

KENNEDY-PALLONE-DINGELL OPEN DOORS OF OPPORTUNITY BY HELPING INDIVIDUALS OVERCOME BARRIERS TO INDEPENDENCE

Bicameral Insurance Program Would Help Those With Functional Impairments Gain Independence

WASHINGTON, D.C.— Today, Senator Edward Kennedy, Congressmen Frank Pallone and John Dingell introduced the Community Living Assistance Services and Supports (CLASS) Act of 2009 that would create an insurance program for adults who become functionally disabled.

The measure would provide a cash benefit to help obtain services and supports, while providing those with disabilities more choices and opportunities to live and participate in their communities.

Currently there are 10 million Americans in need of long term services and supports, and the number is expected to increase to near 15 million by 2020. Too often, many individuals are forced to live in poverty just so they can qualify for Medicaid to get the care they need, which is counter to the American way.

Because of its common sense approach to helping Americans take their future into their own hands while saving taxpayer dollars, the CLASS Act has gained the support of almost 100 groups representing the disabled, the elderly, and America's workers. Today, these groups sent a strong letter to President Obama urging him to include long term services and supports in the nations' health care reform initiative.

"Too many Americans are perfectly capable of living a life in the community, but are denied the supports they need," said Senator Kennedy. "They languish in needless circumstances with no choice about how or where to obtain these services --- this is an issue I intend to address in the reform of the nation's health care system. Too often, they have to give up the American Dream -- the dignity of a job, a home, and a family -- so they can qualify for Medicaid, the only program that will support them. The bill we propose is a long overdue effort to offer greater dignity, greater hope, and greater opportunity. It makes a simple pact with all Americans -- 'If you work hard and contribute, society will take care of you when you fall on hard times.'"

"As America continues to age, we are faced with an impending crisis in long-term care that has been ignored for too long," Congressman Pallone said. "As we work to reform our health care system, we must not forget those Americans in need of community services. The CLASS Act offers a new approach that is smart and compassionate. It will give those with functional disabilities the means to maintain their lifestyles, to stay with their families and to remain productive members of their communities."

"America has always been the land of opportunity, a country where doors are opened for those who couldn't get opportunities elsewhere. The CLASS Act will open doors for people eager to work and contribute to their communities. For those functionally disabled who can work and maintain independent lives, this legislation will create incredible opportunities. This bill is both a reflection of America's decency and its core belief that anyone who wants to work hard and contribute to our society should be able to do so," said Congressman Dingell.

The CLASS Act is based on the principles of independence, choice, and empowerment. It is the framework needed to help individuals gain the access they need to live independently. The CLASS Act does this by establishing a national insurance program to be financed by voluntary payroll deductions to

provide benefits to adults who become severely functionally impaired. To qualify for benefits, individuals must be 18 years old and have contributed to the program at least 5 years. All working adults will be automatically enrolled in the program, unless they choose not to be.

This legislation builds on the promise and the possibility of the Americans with Disabilities Act, and respects the rights and dignity of all Americans — especially our disabled and senior citizens, to live their life as they choose.

A summary of the legislation is below.

Summary of the CLASS Act of 2009
(Community Living Assistance Services and Supports Act)

Purpose of the Bill

To help adults with severe functional impairments obtain the services and supports they need to stay functional and independent, while providing them with choices about community participation, education and employment.

Background

Currently there are 10 million Americans in need of long term services and supports, and the number is expected to increase to near 15 million by 2020.

Most private-sector disability or long-term care insurance plans are constrained in the insurance protection they can offer at an affordable price, and neither Supplemental Security Insurance (SSI) nor Old, Age, Survivors, and Disability Insurance (OASDI) programs have any benefit differentials related to the extent and character of the disability.

Thus, most Americans who have or develop severe functional impairments can only access coverage for the services critical to their independence (such as housing modifications, assistive technologies, transportation, and personal assistance services), through Medicaid. Their reliance on Medicaid for critical support services creates a strong incentive for them to “spend down” assets and remain poor and unemployed. With Medicaid paying 50% of the costs of long term services, increased expenditures on long term services are expected to add \$44 billion annually to the cost of Medicaid over the next decade.

Overview of the Legislation

The CLASS Act will offer an alternative path. It will create a new national insurance program to help adults who have or develop functional impairments to remain independent, employed, and stay a part of their community.

Financed through voluntary payroll deductions (with opt-out enrollment like Medicare Part B), this legislation will help remove barriers to independence and choice (e.g., housing modification, assistive technologies, personal assistance services, transportation) that can be overwhelmingly costly, by providing a cash benefit to those individuals who are unable to perform 2 or more functional activities of daily living.

The large risk pool to be created by this program approach will make added coverage much more affordable than it is currently, thereby reducing the incentives for people with severe impairments to “spend down” to Medicaid. It will give individuals added choice and access to supports without requiring them to become impoverished to qualify.

The CLASS Act is an important step in the evolution of public policy toward a new focus on helping individuals overcome barriers to independence that they may confront due to severe functional impairments. It is an important extension of concepts embodied in the Individuals with Disabilities Education Act (IDEA), the Americans with Disabilities Act of 1990 (ADA), and Ticket to Work and Work Incentives Improvement Act of 1999.

Specifics of the bill

Scope:

The CLASS Act will establish a national insurance program, financed by voluntary premium payments to be collected through payroll withholding and placed in a “National Independence Fund.” The Department of Health and Human Services will manage the Fund as a new insurance program, and may enter into contractual agreements with those entities that states direct to assume administrative/program implementation roles.

Enrollment in the Program:

Any individual who is at least 18 years old and actively working will be automatically enrolled (unless they opt out), and pay their premiums through payroll deduction or another alternative method. Any non-working spouse may enroll in the program and pay their premiums through an alternative payment procedure.

Triggering the Benefit:

To qualify for CLASS Act benefits, individuals must be at least 18 years old and have contributed to the program during at least 5 years. Eligibility for benefits will be determined by state disability determination centers and will be limited to: (1) individuals who are unable to perform two or more activities of daily living (ADL) e.g. eating, bathing, dressing), or (2) individuals who have an equivalent cognitive disability that requires supervision or hands-on assistance to perform those activities (e.g. traumatic brain injury, Alzheimer’s disease, multiple sclerosis, mental retardation)

Benefits: To account for differences in independence support needs, there will be two cash benefit tiers.

- Tier 1 benefits (\$50/day) will be payable to eligible individuals who are unable to perform 2 or more ADLs or have the equivalent cognitive impairment.
- Tier 2 benefits (\$100/day) will be payable to individuals who are unable to perform 4 or more ADL’s or have the equivalent cognitive impairment.

The monthly case benefit will be posted monthly to a debit account or a “Choice Account”. Individuals who do not use the full monthly amount may roll it over from month to month, but not year to year.

However, once an individual becomes ineligible for CLASS benefits (by improvement in functional status or death), CLASS Act benefits will cease. Any residual balance of available services remaining on the individual's account will not be payable. If an eligible individual does choose to move into an institutional facility, CLASS Act benefits will be used to defray those associated expenses.

Relationship of CLASS Act Insurance Program to Social Security Disability Insurance

Eligibility for CLASS Act benefits will be independent of whether or not an individual is eligible for SSDI, so participation in the CLASS Act insurance program will not impair an individual's ability to remain qualified for SSDI.

Relationship of CLASS Act Insurance Program to Social Security Retirement Benefits

Similarly, eligibility for CLASS Act benefits will be independent of retirement benefits eligibility.

Relationship to Medicaid

If an individual is eligible for CLASS Act benefits, and are also eligible for the long term care benefit under Medicaid, CLASS Act benefits can be used to offset the costs to Medicaid, thus producing Medicaid savings for the state.

Relationship to Private Long Term Care Insurance

The "Class" program benefit does not replace the need for basic health insurance --- it provides a mechanism to pay for those non-medical expenses that allow a disabled person to remain independent. The "Class" program benefit can be an addition to long term care insurance. It provides a consistent, basic cash benefit to glove with the insurance products that provide more intense medical services over a shorter period of time.