

THE 2008 DISABILITY POLICY SEMINAR

THE ARC, AAIDD, AUCD,
UCP AND NACDD

FACT SHEET

COMMUNITY LIVING ASSISTANCE SERVICES AND SUPPORTS ACT (CLASS ACT)

Background

Currently there are 10 million Americans in need of long term services and supports, and the number is expected to increase to near 15 million by 2020. Many Americans who have or develop severe functional impairments can only access coverage for the services critical to their independence (such as housing modifications, assistive technologies, transportation, and personal assistance services) through the federal/state Medicaid program. Their need for Medicaid for critical support services requires that they “spend down” assets and remain poor. While recognizing the important role that Medicaid plays in the provision of long term services and supports, it is time to develop an approach that takes the pressure off of the Medicaid program and helps individuals and families avoid poverty.

The Community Living Assistance Services and Supports Act (CLASS Act) would offer an alternative path. It would create a new national insurance program to help adults who have or develop functional impairments to remain independent, employed, and stay a part of their community. Financed through voluntary payroll deductions of \$30 per month (with opt-out enrollment like Medicare Part B), this legislation would help remove barriers to choice and independence (e.g., housing modification, assistive technologies, personal assistance services, transportation) that can be overwhelmingly costly, by providing a cash benefit to those individuals who are unable to perform 2 or more functional activities of daily living.

The large risk pool to be created by this program approach would make added coverage much more affordable than it is currently. It would give individuals added choice and access to supports without requiring them to become impoverished and to qualify for Medicaid.

Premium payments collected through payroll withholding would be placed in a “National Independence Fund” managed by the Department of Health and Human Services as a new insurance program. Any individual who is at least 18 years old and actively working would be automatically enrolled (unless they opt out), and pay their premiums through payroll deduction or another alternative method. Any non-working spouse could enroll in the program and pay their premiums through an alternative payment procedure.

To qualify for CLASS Act benefits, individuals must be at least 18 years old and have contributed to the program for at least 5 years. Eligibility for benefits would be determined by state disability determination centers and will be limited to: (1) individuals who are unable to perform two or more activities of daily living (ADL) (e.g. eating, bathing, dressing), or (2) individuals who, due to a cognitive or psychiatric impairment, require supervision, cueing, or hands-on assistance to engage in activities that will enable the individual to perform at least 2 of the following critical life functions: communicating; taking medications; household management; and basic money management.

To account for differences in independence support needs, there would be two cash benefit tiers. Tier 1 benefits (\$50/day) will be payable to eligible individuals who are unable to perform 2 or 3 ADLs or have a cognitive or psychiatric impairment requiring assistance with 2 or 3 critical life functions. Tier 2 benefits

(\$100/day) will be payable to individuals who are unable to perform 4 or more ADLs or have a cognitive or psychiatric impairment requiring assistance with 4 or more critical life functions. The cash benefit would be posted monthly to a debit account or a "Choice Account". Once an individual becomes ineligible for CLASS benefits (by improvement in functional status or death), CLASS Act benefits would cease. If an eligible individual does choose to move into an institutional facility, CLASS Act benefits would be used to defray those associated expenses.

Eligibility for CLASS Act benefits would not have any effect on eligibility for Social Security retirement, survivors, or disability benefits, Supplemental Security Income (SSI) benefits, Medicare, or Medicaid. If an individual is eligible for CLASS Act benefits, and also eligible for the long term services under Medicaid, CLASS Act benefits could be used to offset the costs to Medicaid, thus producing Medicaid savings for the state. The CLASS program benefit would not replace the need for basic health insurance --- it provides a mechanism to pay for those non-medical expenses that allow a person with a disability to remain independent. The CLASS program benefit could be in addition to long term care insurance. It would provide a consistent, basic cash benefit to "glove" with the private insurance products.

The CLASS Act is an important step in the evolution of public policy toward a new focus on helping individuals overcome barriers to independence that they may confront due to severe functional impairments. It is an important extension of concepts embodied in the Individuals with Disabilities Education Act (IDEA), the Americans with Disabilities Act of 1990 (ADA), and the Ticket to Work and Work Incentives Improvement Act of 1999. The CLASS Act is also hailed as a way to provide critical coverage without forcing people into impoverishment to qualify for Medicaid services, and therefore, as a way to relieve pressure on the Medicaid program which now serves as the fall-back program for people without private insurance coverage for long term care.

Action Taken by Congress and the Administration

The CLASS Act was introduced by Senator Edward Kennedy (D-MA) as S. 1758 and Representative Frank Pallone (D-NJ) as H.R. 3001. The Senate Health, Education, Labor and Pensions (HELP) Committee held a hearing on numerous long term services issues in July 2007. The House Energy and Commerce Subcommittee on Health held a hearing in January 2008 which addressed the CLASS Act and other long term services and supports issues.

Recommendations

The 110th Congress should act swiftly to pass the CLASS Act to relieve the pressure on the Medicaid system and to ensure that workers and their families are covered by an affordable, premium-based long term support insurance program. Members of both the House and Senate are urged to co-sponsor the bill.

Relevant Committees

Senate Finance Committee
Senate Health, Education, Labor and Pensions Committee
House Energy and Commerce Committee (Subcommittee on Health)
House Ways and Means Committee

For more information, please contact The Arc and United Cerebral Palsy Disability Policy Collaboration (202-783-2229), Association of University Centers on Disabilities (301-588-8252), American Association on Intellectual and Developmental Disabilities (202-387-1968), or National Association of Councils on Developmental Disabilities (703-739-4400).

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