JUNE 6, 1988

TO: SENATOR DOLE

FROM: SHEILA BURKE

RE: SPEECH TO THE AMERICAN HEALTH CARE ASSOCIATION (AHCA)

You are scheduled to speak to this group tomorrow morning at 8:45 a.m. for about 20 minutes. They have asked for you to touch on long-term care but to also focus your attention on "politics",i.e., the presidential race; likely outcome, what the country needs in terms of leadership; and the Republican agenda. Also scheduled to speak, specifically on long-term care are Senators Durenberger and Mitchell and Congressman Wyden.

I have prepared some remarks on long-term care.

THE ASSOCIATION AND AUDIENCE

AHCA is the largest nursing home association representing about 9,000 proprietary and non-proprietary facilities from across the country, a number of which are in Kansas (210). They care for about 990,000 individuals annually.

The audience will include about 500 providers of long-term care: owners, administrators and nurses.

As a side note, Paul Willging, Executive Director and Sarah Thompson also a member of the organizations staff, were both very helpful to us during the campaign in preparing briefing materials.

PERSONAL OPINION PAGE

Action Needed Now For Future Long-Term Healthcare Needs

By Senator Dave Durenberger
AGE Chairman

The year 2000 is less than 13 years away. By that time, 35 million Americans will be 65 years and older. While not every person over age 65—or even 85—needs nursing home care, which can cost an average of $25,000 a year, a large enough percentage does require institutionalization, making it imperative to plan now for financing this care and ensure that the necessary services are available. Only 5 percent of people over age 65 are in nursing homes, but as many as 16 percent of those over age 85 currently are in institutions.

A full range of government programs, family supports, private savings, church and synagogue groups and other charitable activities will be needed for this effort. Most elderly already have developed complex networks of relatives, friends, nursing care and social services to help provide their long-term care while staying at home. The number of people using these networks can only increase.

In addition to strengthening Medicaid, Medicare and private insurance, there are numerous ways to meet these demands:

- Stimulate the construction of congregate housing and renovation for apartment and home sharing;
- Encourage home equity conversions to help give the elderly the option of converting their most lucrative asset—collectively $700 billion—into a way to pay for home and other health care;
- Develop public and private programs such as meals on wheels and meals in social settings to help the frail or disabled to function independently as long as possible;
- Support programs that would team up senior citizens with different strengths and disabilities to help each other.

Stimulating the Market

As important as community based services are, they do not negate the need for institutional long-term care facilities. The federal government, through the state-federal Medicaid program, pays for a lot of nursing home care. Approximately 42 percent of the $39 billion spent on nursing home care in the United States last year came from the Medicaid program. But with the likely growth in the coverage requirements of the neediest elderly and pressures on other publicly supported programs, Medicaid has its limits. In addition, it cannot become the long-term care insurance plan for middle and upper income people.

While a large number of the elderly are low income, people over age 65 are a diverse group. Forty-three percent have annual incomes greater than three times the federal poverty level. Growth in private pensions, income from savings and social security have given many of the elderly unprecedented independence. One-half of the discretionary income of all Americans is earned by people over age 50, and 20 percent of the incomes of those age 65 and over is discretionary, according to The Conference Board. More to the point, a 1984 study by ICF Incorporated concluded that 93 percent of married couples and almost 60 percent of single people at age 65 would be able to purchase long-term care insurance with less than 5 percent of their cash income by 2005.

Middle and upper income individuals who have resources during their working years must be encouraged to save and invest for their own long-term health care needs. Assisting individuals and stimulating private markets are appropriate roles for the government. In return for $26 billion of foregone revenue due to tax-free health benefits, the government could require that employers and group insurers redesign their health benefits to build in more coverage for truly catastrophic and long-term health care needs and reduce coverage for services that can and should be paid for on a more routine basis, such as physician office visits.

One way for the government to encourage individuals to purchase long-term care insurance is by providing that interest accumulation on premiums paid would not be taxed as long as the money is used for long-term health care expenses by the insured. Another way to stimulate the market is to facilitate insurance purchase by permitting the beneficiaries or their adult children to deduct premiums for long-term care.

Helping Consumers

The government also could play a major role in ensuring the accumulation, analysis and dissemination of information to help consumers make wise choices. A step in this direction is the requirement in the Medicare catastrophic insurance bill pending in Congress that the Department of Health and Human Services (HHS) distribute each year clearly written material that tells what Medicare covers and what it does not cover, with special attention to the absence of long-term care coverage.

At the same time, consumer education and insurance regulation are needed to make the purchase of private long-term care insurance feasible and to protect consumers from unscrupulous or inadequate business practices. There must be full disclosure of the insurance policies' terms of renewability and information on premiums and benefits in sufficiently standardized terms that the average consumer can interpret them and comparison shop. No one should be able to purchase insurance that might leave the individual unprotected after years of paying premiums.

By pursuing all of these options, long-term care insurance will be as routine a coverage as basic group insurance today. We must act now to be ready for the future. ■

Sen. Dave Durenberger (R.-Minn.) is ranking minority member of the Senate Finance Committee's health subcommittee.

ahca
American Health Care Association 1200 15th Street, Washington, DC 20005 (202) 833-2050

Sheila

May 27, 1988

The Honorable Robert Dole
141 Hart Senate Office Building
Washington, DC 20510

Dear Senator Dole:

Thank you for accepting our invitation to give the keynote address at the American Health Care Association's (AHCA) 1988 Congressional Conference on June 7.

Enclosed is a fact sheet that provides some basic information about your presentation at AHCA's conference. The fact sheet also contains information about the issues we'd be interested in hearing about during your presentation.

Thank you, again, for your willingness to join us on June 7. I look forward to meeting you.

Sincerely,

Linda DeRuvo-Keegan
Director of Public Relations

LK:cjw

Enclosure

FACT SHEET FOR SPEAKERS AT THE AMERICAN HEALTH CARE ASSOCIATION 1988 CONGRESSIONAL CONFERENCE JUNE 6-8, 1988

Speaker: The Honorable Robert Dole

Event: AHCA's 15th Annual Congressional Conference

Date of Presentation: June 7, 1988

Time: 8:45 a.m. to 9:10 a.m.

Location:
Yorktown/Valley Forge/Ticonderoga Ballrooms (lower level)
Hyatt Regency Washington
400 New Jersey Avenue, N.W.
Washington, D.C. 20001

The Association: The American Health Care Association is the largest organization of long term health care facilities. AHCA membership consists of the nation's licensed nursing homes and reflects a cross-section of the entire long term health care profession. Membership includes more than 9,000 proprietary and non-proprietary facilities which serve approximately 950,000 convalescent and chronically ill of all ages.

Audience: Approximately 500 providers of long term health care: the owners, administrators and nurses who serve in an operational or health care delivery capacity in long term care facilities. Most have attended several of these conferences.

Focus of Presentation: Our members would be interested in hearing your opinions on election year issues such as:

1. The presidential race: the key issues and the likely outcome
2. The Republican agenda
3. The campaign process and feelings about the wisdom of "Super Tuesday"
4. What the country needs in terms of leadership
5. Role of long term care in the election: is it an important issue?
6. Implications of Democrats retaining control of the Senate or of Republicans regaining control
7. Predictions on election outcome: what are the key congressional races?

Other Speakers: Sen. David Durenberger, Sen. George Mitchell, Rep. Ron Wyden

Names of AHCA Leadership:

James Durante (NY), President
Don Bedell (MO), First Vice President
Dr. Paul Willging, Executive Vice President
James Albertine, Senior Vice President of Program

ahca
American Health Care Association 1200 15th Street, Washington, DC 20005 (202) 833-2050

March 10, 1988

The Honorable Robert Dole
Hart Senate Office Building
Room 141
Washington, DC 20510

Dear Senator Dole:

On behalf of the American Health Care Association, which represents more than 9,000 long term care providers nationwide, I am pleased to invite you to address participants in our 15th annual Congressional Conference. The two-day meeting will be held at the Hyatt Regency Hotel in Washington, D.C. on June 7 and 8; we would like to schedule your address for June 8 at 9 a.m. If necessary, however, we would be more than happy to reschedule the presentation for the morning of June 7 or later in the morning of June 8.

As you know, finding a solution to the problem of financing long-term nursing home care has become a national priority. The issue has been debated in Congress and has become a major issue in the presidential campaign. As a candidate for the presidency and a leader on health care issues in the Senate, you understand--perhaps better than any other member of Congress or presidential candidate--the importance of this issue.

During our Congressional Conference, approximately 500 politically active leaders in the long term care field will come to Washington to discuss the major issues affecting them as providers of nursing home services and as members of the business community. These men and women are interested in hearing your views on solving the long term care financing problem. They are also interested in learning more about your proposals for the future of this country.

I hope you will be able to take time out from your busy schedule in the Senate and on the campaign trail to talk to the nation's long term care leaders. I look forward to hearing from you.

Contact: Jim Albertine 833-2050
or Debbie Hutton
Handa 913-267-6003

Sincerely,

Paul Willging

Dr. Paul R. Willging
Executive Vice President

PRW:LR:cjw
3-18 Interim letter
copy: Molly

June 7th
8:45
Hyatt

May 20, 1988

M E M O R A N D U M

TO: SENATOR DOLE

FROM: SHEILA BURKE
RICH BELAS

SUBJECT: LONG-TERM CARE

You have asked about what you might talk about at a nursing home conference and the obvious answer is the status of long-term care legislation.

We have recommended that you talk about the broad outlines of a long-term care policy rather than introducing a specific bill. For details you can cite a number of initiatives you have already undertaken. If need be, we can always combine these different proposals into one bill -- but again we would recommend against this as such a bill would be seen as only addressing a small part of the problem as we have not yet resolved all the issues on the private side.

Given that we would not recommend a specific bill, do you want to give a speech that discusses the issues you believe need to be addressed. We have outlined some of our concerns in the following memo.

Prepare Speech: Yes _____ No _____

Raise Q's

With the exception of Claude Pepper, Paul Simon and George Mitchell, very few people are giving the details of any solution or talking about simply expanding the existing Federal programs. Everyone is proceeding cautiously because of the anticipated costs of a solution ($20-40 billion) and the lack of understanding of how to involve the private sector.

Much of what you have done to date with respect to the Federal and state government side of the ledger has been incremental in nature -- which we believe to be the responsible way to proceed. Attached is a list of those initiatives. We could, of course, combine all these pieces into one bill -- but we would recommend against such action as the bill would be seen as falling short of a real solution until we know what to do on the private side.

On the private side, a threshold question is whether a program to address long-term care inevitably has to be expensive, and, if so, who is going to bear the cost.

Items that are not inherently expensive include education programs to make people aware of the potential costs early enough to pre-fund themselves. They also can include a thorough review of Government housing programs to make access to existing programs easier to developers of care facilities. (Examples might include smaller kitchens and shared bathrooms, so that more money could be spent on a central dining room and other care.)

09

Certainly, no one has addressed the coordination issue among HUD, Treasury and HHS very well yet.

Additionally, the Federal government could work on national guidelines for continuing care and other facilities so that the long-term care industry would not have to face the inconsistant state standards that slowed the development of HMO's. However, the State vs. Federal regulation issue might be somewhat controversial, especially as it affects the insurance industry.

Unfortunately, most of the ideas on long-term care that have been floated already are expensive and will require substantial additional revenues. Whether it is a direct spending program or a tax incentive, none is cheap.

For example, it is argued that insurance companies do not offer much long-term care insurance because they are afraid of estimating costs fifteen or twenty years out. Making the Federal government the "reinsurer" by assuming liability above a cap just puts the risk on the Government and no one knows how expensive that will be.

Similarly, most of the tax incentives are difficult to estimate but are likely to be very expensive.

For example, allowing people to use their IRA savings for long-term care without ever having to pay income tax on it has been suggested. Similarly, it has been suggested that individuals should be allowed to use "inside buildup" from a life insurance policy tax-free for long-term care. Both may be good social policy, but the tax expenditures are likely to be huge in the out-years, and they are not easily estimated.

Additional medical IRAs have also been suggested. However, only relatively wealthy individuals would be able to afford setting aside more than the $2,000 per year they can do under present law.

A number of other tax proposals revolve around treating long-term care as health care. This is because employer-provided health care is currently deductible to the employer and tax-free to the employee. Of course, traditional health care involves costs that are paid almost immediately, not amounts that may be set aside for a long time like a pension, accruing tax-deferred interest. Long-term care incentives are, therefore, potentially more expensive than the present low health care incentives.

It might make some sense to look into a program parallel to the pension system or as a part of it, but you need to keep in mind that the pension rules and employer-provided health care rules are already among the largest tax expenditures.

The issue of whether we should treat long-term care as health care for tax purposes is controversial for another reason. Some insurance companies are now arguing that this is a present law, even though some long-term care expenses are simply maid, valet or cooking services -- items with no special tax treatment.

However, the issue is not completely impossible to resolve. Senator Moynihan is correct in saying that the elderly do comparatively well in our society. The median elderly household has income that is between 50 and 60 percent of the median income for all households, even though only 30 percent receive pension income. The rule-of-thumb is that you need 60 percent of your prior income to maintain your lifestyle in retirement. As more people are covered by retirement plans, this percentage should get even higher. In addition, over one-third of those over age 65 have a net worth over $100,000 and less than 11 percent work, compared to nearly 27 percent in 1950. We have attached a list of economic facts concerning the elderly.

The median income for elderly households was $13,254 in 1985. We've been told that the private sector, with minimal additional assistance can take care of those with incomes over $12,000.

Basically, the target market for additional assistance is those above medicaid levels and below median income.

ahca

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Hart Senate Office Building
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I hope you will be able to take time out from your busy schedule in the Senate and on the campaign trail to talk to the nation's long term care leaders. I look forward to hearing from you.

Contact: Jim Albertine 833-2050
or Debbie Sutton
Wanda 913-267-6003

Sincerely,

Dr. Paul R. Willging
Executive Vice President

PRW:LK:cjw
3-18 Interim letter
copy: Molly

A non-profit organization of proprietary and non-proprietary long term health care facilities dedicated to improving health care of the convalescent and chronically ill of all ages. An equal opportunity employer.

REMARKS OF SENATOR DOLE

AMERICAN HEALTH CARE ASSOCIATION

JUNE 7, 1988

GOOD MORNING. LET ME START OFF BY GIVING YOU SOME FAIRLY STARTLING FACTS: BETWEEN THE YEARS 1986 AND 2020, THE NUMBER OF ELDERLY IN THIS COUNTRY WILL GROW 61 PERCENT. YES, 61 PERCENT. AND DURING THAT SAME TIME FRAME, THE NUMBERS OF THOSE OVER 85 WILL INCREASE BY 106 PERCENT.

WHAT DOES THAT MEAN -- SIMPLY PUT, THE TIME FOR IGNORING LONG-TERM HEALTH CARE HAS COME AND GONE. THE PROBLEMS ARE OURS, AND THEY MUST BE ADDRESSED NOW.

I'M SURE YOU ALL KNOW THAT LEGISLATION PROVIDING PROTECTION AGAINST CATASTROPHIC ILLNESS EXPENSES IS ABOUT TO BE ENACTED. I FIND IT IRONIC THAT LEGISLATION LABELED "CATASTROPHIC" DOES NOT ADDRESS LONG-TERM CARE, POTENTIALLY

THE MOST CATASTROPHIC PROBLEM. BUT HAVING DEALT WITH THE ACUTE CARE SIDE OF THE LEDGER, WE WILL NOW BE ABLE TO FOCUS ON LONG-TERM CARE.

WITH VERY FEW EXCEPTIONS, HOWEVER, WE ARE NOT SEEING ANYONE GIVING DETAILS ON HOW TO APPROACH THE QUESTION OF LONG-TERM CARE. THIS RELUCTANCE IS UNDERSTANDABLE BECAUSE OF THE POTENTIAL COST OF PROVIDING ADEQUATE CARE FOR EVERYONE AND BECAUSE THERE IS NO CONSENSUS ON

HOW TO INVOLVE THE PRIVATE SECTOR. THE BATTLE OVER THE PEPPER BILL INVOLVES BOTH OF THESE ISSUES ALONG WITH THE JURISDICTIONAL FIGHT TAKING PLACE.

ONE OF THE BASIC PROBLEMS IS THE LACK OF RELIABLE ESTIMATES ON THE COSTS OF UNIVERSAL LONG-TERM CARE, BUT IT IS FAIR TO SAY THAT THE COSTS COULD BE ABOUT $40 BILLION OVER THE NEXT FEW YEARS. IF THE RECENT BROOKINGS INSTITUTION REPORT IS ACCURATE, THIS COULD INCREASE TO $120 BILLION BY 2020.

THE OTHER REAL PROBLEM IS DECIDING WHAT ANY PROGRAM SHOULD PAY FOR. SHOULD WE ONLY SUBSIDIZE TRADITIONAL BENEFITS LIKE NURSING HOME SERVICES OR EXPAND OUR COVERAGE TO INCLUDE THINGS LIKE RESPITE CARE.

MUCH OF WHAT I HAVE BEEN PERSONALLY INVOLVED WITH HAS BEEN INCREMENTAL IN NATURE -- GIVEN THE UNANSWERED QUESTIONS, I BELIEVE THIS IS THE RESPONSIBLE WAY TO PROCEED.

FOR INSTANCE, I INCLUDED IN MY CATASTROPHIC HEALTH CARE BILL A PROVISION TO REQUIRE NOTIFICATION OF BENEFICIARIES OF THE DETAILS OF THEIR MEDICARE BENEFITS ON AN ANNUAL BASIS SO THAT THEY WOULD KNOW PRECISELY WHAT BENEFITS ARE COVERED -- AND WHAT ARE NOT. I ALSO CALLED FOR AN INSTITUTE OF MEDICINE STUDY TO EXPLORE OPTIONS FOR PRIVATE FUNDING OF A PORTION OF

LONG-TERM CARE. AND I SUPPORTED EXPANDED PROTECTION OF INCOME AND RESOURCES WHEN A SPOUSE HAS BEEN INSTITUTIONALIZED.

I AM HAPPY TO BE ABLE TO SAY THAT BOTH AN ENHANCED NOTIFICATION REQUIREMENT AND AN AUTHORIZATION FOR FUNDING OF RESEARCH ON LONG-TERM CARE WERE INCLUDED IN THE CATASTROPHIC HEALTH CARE CONFERENCE REPORT ALONG WITH A SPOUSAL IMPOVERISHMENT PROVISION

AND COVERAGE OF RESPITE CARE. OF COURSE, THERE IS MUCH MORE THAT CAN BE DONE.

NEW SOURCES OF FINANCING

AS YOU KNOW, MEDICAID PAYS ABOUT 50 PERCENT OF OUR NURSING HOME BILL; MEDICARE PAYS ABOUT TWO PERCENT AND PRIVATE INSURANCE PAYS ABOUT ONE PERCENT. THE REMAINDER IS PAID FROM PRIVATE SAVINGS.

I BELIEVE THE THRESHOLD QUESTION IS WHETHER WE NEED A MASSIVE NEW GOVERNMENT PROGRAM TO ADDRESS LONG-TERM CARE.

PRIVATE INSURANCE FIRMS ARGUE THAT THE MARKETPLACE WILL RESPOND TO THE INCREASING DEMAND FOR LONG-TERM CARE INSURANCE. THEY NOTE THAT THE NUMBER OF COMPANIES SELLING LONG-TERM CARE POLICIES HAS INCREASED FROM SIXTEEN TO EIGHTY OVER THE LAST FIVE YEARS. AND THE COMPANIES HAVE SOLD HALF A MILLION INDIVIDUAL POLICIES.

THIS TREND IS VERY ENCOURAGING AND GIVES US SOME COMFORT THAT A MAJOR NEW MIDDLE CLASS ENTITLEMENT PROGRAM CAN BE AVOIDED. BUT WE HAVE TO KEEP IN MIND THAT 500,000 PRIVATE INSURANCE POLICIES IS JUST A BEGINNING. THEY DON'T YET REPRESENT A MEANINGFUL PERCENTAGE OF THE ELDERLY OR OTHER POTENTIAL CUSTOMERS.

IT SEEMS CLEAR TO ME THAT THE ANSWER TO OUR DILEMMA IS TO INVOLVE ALL ASPECTS OF THE SYSTEM. THERE IS A ROLE FOR GOVERNMENT AND THERE IS A ROLE FOR THE PRIVATE SECTOR. WE JUST NEED TO FIND A BALANCE.

NEED FOR PERSONAL RESPONSIBILITY

IT SHOULD BE OBVIOUS THAT INDIVIDUALS ARE GOING TO HAVE TO START SAVING FAR IN ADVANCE OF THE TIME THEY ARE LIKELY TO NEED LONG-TERM CARE.

WE NEED TO FIND A WAY TO ENCOURAGE SUFFICIENT SAVINGS. BUT WE HAVE FOUND FROM EXPERIENCES WITH INCENTIVES SUCH AS IRA'S THAT RELATIVELY FEW LOWER AND LOWER-MIDDLE INCOME INDIVIDUALS TAKE FULL ADVANTAGE OF THE INCENTIVES THAT ARE AVAILABLE.

FOR THOSE WHO USE THEM, TAX INCENTIVES ARE LIKELY TO BE VERY EXPENSIVE.

FOR EXAMPLE, ALLOWING PEOPLE TO USE THEIR IRA SAVINGS FOR LONG-TERM CARE WITHOUT EVER HAVING TO PAY INCOME TAX ON IT HAS BEEN SUGGESTED.

ANOTHER PROPOSAL IS TO ALLOW INDIVIDUALS TO USE "INSIDE BUILDUP" FROM A LIFE INSURANCE POLICY TAX-FREE FOR LONG-TERM CARE. BOTH MAY BE GOOD SOCIAL POLICY, BUT THE TAX EXPENDITURES ARE LIKELY TO BE HUGE IN THE OUT-YEARS, AND THEY ARE NOT EASILY ESTIMATED.

ADDITIONALLY MEDICAL IRAS ARE ANOTHER IDEA. HOWEVER, AS I MENTIONED EARLIER, IT MAY BE THAT ONLY RELATIVELY WEALTHY INDIVIDUALS WOULD BE ABLE TO AFFORD SETTING ASIDE MORE THAN THE $2,000 PER YEAR THEY CAN DO UNDER PRESENT LAW.

NEW MANDATES

IN ADDITION TO TAX INCENTIVES THERE ARE THOSE WHO BELIEVE THAT THE SOLUTION LIES WITH NEW MANDATES ON EMPLOYERS. THIS CERTAINLY IS NOT MY

ANSWER. PEOPLE SHOULD HAVE THE ABILITY TO CHOOSE THEIR FRINGE BENEFITS. SOME OF US MIGHT WANT LONG-TERM CARE, OTHERS CHILD CARE. WE JUST NEED TO MAKE SURE THAT THEY HAVE ENOUGH INFORMATION TO MAKE THE BEST CHOICE.

SOLUTIONS ARE POSSIBLE

WHILE IT SEEMS AS IF THE QUESTIONS MULTIPLY RATHER THAN SIMPLIFY, I BELIEVE WE CAN FIND SOME ANSWERS THAT ARE WORKABLE.

THERE IS NO DOUBT THAT THERE ARE LOW INCOME ELDERLY, BUT PEOPLE OVER THE AGE OF 65 ARE A DIVERSE GROUP. IN FACT SENATOR MOYNIHAN IS FOND OF SAYING THAT THE ELDERLY DO COMPARATIVELY WELL IN OUR SOCIETY. THE MEDIAN ELDERLY HOUSEHOLD HAD AN INCOME THAT WAS $13,254 IN 1985, BETWEEN 50 AND 60 PERCENT OF THE MEDIAN INCOME FOR ALL HOUSEHOLDS.

WE'VE BEEN TOLD THAT THE PRIVATE SECTOR, WITH MINIMAL ADDITIONAL ASSISTANCE, CAN TAKE CARE OF THOSE WITH INCOMES OVER $12,000. SO MIDDLE AND UPPER INCOME INDIVIDUALS MUST BE EDUCATED TO SAVE AND INVEST FOR THEIR LONG-TERM HEALTH CARE NEEDS AND TAKE ADVANTAGE OF PRIVATE SECTOR PLANS. ADDITIONALLY SOME FURTHER CHANGES IN MEDICARE MAY BE NECESSARY WITH RESPECT TO HOME BASED CARE FOR EXAMPLE, WHICH WOULD ALSO BE OF ASSISTANCE TO THIS GROUP.

WITH RESPECT TO RETIRED FEDERAL EMPLOYEES, IT MAKES PARTICULAR SENSE FOR THE FEDERAL GOVERNMENT AS AN EMPLOYER TO SEE WHAT IT CAN DO TO PROVIDE ACCESS TO LONG-TERM CARE FOR ITS EMPLOYEES. FOR THAT REASON, I HAVE JOINED SENATOR WILSON AND SENATOR DURENBERGER IN SPONSORING LEGISLATION TO ALLOW FEDERAL EMPLOYEES TO CONVERT A PORTION OF THEIR

BASICLIFE INSURANCE COVERAGE TO GROUP LONG-TERM CARE INSURANCE. THIS COVERAGE WOULD BE PAID FOR BY THE EMPLOYEE.

THE ISSUE IT SEEMS TO ME FOR A GREAT MANY INDIVIDUALS IS AVAILABILITY AND KNOWLEDGE, NOT JUST NEW GOVERNMENT SUBSIDIES OR MANDATED BENEFITS.

IN FACT, I BELIEVE WE CAN NARROW THE TARGET MARKET FOR MAJOR ADDITIONAL GOVERNMENT ASSISTANCE TO THOSE ABOVE MEDICAID LEVELS AND BELOW MEDIAN INCOME. WE CAN AND SHOULD BE ABLE TO DESIGN A PROGRAM TO PROVIDE THIS KIND OF ASSISTANCE, AS WELL AS ENCOURAGE OTHERS TO PROVIDE ADEQUATELY FOR THE CONTINGENCIES WHICH WILL AFFECT SO MANY OF US.

RANGE OF SERVICES

BUT REGARDLESS OF THE METHOD OF FINANCING, IT IS CRITICAL FOR US TO GIVE PEOPLE CHOICES ABOUT WHERE THEY RECEIVE CARE. SOME WILL WANT TO STAY HOME, AND SHOULD BE ENCOURAGED TO DO SO. OTHERS WILL NEED SKILLED, INSTITUTIONAL CARE, SUCH AS THAT WHICH YOUR FACILITIES PROVIDE. LET'S MAKE SURE WE ENCOURAGE CHOICES THAT MAKE SENSE FOR THE INDIVIDUAL, NOT JUST FOR THE PAYOR.

CAUTION LEST WE DO HARM

AS IS CLEAR, GIVEN THE CONTROVERSY SURROUNDING THE PEPPER BILL, THIS ISSUE WILL NOT BE WITHOUT ITS POLITICAL OVERTONES. HOWEVER, WE OWE IT TO OURSELVES AND TO THOSE GENERATIONS WHO WILL FOLLOW US, TO DO SOMETHING RESPONSIBLE, NOT POLITICALLY EXPEDIENT. WE MUST PROCEED WITH CAUTION SO AS NOT TO DO THE WRONG THING WHICH COULD TAKE YEARS TO CORRECT.