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## FACT SHEET

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### COMMUNITY LIVING ASSISTANCE SERVICES AND SUPPORTS ACT (CLASS ACT), S. 697/H.R. 1721

#### Background

Many Americans who are born with or develop severe functional impairments can access coverage for the long term services critical to their independence (such as personal assistance, assistive technologies, long term therapies, and training in basic skills) only through the federal/state Medicaid program. Since there is currently no national public program to address long term needs, the Medicaid program has become the default long term services program and the last resort for millions of individuals and families who have nowhere else to turn to have their long term needs met. To become eligible for Medicaid, the individual must “spend-down” income and assets, essentially becoming impoverished and remaining in poverty for as long as s/he needs supports, often for a lifetime.

While recognizing the important role that Medicaid plays in the provision of long term services and supports, many policy makers believe that it is time to develop an approach that takes the pressure off of the Medicaid program and helps individuals and families avoid poverty. It is also critical that such an approach must be included in health care reform efforts to ensure that individuals are able to function as independently as possible within their homes, families, and their communities.

The Community Living Assistance Services and Supports Act (CLASS Act) would offer a meaningful non-means-tested complement to the Medicaid program with a focus on helping individuals overcome barriers to independence that they may confront due to severe functional impairments. The CLASS Act is hailed as a way to provide critical coverage without forcing people into impoverishment to qualify for Medicaid services; therefore, it would relieve pressure on the Medicaid program which now serves as the fall-back program for people without private insurance coverage for long term care. The Leadership Council of Aging Organizations and the Consortium for Citizens with Disabilities together have supported long term services financing principles which are reflected in the CLASS Act. A coalition of 96 national organizations representing the aging and disability communities wrote to President Obama on March 25, 2009, urging inclusion of such a program in health care reform efforts.

#### CLASS Act Legislation

The CLASS Act would create a new national insurance program to help adults who have or develop severe functional impairments to remain independent, employed, and stay a part of their community. Financed through modest voluntary payroll deductions (with opt-out enrollment like Medicare Part B), this legislation would help remove barriers to choice and independence (e.g., housing modification, assistive technologies, personal assistance services, transportation) that can be overwhelmingly costly, by providing a cash benefit to those individuals who need support for basic functions. The large risk pool to be created by this approach would make added coverage affordable. It would give individuals added choice and access to supports without requiring them to become impoverished to qualify for Medicaid.

Premium payments collected through payroll withholding would be placed in a “National Independence Fund” managed by the Department of Health and Human Services as a new insurance program. Any individual who is at least 18 years old and actively working would be automatically enrolled (unless they

opt out), and pay their premiums through payroll deduction or another alternative method. Any non-working spouse could enroll in the program and pay their premiums through an alternative method.

To qualify for CLASS Act benefits, individuals must be at least 18 years old and have contributed to the program for a "vesting" period of 5 years. Eligibility for benefits would be determined by state disability determination centers and will be limited to: (1) individuals who are unable to perform two or more activities of daily living (ADL) (e.g. eating, bathing, dressing), or (2) individuals who, due to a cognitive or psychiatric impairment, require supervision, cueing, or hands-on assistance to engage in activities that will enable the individual to perform at least 2 of the following critical life functions: communicating; taking medications; household management; and basic money management.

To account for differences in independence support needs, there would be two cash benefit tiers. Tier 1 benefits (\$50/day) will be payable to eligible individuals who are unable to perform 2 or 3 ADLs or have a cognitive or psychiatric impairment requiring assistance with 2 or 3 critical life functions. Tier 2 benefits (\$100/day) will be payable to individuals who are unable to perform 4 or more ADLs or have a cognitive or psychiatric impairment requiring assistance with 4 or more critical life functions. The cash benefit would be posted monthly to a debit account or a "Choice Account". If an eligible individual does choose to move into an institutional facility, CLASS Act benefits would be used to defray those associated expenses.

Eligibility for CLASS Act benefits would have no effect on eligibility for Social Security retirement, survivors, or disability benefits, Supplemental Security Income (SSI) benefits, Medicare, or Medicaid. If an individual is eligible for both CLASS Act benefits and long term services under Medicaid, CLASS Act benefits could be used to offset the costs to Medicaid, thus producing Medicaid savings for the state. The CLASS program benefit would not replace the need for basic health insurance --- rather it is complementary to acute health care services and provides a mechanism to pay for those non-medical expenses that allow a person with a disability to remain independent. In addition, an individual could supplement CLASS program benefits through private insurance products.

### **Action Taken by Congress and the Administration**

The CLASS Act was introduced by Senator Edward Kennedy (D-MA) as S. 697 and Representative Frank Pallone (D-NJ) as H.R. 1721. The Senate Special Committee on Aging held a hearing in March 2009 at which the CLASS Act was discussed extensively. Also in March, the Senate Finance Committee's Subcommittee on Health Care considered long term care, including the CLASS Act, as part of health reform. President Obama was a co-sponsor of the CLASS Act in the 110<sup>th</sup> Congress.

### **Recommendations**

The 111<sup>th</sup> Congress should act swiftly to pass the CLASS Act to relieve the pressure on the Medicaid system and to ensure that workers and their families are covered by an affordable, premium-based long term support insurance program. The CLASS Act should be included as an essential element of national health care reform.

### **Relevant Committees**

Senate Finance Committee  
Senate Health, Education, Labor and Pensions Committee  
House Energy and Commerce Committee (Subcommittee on Health)  
House Ways and Means Committee

For more information, please contact The Arc and United Cerebral Palsy Disability Policy Collaboration (202) 783-2229, Association of University Centers on Disability (301) 588-8252, American Association on Intellectual and Developmental Disabilities (202) 387-1968, National Association of Councils on Developmental Disabilities (202) 506-5813 or the Self Advocates Becoming Empowered (802) 760-8856.

## TALKING POINTS FOR ADVOCATES

### FOR YOUR USE ONLY/NOT FOR DISTRIBUTION

#### COMMUNITY LIVING ASSISTANCE SERVICES AND SUPPORTS ACT (CLASS Act)

- When people become disabled and need long term services and supports, most do not have enough money to pay for it and they have to become poor so that they can qualify for Medicaid.
- There are too many pressures on Medicaid to provide long term supports and people do not want to have to be poor to get help.
- Senator Edward Kennedy (D-MA) and Rep. Frank Pallone (D-NJ) introduced the Community Living Assistance Services and Supports Act (CLASS Act), S. 697 and H.R. 1721.
- The CLASS Act will create a new long term services insurance system that people pay for with premiums through payroll deductions.
- People who work and pay long enough (at least 5 years) can qualify for cash benefits if they someday need help with daily activities.
- People will not have to become poor to qualify and they can keep working if they are able.
- People can hire anyone they want to help them with daily activities.
- The CLASS Act will make it easier for Medicaid to continue helping people who are poor.

#### Congress should:

- Pass the CLASS Act so that it can become law as part of health reform.

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