Long-Term Care Financing: What’s New

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Why Long-Term Care Financing Matters to Minnesota

- More older people
- Fewer informal and formal caregivers
- Planning for your long term care is important
- We need to bring more private dollars into LTC financing so public dollars can be contained
- More public dollars can then be available for other state priorities such as education
- The middle income households need affordable products they can use to pay for their long term care
Number of Minnesotans Who Don’t Know How They Will Pay For LTC Is Decreasing Significantly

"If you need long-term care due to physical or mental disabilities, how would you pay for it?"
Percent responding "I don’t know"

Source: Survey of ~2,000 Minnesota State Fairgoers at Minnesota Board on Aging booth in the Education Building at State Fair, 2012 - 2018
## Minnesota’s 15 Initial Proposals

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<th>Proposals</th>
<th>Stimulate the LTCI market to offer new products for middle income</th>
<th>Modify laws or regulations to allow changes in products</th>
<th>Modernize Medicare and related products</th>
<th>Improve access to and safety of home equity options</th>
<th>Increase use of tax-favored savings plans</th>
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<td>Encourage marketing of starter or transition LTCI plan</td>
<td>Work on state reciprocity for group and hybrid partnership products</td>
<td>Study feasibility of including LTC in Medigap or Advantage plans</td>
<td>Make reforms in MN reverse mortgage laws to improve market and consumer protection</td>
<td>Create new or modify existing HSA provisions to allow use for LTC protection and expenses</td>
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<td>Encourage marketing of streamlined basic LTCI plan</td>
<td>Further development of combination term insurance and LTCI for lifetime protection</td>
<td>Consolidate the Medicare nursing facility, home health and hospice benefit</td>
<td>Support new options for accessing home equity for LTC</td>
<td>Modify provisions of tax-deferred savings plans to allow use for LTC protection and expenses</td>
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<td>Encourage marketing of high deductible, catastrophic LTCI</td>
<td>Study pros/cons of establishing life settlement trust funds</td>
<td>Support federal Commission recommendations on Medicare changes</td>
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<td>Study how a public LTCI option might work in MN</td>
<td>Study feasibility of new reinsurance options for LTCI market</td>
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Desired features of Minnesota financing options:

- Simplified and streamlined
- Limited in duration/robust in benefit levels
- Affordable premiums
- Strong, understandable consumer protections
- Incentives for individuals to purchase products that meet specific criteria
Major Analysis of Products

- Actuarial analysis
- Consumer testing
- Creation of state projection model
What’s Next

1. Catastrophic LTC- Explore the possibilities of a state based “catastrophic” approach to provide financial help for long-duration situations like Dementia, Alzheimer’s

2. Retirement based LTC- Explore potential for state based incentives to make better use of retirement savings programs including 401ks, IRAs, and HSAs to fund long-term care

3. Caregiver Support- Explore options and develop a program to provide enhanced caregiver support for Minnesotans who are providing long-term care to families and friends

4. All with an eye to the role of Medicaid
Thank You