



Health Care Reform: CLASS Act Limited Long-Term Care Coverage

The Community Living Assistance Services and Supports Act (CLASS Act), signed into law as part of the Affordable Care Act, creates a voluntary national program providing limited long-term-care (LTC) coverage. Coverage through the federal program would provide a daily cash benefit of approximately \$50 per day (adjusted for inflation) for services such as respite care, home care aides and accessible transportation. The benefit increases to approximately \$75 (adjusted for inflation) if the enrollee becomes institutionalized.

Employers have the option of either participating in the federal program, choose to provide coverage through a private insurance option, or both. Employers choosing to participate in the federal program will be required to allow employees to pay premiums through payroll deductions. Employers will also be required to establish an automatic enrollment process to allow employees to either opt out of the program or to enroll and pay premiums.

Important Considerations:

- All premium costs can be charged to the employee.
- Although the CLASS Act is technically effective January 1, 2011, the federal plan and final regulations must be established before employers are able to participate. The Department of Health and Human Services is required to publish a final regulation no later than October 1, 2012. Employers will not be able to allow employees to participate in the program until it is established. For right now, employers are not able to take action towards participating in the program and should continue to look at private insurance options for this type of coverage.
- Most participants are not covered until they contribute into the program for 5 years, with limited exceptions.
- The Department of Health and Human Services will determine contribution amounts prior to the implementation of the program.

What to do Now: Clients who currently have private long term care insurance should consider maintaining their coverage. Clients who do not have coverage now should consider long term care insurance as a protection for themselves and their families.

The coverage established by the CLASS Act is intended to supplement private long-term-care insurance, not to replace it. Since the benefit is limited and information on costs and coverage have yet to be determined, employers should still consider coverage through a private insurer and allow access to the federal program when it becomes available as an additional supplement to the private insurance benefit.

KTB will continue to monitor any new information available regarding the CLASS Act.

In response to the Patient Protection and Affordable Care Act and the Health Care and Education Tax Credit Reconciliation Act, collectively known as Health Care Reform, Kistler Tiffany Benefits has formed a Health Care Reform committee to monitor legislation and provide guidance to our valued clients. Our team is creating user-friendly tools and resources, as well as establishing best practices for our clients in regards to the application of this legislation. For more information regarding our services, please contact us at reform@ktbenefits.com.