Expansion of Medicare Benefit to Cover Long Term Care Would Benefit both Patients and Providers

The number of individuals who will need long term care is growing and will soon reach record levels. As the baby boomer generation ages, the population of Americans over the age of 65 will double and the population of Americans over the age of 85—the individuals most likely to require nursing home care—will triple to nearly 90 million.

Despite common conceptions, Medicare does not cover long term care stays in nursing facilities. Medicare covers up to 90 days of skilled nursing care, such as rehabilitation, following a hospital stay but does not cover long term care stays for individuals who need assistance with basic tasks of daily living. For the over 70% of individuals over the age of 65 who require long term care at some point in their lives, they typically spend out-of-pocket until they have exhausted personal funds, at which point they shift onto the Medicaid program.

There are also few private financing options for long term care. The long term care insurance market has contracted significantly in recent years. Rising claims, low mortality, and lower than expected lapses have led to high prices, which are often unaffordable to a large segment of the population. Sales are well below 1990 levels, with group sales dropping nearly 50 percent in the last decade.

All of this points to a coming long term care crisis in America that will need to be addressed now so that care does not suffer in the future. A record number of individuals are going to need nursing facility care, and as medicine and care improve over the years, mortality rates will fall while patients will have increasingly complex needs. This comes at a time where long term care is already critically underfunded.

Medicaid, which currently pays for the majority of nursing home care, only pays 89 cents for every dollar of care. Nursing homes are barely financially solvent, with MedPAC-confirmed margins of only 0.7%. Margins are even worse in facilities with higher long stay populations where Medicaid covers a higher-than-normal amount of care. The long term care profession is contracting and financially suffering at the very time it needs to be expanding in order to accommodate the vast number of aging Americans who will soon need its services.

"The Medicare Long-Term Care Services and Supports Act of 2018", introduced last session, took the long-needed step of establishing a Medicare benefit for long term care. The benefits to such a program are obvious: beneficiaries would not be forced to use up all their own funds simply to enter the Medicaid program and reimbursement would stabilize for long term care providers. Additionally, 17% of working adults provide uncompensated care for individuals who could be receiving long term care under such a Medicare benefit. The lost productivity from these caregivers is estimated to cost the economy an additional $34 billion annually.

The Medicare program was originally created to assure that older Americans, many of whom could not afford private insurance, had a safety net and could afford necessary medical services. We again face this very situation. Private insurance is an untenable sole solution to the looming long term care crisis and now older Americans will face spending all their personal resources in order to receive care that the majority of those over 65 will need at some point in their life.