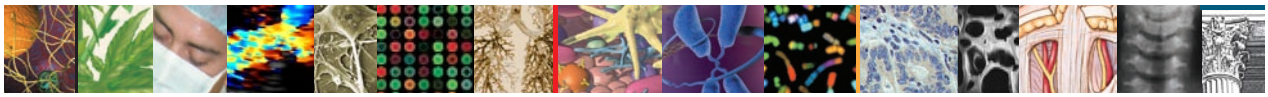

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Perspective

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Planning for the Future — Long-Term Care and the 2008 Election

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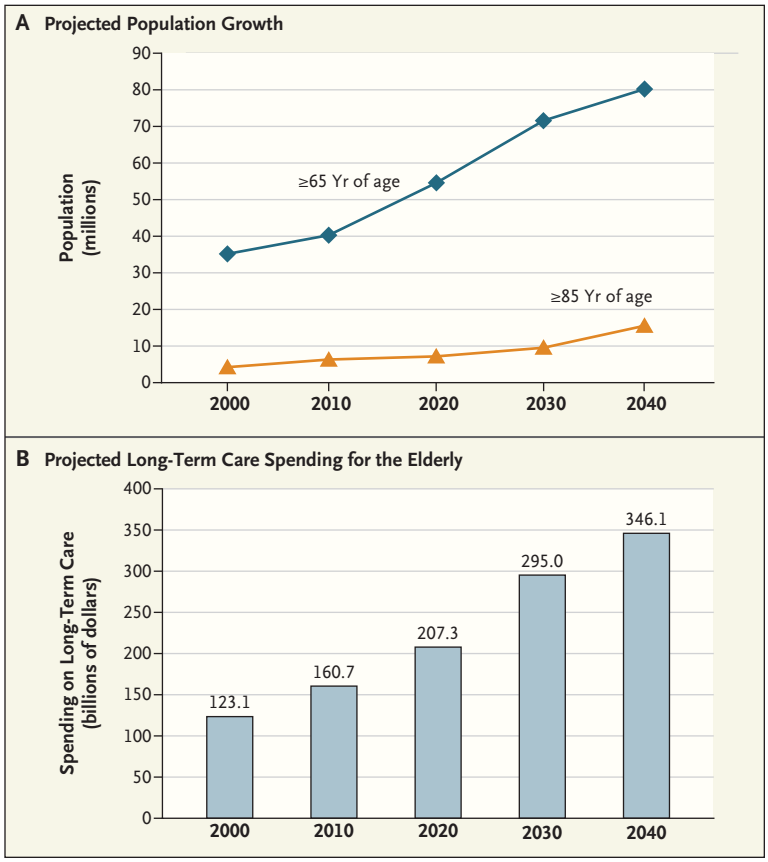
Long-term care has all the makings of a great campaign issue. It affects a large portion of the population, it is expensive (it currently accounts for about 10% of all health care costs), and it requires a unique partnership between government and citizens. Moreover, a range of constituencies perceive the current long-term care system as seriously broken. It exposes people who need services to considerable financial risk, and it too often relies on an institutional model of care that is at odds with consumer preferences.

Nonetheless, the candidates in the 2008 presidential race have been virtually silent about long-term care policy. Health care received substantial attention during the 35 Democratic and Republican debates (garnering more than 1000 mentions), but almost nothing has been said about long-term care. Not a single major debate question has focused specifically on the topic, and it has been mentioned by candidates in response to other questions only 11 times. Nor has long-term care received much attention on the campaign trail. Only one candidate, Senator Hillary Clinton, has delivered a speech on the topic and proposed a detailed agenda for the future. Candidates have backed broadly appealing goals such as improving the quality of care in nursing homes, reducing hassles with companies that offer insurance for long-term care, and more frequently providing long-term care at home or in the community. There has not, however, been a serious discussion about a reformed vision for long-term care in this country — in particular, how it will be financed.

Almost 10 million people in the United States — two thirds of whom are elderly — currently need assistance completing basic activities of daily living (e.g., eating, bathing, and dressing). Most of these people remain at home, receiving help from family and friends. The vast majority of those who require paid supportive services are not insured against these potentially catastrophic costs. Neither Medicare nor private health insurance generally covers long-term care, and only a small proportion of older people have purchased separate insurance for it. Instead, long-term care in this country is supported by the safety nets of family caregiving, out-



Projected Growth of the Elderly Population of the United States (Panel A) and of U.S. Spending on Long-Term Care for the Elderly (Panel B).

Data are from the U.S. Census Bureau, 2004, and the Congressional Budget Office, 1999. Spending figures are inflation-adjusted from the year 2000.

of-pocket payments, and the Medicaid program for people with low incomes.

By all accounts, the safety net for long-term care is frayed. Family caregivers strain under considerable burdens, caring for relatives while fulfilling other obligations to work and children. Americans typically enter retirement with modest savings, uncertain of how they will afford the routine costs of living, let alone catastrophic health care costs. And state budgets increasingly struggle to maintain Medicaid's role as the primary payer for the long-term care of aging citizens. For professional providers of such care, recruitment and retention of qualified staff members can be enormously challenging and expensive; the adequacy of Medicaid payments to providers is a perennial concern; and quality-of-care problems recur with troubling regularity.

Things won't get any easier in the coming decades. Our population is aging, and spending on long-term care for the elderly is projected to more than double over the next 30 years (see graph). Although demographic trends have featured prominently in public discourse about entitlement programs, population aging is an impetus for change that seems both overwhelming and easy to ignore. Moreover, the effect of aging baby boomers on the long-term care system will not be felt as soon as their effect on Medicare and Social Security will be felt. The first baby boomers will reach age 65 in just a few years, but older people typically do not need long-term care until they are well into their 70s or 80s.

Nevertheless, now is the time to reconsider the financing of long-term care. Our options for reform will grow increasingly constrained the longer we wait to act. In particular, as more people retire from the workforce, their ability to change their savings patterns, purchase insurance for long-term care, or contribute to a broader tax-financed solution will diminish. If a window of opportunity for the reform of entitlement programs opens after the 2008 election, it is important that long-term care factor into the discussions.

Despite the issue's absence from the presidential campaign, a range of potential long-term care reforms have been developed by interested parties and experts in the field, and some thoughtful proposals for policy change have emerged during the past year.[1,2] Yet in addition to ideas, policy action requires leadership and political will. Thus, the presidential candidates have an important role to play in raising awareness about future long-term care needs and in outlining visions for reform.

There are at least three key questions that will inevitably confront us as we seek meaningful reform.[3]

First, how should long-term care be viewed within the larger context of the delivery and financing of health care? In many ways — such as the minimal role of insurance, the large role of informal care, and the integration of supportive services with housing — long-term care differs from other areas of health care. But it will be difficult to achieve the goal of having an efficient, high-quality health care system as long as providers face uncoordinated and conflicting incentives from different payers in different care settings. This misalignment is especially apparent in cases in which financing for long-term and acute care is fragmented, with Medicaid responsible for the former and Medicare for the latter.[4]

Second, should long-term care services that are publicly financed continue to be administered through a welfare-based strategy, or should we move to a more universal approach? The ostensible advantage of a means-tested benefit is that it limits claims on the public budget by restricting coverage to the neediest people. However, with more than half of nursing home residents qualifying for Medicaid, we may be giving up the potential advantages of more broadly sharing risk as we tenuously rely on people's savings and their ability to plan for future needs. A related question is whether we should move from a system that is largely state-based in its reliance on Medicaid programs to one that is more national.

Third, should reforms of long-term care place greater emphasis on public programs or private provision? Any solution will require shared responsibility among individuals, families, and government. However, the mechanisms that would be needed to extend the Medicaid safety net or to create a new benefit under Medicare, as well as the trade-offs inherent in such moves, differ substantially from those that would be needed to expand incentives for private long-term care insurance or to offer greater support to informal caregivers. The former strategies emphasize government's role in targeting a defined set of services to those in need, whereas the latter strategies primarily subsidize the ability of individuals and families to meet their own current or future care needs.

In his 1980 book *Unloving Care*, Bruce Vladeck concluded that U.S. nursing home policy was largely the by-product of broader social welfare legislation.[5] In an oft-quoted passage, Vladeck likens recounting this history to "describing the opening of the American West from the perspective of mules; they were certainly there, and the epochal events were certainly critical to mules, but hardly anyone was paying very much attention to them at the time." Unfortunately, almost 30 years later, the same could be said of our current debates about health care and the future of Medicare and Social Security.

As our population ages, we can't afford to ignore long-term care or to proceed without guiding principles. The economic and personal costs of inaction are substantial, and developing effective policy solutions will become more difficult the longer we wait. Not only should the presidential candidates pay attention to long-term care, but they should also exercise leadership in devising a cohesive and sustainable way forward. If the upcoming election truly is about creating sustainable change, then presenting an efficient and humane plan for the reform of long-term care should be viewed as an important test of the candidates' vision for our country.

No potential conflict of interest relevant to this article was reported.

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