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HEADLINE: The Catch-22 of Long-Term-Care Insurance

BYLINE: By Eve Tahmincioglu

BODY:

If you need it now, you probably can't afford it. And if you can easily afford it, you may not need it. What to do?

The arguments for buying long-term-care insurance get more compelling all the time:

**New tax breaks signed into law last summer let many buyers deduct at least some of the premiums and mostly eliminate taxes on policy reimbursements (see the box on page 101).

**Compared with several years ago, policies provide more comprehensive coverage and are less likely to hit you with dramatic premium increases down the road.

**People are living longer. The fear of ending up in a nursing home and ultimately depleting lifelong savings is why most people consider long-term-care insurance. Even though such policies can be expensive, from $900 to $3,000 annually, the price pales in comparison with the cost of long-term care.

**Tougher rules on shifting assets to qualify for medicaid mean more families may have to pick up the tab for long-term care.

The number of policies in effect in the U.S. has more than doubled since 1990, to about four million (that's about 12% of people age 65 and over), and some 120 companies offer them. But despite the persuasive arguments and the numbers, long-term-care insurance isn't for everyone--not by a long shot. Financial planners rarely recommend coverage for people who aren't at least 60. Beyond that, you may be a candidate if you want to protect your assets; but if you have substantial wealth--or very little--the premiums can be a waste of money.

IS IT RIGHT FOR YOU?

Long-term-care insurance operates under a kind of Catch-22: If you wait to buy it until you're likely to need it, policies are prohibitively expensive. For example, annual premiums typically double between ages 60 and 70. (Your premiums are usually set when you take out the insurance, but they can be raised later for a whole class of policies, such as those in an entire state or portion of a state.)

Another complicating factor is that the chance you'll need any sort of long-term care, including home care and assisted living, is minimal until you reach your eighties. If you are between ages 65 and 69, there is only a 10% chance you will need such care, says Robert Atchley, director of the Scripps Gerontology Center at Miami University, in Ohio. If you are between 75 and 79, the probability is still less than 20%. But between ages 85 and 89, the chance you will need long-term care jumps to more than 40%.

For those reasons, the best candidates for coverage are people in certain categories of age, income, assets and medical history.

Age. Because the chance that you will become chronically ill before age 65 is slim, buying before that may be overly cautious. And new tax deductions are much more generous once you hit your sixties. The average age of people who buy long-term-care insurance is about 67.

Buying at an early age also makes it difficult to plan what kind of benefits you'll need and what they'll cost. It's hard enough to predict what kind of long-term care you'll need in five years, let alone 25. And it means paying premiums for much longer periods of time and paying out more than you're ever likely to need for care.

One exception to the don't-buy-too-soon rule is a low-cost (or free) option from your employer as part of the benefits package.

Income and assets. The goal: Get enough coverage so you don't have to tap your assets if you need care. But unless you're a couple with assets above $100,000 (not including a house) or a single person with assets of more than $40,000 or $50,000, long-term-care insurance isn't for you. You'd probably deplete your assets before the insurance kicked in, making you eligible for medicaid.

At the other end of the spectrum, you don't need this insurance if you have enough income from retirement plans and investments so you wouldn't have to tap assets to pay the annual tab at a nursing home.

Couples in particular need to determine whether they would have enough money to pay for one spouse to enter a nursing home. Medicaid rules differ from state to state; but in general, if one spouse goes into a nursing home, the other can keep about $75,000 in assets, not counting the value of the house, car and certain other possessions. If you purchase long-term-care insurance, both spouses should be covered so that a nursing-home stay by one spouse won't deplete assets needed by the other.

Another benchmark: Don't spend more than 5% or 6% of your annual income on premiums. The average buyer spends 6% of annual income on such policies, according to a study by the Health Insurance Association of America.

Medical history. A history of heart disease in your family means you might die quickly of a heart attack instead of lingering with a chronic illness. Jack Locke, 64, and his wife, Katharine, 66, of Wilmington, Del., have factored their family backgrounds into their decision about long-term-care insurance. Many of the men in Jack's family have died from heart problems, so he's still on the fence about buying coverage for himself. But Katharine's family has a history of living longer: Her mother was in a nursing home until age 84. Jack says they

will probably purchase a policy for Katharine sometime this year, but he will wait until he turns 65 to make a decision for himself.

Gender. Because they live longer, women have a greater chance than men of ending up in a nursing home. Among women who live to age 65, half will need a nursing home at least once, compared with about one-third of men.

THE RIGHT COVERAGE

Policies come in all shapes and sizes, depending on the coverage you want. The best long-term-care policy includes a comprehensive mix of coverage for nursing-home stays, home care and assisted living. But choosing the best policy for you goes beyond that. It should also include protection against rising health care costs and some provision to allow you to collect benefits even if premiums become unaffordable down the line.

When you decide long-term-care insurance is right for you, get answers to these questions about how much coverage you need and what kind:

**When does the policy kick in? Medicare offers limited coverage; it will pay on average for up to 27 days of nursing-home care after three consecutive days in the hospital. If you are homebound and need skilled services intermittently, medicare will pay for up to 35 hours a week of home health visits. But once your condition improves, you may be ineligible for coverage. Some medigap policies cover limited home health care benefits after medicare's coverage stops.

If you can afford to pay some of the care costs after your medicare benefits are exhausted, consider a 90- or 100-day waiting period--also known as the elimination period--rather than a 30-day wait. You'll save about 10% in premiums.

**How much of the cost do you want covered? The current average cost for nursing-home care is more than $40,000 a year, a figure that is expected to rise to $80,000 by 2010, according to United Seniors Health Cooperative. You should investigate the cost of facilities you're likely to use.

You can pay anywhere from $80 a day in Oklahoma to $200 a day in some parts of Connecticut for nursing-home care. Home health care that's not round-the-clock runs about half the price of a skilled nursing facility, while assisted-living facilities can run from $60 to $150 a day.

For most buyers, the policies should cover 80% to 100% of the daily cost of long-term care in their region. In most cases, if you buy $100-a-day coverage for nursing-home care, $50 a day for home care would be a minimum. Assisted-living daily benefits should be somewhere between those two figures. Ideally, you should purchase a policy with a daily benefit that can be applied freely among all types of care.

**How long will you need coverage? This is called the benefit period. You can buy a lifetime policy if you think you might end up in a nursing home for more than five years, but that's expensive and usually unnecessary. The average nursing-home stay is about three years; the likelihood of staying more than three years is just over 10%. And most nursing-home admissions are for relatively short periods of time--less than three months. Buying a policy with a three-year benefit period that covers nursing homes, home care and assisted

living is adequate.

Some policies offer a shorter benefit period for home care. But experts advise against buying such policies because home care is increasingly seen as an alternative to taking people out of their houses and placing them in nursing homes.

**Will the policy keep up with rising costs? Your long-term-care policy could let you down if the benefits do not keep up with increases in health care costs. Consider a policy with an inflation-protection rider that increases the daily benefit amount. The best rider is one that promises 5% more a year compounded beginning the year after you buy the policy.

Inflation Protection Rider

If you are in your seventies or older, however, a simple 5% inflation adjustment is probably sufficient because the chance you will need the policy to pay out sooner is higher.

**When should benefits begin? In determining when to begin benefits, insurance companies look at your ability to perform typical activities of daily living, or ADLs, also known as benefit triggers. Policies pay benefits when you are unable to perform at least two such ADLs.

You will have to choose from among a list of five or six ADLs that will trigger benefits--the more, the better. Barbara Stucki, research analyst with the Public Policy Institute of the American Association of Retired Persons, says an inability to walk or to bathe is most likely to occur first.

**Will your policy lapse if you can't pay the premiums? You can choose nonforfeiture protection that provides some long-term-care coverage even if you can't afford to pay the premiums. The shortened-benefit-period option, for example, allows you to receive benefits if you pay premiums for a certain number of years, usually five to seven. But the duration of your coverage will be reduced, depending on how much you paid into the plan. Keep in mind that nonforfeiture protection can boost the cost of your overall premium by as much as 30% to 50%.

Before you sign up for long-term-care insurance, do as much comparison shopping as possible. Get copies of contracts from several insurers and read the policy and the fine print--or turn it over to your lawyer or financial planner. After signing, if you change your mind, you have 30 days by law in most states to cancel.

Reporter: Catherine Siskos

What the policies cost

Standard & Poor's Corp. rates all of these insurers "secure" for claims-paying ability. The daily benefit applies to nursing-home or home health care. All the policies include a 5% compounded inflation adjustment. Every company except GE Capital Assurance offers a spousal discount.

<tab>
<tab><tab><tab> BENEFIT DAILY WAITING ANNUAL PREMIUM
COMPANY PERIOD BENEFIT PERIOD AT AGE 60 AT AGE 65 AT AGE 70

American Travellers	3 years	$100	100 days	$ 910	$1,530
$2,120					
Bankers Life and Casualty	3 years	100	90 days	1,080	1,500
2,160					
CNA	3 years	100	90 days	856	1,168
1,696					
GE Capital Assurance*	3 years	100	100 days	1,090	1,480
2,120					
John Hancock	4 years	100	100 days	1,320	1,740
2,590					
Unum	3 years	100	90 days	1,875	2,495
3,207					

What the new law means to you

Tax provisions signed into law last summer introduce breaks on premiums for "qualified" long-term-care insurance policies--those that meet new federal guidelines--and end most taxes on policy reimbursements. But it may also make benefits on new policies harder to collect.

New deductions. Starting with your 1997 taxes, if you itemize deductions, you can add the premiums for long-term-care insurance to your medical expenses. But many people won't get much, if any, benefit because you can deduct medical expenses only to the extent that the total exceeds 7.5% of your adjusted gross income. And the amount you can deduct is capped based on your age. Until you reach 61, it's pretty stingy. For example, if you are 40 or under, you can deduct only $200 a year; from ages 41 to 50, you can deduct $375; from 51 to 60, $750. But between ages 61 and 70, the amount jumps to $2,000, and if you are 71 or older, you can deduct $2,500.

Tax-free reimbursements. The new law says that reimbursements from qualified policies are not taxable income. But if you have a per-diem policy, which pays a set amount regardless of actual expenses, income is tax-free up to $175 a day (the figure will be indexed for inflation). Above that amount, payments are tax-free only when they reimburse actual expenses.

New provisions. The new law's guidelines on what constitutes a qualified plan are more restrictive than the terms of most products now on the market. "Many of us have a concern that the federal act might make it harder for policies to pay out," says Glenn Pomeroy, insurance commissioner of North Dakota and vice-president of the National Association of Insurance Commissioners.

For example, according to the new law, before you can file for benefits, you must be certified as chronically ill by a licensed health care practitioner who expects the disability to last for at least another 90 days. Many older policies don't include a 90-day test. Also, benefits start when a person can't perform at least two of a specified list of activities of daily living (ADLs).But the new law allows insurers to sell policies that don't list bathing as an ADL, even though an inability to bathe yourself is one critical qualification for the need for long-term care.

Regulations governing details ofthe new guidelines are being finalized by the U.S. Treasury Department and should be out by June. Meanwhile, insurance companies are scrambling to change their policies and resubmit them to state

insurance departments for approval. If you purchased a policy before January 1, 1997, it will be grandfathered under the new law and will qualify for the tax break.

What about policies bought after the new year but before the regulations are final? Insurers are assuring customers that they will be able to update them without extra cost or additional underwriting. But to be on the safe side, get that promise in writing.

LANGUAGE: ENGLISH

LOAD-DATE: May 6, 1997

MEMORANDUM

TO: BRUCE REED

CC: ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: FEDERAL GOVERNMENT OFFERING LONG-TERM CARE INSURANCE

DATE: JUNE 13, 1997

SUMMARY

Elder care issues are becoming prevalent in the workplace with costs of absenteeism, interruptions, and decreased productivity totaling $30 billion per year. We recommend that the federal government begin to offer long-term care insurance to its employees.

BACKGROUND

With people living longer, the fear of ending up in a nursing home is becoming more prevalent. The arguments in favor of long-term care insurance are becoming more compelling:

- New tax breaks signed into law last summer let many buyers deduct at least some of the premiums and mostly eliminate taxes on policy reimbursements.
- Compared with several years ago, policies provide more comprehensive coverage and are less likely to have dramatic policy increases as the insured ages.
- Tougher rules on shifting assets to qualify for Medicaid mean more families may have to pick up the tab for long-term care.
- The number of policies in effect in the United States has more than doubled since 1990 to about 4 million (that's about 12% of people age 65 and over). More than 120 companies offer long-term care insurance.

RECOMMENDATION

- The federal government could provide an option of offering long-term care insurance to its employees.

LEVEL 1 - 17 OF 18 STORIES

elder care

Business & Health

April, 1997

SECTION: No. 4, Vol. 15; Pg. 63; ISSN: 0739-9413

IAC-ACC-NO: 19325131

LENGTH: 1323 words

HEADLINE: 1-800-DIAL-DAYCARE: It's finally dawning on corporate America that employees with family woes can't concentrate on work and that child and **elder care** are bona fide bottom-line benefits.

BYLINE: McCarthy, Robert

BODY:

It's finally dawning on corporate America that employees with family woes can't concentrate on work and that child and **elder care** are bona fide bottom-line benefits.

In the all-too-common dichotomy between the views of employer and employee, few issues top dependent care. A Towers Perrin survey detailed in last month's Benefits Bulletin (Employee rewards, employer perceptions, March 1997), for instance, finds that while two out of three employers rate dependent care "highly important," two out of three workers do not think their companies cover it adequately.

That may be changing, though, as employers become increasingly aware of the gap between dependent care needs and actual benefits and of the havoc unmet needs play on the corporate bottom line. In a needs assessment conducted last year by the Greater Omaha (Nebraska) Chamber of Commerce, employers estimated that workers missed a total of 18,000 hours of work per year as a result of adult day care responsibilities and slightly over 22,400 hours per quarter because of problems with child care.

A conservative estimate of costs to Omaha employers associated with the care of workers' adult relatives is $ 720,400 annually, based on a rate of $ 40 for every hour lost from work. Respondents, including 6,000 employees as well as senior executives, also agreed that **elder care** responsibilities have a negative effect on job performance. Rear-ranging schedules and excessive phone calls, for instance, are common problems.

On the child care side, Omaha employers estimated last year's bottom-line losses at $ 3.6 million. Not surprisingly, absenteeism accounted for the biggest loss. Indeed, three out of four workers with kids say they stay home when a child is sick, and many have considered quitting their jobs because of the difficulty of juggling the demands of work and family.

FLEX AND REFERRAL

The vast majority of large employers--about 85 percent as of 1996, according to Hewitt Associates--are doing something to ease the demands. But what? The predominant offering in the realm of dependent care benefits remains the flexible spending account. These accounts, funded by predetermined pre-tax deductions from employees' pay, can be used to pay for child care or dependent care.

Flexible Spending Account

To qualify for the tax exemption, however, the child must be under 13, and the dependent must be disabled and spend at least eight hours a day in the home of the covered employee. The government also limits the amount of pre-tax dollars that can be set aside for this purpose to $ 5,000 a year. The details are spelled out in Flexible Benefits: A How-to Guide, 5th ed., published by the International Foundation of Employee Benefit Plans in Brookfield, Wis.

In a world of frenetic two-career families, resource and referral services are also gaining in popularity. "They're generating interest among employers eager to move a step beyond just providing the flex accounts," says Nancy Nager, a registered nurse who's president and CEO of Specialized Health Management/Specialized ElderCare in Newton, Mass. "Employees of corporate customers call us with a need," she explains. "And we find a match for that need, be it for adult daycare for dependent parents, home care, sick or emergency care, even a good household repairman. We're the link."

Specialized Health sells its services both to individuals (the charge is $ 52 per year) and to corporations at even lower group rates. Nager points out that not only are many big and mid-sized and even some small companies becoming interested in **elder care** and referral services, but so is managed care.

Managed care plans are looking at both custodial care and preventative care for dependent adults, she says. "In the Boston area we've been talking with a number of major players about our SeniorLink offering, which includes home care assistance, insurance coverage, financial planning, even legal services. The idea would be to add SeniorLink to a Medicare-risk plan."

1-800-EMERGENCY

Caregivers on Call, a Lynbrook, N.Y.-based emergency care provider, promises help for the folks who have been given the moniker, the sandwich generation. "We have children on one side, and on the other we have aged parents," says managing director Martha Cooper. "It's a wonder some of us can find time to go to work."

Caregivers on Call is an in-home (and last-minute) baby sitter or provider of custodial care. For the most part, says Cooper, it's a defined benefit, with costs ranging from $ 5,000 to $ 7,500 per year per employer site. There are also hourly fees for the services, which some employers subsidize.

When an emergency arises, the employee whose firm has signed on calls a toll-free number and explains what's needed. Caregivers on Call delivers, Cooper asserts, sending trained and credentialed emergency care providers into the caller's home right away. "We have about 70 corporate clients in 17 states," she adds, "and interest is growing."

THE AGING BOOMERS

In fact, **elder care** services are still few and far between. Not surprisingly, child care is a far more common part of an employee benefit package. According to a Buck Consultants 1996 report on work and family issues, nearly one corporation in five provides some child care assistance, often in the form of a center located either nearby or on-site. It's the baby boomers again.

Child care moved into a high priority position as more and more people in this large and vocal group became working parents. Now that the boomers' golden years are approaching, they can be expected to transform adult day care into a growth industry as well.

"Right now there are 3,000 community-based programs for **elder care**/adult daycare," says Mary Brugger Murphy, acting director of the Washington, D.C.-based National Adult Day Services Association. "Sounds like a lot, right? But by 2000, we'll need 10,000 such programs. And the need will only increase."

A lot of health care providers--hospitals, nursing homes, even home health vendors--are eyeing the field as an opportunity, Brugger Murphy continues. "The big snag is that Medicare still won't pay for adult day care, though it will pay for the less efficient and more costly homebound care."

Providers aren't alone in recognizing the need for **elder care.** The formation of local and regional employer consortia, such as the Greater Omaha Dependent Care Association, is a recent development in the dependent care arena.

Made up of 13 mid-sized companies, including Omaha Steaks, Westin Hotels and the Douglas County Bank, the organization aims to increase each member's ability to subsidize child and adult support for working families. Says Susan Ogborn, director of education at the Omaha Chamber of Commerce: "By means of the consortium, employers can afford to offer a number of progressive child-care benefits, like sick/emergency care and before- and after-school care. For dependent adults, the consortium will be offering support programs to assist employees in locating and evaluating **elder care** services."

Help with Granny and the kids

Benefit	% of large employers offering
Dependent care (pre-tax) spending account	49%
Resource and referral service	40%
Sick child/emergency care	13%

Child-care center	9%
Long-term care insurance	8%
Elder care counseling service	6%

Source: Salaried employee benefits provided by major U.S. employers in 1996, Hewitt Associates.

LANGUAGE: ENGLISH

IAC-CREATE-DATE: June 3, 1997

LOAD-DATE: June 04, 1997

MEMORANDUM

TO: **MARY SMITH**

FROM: **RAVEN MONTGOMERY**

RE: **ELDER CARE**

DATE: **JUNE 4, 1997**

ELDER CARE

USA Today May 16, 1997

- Many corporations are turning to outside programs for help for their employees. The Department for the Aging, offer such low cost services to corporations and other clients through their partnership for elder care, which contracts with companies to offer help to their employees who are dealing with elder care matters or planning for the future.
- Employees can call their specialists to get assistance with Medicare, Medicaid, hospital discharge planning, legal and financial planning, home care, meal on wheels, transportation, residential placement, etc.
- Corporations and other institutions that are looking for help for their employees concerning elder care can call this nonprofit organization for help.

Idaho Statesman May 12, 1997

- Over 22 million US families provide for elderly relatives. According to the report from the National Alliance for Care Giving the average care giver is a middle-aged woman who spends 18 hours a week caring for her mother.
- There is an estimated 4.1 million total care givers, the job is full-time and it absorbs at least 40 hours a week.
- Senator Charles Grassley's bill would expand respite-care benefits available to the low income elderly.

Chicago Tribune, May 12, 1997

- Discusses the idea of using adult day-care facilities. They started in the early '70's, but still are rare today.
- Currently there are only 1500 centers operating around the country, serving 50,000 elderly, mostly suffering from dementia. It provides meals, exercise, and craft activities.
- The charge for adult day-care facilities is between $30 and $48 for a full day, depending on impairment. Medicaid pays the bill for some low-income participants.

USA Today April 29, 1997

Conrail

- Last year began providing staff training in "end-of-life" issues to help workers deal with parents' medical/legal matters.

Dupont

- Permits employees up to 6 months unpaid leave to take care of a relative.

1993 Family and Medical Leave Act

- Only requires companies with more than 50 workers to provide up to 12 weeks of unpaid leave for care givers
- Some companies use flex time and telecommuting to help workers deal with parental care or bereavement

Other Policies to Help:

- Liberal leave time
- Financial counseling
- Providing knowledge. Companies have counseling programs and care policies that help workers deal with parents that are aging.
- Sensitivity training
- IBM and Travelers' Insurance are labeled as the best corporations at helping employees with the issue of aging parents
- Work/Family Direction (WFD) provides 200 corporate clients employee-support programs on many family issues.
- If the employer does not offer parental care giving referral service then their other option is to use services from the Children of Aging Parents.

USA Today April 29, 1997

- Lost productivity, absenteeism, interruptions and replacing employees who care for elderly relatives cost corporations $30 billion a year according to the National Alliance for Care Givers
- The out-of-pocket expenses amount to $24 billion a year.
- AT&T permits flexible work schedules, telecommuting and job-sharing. They provide workers three days a year for family needs.

Business Insurance April 28,1997

- Elder care more than doubled in employer participation to 30% from 13% between '91 and '96.
- In most cases, the employer reported contracting with an outside referral service, but 10% conducted the elder-care service themselves
- Of the nearly 1/3 of respondents offering some form of elder care benefit, 25% also reported offering to workers long-term care insurance, and 17% offered counseling on elder care issues.

PR Newswire April 21, 1997

Flexible Scheduling Arrangements

- Flextime (72%) and part-time (64%) are the most common benefits offered; job sharing (36%), compressed work schedule (22%), working from home (20%), and summer hours (15%) are the other options.

Elder Care Programs

- Have more than doubled over last 5 years, now offered by 30% of employers. Resource and referral service (79%), long-term care insurance (25%) and counseling (17%)
- Data was prepared by the Hewitt Study and represents data collected on work and family benefit plans offered to salaried employees at 1050 major employers

Business&Health

- Conservative estimate of costs to Omaha employers associated with the care of workers' adult relatives is $720,400 annually based on rate of $40 for every hour lost from work.

Care Givers on Call

- In-home and last minute babysitter or providers of custodial care. Costs range from $5,000 to $7,500 per year per employer site. There are hourly fees for the services, which some employers subsidize.
- Elder care counseling has only 6% of large employers providing it

New York Times

Beyond Denial: An "ELDER CARE" Primer; Health Care Rules Are a Dizzying Maze. It's Terribly Painful to Confront A Parent's Mortality. But Why Wait For a Crisis?

- The total number of people over 65 in the city remained fairly constant between consensus in '80 and '90, the number of people 85 and older rose 32%.

The Paperwork

- When parents begin to need some form of elder care there needs to be a power of attorney. Then a health-care proxy which allows the person designated to make decisions about medical treatment should a patient not be able to participate.

Health care Options

- Nursing home, home health care, enriched housing, or shared housing
- Many private agencies specialize in placing home health aides for a fee.
- A nonprofit agencies like New York Foundation For Senior Citizens will provide health aides under certain circumstances using Medicaid or private funds
- Enriched housing is where frail elderly people live in apartment buildings where a hot meal is service once a day and other services; from transportation to personal growing are arranged. The costs varies, one large building in Manhattan is just under $800 a month.
- Shared housing roommates are found for elderly people who remain in their homes.
- Elder-law specialists, geriatric-care managers are paid ranging from $80-$150 an hour depending on task and are not covered by health insurance or Medicare. Those who can't afford to hire these people; public and non-profit private agencies offer social workers who perform many of the same tasks.

New York Times April 3, 1994

A Proposal to Reform the "Elder Care" Maze

- Governor Mario Cuomo's Long-term Care Access Bill. This bill could establish one-stop shopping for long-term care programs.
- A new partnership with local government would be forged to plan and coordinate a framework to make the state system more responsive and accessible to the elderly and adults with disabilities.

The New York Times April 6, 1994

Looking Beyond Family to Aid the Elderly

- Phillip Morris, American Express, J.P. Morgan & Company, and the New York City Department for Aging started the Partnership for elder care.
- Nonprofit company hired by businesses to advise workers about caring for aging family members
- Has contracts with 10 companies and serves almost 700 people a year.

National Association of Professional Geriatric Care Managers

- Organization in Arizona that goes to small, home-based businesses and to major corporations. Their fee ranges from $40 to $150 and will do everything from assessing the needs of elderly people to shepherding them to day care programs and doctor appointments, signing up for meal appointments, hiring and checking upon home health aides, and stocking refrigerator with healthy foods

The Wall Street Journal February 16, 1994

How Some Companies Help With Elder Care

- Employers are using less costly alternatives aimed at giving employees information and job flexibility to resolve elder care crises without missing work:

  Employee Seminars

  - Brown-bag lunches and seminars aimed at helping workers plan for elder care needs
  - Working Family Directions Inc. (Boston consulting firm) gave 575 elder-care seminars for clients' employees last year on such topics as choosing a nursing home, paying for elder care and legal issues raised by aging.

  Resource and Referral

  - Hot lines offer advice on issues like nursing home alternatives, home safety for elders, helping aged relatives. Costs about $8 to $13 per eligible employees per year.

  Flexible Scheduling

  - Mainstay for elder care program. Allows employees to solve problems privately without falling behind in work.

The Wall Street Journal July 19, 1995

Work & Family

- Washington Business Group of Health and Gibson Hunt Associates, provide

assessment of elder care costs, and a formula for employers to use in tailoring the finding to their own workforce.

- Focuses on one company, 86,952 employee industrial manufacturer. The personal care giver costs the company $3,142 a year in absences, work interruptions, added supervisor workload, medical and employee-assistance costs, and replacing those who quit.
- Study concluded that if only 2% of company's workforce is providing personal care, the total annual cost to the employer is $5.5 million.

Met Life Study

- Each care giver cost on average $2500 a year in time off and turnover. Their assumption estimates that to the 123 million persons in the US workforce as a whole, the productivity drain on personal care givers alone in nearly $8 billion and could reach $17 billion by '98.

Business Week April 15, 1996

Your Parents Are Ailing Now What?

- 5.6 million seniors receive home health care services at this time. The number is suppose to double over the next 30 years as baby boomers get older.
- Home health care can cost just as much as private facility and little of the cost is covered by Medicare. Total costs for full-time, live-in health care averages about $50,000 annually according to the president of Financial Strategies and Services Corporation. Home health care is not affordable for the average middle-class families unless they have planned ahead.
- Agencies charge $15 to $20 an hour for minimum level of custodial care. The skill care may cost at least $100 an hour. An initial assessment of hiring a geriatric care manager runs $200 to $500. Then supervising on regular basis is $40 to $150 an hour.
- The least costly service of care is a licensed registry (a temp agency for home health care workers) who charges $10-$14 per hour, plus registration fee of $200 to $1000. This type of care does not automatically provide backup or emergency care.

Solutions to Beat the Cost

- A person can borrow against the cash value of the aged parent's life insurance policy. The loan plus interest is deducted from the death benefit when the insured dies.
- If the adult child is in high tax bracket, person may take a tax-deductible loan against his home equity.
- Seniors can also take out a reverse mortgage to tap the equity in their house.

LEVEL 1 - 4 OF 18 STORIES

Chicago Tribune

May 12, 1997 Monday, NORTH SPORTS FINAL EDITION

Adult day care

SECTION: NEWS; Pg. 1; ZONE: N

LENGTH: 929 words

HEADLINE: FOR MANY, **ELDER CARE** TAKES A PLACE NEXT TO CHILD CARE

BYLINE: By Carol Jouzaitis, Washington Bureau.

DATELINE: WASHINGTON

BODY:

The afternoon rush hour for Bernice Harris is a daily race against the day care clock.

Promptly at 5:15 p.m., Harris flies through her office door, jumps into her car and maneuvers 8 miles through traffic to her home in Alexandria, Va. Harris, 45, is hellbent on getting there before the van from the day care center pulls up at her front gate at 5:30 p.m.

It's not her children she's hurrying to greet, but rather her 71-year-old mother, Lottie Brandon, who attends an **elder-care** facility in a nearby suburb while Harris and her husband, Benjamin, are at work.

After Brandon suffered a stroke 10 years ago, Harris said she didn't think twice about moving her mother into her home. Every morning and evening, Harris assists Brandon with her most basic needs, lifting the 105-pound woman in and out of her wheelchair to bathe and dress her.

"Some days are very emotional," Harris said. "But I always said I'd never put her in a nursing home."

As America's population ages and medical advancements enable people to live longer, experts say that more families such as Harris' are involved in the time-consuming, stressful task of caring for older relatives. For them, the **elder care** issue has become as pressing, and often as expensive, as child care.

"This is like a tidal wave across the country," said Donna Cohen, chairwoman of the department of aging and mental health at the University of South Florida in Tampa. "Caregiving is becoming a normal experience for Americans today."

The trend isn't necessarily new, Cohen said, but it does defy the common perception that families tend to put relatives in nursing homes at the first signs of senility or frailty.

A soon-to-be released survey shows that some 22.4 million families--one in four households--across the country are providing care for elderly relatives or friends, helping them with physical needs, household chores or transportation.

According to the report from the National Alliance for Caregiving, a non-profit organization in Bethesda, Md., the average caregiver is a middle-aged woman who spends 18 hours a week caring for her mother. But for some 4.1 million caregivers, the job is full-time, absorbing at least 40 hours a week.

"It is absolutely not true that families are abandoning their elderly relatives," said Dorothy Howe, who studies health and long-term care issues at the American Association of Retired Persons. "They are stepping up to the plate, and it's having a significant impact on their lives."

The survey found most caregivers describe the experience as a satisfying one, knowing that their loved ones are surrounded by family and well cared for. But that doesn't mean the job doesn't take a toll. The most common complaints by caregivers are depression and burn-out, a situation made worse by a nationwide shortage of affordable **elder-care** services to ease the load.

As Congress debates a restructuring of the financially-pressed Medicare system, the federal health care program for the elderly and disabled, senior citizen groups have been lobbying to add respite-care benefits to the program. Such benefits would pay the short-term cost of placing seniors in a skilled care facility so family members could take an occasional vacation.

President Clinton proposed a modest respite-care program in his budget, but the provision wasn't included in the recent budget-cutting framework negotiated with the Republican-led Congress.

Caregiver advocates are hoping another proposal from Sen. Charles Grassley (R-Iowa) will succeed, however. Grassley's bill would expand respite-care benefits available to the low-income elderly.

Harris said she considers herself fortunate to have located day care for her mother. At first, she had hired a series of aides to come to her house and care for Brandon during the day. But they turned out to be undependable about showing up on time. One was prompt, but bothered Harris by smoking cigarettes in her house.

In a moment of desperation, Harris called Alexandria's social service office, which suggested she contact an adult day care facility. Like most Americans, Harris wasn't familiar with such services. But after visiting them, she liked what she found. "It's been a real blessing. I don't have to worry about mother while I'm working," she said.

The University of South Florida's Cohen said adult day care services began cropping up in the early 1970s but still are rare. She estimated that only about 1,500 centers are operating around the country, serving about 50,000 elderly, mostly suffering from dementia.

Each weekday morning, a city-operated van equipped with a wheelchair lift picks up Brandon at about 7:30 a.m., just before Harris leaves for work. The van transports Brandon, who is blind and suffers from Alzheimer's disease, to the Family Respite Center, a non-profit service that shares space with a church in Falls Church, Va.

Much like a youth-oriented day care program, the brightly-decorated center provides meal services, exercise and craft activities. "We try to keep them as engaged as they can be," said Lin Noyes, a nurse who is the center's director.

The center charges between $30 and $48 for a full day, depending on the participant's impairment level. Medicaid, the government health care program for the needy, pays the bill for some low-income participants. The center also raises about $100,000 a year to help defray costs for others who need financial help.

"A lot of families have sticker shock when they see the cost," Noyes said.

GRAPHIC: PHOTOPHOTO (color): Bernice Harris pushes her mother, Lottie Brandon, in her wheelchair up the ramp to the house where they live in Alexandria, Va. Tribune photo by Ernie Cox Jr.

LANGUAGE: ENGLISH

LOAD-DATE: May 12, 1997

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THE STATE OF NEW YORK
BILL TEXT
STATENET

NEW YORK 220TH ANNUAL LEGISLATIVE SESSION

ASSEMBLY BILL 964

STATE OF NEW YORK
964
1997-1998 REGULAR SESSIONS
IN ASSEMBLY
(PREFILED)
JANUARY 8, 1997
INTRODUCED BY M. OF A. SCHIMMINGER, HOCHBERG, MATUSOW, ROBACH -- MULTISPONSORED BY -- M. OF A. GROMACK, KAUFMAN, MAGEE -- READ ONCE AND REFERRED TO THE COMMITTEE ON GOVERNMENTAL OPERATIONS

1997 NY A.B. 964

ONe-stop shopping for elder Care

VERSION: Introduced

VERSION-DATE: January 9, 1997

SYNOPSIS:

AN ACT in relation to directing the law revision commission to study and report on developing legislation to consolidate by April 1, 1999 the myriad of health and social services programs available to elderly and needy New Yorkers into a single program or division of the state department of health, and providing for the repeal of the provisions of this act upon the expiration thereof

NOTICE:
[A> UPPERCASE TEXT WITHIN THESE SYMBOLS IS ADDED <A]

TEXT: THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Legislative findings and declaration. The legislature hereby finds that there is a lack of organizational efficiency and a duplication of services in the statutory and regulatory provisions for health and social services to elderly and needy New Yorkers. The legislature further finds that this problem has recently become more acute and should be remedied as soon as it is feasible to do so. Accordingly, there is a need to study and develop appropriate legislation to consolidate by April 1, 1999 the myriad of health and social services programs available to elderly and needy New Yorkers into a single program or division of the state department of health.

Section 2. The law revision commission is hereby directed to study, report and develop legislation to consolidate by April 1, 1999 the myriad of health and social services programs available to elderly and needy New Yorkers into a single program or division of the state department of health to examine, evaluate, make recommendations and develop legislation containing a plan to

provide for the consolidation of the existing programs and functions available to elderly and needy New Yorkers and the elimination of any duplication of services, which plan shall include an organizational structure and proposed cost savings that will result from such consolidation. Such commission shall review, with particular care, the need to consolidate the following functions presently provided by the following state agencies into a new division of long term care services which the commission shall propose be created within the state department of health: (1) the functions performed by the bureau of long term care in the state department of social services; (2) medical assistance services to the elderly and needy presently provided under the authority of the social services law; (3) the functions of the present division of alternative long term care systems; elderly pharmaceutical insurance coverage; bureau of adult and gerontological health; bureau of long term care services; and the home care services bureau; (4) the functions presently exercised by the office for the aging to "coordinate state programs and activities relating to the aging"; (5) the following services now provided by the office for the aging: (a) home care and protection services pursuant to section 536-a of the executive law, (b) informal caregiver training pursuant to section 536-d of the executive law, (c) the respite program created pursuant to section 536-f of the executive law, (d) the community services for the elderly program pursuant to section 541 of the executive law, and (e) the services provided by the senior volunteer home helper projects created pursuant to subdivision 7 of section 536-a of the executive law and the expanded in-home services for the elderly ([A> EISEP) <A] program; and (6) the bureau of aging services of the office of mental retardation and developmental disabilities division of program operations. The commission shall direct its attention to developing recommendations and legislative proposals to implement them, for a plan which it finds would result in coordination of the following services: (I) the home health aide services presently rendered under supervision of the state department of health; personal care services presently supervised by the state department of social services; [A> EISEP <A] services supervised by the office for the aging. Such a plan shall also include a requirement for the development of a worker matrix to provide for the most efficient training and utilization of workers necessary for the provision of such care and shall to the maximum extent possible provide for the efficient and effective use of shared aide and personal emergency response systems and provide standards for the determination of when such programs are appropriate for use; ([A> II) <A] the use of home care, institutional care and social support programs with a requirement that a provider based system of assessments designed to provide the most appropriate utilization of state resources consistent with the medical and social needs of the client being maintained; ([A> III) <A] that all plans of care consider the availability and appropriateness of utilizing hospice care, respite care programs and senior volunteer home helper projects as one aspect of the plan for the delivery of needed care; and ([A> IV) <A] the extent to which programs under the jurisdiction of the office of mental retardation and developmental disabilities and the office of mental health can be consolidated into the community based programs of the new division of long term care services to be created in the state department of health by the proposed legislation of the commission, the projected costs of such consolidation, an analysis of the needs of such persons and the projected cost savings that will result from such consolidation.

Section 3. To the maximum extent feasible, the commission shall be entitled to request and receive and shall utilize and be provided with such facilities, resources and data of any public authority, board, department, division, bureau, commission or agency of the state or any political subdivision thereof as it

may reasonably request to carry out properly its powers and duties hereunder.

Section 4. The commission shall make a preliminary report to the governor and the legislature of its findings, conclusions, and recommendations not later than January 6, 1999, and a final report of its findings, conclusions and recommendations not later than March 1, 1999, and shall submit with its final report such legislative proposals as required by this act and as it deems necessary to implement its recommendations.

Section 5. This act shall take effect immediately and shall remain in full force and effect only until March 31, 1999 when upon such date it shall expire and be deemed repealed.

SPONSOR:
Schimminger

MEMORANDUM

TO: BRUCE REED

CC: ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: POSSIBLE DPC CONFERENCE ON ELDER CARE

DATE: JUNE 13, 1997

SUMMARY

Elder care issues are becoming prevalent in the workplace with costs of absenteeism, interruptions, and decreased productivity totalling $30 billion per year. We suggest a Domestic Policy Council conference on elder care, addressing the problems facing workers and possible solutions that can be provided by the Government and employers.

BACKGROUND

With the baby boomers beginning to reach middle age, their parents, in turn, are reaching old age. Middle age baby boomers will increasingly be responsible for taking care of their aging parents and relatives. With these increased caregiving activities by their workers, employers are experiencing lost hours, absenteeism, and emotional distress. In fact, baby boomers are called the "Sandwich Generation," juggling child care issues on the one hand and elder care issues on the other.

Companies are beginning to recognize the costs of elder care, and have begun to offer some elder care benefits to their employees. Companies offer referral services, long-term care insurance, flexible scheduling arrangement, and counseling on elder care issues.

STATISTICS

- Of the nation's 78 million baby boomers born between 1946 and 1964, the largest single group was born in 1957. While those boomers turn 40 this year, their parents' average age will be almost 70. Based on projections from the National Center for Health Statistics, nearly 40% of those parents will no longer be alive 10 years from now.

- A recent survey by the National Alliance for Caregiving (NAC) estimates that lost productivity, absenteeism, interruptions and replacing employees who quit to care for elderly relatives costs companies $30 billion per year.

- More than 22 million families provide informal, unpaid care for an older parent or relative, up from 7 million in 1987. Out-of-pocket expenses amount to $24 per year for items such as missed work, paying for care services, and travel expenses. [NAC survey]

- From a survey sponsored by the Women's Voices project of the Center for Policy Alternatives and conducted between August 5 and August 11, 1996, 76% of persons under the age of 30 believe that it is very or somewhat likely that they will have to care for an aging parent.

- A recent report by Hewitt Associates L.L.C. shows the greatest increase in companies offering benefits in elder care, which more than doubled in employer participation to 30% in 1996 up from 13% in 1991. Of this segment of employers, about 8 out of 10 respondents offered employees a resource and referral service that typically consisted of a telephone number and advisor who could place an elderly relative with a caregiver during an unexpected period of need.

- Of the nearly one-third of respondents offering some form of elder care benefit, 25% also reported offering long-term care insurance, and 17% offered counseling on elder care issues. [Hewitt survey]

POTENTIAL PARTICIPANTS

- National Alliance of Caregiving
- Ellen Galinsky, Families and Work Institute
- American Association of Retired Persons (AARP)
- Andrew Scharlach, director of the University of California-Berkeley's Center for Advanced Study of Aging Services
- Edward Myers, author of When Parents Die: A Guide for Adults
- Mary Brugger Murphy, acting director of National Adult Day Services Association
- Department of the Aging
- National Association of Professional Geriatric Care Managers
- Partnership for Eldercare, a nonprofit company hired by businesses to advise workers about caring for aging relatives (started by New York City Department of Aging and companies such as Philip Morris, American Express, and J.P Morgan)

RECOMMENDATION

- Hold a Domestic Policy Council event, discussing issues of elder care including possible solutions that employers and the government can provide.