



LEGISLATIVE BRIEF

Health Care Reform: HHS Issues CLASS Act FAQs

The Patient Protection and Affordable Care Act established a voluntary, consumer-funded long-term care insurance program known as the Community Living Assistance Services and Supports Program (CLASS Act or Program). The goal of the program is to provide additional options for people who are disabled and require assistance to continue living as independently as possible.

The CLASS Program is technically effective on **Jan. 1, 2011**. However, HHS is not required to determine details or establish benefits for the CLASS program until **Oct. 2012**, and enrollment will not be available until sometime after that.

The Department of Health and Human Services Administration on Aging (AOA) has issued guidance in the form of Frequently Asked Questions. This Park Row Associates Legislative Brief sets out the FAQs issued by the AOA. See www.aoa.gov/AoAroot/CLASS/FAQ/index.aspx for a copy of the guidance.

FAQs About CLASS Act and Long Term Care

What is CLASS?

CLASS (Community Living Assistance Services and Supports) is a new voluntary, federally administered insurance program created under the Affordable Care Act (ACA).

Most working adults age 18 or older will be able to voluntarily enroll in this new program either directly or through their employers, without answering questions about their health.

Those who enroll and meet the benefit eligibility requirements will receive benefits to purchase long-term services and supports such as (but not limited to) personal assistance, homemaker services, specialized transportation and assistive technology to help them address their care needs.

When will CLASS be available?

The Affordable Care Act (ACA) states that the Secretary of Health and Human Services has until October 1, 2012 to designate the CLASS benefit plan. Enrollment will not take place before the plan is announced, and no one will pay premiums until after they enroll.

Is CLASS an entitlement program?

No. CLASS is not an entitlement program. Some people will not be eligible to enroll and some people who enroll will never meet the requirements to receive benefits.

Enrollment in CLASS will be voluntary and will be available to most working adults. Pre-existing medical conditions will not disqualify someone from enrolling. Individuals who enroll will be eligible to receive benefits if they meet specific requirements regarding functional limitation, earnings, and premium payment. Enrollees pay the premiums. Benefits will be paid from premiums and earnings on those premiums. Taxpayer funds will not be used to pay benefits.



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How is CLASS different from long term care insurance offered through an insurance company?

CLASS will be administered and insured through the Federal government. Enrollment will be available to most working adults. Unlike most long term care insurance offered by private insurers, pre-existing medical conditions will not disqualify someone from enrolling. In addition, CLASS enrollees will have to meet specific requirements regarding functional limitation, earnings, and premium payment in order to receive benefits. Details about these requirements will be announced by the HHS Secretary no later than October 1, 2012.

What is long term care?

Long term care refers to care that individuals may need for a long time because they are unable to take care of themselves due to an illness, disease, the aging process, or cognitive impairment (for example, Alzheimer's disease).

Most long term care is non-skilled personal care, such as help with everyday tasks, called Activities of Daily Living (ADLs):

- Bathing,
- Dressing,
- Using the toilet,
- Transferring (moving to or from a bed or chair),
- Caring for incontinence, and
- Eating.

The goal of long term care is to provide help with routine functions when being fully independent is not possible. Long term care can be provided at home, in a community setting or in an institution. Most people prefer to receive long term care at home.

Who needs long term care?

The need for long term care can strike anyone at any age. While many people who need long term care are age 65 or older, a person can need long term care services at any age. Forty percent of people currently receiving long term care are adults 18 to 64 years old¹.

Factors that increase your risk of needing long term care include:

- Age – The risk generally increases as you get older.
- Marital Status – Single people are more likely to need care from a paid provider.
- Gender – Women are at a higher risk than men, primarily because they tend to live longer
- Lifestyle – Poor diet and exercise habits can increase your risk.
- Health and Family History – These can also impact your risk.

Will Medicare and/or my health insurance pay for any long term care services I might need?

Generally, no. Medicare pays for nursing home care and/or home care only under limited circumstances after a hospital stay and only for a limited time period. Medicare and health insurance pay for acute care, generally needed for a defined period of time with an expectation that you will recover or your condition will improve. Long term care is chronic care (ongoing and long-lasting). It is not acute care.

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Enrollment in CLASS

Can I enroll in CLASS now?

No. CLASS is not available yet. By October 1, 2012, the Secretary of Health and Human Services will announce the details of the CLASS benefit plan. Enrollment will not begin until after this announcement.

Who will be able to enroll in CLASS?

Once enrollment begins, most working adults age 18 or older will be able to enroll.

Will I have to pass underwriting to enroll in CLASS?

No. You will not be denied enrollment in CLASS because of a pre-existing condition or for any medical reason.

Will retirees be able to enroll in CLASS?

If they are fully retired (not working at all), they will not be able to enroll in CLASS.

I'm looking at private long term care insurance policies. Should I wait for CLASS instead?

No. It's important to plan for your potential long term care needs without delay. If you're nearing retirement, you should also note that one of the requirements to become eligible for benefits under the CLASS Program is to earn wages of a certain amount over a period of time after enrollment. Those planning to retire within the next few years may not be able to qualify for benefits under CLASS.

Should employers start withholding premiums for CLASS coverage from their employees' pay?

No. CLASS premiums will not be collected until enrollment begins. The Secretary of Health and Human Services will announce details about the CLASS benefit plan by October 1, 2012. Enrollment will not begin until after this announcement.

Will an employer have to offer CLASS participation to its employees?

No. Employers will be able to decide whether to participate in the CLASS automatic enrollment process for their employees.

Will I have to enroll in CLASS if my employer participates in the automatic enrollment process?

No. You will be able to opt-out of enrollment.

Will I be able to enroll even if my employer decides not to offer the CLASS automatic enrollment process?

Yes. If you meet the enrollment eligibility requirements, you will have the option to enroll individually.

Will I be able to enroll if I am self-employed?

Yes. If you meet the enrollment eligibility requirements, you will have the option to enroll individually.

CLASS Benefits

How will someone become eligible to start receiving CLASS benefits?

In order to receive benefits, an enrollee must:

- have an eligible functional limitation (for example, need help to perform everyday activities or have a cognitive impairment);
- earn wages of a certain amount over a period of time after enrollment; and

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- pay premiums for at least 60 months, and comply with other premium payment requirements.

Details about all of these requirements will be announced by the HHS Secretary by October 1, 2012.

Will I be able to use my CLASS benefits to help pay for care in a nursing home or assisted living facility?

Yes. If you qualify for CLASS benefits, you will be able to use them to help cover the cost of care in a nursing home or assisted living facility, as well as care received at home. CLASS benefits can also be used for other types of supports and services, such as home modifications, assistive technologies, accessible transportation, and homemaker services, to name just a few.

How much will CLASS pay in benefits?

We have not yet determined the benefit plan. By October 1, 2012, the Secretary of Health and Human Services will designate a benefit plan, after taking into consideration the recommendations of the CLASS Independence Advisory Council. The CLASS Act requires that the benefit plan include a cash benefit averaging at least \$50 per day, not subject to any lifetime limit.

What is the CLASS Independence Advisory Council?

The CLASS Independence Advisory Council is the Department's statutory public advisory body on matters of general policy in the administration of the CLASS Program. The President has not yet appointed the members of the Council. The time period for submitting nominations to the Council has ended.

Can taxpayer funds be used to pay CLASS benefits?

No. The law specifically prohibits the use of taxpayer funds to pay benefits.

CLASS Premiums

How much will CLASS coverage cost?

Premiums have not yet been established. By October 1, 2012, the Secretary of Health and Human Services will announce details of the benefit plan, including premiums, after taking into consideration the recommendations of the CLASS Independence Advisory Council.

Source: Health and Human Services Administration on Aging

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