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It Didn't Add Up

The Obama administration was wise to [suspend a long-term care insurance program](#) that was part of its health care reform package. The program, which was to be financed by the premiums paid by enrollees, seemed unlikely to remain financially solvent in coming decades.

Don't be misled by Republican war whoops proclaiming the demise of this single program as proof that reform is doomed and ought to be repealed. The decision shows a welcome flexibility by the White House that bodes well for carrying out all provisions of the reform law.

Class, for Community Living Assistance Services and Supports, was supposed to provide a cash payment to help people unable to perform basic living tasks to remain in their homes by hiring aides to assist them. It also would have helped to pay nursing home bills if higher levels of support were required.

The program was voluntary. Americans who wanted to participate could have chosen to have premiums deducted from their paychecks and, after a five-year vesting period, would have been eligible to draw cash benefits worth at least \$50 a day if they became disabled and unable to function for themselves. Right now, if they lack the ability to pay big bills out of pocket, their main options are to try to buy private long-term care insurance or to spend down their assets until they are poor enough to qualify for Medicaid.

From the beginning, critics raised concerns that the revenues brought in would not pay for the lifetime benefits and that the federal government would end up picking up the tab even though it is not legally required to.

The administration made an exhaustive analysis of possible ways to salvage the program, determining that it could not certify that it would remain solvent over the next 75 years, as required by law. Not enough young and healthy workers were expected to sign up to offset the cost of providing benefits to chronically ill and disabled people.

Republicans also derided the long-term care insurance as a budget gimmick because premiums would have been collected for five years before the first benefits were paid out. The program was estimated in February to provide \$86 billion in deficit reduction in the first decade. But, even after suspending it, the reform law was still projected to reduce the deficit by \$124 billion in the first decade and even more in subsequent decades.

The long-term care coverage was a stand-alone provision with no connection to the rest of the reforms, which will provide needed health coverage to some 30 million people by expanding Medicaid for the poor and providing subsidies to help low- and middle-income people buy private health insurance.

Its demise does underscore the importance of the much-derided individual mandate that will require most individuals to buy health insurance in 2014 or pay a penalty. That is the surest way, though perhaps not the only way, to push younger and healthier people into the insurance pools to subsidize coverage of sicker people.

Republicans in both chambers are pushing to repeal the long-term care program for good, not just suspend it, but the administration is resisting. With nursing home costs averaging \$70,000 to \$80,000 a year and services in the home more than \$18,000 a year, most Americans can't afford to pay out of pocket. Their need for financial protection will have to be tackled eventually. It would be foolish to completely give up on a program that might still be revived in a more sustainable form.