The CLASS Act:
An Introduction

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Overview

• Community Living Assistance Services and Supports (CLASS) Act
• Federally-administered insurance program to help pay for long-term services and supports
• Title VIII of Affordable Care Act
• Modified during course of legislative process
Enrollment

- Likely to begin in 2012 or 2013
- Strictly voluntary
- Age 18 or older
- Must be actively employed and have earnings
- Employers may choose to enroll workers, deduct premiums automatically, with employee opt-out
- Alternative enrollment process for people whose employers do not participate
Benefits

• Daily cash benefit
  – Secretary of HHS to develop benefit plan
  – Scaled to level of functional impairment (2 to 6 levels)
  – Average benefit of at least $50 a day—inflation indexed
  – May be used to help beneficiary continue living in community or for residential or institutional care
  – Electronic management of cash benefit

• Advocacy services

• Advice and assistance counseling
Premiums

- Program is to be self-financing from premiums and earnings over 75-year horizon
- Premiums will depend on age at enrollment and year but not other factors—no underwriting
- Premiums will not be increased unless needed to assure program solvency
- Premiums continue after initial enrollment
- Nominal premiums for employed students, poor
Eligibility

• **Premiums**: Must have paid for at least 5 years and be current in premium payments

• **Work**: Must have earnings sufficient for one quarter of Social Security coverage ($1,120) in 3 out of first 5 years of enrollment

• **Functioning**: Must be unable to perform 2 or 3 activities of daily living (TBD), or equivalent

• **Determination Process**: To be developed
Financing

• Concept viable; details matter

• CBO: Assuming initial average premium of $123 a month and average benefit of $75 a day, CLASS will be self-financing over 75 years

• CMS Actuary: “Serious risk that the problem of adverse selection will make the CLASS program unsustainable.”
Strengthening CLASS

- Increase work requirement
- Index premiums for inflation
- Larger penalties for late or lapsed enrollment
- Funding for start-up costs, including marketing
- Improve structure of subsidies for employed students and poor