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Time to address nation's long-term-care needs

By Stuart H. Shapiro

With so many Republican and Democratic presidential hopefuls still looking for ways to separate themselves from crowded fields and pull ahead in the polls and the primaries, you would think they would try harder to appeal directly to the 80 million baby boomers who will help decide this election. For Pennsylvania and New Jersey, whose primaries come later, this is especially important.

Yet so far, after about a dozen debates and a lot of bobbing and weaving on mostly trivial issues, none of the candidates has addressed the serious question of how we will provide and pay for the long-term-care needs of our rapidly aging population. That is a serious omission.

Americans are worried about their personal security. And it's no wonder. The demographics are undeniable: The United States is rapidly heading toward a fiscal tsunami, with the nation's three retirement pillars — Social Security, Medicare, and Medicaid — already starting to crumble.

Congressional Quarterly reported that nearly 70 percent of those turning 65 will eventually require some form of long-term care. More alarming, a recent poll found that 85 percent of Americans believe that if they need long-term care, that need will be met fully by Medicare, Medicaid, or their existing health insurance. Some even believe that Social Security covers long-term health-care needs.

They're all wrong. Social Security doesn't; Medicare and other health-insurance programs won't; and state Medicaid programs are stretched well beyond their limits.

Because of these facts, the Urban Institute reports that long-term care is a leading cause of catastrophic out-of-pocket costs for families and that few people have insurance coverage for the high cost of long-term care.

Long-term care may not be a popular dinnertime conversation, let alone a debate talking point. But it is a fact of life for more and more American families. As a nation, we're woefully unprepared for what lies ahead.

That's why it's so disappointing that both parties are sidestepping what has already emerged as one of the most serious social and fiscal challenges of our time — and missing out on an

opportunity to engage and win over one of the most active and influential American voting blocs: senior citizens and mature adults.

But to be clear, the solution to our long-term-care crisis should not and cannot be just another costly government-funded mandate. That would be unaffordable.

To finally begin taking control of this issue, candidates and elected officials must understand that now is the time for the federal government to gradually shift its role as the major payer for long-term-care services to helping individuals save and invest for their own long-term-care needs, using a variety of market-based mechanisms that enable compounding interest and time to work for us, not against us.

The presidential candidates may have other alternatives. If they do, they should make them known. Now!

More than 30 years ago, Republicans and Democrats faced up to the fiscal shortcomings of a retirement pillar, Social Security, and embraced the landmark, bipartisan National Commission on Social Security Reform, established by President Ronald Reagan. A similar effort is needed as soon as our next president is elected.

A bipartisan national commission, similar in stature and scope, would be a good way to address long-term-care reform. If such a commission is convened, nothing should be off the table. Superficial labels of “conservative” and “liberal” must be left at the door. Among the ideas that could be considered:

- Allow people to deduct the cost of purchasing long-term-care insurance on their state and federal taxes or deduct the premiums under cafeteria plans and flexible spending arrangements.
- Establish a voluntary federal program under which payroll deductions are deposited in personal long-term-care savings accounts.
- Provide limited tax credits to those who provide services to family members with long-term-care needs (if their incomes are below a certain level).
- Allow individuals to access their life insurance for longterm care as an accelerated death benefit.
- Let every American have access to a program, currently available only to federal employees, that allows the purchase of long-term-care insurance at low group rates.
- Engage a “reverse mortgage” concept — a loan seniors could take out against the equity value of their homes — to help pay for long-term-care insurance and services.
- Mandate that every American contribute to a long-term-care fund within Social Security or Medicare that would partially fund this care.
- Develop new, dynamic methods to help Americans take more control of their economic and health-care futures. The private sector must be the engine driving this change.

In the meantime, a vigorous discussion of this crisis during the 2016 presidential campaign would be good for America. After all, this is one of the biggest and most important decisions some families make, and the support structure to help them is collapsing.

Bipartisan reform of decades-old programs — designed in a different era to solve fundamentally different historical challenges — is no longer an option but a necessity. It's time that Republican and Democratic presidential aspirants stop sidestepping this domestic priority and start stepping up with answers.

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http://www.philly.com/philly/opinion/20160210_Time_to_address_nation_s_long-term-care_needs.html