

Long Term Care Financing Reform: Finding A Fix In The New Reality



Hon. David F. Durenberger
United States Senate (1978-1995)

The 107th Congress: Year 1-Phase 1

First Republican Congress and President since '54

- No margin = No mandate
- 50-50 split in Senate
- Bush intention to deliver campaign commitments
 - Tax cuts
 - Medicare drugs
 - Social Security privatization
 - Education reform

The 107th Congress: Year 1-Phase 2

Senator Jim Jeffords changes dynamic

- “Congressional Leadership”
- Tax cuts realized
- Presidential Medicare principles
- HCFA becomes CMS
- The economy slows
- “Presidency seems small”



Senator Daschle attended a private one-on-one meeting with President Bush at the White House this week. Daschle described the meeting as very friendly and said he looks forward to working with the new President

The 107th Congress: Year 1

Phase 3 Began 9-11



On September 11, 2001

**National Policy Development and Political
Dialogue Changed For the Foreseeable
Future**

• **The Old Agenda**

- Social Security overhaul
- Medicare overhaul & drugs
- Immigration liberalization
- Stem Cell funding/research
- Curbs to racial profiling
- Privacy protections
- Education

• **The New Agenda**

- Homeland defense
- Transportation security
- Antiterrorism
- Economic stimulus
- Trade promotion
- Income Protection

Leadership

“When the pupil is ready, the teacher appears...”

Robert Greenleaf

- Define themselves
- Relate to our needs
- Change our state of mind
- Define our choices
- Is the pupil ready?

Where Are LTC Issues?

- **The Urgent**
 - Workforce
 - Quality
 - Reimbursement
- **The Important**
 - Financing reform
 - Systemic change
 - Consumer directed care
 - Housing
- They have been buried deeper on the agenda
- Waiting on Washington to be recognized

The Problem with “Waiting On Washington”

Commissions

Incrementalism

No Vision

Urgent vs. Important

Competing Special Interest/Health Reform

“A contest over who could promise the least change . . . so every interest group endorsed what it liked, and spent millions defeating what it did not.”

Michael Kinsley, former Editor

New Republic, 1993-94

No Leadership

In the Absence of Leadership CLTC Builds Consensus

- Consensus from major LTC forces:
 - AARP, Aetna Inc., Alzheimer’s Association, AAHSA, AHCA, The Arc of the US, National Association for Home Care, National Committee to Preserve Social Security and Medicare, SEIU
- Initial consensus on principles:
 - independence, choice, role of families, access, eligibility, financing, accountability, standards, coordination, efficiency
- “Preparing the pupil”

Defining Common Ground

- CLTC framework for LTC financing reform
- Ending welfare as we know it
- Not enough to de-institutionalize the disabled, we must give them and their families the power and resources to choose LTC services and settings

An American Approach to Pooling Risk

“The need for long term care is an insurable risk. This means that the risks are relatively low but the financial consequences are not...The American approach to pooling insurable risks has been a combination of social insurance and tax-encouraged private insurance, both of which are tied to earnings.”

Defining Common Ground

Common Ground's Conclusions

- LTC financing integral part of national retirement/economic security system
- Establishes a public/private insurance system
- Restructured social insurance program with redefinition of disability
- Private insurance encouraged by publicly financed subsidies
- National uniform system of assessment and assistance
- Reform of Medicare and Medicaid to address chronic needs
- Intergovernmental financing transition

Why Consensus Was Reached

- The issue is too big to ignore any longer
- Each entity is big enough to stop the issue by itself but not big enough to start the issue by itself
- Our similarities are larger than our differences
- If not us, who?
- Do not lose the important in the urgent
- The issue needs a wedge

What is a wedge?

The issue or issues that can drive public awareness of non-”war” issues into the public and political dialogue.

- LTC issues not strong enough wedge by themselves at the national level

Medicare

- Drugs
- Sub-acute care
- Chronic illness
- Catastrophic stop loss

Social Security

- Income replacement
- Disability insurance
- Social insurance

The Uninsured as a Wedge:

38.7 million of 270 million Americans uninsured (16%)

94% of all Americans are without long term care insurance

Neither Medicare (39 million Americans) nor Medicaid (36 million Americans) are complete insurance programs

The experience is the same

Medicaid

- Medicaid = Government decisions, not family decisions
- Varies with where you live across the country

Health Care Cost Crisis

Economic Security or Income Security

- Assure Americans understand LTC financing is integral to retirement security
- Improve understanding that the quality of health care and long term care and related services to sick & disabled are interrelated
- Restore function to a dysfunctional financing system
- End the politics of Medicare, Medicaid long term care, and the uninsured
- Enhance accountability of elected public officials to those who are most needy and least able to cope

Need A National Dialogue

Led by: President George W. Bush
 U.S. Congress
 Governors, Lieutenant Governors, and
 Legislators
 Business, Association CEOs,
 Professional and Workforce Leaders

Starts With You In Long Term Care



CLTC Success To Date

- Bringing together disparate groups
- Presidential Primary Campaigns
- Media awareness
- Congress and Governors Network
- Member/Staff Briefing Series
- First Ever “Common Ground”
- Senate Aging Hearings
- Lt. Governors Association addresses issue

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What Can ALFA Do?

- Do not forget the important in while working on the urgent
- Work with allies and like minded groups to develop consensus on reform
- Organize employees, residents, families to push legislators at state and federal levels
- Greater education efforts for advanced planning

“Americans always do what is right, but only
after trying everything else.”

Winston Churchill

Thank You

