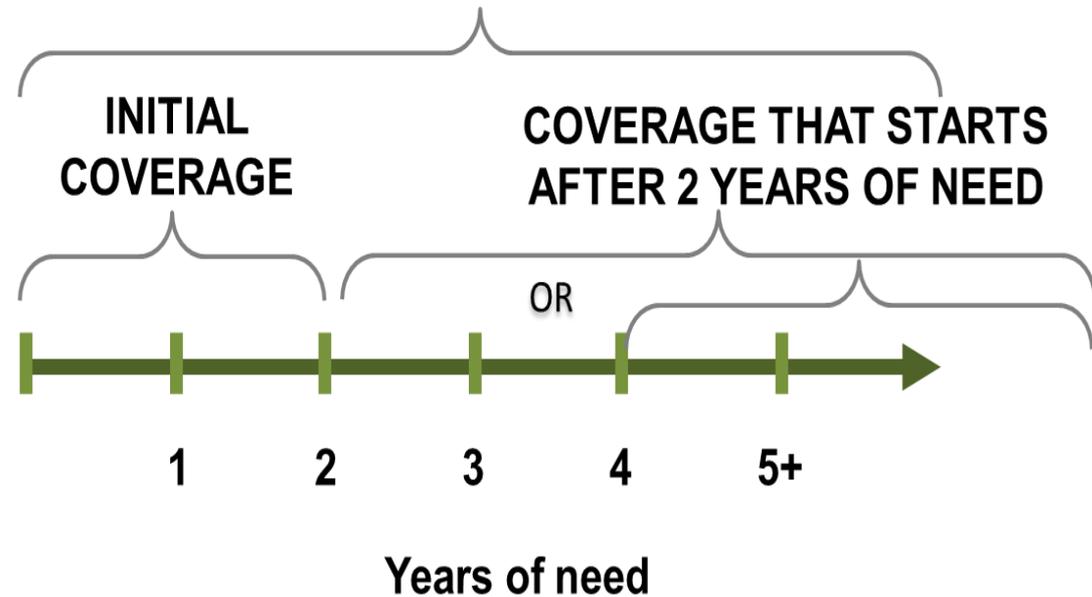
The Share of LTC Sales to the Middle Market
Age 40-69 is Declining

National modeling project

Funded economic modeling on 3 new options



FULL DURATION COMPREHENSIVE



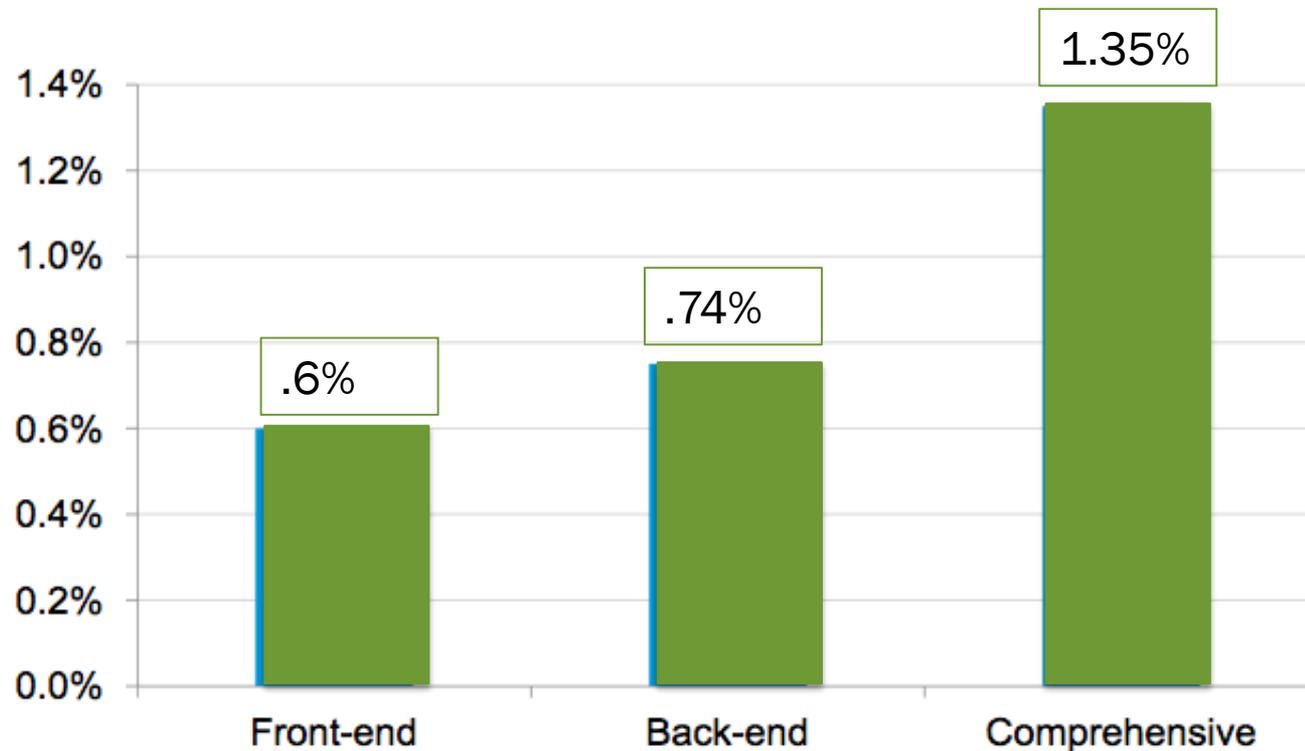
- private/public
- voluntary/mandatory

What Did We Learn from the Project about New Options?

- Limited options were tested
- Only high need LTSS
- Only 65 plus
- Lots of assumptions-little changes could have big impacts
- Best use: directional as a starting point to guide discussion
- Not as definitive as many hoped
- Medicaid numbers are the shakiest

Most affordable options require participation

Payroll tax rate for mandatory programs



Premium at
\$70k salary

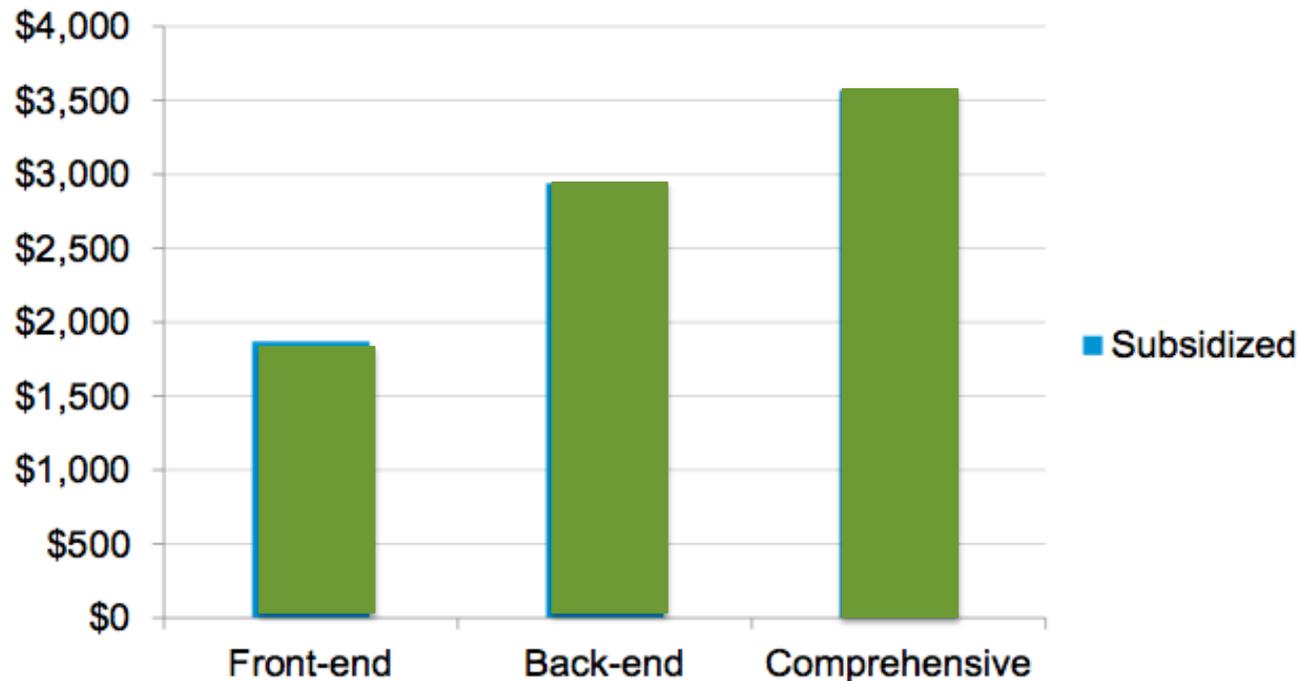
\$35/mo
\$420/yr

\$44/mo
\$525/yr

\$78/mo
\$945/yr

Voluntary programs are more expensive

Premiums for Voluntary Programs
Issue age 55



Premium at
\$70k salary

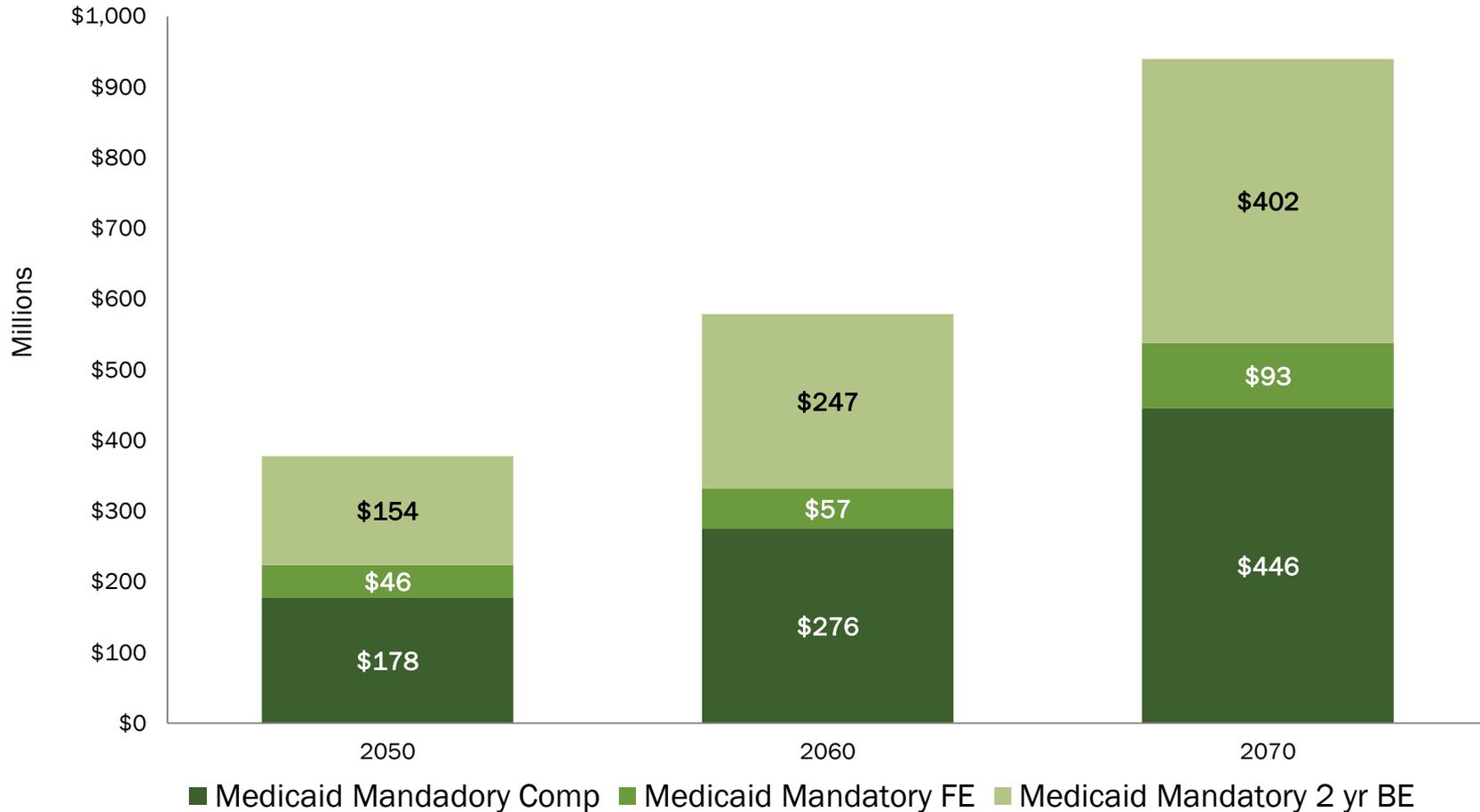
\$156/mo.
\$1870/yr.

\$244/mo.
\$2930/yr.

\$289/mo.
3470 /yr

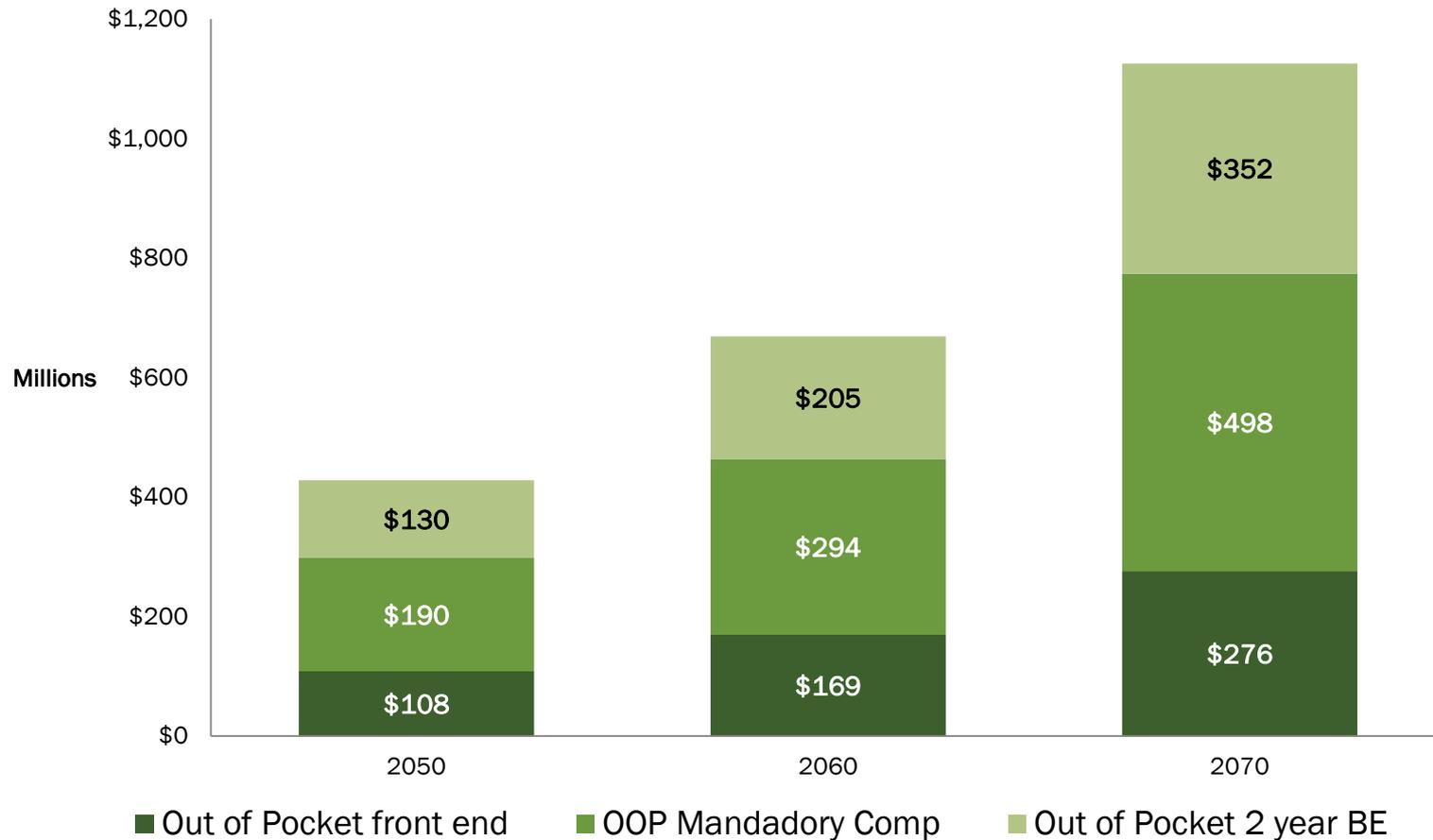
New options ability to offset Medicaid costs

New insurance- Offsets versus Medicaid Baseline



New options ability to offset OOP costs

New insurance- Offsets versus OOP Baseline



Package efforts for greatest effect

Public Awareness

**Education
Campaign and
Call to Action**

Responsive Options/Incentives

**Offer People
Options that Meet
Initial and
Catastrophic
Need**

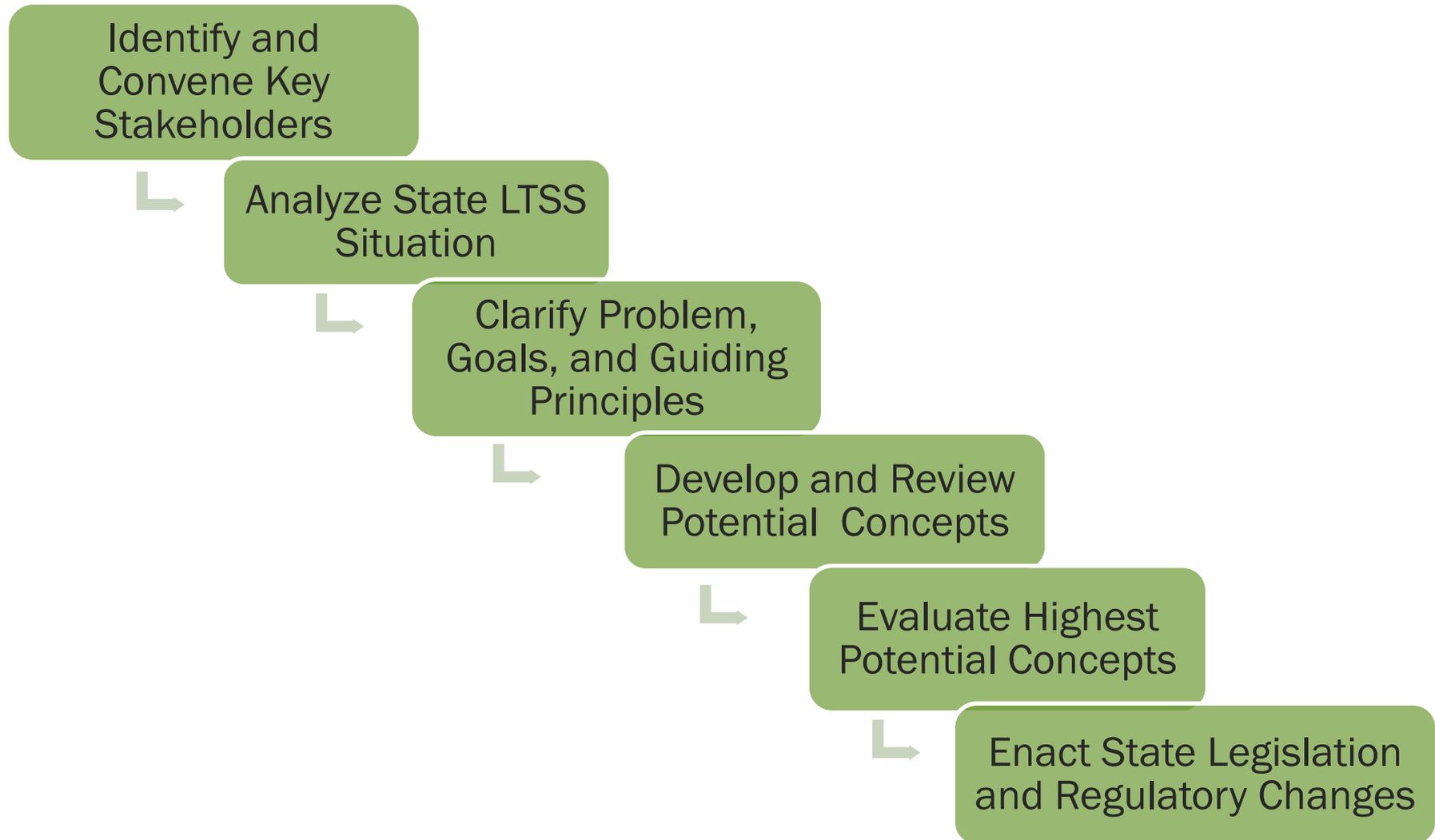
Opportunity to Act

**Incent Action and
offer When
People are
Making Similar
Decisions**



What Might We Do in Ohio?

Process map for developing a state approach to LTSS financing



Clarify desired goals for Ohio

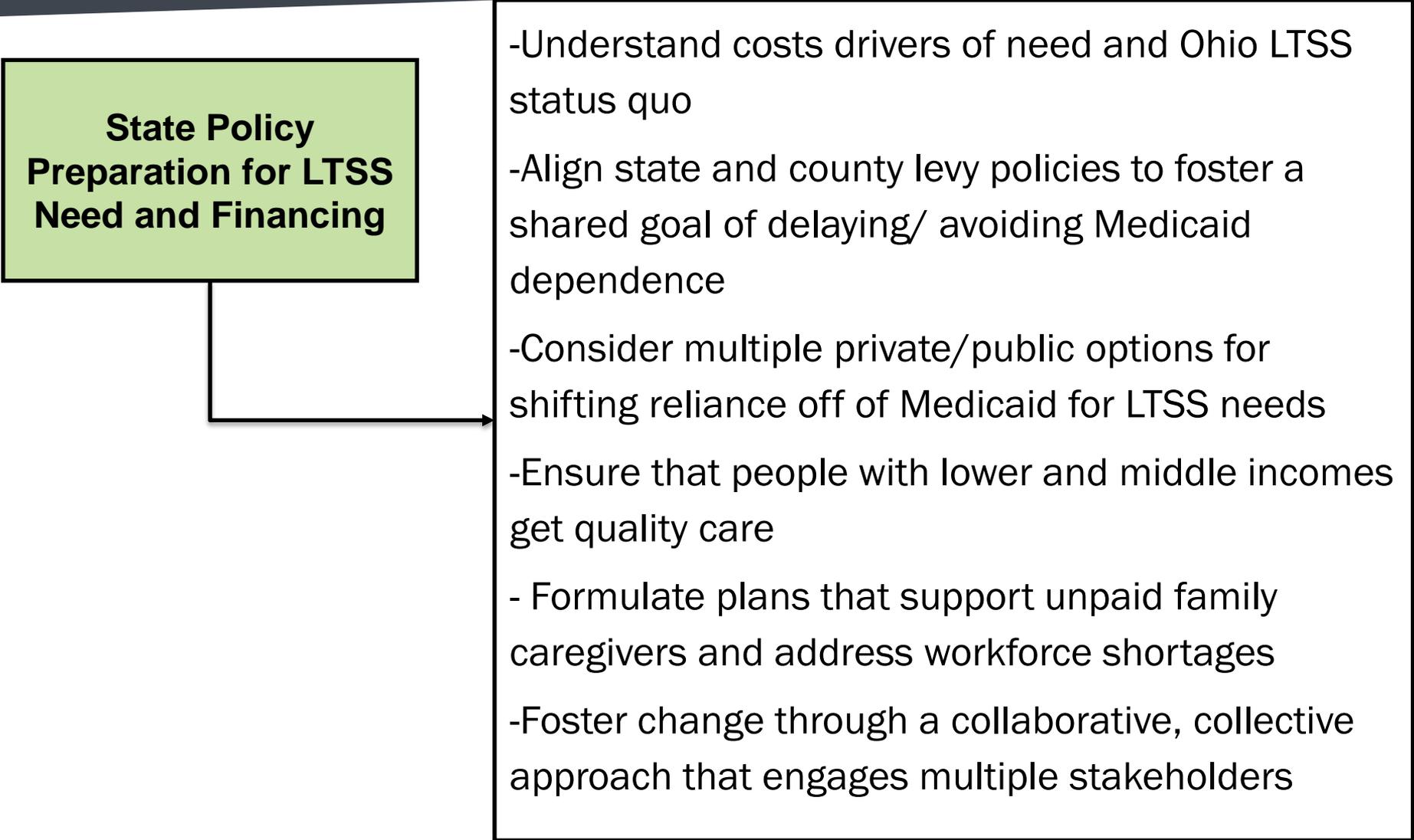
**State Policy
Preparation for
LTSS Need and
Financing**

**Individual
Awareness and
Preparation for
LTSS Need and
Financing**

**LTSS Service
Delivery
Rebalancing,
Innovation and
Integration**

Clarify desired goals for Ohio

State Policy Preparation for LTSS Need and Financing



- Understand costs drivers of need and Ohio LTSS status quo
- Align state and county levy policies to foster a shared goal of delaying/ avoiding Medicaid dependence
- Consider multiple private/public options for shifting reliance off of Medicaid for LTSS needs
- Ensure that people with lower and middle incomes get quality care
- Formulate plans that support unpaid family caregivers and address workforce shortages
- Foster change through a collaborative, collective approach that engages multiple stakeholders

Clarify desired goals for Ohio

Individual Awareness and Preparation for LTSS Need and Financing

- Foster public awareness about and planning for the urgent need to prepare for LTSS needs
- Assure affordable options for LTSS for Ohio citizens through a combination of approaches (e.g. new products--Ohio LTC Partnership products; new services)
- Foster individual uptake of LTSS protection options and increase number of options available
- Offer supports to unpaid family caregivers to sustain caregiving role and future financial health and LTSS preparation

Clarify desired goals for Ohio

LTSS Service Delivery Rebalancing, Innovation and Integration

- Support early interventions that delay or prevent catastrophic need through a diversity of services/housing options and policies
- Continually rebalance care delivery toward lower cost, community-based supports
- Ensure sufficient community- based supports
- Foster innovation that reflects services people would want to purchase
- Foster innovation to address workforce shortages and unpaid caregiver sustainability
- Foster integration between LTSS and other parts of the care continuum

Clarify desired scope of Ohio effort

In light of past work on LTSS, what is desired scope for Ohio's LTSS Financing Reform conversation?

Next Steps

Appendix

Possible options to consider in Ohio

- ▶ Are there private market insurance options that could help people with out of pocket costs and offset Medicaid costs?
- ▶ Could a **refined** LTC Partnership product serve in this role (limited dollar, comprehensive product)?
- ▶ What other options might we explore?