

A New Vision for Long-Term Services and Supports

Executive Summary

LeadingAge believes America needs a fairer and more rational financing system to ensure access to quality long-term services and supports (LTSS) for everyone who needs these services.

Americans of all ages use LTSS when functional limitations and chronic illnesses create a need for assistance with routine daily activities like bathing, dressing, preparing meals, and administering medications. Yet, the nation lacks an adequate system to support individuals, including older adults, who have a high need for LTSS.

Our LTSS system is plagued currently by inadequate funding, coordination, and choice. Its current design places enormous pressure on families, and leaves older adults disconnected and depressed. Most alarming, the system is ill prepared to meet the needs of a rapidly growing older population.

America must create a new way of paying for LTSS that infuses the delivery system with funding for high quality, community-based services, and protects families from economic peril.

In this report, LeadingAge recommends a flexible, dignity-driven, and universal LTSS insurance program grounded in the principles of shared risk and consumer flexibility. That system has three essential features:

1. **A universal approach to coverage:** The mandatory program would spread risk over a large population, thus lowering expenses for individuals, and increasing overall funding for LTSS.
2. **A catastrophic benefit period:** The program would finance care for individuals with high needs for LTSS. Benefits would begin after individuals had financed their own care for two years through private long-term care insurance or out-of-pocket spending.
3. **A “managed cash” benefit structure:** Beneficiaries would use a cash payment to purchase services and supports related to an LTSS need. This flexible approach would ensure that services and supports were tailored to individual needs and preferences.

LeadingAge believes an LTSS financing system that promotes consumer choice and flexibility will stimulate and reward innovation, quality improvement, and the development of products and services consumers want and need. This system will promote early health and wellness interventions that can prevent or delay the onset of LTSS need, while helping to reduce and manage lifetime risk. And, most important, it will help us create a society in which all may age with dignity.

