



Perspectives on Financing and Delivery of Long-Term Services and Supports

Challenge

As the population ages, America faces an important challenge in reconciling the difference between the independent and dignified life older adults want and the life that is possible in our current healthcare and aging services system. Too often, lack of choice and inadequate financing put enormous pressure on families and leave older adults depressed and disconnected.

In order to bridge this gap, America must create a new way of paying for long-term services and supports financing (LTSS) that achieves two goals:

1. Injecting the delivery system with funding for high quality, community-based services that support dignity and independence;
2. Protecting families from economic peril.

To support these goals, a new financing system must be grounded in the principles of shared risk and consumer flexibility.

Several policy groups, including LeadingAge, have been working over many years to develop new ways of LTSS in this country. Recent research shows that about 50 percent of the older adult population will need help with multiple basic life activities at some point during their lives. Nearly 15 percent will need help for five or more years.

The research also shows that the system that supports these high-need older adults is woefully underfinanced. Much of the care they receive is provided exclusively by unpaid family caregivers. When older adults and their families purchase community-based services like home care or assisted living, they pay for the vast majority of it out-of-pocket and rely on Medicaid when and if institutional-level care becomes necessary.

Opportunity

The good news, according to research, is that a new, universal insurance program in which everyone shares risk would offset a substantial portion of out-of-pocket and Medicaid spending. More important, a universal insurance program would contribute additional funding to the overall system, allowing families to pay for higher quality services and to relieve the heavy burden they now carry without any help.

LeadingAge believes that universal insurance designed to promote consumer choice and flexibility has the potential to reward investment in innovation and quality improvement and to ensure an better overall aging ecosystem that delivers products and services that consumers prefer. Supporting and promoting a flexible, dignity-driven, universal LTSS insurance system is central to creating an America freed from ageism – the vision of LeadingAge.

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