

## **The Devil's In The Details of CLASS, Reports Long Term Care Associates**

The Community Living Assistance Services and Supports Act, or simply CLASS, which was signed into law March 23<sup>rd</sup> as part of the President's ambitious Health Care Reform package, proposes a new national insurance program for the working disabled, but analysis suggests Americans should take a "wait-and-see" approach.

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**Bellevue, WA April 1<sup>st</sup>, 2010--** Like many in the LTC industry, we find the passage of CLASS a galvanizing force for awareness regarding an often overlooked gap in many Americans' retirement planning. However, we are alarmed that too many individuals may be seduced into thinking that CLASS will indemnify their estates against the catastrophic expenses associated with a chronic illness or accident.

"By now, most people are aware of the 5-year vesting requirement of CLASS, which means you have to pay premiums for 60-months before you can apply for benefits," explained LTCA Senior VP Stephen D. Forman, "But few are aware of the 2-year deferral requirement imposed on CLASS beneficiaries who lapse more than 90 days." This anti-selection mechanism to prevent sick individuals from flocking back into the program means such individuals may have to pay for their own care for the first 24 consecutive months before CLASS would pay."

"Others would be surprised to learn that if they opt-out after just 1 payment and later opt-in more than 5 years in the future-- say a young worker who has just 1 deduction from her paycheck at age 38 but later decides to opt-in when she's 59-- will pay a massive penalty of not less than 60% higher premiums. In the example just given, the rate increase will be no less than 250% on each payment, which is CLASS's penalty for opting back in."

Forman continued, "We think others will be surprised to learn that the Life Independence Accounts, as they are called, may not be used to pay for Assisted Living or Nursing Facility Care, even though the cost of such care can easily bankrupt a modest middle-class household. Adding insult to injury, CLASS beneficiaries who fail to claim their "rolled over" benefits by the end of each year will find that the Government has recouped them in a "use it or lose it" fashion. Finally, once Americans discover they must report their expenditures to the Government each year—in an attempt to weed out fraud in the ATM-like debit card system CLASS intends to use—we think many Americans will find this over-the-shoulder policing to be 'Big Brotherish'."

"But perhaps the biggest myth is the amount of the benefit itself," Forman explained. "The daily or weekly benefits of CLASS will be decided by October 2012, but we know there will be a range based upon the disabilities of the beneficiaries. The catch is that the law states only that the weighted average must not start below \$50/day. So it's important for individuals to realize that while the most disabled will receive more than the average, by definition many beneficiaries will receive perhaps MUCH LESS than \$50/day (rising with the CPI each year). Meanwhile, the [average cost of a Medicare-Certified Home Health Aide in 2009 was \\$46.22 per HOUR](#).

Although many details of CLASS have yet to be determined, from what we have seen, most analyses have been written without reading the version of CLASS which

was signed into law by the President-- or worse—simply parroted as hearsay from earlier analysis. For answers to your questions about CLASS as well as Long-Term Care inquiries in general, please consult one of the nation's oldest and most distinguished marketers of Long-Term Care Insurance, LTCA at 1-800-742-9444.

*About us:*

LTCA, Inc. is headquartered in Bellevue, WA. With roots dating back to 1974 LTCA is one of the country's oldest and most distinguished long term care insurance marketing organizations. The company is licensed in 47 states and District of Columbia, and can today say that our policyholders' claim payments are measured in the tens of millions of dollars. To learn more about becoming affiliated with LTCA visit our website at <http://www.ltcassociates.com>.

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