

**Health Care Reform – The Future of Long-Term Care**  
**By FPA Member Carol Harlow, CFP®**

Included in the healthcare reform bill is the Community Living Assistance Services and Supports Act, otherwise known as CLASS. It provides for a national insurance program to help cover the cost of long-term care. Statistics show that most people will require some type of long-term care during their lifetime. The bill requires that enrollees will not be screened out because they have already had some health problems. Once vested after five years, enrollees unable to care for themselves will be able to claim cash benefits for as long as needed.

What is currently known about the plan is that it will allow workers to have “an average of \$150 or \$240 a month based on age and salary, automatically deducted from their paycheck to save for long term care.”<sup>1</sup> After five years, those who have contributed to the plan for that time will have coverage in the event of a long-term care occurrence. There will be a \$50 per day cash reimbursement for a period of time which will be dependent on the severity of the illness or disability.

This may provide some opportunities within the long-term care industry. Many of us are aware that a \$50 per day payment will not cover all expenses that related to caring for a severely injured or incapacitated person. In a survey done by Metlife in 2006, the average daily cost for a nursing home in Florida was \$199. Many people today feel that long-term care insurance is too expensive and choose not to purchase it. Once these same folks see how much this universal plan will cost they may begin to consider alternative plans.

Although the Insurance industry lobbied hard against the inclusion of CLASS in the bill, it may provide more awareness of the products in the private marketplace. It may actually bring in healthier middle aged people.

**Carol Harlow, CFP®, is the Director of Government Relations for FPA of Miami-Dade.**

Contact Information:

Carol Harlow, CFP®  
The Enrichment Group  
305-274-9001, ext. 25  
[carol@theenrichmentgroup.com](mailto:carol@theenrichmentgroup.com)

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<sup>1</sup> William La Janeusse, *Little Known Health Care Law Provision Is a Budget Buster, Critics Say*, <http://www.foxnews.com/politics/2010/03/26/little-known-long-termhealth-care-provision-budget-bustersay-critics/> (March 26, 2010)