Future of Long-Term Care Funding and Retirement Security for the Individual: Relative Roles of Social Insurance, Private Insurance, Personal Payment and Public Assistance

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Abstract

The paper summarizes and evaluates the CLASS Act’s essential provisions and concludes that it appears a very expensive program due to four factors, voluntary participation, no medical understanding, lifetime benefit, and self-sustainability of costs. The author describes a gathering perfect storm in long-term care caused by confluence of declining private insurance offerings and reduced Medicaid funding with soon-to-be rising numbers of users of such care. The paper proposes and discusses a “Social Security/Long-Term Care (SS/LTC) plan,” based on the “trade-off principle.” SS/LTC would provide basic long-term care which would be supplemented by private long-term-care insurance and individual payments, while keeping Medicaid as a safety net for the poor, forming a four-pillar funding model for long-term care.