

# Eye on elder issues

EYE on ELDER ISSUES  
September 2006, Vol. 3, Issue 4

## Promoting Long-Term Care Insurance for the Middle Class

### NAELA Supports Expansion of The Partnership for Long-Term Care

This is the fourth in a series of articles that will analyze the impact of the recent Medicaid Reforms as set forth in the Deficit Reduction Act of 2005 (DRA) signed by President Bush on February 8, 2006.

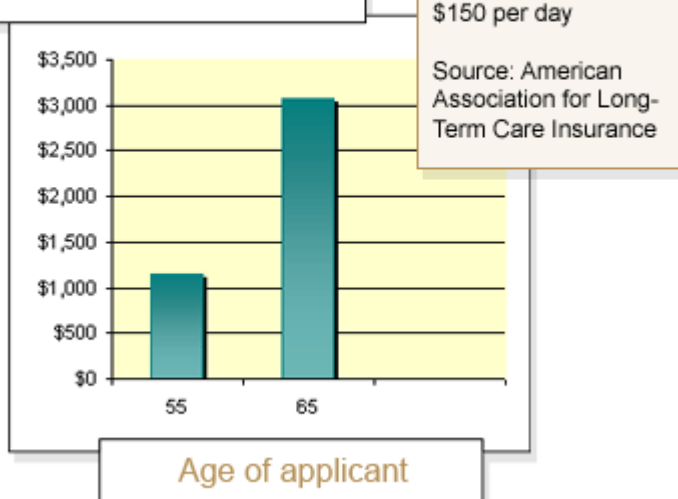
The National Academy of Elder Law Attorneys (NAELA), together with other advocates for older Americans, has sounded the warning bell with an urgent call to action for everyone to think about how they wish to live as they age. Unfortunately, many postpone planning and therefore reduce options for health care, including in-home services, when they may require long-term care.

It is imperative that Americans truly grasp the costs of aging and plan accordingly. The recent Medicaid reforms will catch many individuals by surprise if they don't take the time to understand the future implications for themselves and their families.

NAELA encourages all individuals over the age of 50 to consider long-term care insurance. It is important for individuals to apply for the insurance while they are still in good health. Sadly, many wait too long to apply. According to a 2005 report from the American Association for Long-Term Care Insurance, more than half (57.2 percent) of long-term care insurance applicants over age 80 are denied coverage. Overall, one in five (19.2 percent) Americans who applied for long-term care insurance was declined.



Average Annual Long-Term  
Care Insurance Premium\*



In addition to health-related concerns, there are considerable benefits to purchasing the insurance at a younger age. According to the American Association for Long-Term Care Insurance, the average annual premium for a 55-year old is \$1,156 per year for a policy that pays \$150 a day. The average annual premium increases to \$3,068 per year for a 65-year old.

While planning ahead is strongly encouraged, the reality remains that many Americans still find it difficult to afford long-term care insurance. A special partnership between the government and the private sector may make it easier to purchase the insurance.

In 1992, through the efforts of the Robert Woods-Johnson Foundation and

Professor Mark Minor of the University of Maryland, four states implemented an experimental program in which middle class citizens were encouraged to purchase long-term care insurance. Basically, the program allows a person to protect his or her assets from Medicaid estate recovery up to the amount paid by a qualifying long-term care insurance policy. In concept, the combined long-term care insurance and Medicaid funding are an attempt to provide an appropriate safety net for the middle class. Connecticut, Indiana, New York, and California were all permitted to implement the proposal. The four states have implemented the Partnership program with varying degrees of success.

Recent Medicaid reforms permit the expansion of the Long-Term Care Partnership program throughout the country. NAELA encourages the other 46 states to implement similar programs. NAELA agrees with government leaders health care leaders, that a pure federal approach is the most efficient answer for reform and would suggest that the federal government create a single Partnership Program. As that is unlikely, NAELA strongly recommends that states closely examine the successes and failures of the original four programs prior to implementation of additional Partnership programs and that a model program be implemented by all 46 states. Portability from one state to another is of vital importance.

Further, based upon the Medicaid reforms that have been implemented, the sales of ordinary commercial-based long-term care insurance policies will be more expensive, and therefore, the Long-Term Care Partnership may be the only avenue available for average Americans to purchase this insurance.

NAELA has long supported these programs, and calls upon the National Governor's Association to study the Long-Term Care Partnership program carefully in an effort to arrive at a meaningful and responsible approach. NAELA calls upon the Governors to avoid a politicized approach and to utilize the expertise of either Professor Mark Minor or the Robert Wood-Johnson Foundation to study these programs.

As a result of the recent Medicaid reforms, small businesses, family farms, and the average citizen may be forced to consider extreme measures to pay for long-term nursing home care. The Partnership for Long-Term Care concept may be the best way to help Americans purchase insurance to cover the costs of in-home services, assisted living or a nursing home stay, while protecting their nest egg.



For more information about elder law attorneys and the National Academy of Elder Law Attorneys, visit [www.naela.org](http://www.naela.org). Established in 1987, NAELA provides a resource of information, education, networking and assistance to those who deal with the many specialized issues involved with legal services to the elderly and people with special needs.

---

**Note to Our Readers:** *This e-newsletter, **Eye on Elder Issues**, is presented as a public service by the National Academy of Elder Law Attorneys (NAELA). We are pleased to send you this issue and welcome your comments. You can expect to receive this newsletter monthly as NAELA explores, reports and provides insight on timely topics affecting our nation's seniors and their families. In addition, the growing population of Baby Boomers is addressing issues for themselves and their families that are new and unique. This publication is intended to explore those issues from all sides and to educate consumers, aging network professionals, law makers, and members of the media.*

---

*Please feel free to forward this e-newsletter or suggest additional recipients to us (use the "opt-in" below). **Eye on Elder Issues** is for your free and unrestricted use; permission to reprint in whole or part is granted provided appropriate credit is given to NAELA.*