



WISH Act:
Well-Being Insurance for Seniors to be at
Home (WISH) Act

Proposal for Federal Catastrophic Long-Term Care Insurance

Congressman Thomas R. Suozzi (NY-03)

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Why Long-Term Care Matters to Me

- When I was growing up, all 4 of my grandparents lived in our house
 - 3 of my grandparents were very sick and needed a great deal of care
 - My mother, a registered nurse, provided much of the caregiving
- Recently, both of my parents passed away, my mother at 93 and my father at 95
 - Fortunately, both of my parents had long-term care insurance, which allowed them both to die comfortably at home with the assistance of home health aides



Marge Suozzi



My Parents

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Why Fixing Long-Term Care Insurance is Urgent

- Between 2010 and 2035, the number of retirees who will be seriously disabled will nearly double, and that number will continue to rise
- The issues posed by this demographic trend have been exacerbated by the fact that the United States has not prioritized long-term care
- We have not created affordable and understandable strategies that enable Americans to make plans to cover the risk of prolonged periods of disability in old age
- Without legislative action, millions of older adults will become destitute, homeless, and unwillingly placed in Medicaid-funded nursing homes
- This will overwhelm state and federal programs and cause Medicaid costs to skyrocket

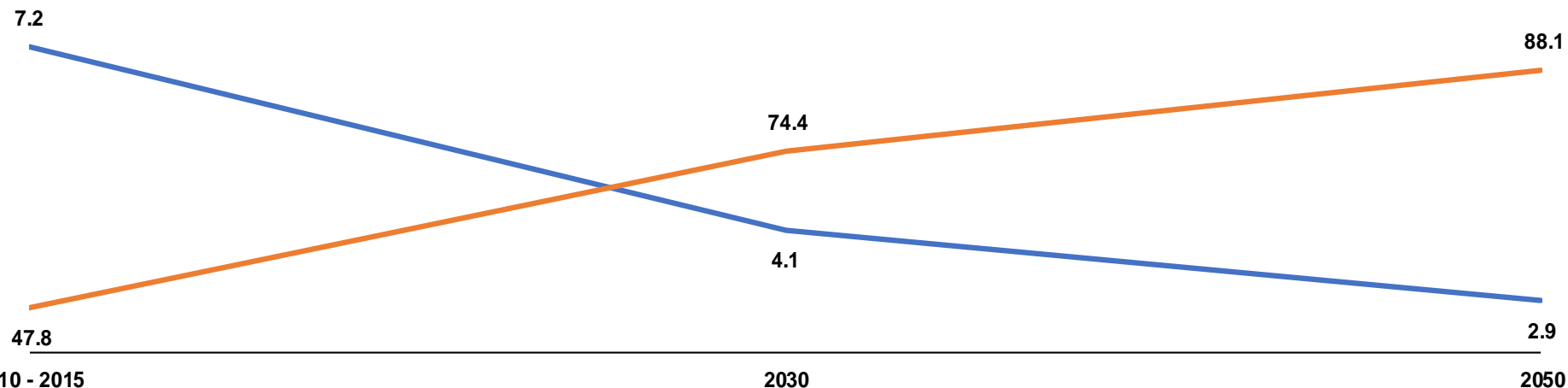
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People Are Living Longer and Fewer Family Caregivers Are Available

- The population over 65 years old will almost double by 2050¹, while the number of caregivers available to support them will drastically decline²
- Smaller families that are more scattered across the country will mean that more older adults do not have family caregivers available to them
- Many families today have single parents or 2 working parents. Therefore, even if adult children live near their parents, they often cannot leave work to provide family caregiving services

Population Aged 65+ (Millions)¹ vs. Caregiver Support Ratio (Number of People Aged 45-64 for Each Person Aged 80+)²



1. AARP Public Policy Institute: "Across the States: Profiles of Long-Term Services and Supports" (August 2018)

2. AARP Public Policy Institute: "The Aging of the Baby Boom and the Growing Care Gap" (August 2013)

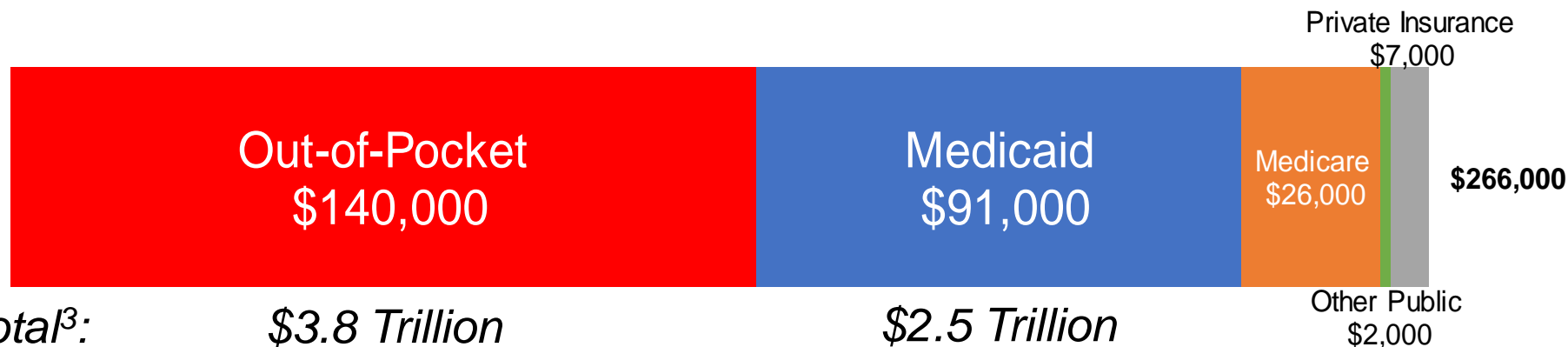
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More than Half of Older Adults Will Need Long-Term Care

- More than half of Americans turning 65 will need long-term care and 14% will need it for more than 5 years¹
- In 2050, 27 million people will need long-term care, meaning they will need a home health aide, family caregiving, or nursing home care²
- Older adults who need long-term care now have average expenses of over \$250,000, with over half of that coming out-of-pocket¹
- After out-of-pocket spending, Medicaid is by far the second biggest funder of long-term care¹

Projected Long-Term Care Expenses by Users Who Recently Turned 65¹



1. Issue Brief from HHS Assistant Secretary for Planning and Evaluation (February 2016)

2. Report to Congress from HHS (May 2003)

3. Total spending on long-term care by estimated 27 million people who will need long-term care in 2050

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Older Adults Who Need Long-Term Care May Not Have Any Options

1. They may not have a family member available to provide care
2. They may not have saved enough money to hire a home health aide
3. The federal government does not require that state Medicaid programs cover long-term care, except for those who are impoverished and require nursing home care
4. The private sector has not been able to offer an attractive long-term care insurance product for the middle class due to lack of awareness, limited coverage, and a history of premium increases

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What I Propose

- To create a public-private partnership to provide long-term care insurance for older adults so they can age at home if they wish instead of having to spend down their life savings and enter Medicaid-funded nursing homes
 - **Public:** The federal government will collect an insurance contribution of 0.5% on wages (0.25% from employers and 0.25% from employees) and 0.5% on very high wages to fund catastrophic¹ long-term care, with the catastrophic level dependent on lifetime income
 - **Private:** Having been alleviated of insuring catastrophic levels of long-term care, the private insurance market will create a variety of affordable and appealing long-term care insurance products
- The *WISH Act* will serve as a targeted supplement to Social Security, providing vital income to many older Americans when they need it most

1. For the purposes of this bill, what is “catastrophic” is defined differently based on the disabled beneficiary’s income history, with the waiting period before federal catastrophic coverage starts varying as follows:
 - Those with lifetime incomes in the lowest 40 percentiles will receive benefits after 1 year
 - For every 1.25 percentiles of higher lifetime income, the waiting period will extend for 1 month
 - Thus, a person whose income is in percentile 41.25 will wait 1 year and 1 month for benefits
 - A person whose income is in the 70th percentile will wait 3 years
 - A person with the highest income in the country will wait 5 years

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Eligibility and Benefits

- Beneficiaries will be older adults who need personal help with at least 2 Activities of Daily Living (ADLs) or suffer from cognitive failure (Consistent with current government and industry standards)
- Beneficiaries will have reached their full retirement age for Social Security benefits and will have completed an initial waiting period, which varies based on one's historical income level
- Beneficiaries will get a monthly check of about \$3,600 (adjusted for wages and inflation annually), enough to pay for about 6 hours of direct care per day
- Full benefits will go to people who worked and contributed to the new Long-Term Care Insurance Trust Fund for at least 40 quarters (10 years of work, as with Social Security)
- Pro-rated benefits will go to people who worked and contributed to the Trust Fund for at least 5 quarters but less than 40

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Financing

- Federal catastrophic long-term care coverage will be a public insurance plan, spreading risk across all workers who contribute
- A 0.5% insurance contribution from all wages and 0.5% contribution from very high wages will fund the new Long-Term Care Insurance Trust Fund
- The revenue collection will take effect on January 1 of the year after passage
- For employed workers, the insurance contribution will be split between employer and employee
- Self-employed workers will be responsible for the full insurance contribution
- The Trust Fund will be able to invest the proceeds in government securities
- Administrative costs will at first be separately appropriated, then paid back and paid by the Trust Fund in the future

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How the *WISH Act* will Invigorate the Long-Term Care Insurance Market

- Federal coverage of catastrophic long-term care will revive the private market, allowing companies to offer affordable plans for beneficiaries' waiting periods
- Insurance companies will be able to offer affordable plans to much smaller groups, allowing them to customize coverage to workers' situations
- The risks for insurance companies, like for beneficiaries, will be more limited and predictable, eliminating the large and unpredictable premium increases
- In order to fully revitalize the private market, we will need to educate working people about their new opportunities to make plans that protect themselves and their families
- In order to educate consumers about long-term care, the *WISH Act* will require the federal government to inform working Americans directly of their personal situations and opportunities

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The Biggest Benefits of the *WISH Act*

- Americans will be able to age in their homes
- Working people will be able to protect themselves and their families financially
- The government will not need to be as involved in personal family matters
- Elders will not face homelessness or other deprivation
- Workers will not be forced to leave their jobs to provide family caregiving
- People will be educated about the potential need for long-term care later in life
- Medicaid costs (both state and federal) will be reduced by a quarter
- Nursing homes and other long-term care providers will be better funded
- The pressure to increase hospital and nursing home capacity will be reduced
- The personal service workforce will be better funded and provide better care

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Illustrative Examples of the WISH Act's Benefits for Elders

Person Who Made \$80 Thousand Per Year and Later Needs 10 Years of Long-Term Care

- This person needs more years of long-term care than 90% of Americans...
- ...However, because of private front-end coverage combined with federal catastrophic coverage, this person is able to live at home and not impoverish his/her family



Person Who Made \$50 Thousand Per Year and Later Needs 4 Years of Long-Term Care

- This middle-income person needs more years of long-term care than most Americans...
- ...And because of private front-end coverage combined with federal catastrophic coverage, this person still receives all the care he/she needs without facing financial ruin

