

The Herculean Task of Solving America's \$750 Billion Long-Term Care Problem

Morning Consult

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With every passing day, 10,000 more Americans turn 65, and many of these Americans and their families find themselves unprepared for the financial challenge that awaits them. Although the retirement savings crisis makes headlines, a long-term care crisis is also wreaking havoc on aging Americans, their families, and state Medicaid coffers.

Long-term care is linked to our nation's overall retirement preparedness dilemma, yet it requires its own solutions and dedicated attention from lawmakers.

Although the vast majority of Americans and their families will be impacted by a long-term care event, a new Genworth survey shows that only 1 in 5 have taken any steps to plan for financing those costs. Roughly 52 percent of people over the age of 65 will need long-term care services and supports at some point in their life. In 2014, the SCAN Foundation reported that in the United States, nearly \$725 billion is spent per year on long-term care, a number that today is closer to \$750 billion, considering inflation and rising costs.

Every day I meet people who share stories of their long-term care struggle; it seems as though everyone can personally relate to this challenge. It demonstrates perhaps America's most troubling reality: our nation's lack of a comprehensive strategy to care for our aging population. A long-term care event can deplete a lifetime of savings in a single year, leaving retired individuals with limited income destitute and dependent upon their family and public programs for help. The private and public sectors cannot delay in working together to support and meet the long-term care needs of our aging population.

As the nation's largest carrier of private long-term care insurance with over 40 years of experience in helping people finance their long-term care expenses, Genworth knows that we cannot continue with the status quo. As just one example, lawmakers and officials at the federal and state levels must explore ways to foster a regulatory environment that encourages growth, innovation and greater access to affordable and flexible long-term care insurance products.

Today, Genworth hosts our annual long-term care symposium in Washington, bringing together experts and stakeholders ranging from elected officials, caregiving groups and other stakeholders from across the aging community. Thought leaders, including symposium guests such as the National Association of Insurance Commissioners, AARP and the Bipartisan Policy Center, have developed recommendations for financing long-term care, and each organization recognized that there is no one single solution to solve this growing problem.

We cannot be entirely dependent on Medicare and Medicaid to help us through this crisis – indeed, many Americans do not realize that Medicare does not generally cover long-term care. And while private insurance is a smart investment for many retirees, it is out of reach for many others. All stakeholders must work together to develop a mix of options to help create meaningful change in the LTC market.

One of the issues that has driven insurers out of the marketplace, stifled product innovation and led to reduced demand for private insurance is the regulatory model governing rate increases, which has effectively delayed actuarially justified rate increases to the point that carriers must request very large and difficult-to-afford increases.

Instead, we are proposing smaller and more frequent premium adjustments as claims experience emerges, which could ensure that carriers remain in a strong claims-paying position over time and could reduce the shock that consumers face with large, infrequent premium spikes. This new regulatory framework is currently being reviewed and considered by a handful of states.

In addition to pricing reform, carriers are designing products offering different types and levels of coverage so consumers can select policies based on their risk and what they can afford.

Caregivers, too, need more support. For every individual who needs care, a network of caregivers – many of them unpaid family members – helps provide that care. Medicaid has become the de facto principal payer of last resort for long-term care, yet governors and state Medicaid directors recognize that this is unsustainable and reform must occur. A trained, professional workforce for care must also be nurtured, both in facilities and in the home.

Finally, because small health problems can quickly escalate into crises requiring long-term care, wellness and prevention measures can go a long way in delaying or preventing long-term care events and therefore help stem rising costs throughout the long-term care system.

America cannot afford to stand idly by as the long-term care crisis unfolds. Long-term care financing reform can pave the way for new and innovative solutions that save both consumers and the government money. We look forward to discussing the challenges and solutions of long-term care at today's long-term care symposium and in the weeks and months to come so everyone can age with the dignity and quality care they deserve.

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