



The CLASS Act

Title VIII, the Community Living Assistance Services and Supports Act or the “CLASS Act” was passed as part of P.L. 111-148, The Patient Protection and Affordable Care Act, March 23, 2010. The CLASS Act creates a voluntary government run program to provide participants with long term care support and services. It is not designed as an income replacement product similar to disability insurance and for some consumers, may or may not be fully adequate to replace private long term care insurance.

At this time, there is much uncertainty surrounding the new program. The Department of Health and Human Services (HHS) will be developing the program over the next two years before it is implemented. They are expected to create up to three benefit plans no later than October 1, 2012.

May 14, 2010



Enrollment

In order to be eligible, participants must be

- 18 years of age
- receive wages or income that are subject to the Social Security Tax
- be actively at work
- not a patient in a hospital or nursing facility, an intermediate care facility for the mentally retarded, or an institution for mental disease and received Medicaid
- not confined in a penal institution or correction facility

There is no underwriting except based on age to determine premiums and eligibility for the program. Enrollment into the program will be automatic through the employer if the employer offers the program. Employees must opt-out if they do not wish to enroll. An alternative enrollment mechanism will be developed by HHS for the self-employed, people with more than one employer and employers who do not automatically enroll. Employees may opt out at anytime and qualified individuals who are eligible to enroll may do so at anytime.

Premiums

Exact monthly premiums are yet to be determined, however, premiums will be nominal for those at or below the poverty line. Once the premium amounts are announced for January 1, 2011, expect to see changes made to the premiums in 2012 as the government reviews the enrollment data. The premiums can be adjusted annually by the Secretary of HHS. There will be no increase in premium if a participant is over 65, unemployed or paid premiums for 20 years. The premium will be recalculated if there is a 90 day or more lapse in payment and there will be a penalty for re-enrollment after a five-year lapse. Payments for premiums may be made by payroll deduction or some other mechanism yet to be determined if their employer does not participate.



The CLASS Act

Benefits

Premiums will go into a Life Independence Account to pay for expenses such as home modifications, assistive technology, accessible transportation, homemaker services, respite care, personal assistance services, home care aides, nursing support and family caregiver(s). Institutionalized beneficiaries will keep 5% of their benefit above the personal needs allowance under Medicaid; the remainder going to offset Medicaid's cost. Participants in the Home and Community Based Services will keep 50% of their benefit with the remainder offsetting the costs to the state. Cash benefits received will be disregarded in determining eligibility "under any other Federal, State, or locally funded assistance program", such as Medicaid.

To qualify for benefits, a beneficiary must meet the trigger for care. The trigger is based on the inability to perform specified activities of daily living (ADL). There are six ADLs and the beneficiary must have 2 or 3 ADLs that require "substantial supervision" such that they can not perform these functions without assistance. The 6 ADLs include: '(A) Eating. "(B) Toileting. "(C) Transferring. "(D) Bathing. "(E) Dressing. "(F) Continence

To receive benefits, participants must be enrolled in CLASS, have paid premiums for 5 years (vesting period), have earned in 3 of the 5 years an income at least equivalent to the Social Security requirement for number of quarters paid into the system and have paid premiums for at least 24 consecutive months if a lapse has occurred. The Secretary will establish an Eligibility Assessment System no later than January 1, 2012.

The benefit will be in the form of a cash benefit of no less than \$50 per day increasing with CPI. Payments will be variable on a scale of functional disability with between 2 and 6 benefit levels, paid daily or weekly. There is no lifetime or aggregate limit. The insurance industry may offer insurance coverage through the exchange in 2014 and may coordinate benefits between private insurance coverage and CLASS benefits.