



Informational Hearing on Financing Long-Term Care Services and Supports

Assembly Aging and Long-Term Care
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How People Pay For Long-Term Care

- Medicare doesn't pay for long-term care
 - Self funding
 - VA (federal benefits, and CA vet homes)
 - Reverse Mortgage
 - Insurance, if you have it
 - Medicaid
 - When all else fails
- **10,000 people turn 65 every single day!**

A Little History

- Long-Term Care Insurance begins 1970's
 - Nursing home insurance
 - Home and Assisted Living added 1990's
 - Federal legislation added:
 - Tax deductibility of premiums
 - National minimum standards
- Strong sales from 1996 through 2001
 - 2000's sales begin to plummet

Medicare doesn't pay for long-term care

What Went Wrong?

- Insurer pricing estimates were wrong
 - Lapses (more people kept their policies)
 - Claims skyrocket
 - More claims for dementia
 - Claims lasting longer
 - Less interest earned on reserves
 - Profits plummet

Industry Responds To Rising Costs

- Imposes large premium increases
 - Bad press
 - Angry policyholders
- Higher premiums for new coverage
 - Stricter health screening
 - Higher premiums for women
 - Fewer sales
- Insurers stop selling new coverage

Medicare doesn't pay for long-term care

New Products Emerge

- Life and annuities with long-term care benefits
 - Single premium, \$50,000 or more
 - Two complex products combined
 - Purchased by people with higher incomes and assets
- Middle class priced out

Medicare doesn't pay for long-term care

California Partnership

- Long term care insurance with **Asset Protection**
- Asset protection
 - **\$1 of benefits paid = \$1 of assets protected**
 - MediCal can't count these protected dollars
 - Safe from spenddown requirements
- One company left selling Partnership

Medicare doesn't pay for long-term care

Think Outside The Box

- Keep seniors safe at home and out of nursing homes!
- Help adult children keep their jobs while being a caregiver!
- Stop thinking of Long-term care as nursing home care



Outside The Box Long-Term Care

- Self contained adapted housing
 - With 2 way electronic capability and monitoring
 - Phones, desktops, websites
- Dementia villages
 - Uses reminiscence therapy
- Inward facing electronics
 - Sensors, monitoring devices and systems
 - Wearable GPS applications
 - Medical monitoring
- Care management and coordination

Outside The Box

- New food delivery systems
 - Grocery store delivery
 - Alternative to take out meals
- Uberization of care needs
 - Transportation systems
 - (GoGoGrandparent)
 - Delivery services of all kinds
 - Not just medicines

Senior Playgrounds Motion Wellness Systems



20 activities

Improve balance

Reduces falls

Dementia Villages

Reminiscence Therapy



An artist's rendering of Town Square, a miniature indoor village for Alzheimer's and dementia patients that will soon be built inside a Chula Vista warehouse. Town Square will replicate the look of **San Diego** in the 1950s-'60s.

Financing Long-Term Care

- No single solution, program, or product
- 3 legged stool approach
 1. Some basic federal benefit
 2. Insurance to supplement basic benefit
 3. Individual finances



If You Need Help

- Free, objective HICAP counseling and assistance statewide-- **1-800-434-0222**
 - **Santa Clara County**
 - (408) 350-3200, option 2
 - **San Mateo County**
 - (650) 627-9350
 - **Alameda County**
 - (510) 839-0393
 - **Santa Cruz-San Benito Counties**
 - (831) 462-5510

Contact Information

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