

# Legislative Brief

## Health Care Reform: CLASS Act Long-Term Care Benefits



### Executive Summary

The Patient Protection and Affordable Care Act establishes a voluntary, consumer-funded long-term care insurance program known as the Community Living Assistance Services and Supports Program (CLASS Act or program). The goal of the program is to provide additional options for people who are disabled and require assistance to continue living as independently as possible.

Key points of the program include:

- **Voluntary premium contributions by working adults.** Individuals can choose to contribute by payroll deductions through their employer or directly to the program.
- **Benefits for disabled individuals.** Certain adults who have contributed to the program for at least five years will be eligible for cash benefits if they become disabled due to multiple functional limitations or cognitive impairments, along with advocacy services and advice, and assistance counseling.
- **Flexible benefits for long-term care.** The cash benefits available under the program can be used to buy non-medical services and items to help maintain residence in the community, as well as for assisted living or a nursing home.

The CLASS Program is effective on **January 1, 2011**. HHS is expected to establish benefits for the CLASS program by **October 2012**, and enrollment will be available sometime later.

This Davevic Benefit Consultants Legislative Brief describes the major provisions of the CLASS program. Please read below for more information.

### The CLASS Program

The CLASS program is a national program that gives working individuals an option for paying for certain long-term care services. By paying into the program on a monthly basis, individuals that meet employment requirements can be eligible for benefits if they later develop functional or cognitive limitations. These benefits are intended to help pay for items or services that will enable disabled people to maintain as much independence as possible, along with paying for institutional care if necessary.

### **Participation in the CLASS Program**

Individuals who are at least 18 years old, are actively employed (including through self-employment), and are not institutionalized, are eligible to enroll in the CLASS program. People working for an employer that participates in the program will be automatically enrolled, unless they choose to opt out. Alternative enrollment procedures will be developed for workers who are self-employed, have more than one employer, or whose employer does not participate in the automatic enrollment process.

HHS will establish procedures to make sure that an individual is not automatically enrolled in the program by more than one employer. Individuals that do not enroll when first eligible will have to wait until an open enrollment period to join. Disenrollment for reasons other than non-payment of premiums will be allowed only during an annual disenrollment period.

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CLASS program participants will pay monthly premiums to participate. The amount of the premiums will be determined by HHS and will be designed to ensure solvency of the program for 75 years. Low-income individuals and full-time students will pay a nominal premium, which will begin at \$5 per month. The premium payments will be placed into the "CLASS Independence Fund" which was established by the Affordable Care Act and will be managed by the U.S. Treasury. Premiums may be adjusted in the future, if necessary to maintain solvency of the program.

### ***Eligibility for Benefits***

Individuals can be eligible for benefits if they have paid monthly premiums to the program for at least five years and meet employment requirements for three of those years. To obtain benefits, an individual must be certified by a licensed health care practitioner to have a functional limitation for a continuous period of more than 90 days. People with functional limitations are those that are unable to perform at least two activities of daily living (such as eating, bathing, dressing and using the bathroom) or who have a substantial cognitive disability that requires substantial supervision for health and safety purposes. Once an individual becomes ineligible for benefits, the benefits will cease to be paid.

### ***CLASS Program Benefits***

Benefits available under the CLASS program include cash benefits, advocacy services, and advice and assistance counseling. HHS will establish procedures for the payment of cash benefits, including payment into a "Life Independence Account" set up for each eligible beneficiary. Funds in these accounts will be able to be accessed with a debit card.

The amount of the cash benefit available under the CLASS program cannot be less than an average of \$50 per day. The amount will vary depending on the scale of functional ability. The benefit is paid on either a daily or weekly basis and there is no lifetime or aggregate limit. Benefits can be rolled over from month to month, but not from year to year.

Cash benefits can be used to purchase non-medical services and supports needed to maintain independence at home or in another residential setting in the community. These services and supports include things like home modifications, assistive technology, accessible transportation, homemaker services, respite care, personal assistance services, home care aides, nursing support and compensation for family caregivers. Cash benefits can also be used toward the cost of assisted living facilities or nursing homes, as well as for assistance in choosing or making decisions about care.

### ***Impact on Medicaid and Other Benefits***

Benefits paid under the CLASS program will not affect eligibility for other programs such as Medicaid, Medicare, Social Security benefits, or Supplemental Security Income. The CLASS program benefits will generally supplement other program benefits.

CLASS benefits will offset certain Medicaid benefits. A Medicaid beneficiary who is a patient in a hospital, nursing facility or other institution will be able to keep five percent of their daily or weekly cash benefit. The rest of the benefit will be used to pay for the cost of care. Medicaid will provide secondary coverage for the care. Individuals who receive Medicaid assistance for home and community-based services or Programs of All-Inclusive Care for the Elderly (PACE), will be able to keep 50 percent of the CLASS benefit. The remaining 50 percent will be applied to the state's cost for providing the assistance and Medicaid will provide secondary coverage for the care.

This Davevic Benefit Consultants Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

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