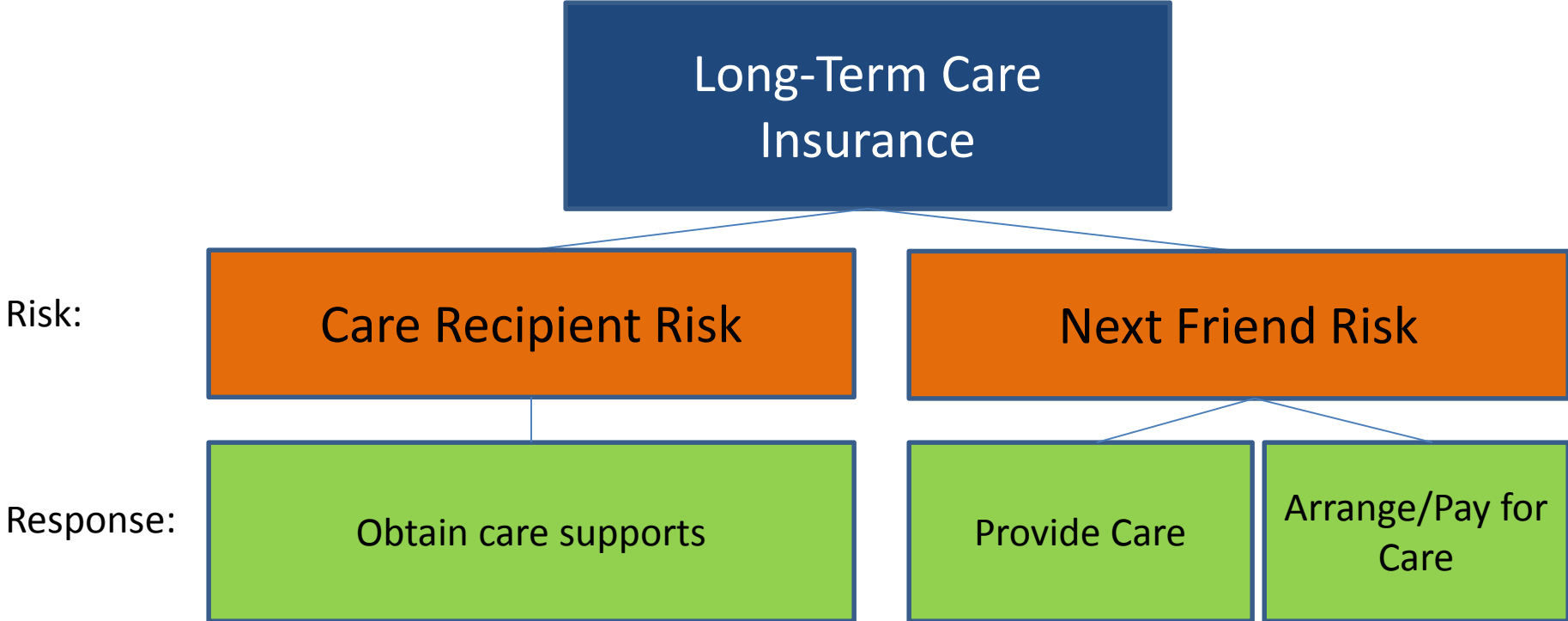


Reimagining the Risk of Long-Term Care

Allison K. Hoffman

June 2, 2017

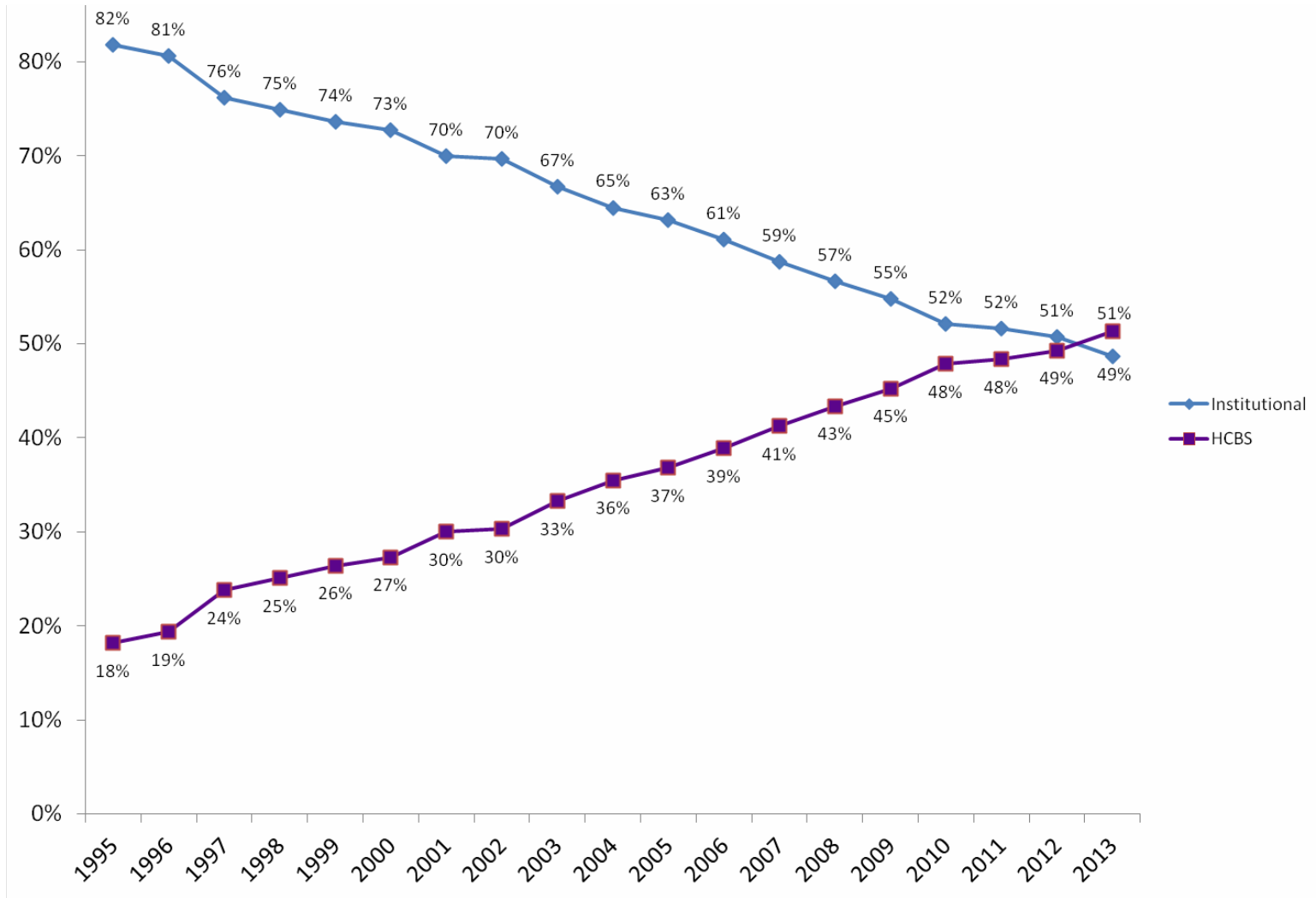
What Risks Might Insurance for Long-Term Care Address? And How?



The Structure of Medicaid LTC Policy Shapes Our Conception of LTC Risk, one that Ensures Reliance on Friends & Family

- Medicaid, by design, leaves gaps
 - Means-tested so most Americans have no LTC insurance unless they “spend down”
 - Caregiving did not fit original American concept of social insurance (to ameliorate threats to family wage)
 - Medicalization of LTC sidelines personal care
- A shift from nursing home care to home-based care has increased this reliance

Home & Community-Based Services Comprise Increasing Share of LTC Spending: 1995-2013



Source: Steve Eiken et al., CMS and Truven Health Analytics 2015

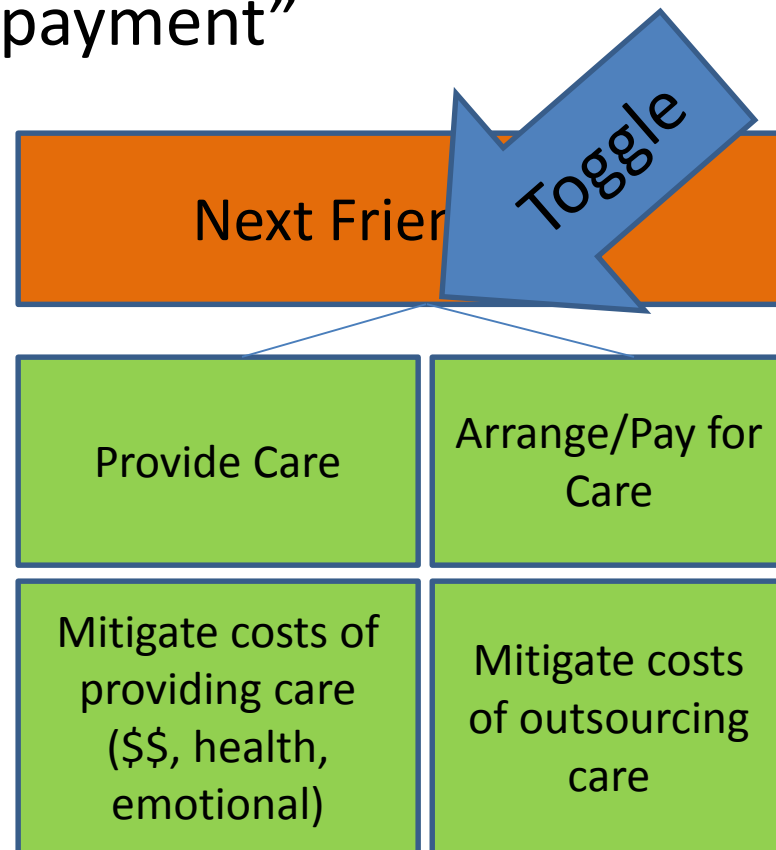
Reimagining Private Obligation as Next-Friend Risk

- Over 40M people provide some unpaid informal care; amount and intensity varies widely
- Structure becoming untenable in a changing world
- As a result, costs are high, including financial, emotional, and physical consequences
 - E.g., caregiver for parent who leaves work faces on average \$300K in losses (lost income, benefits, etc.)
 - 20-30% with serious health harms (e.g., depression)

Fits model of universal, unanticipated,
largely uncontrollable harm

Implications of Understanding Next-Friend Risk

- Redefines the scale of the problem
 - \$470B “invisible copayment”
- Insurance?
- Flexibility
- Tradeoffs



Boundaries of Next-Friend Risk

Must define:

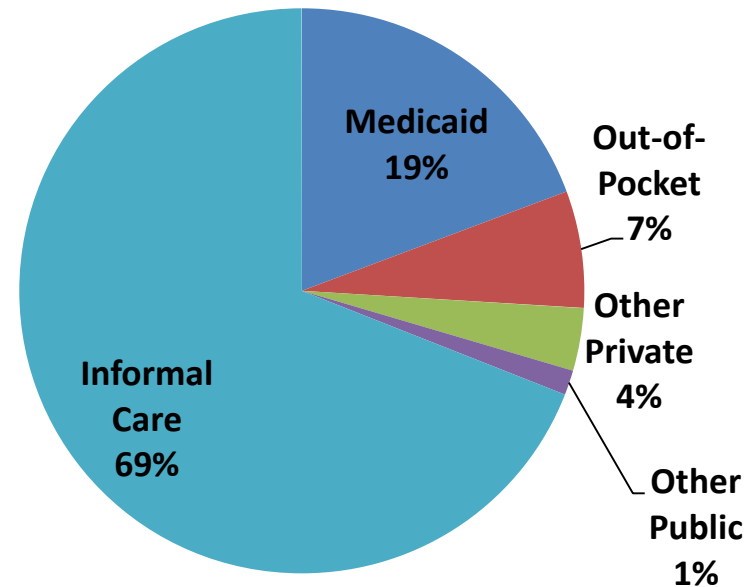
- What relationships count
- Where does insurable harm begin (i.e., When does responsibility create insecurity?)
- The harm
 - Variable opportunity costs and time and \$\$ spent
 - Contingent on income?

The Case for Insurance Policies that Better Mitigate Next Friend Risk

- To protect against serious lifecycle risk and thus protect conditions of autonomy
- To reduce disparate harm during key work, child-rearing years
 - 66% of informal caregivers are women
 - Low-income households
- To build critical infrastructure development for a future generation of care recipients
- To reshape choices and social narrative of responsibility; paternalistic benefits

Objections and Concerns

- To state intervention
 - Privacy
 - Commodification
- Moral hazard
- Fraud or neglect
- **Cost**
 - Would triple current funding levels



Total = ~690B

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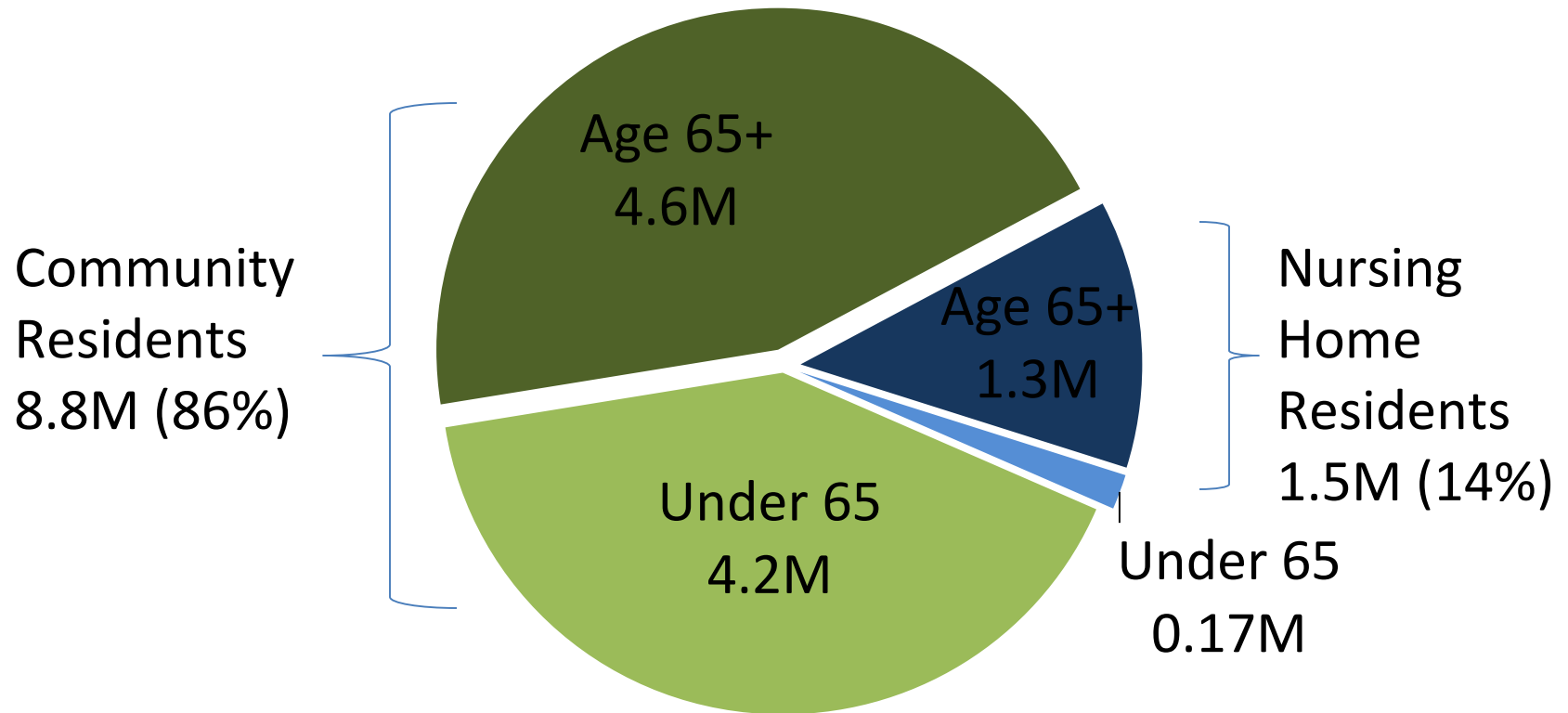
June 2, 2017

BACKUP

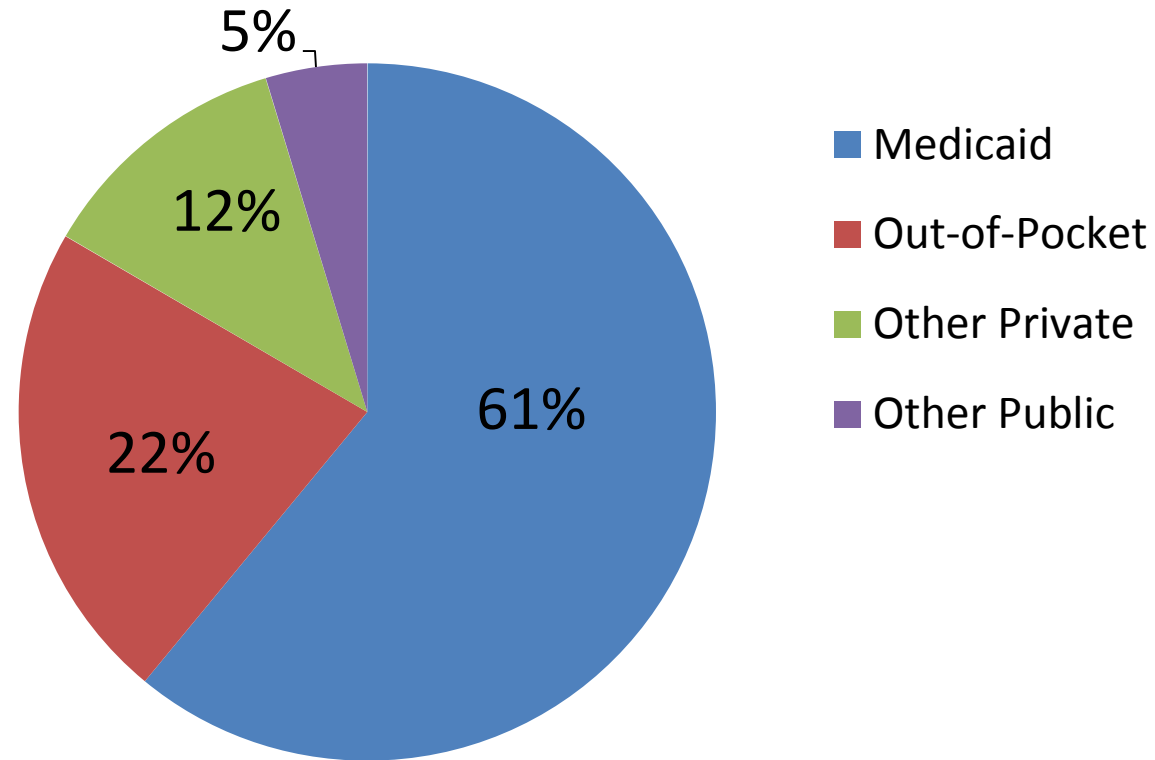


The Care Recipient Perspective

~10M Americans; Just Over Half Over Age 65



A Snapshot of Funding for Formal Long-Term Care; Medicaid Top Source



2012 Total = ~220B

Source: National Health Policy Forum, *National Spending for Long-Term Services and Supports, 2012* (March 27, 2014).

Note: Excludes Medicare post-acute care. "Other Private" includes private insurance and other private spending for nursing homes and home health services. "Other Public" includes VA, state and local programs and general assistance spending for nursing homes and home health services, and other federal programs for home health services. "Out-of-Pocket" spending includes deductibles, copayments, & amounts not covered by health insurance.