

# REFORM *Update*

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Federal health care reform included the Community Living Assistance Services and Support Act (CLASS Act). The CLASS Act was designed to be a voluntary insurance program providing the following benefits:

1. A new financing strategy to help people with disabilities to maintain their personal and financial independence to live in the community.
2. An infrastructure to help support community living assistance services.
3. Relief for the burdens on family caregivers.
4. Support for people choosing to remain independent by living in the community, rather than living in an institution.

The program details were summarized in the following *Reform Update*:  
[http://www.mcwent.com/Reform\\_Update/Reform\\_Update\\_14.pdf](http://www.mcwent.com/Reform_Update/Reform_Update_14.pdf).

This program was supposed to function as a self-sustaining voluntary insurance plan open to all working adults, regardless of their age or health status. The plan would establish a reasonable monthly premium and provide benefits for nursing home care or home health care if a member became disabled later in life. The government officials who worked on establishing the program's structure struggled desperately in analyzing possible ways of implementing the program in a self-sustaining manner. In the end, they could not find a way to make the CLASS plan both affordable and financially solvent while extending coverage to virtually all workers.

Monthly premiums would have ranged from \$235/month to \$391/month, although, in some cases, premiums could go as high as \$3,000/month. With premiums set so high, it was unlikely that healthy individuals would enroll for coverage. They would be able to secure a better deal from individual long term care insurance carriers or through long term care plans offered through their employers.

As a result, it was feared that the program would eventually become financially unstable, and thus require a future government bailout or the mandatory enrollment of workers to balance the risk. Because of these concerns, the government has announced that they do not see a viable path forward, and will no longer actively pursue implementation of the CLASS plan.

Interestingly, the CLASS Act will remain part of the health care reform statute for now. While many in the government called for a repeal of the CLASS Act because of its unsustainability, the White House does not currently support such a measure. It appears the plan might be kept on the books due to budget concerns, as it is cited as reducing the federal deficit by \$80 billion over the next decade. This is primarily because participants are required to pay into the plan for a minimum of five years before benefits are available.

However, the Obama administration has indicated that the next budget will be modified to reflect the lack of implementation for the CLASS Act. In the meantime, it will remain in the statute unless a repeal is able to pass both houses of Congress and secure Presidential approval.

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