



FACT SHEET

The Strained Long-Term Care Sector in America

INTRODUCTION

As nearly 80 million baby boomers reach old age in the coming decades, America's strained long-term care system will face unprecedented challenges. While families currently provide most long-term care, such as support and assistance for daily activities like bathing and eating, many lack the financial resources and institutional support needed to care for a growing elderly population.

In [*Universal Long-Term Care Coverage: Getting There from Here*](#), an acclaimed group of care researchers reviews current public and private long-term care insurance policies and offers a wide-ranging critique of the current system, how it is financed, and concrete reforms to improve the quality of care. "Our current system of long-term care is fragmented, inadequate, and inequitable, often leaving the elderly, individuals with disabilities, and family members who care for them economically vulnerable," write editors Nancy Folbre and Douglas Wolf.

FINDINGS

- **Substantially more Americans will need long-term care.** Demographers predict that roughly 20 percent of Americans will be aged 65 or older by 2050, up from 13 percent in 2009. A strong majority of those who turn 65—about 70 percent—will require long-term support at some point in their lives.
- **Informal care remains dominant.** Well over half of all long-term care is informal, unpaid assistance provided by friends or relatives, usually spouses or daughters. According to a recent survey, women represented about 67 percent of all informal caregivers for the elderly.
- **Caregiving is a difficult and consuming task.** Substantial research has documented that the stresses of caregiving take a toll emotionally, physically, and financially. In a 2009 study, 70 percent of workers reported that caregiving had an impact on employment. Two-thirds went to their jobs late, left early, or took time off.

- **The formal long-term care workforce cannot cope with demand.** The industry reports labor shortages and rapid staff turnover among administrators, clinicians and direct care workers. Many consumers are unable to find willing providers outside their families, and there are grave concerns about the quality of the workforce.
- **Long-term care can be extremely expensive.** The “private pay” rate for a single room in a nursing home averages \$75,000 per year. Home health aides cost an average of \$20 per hour. A person would have to put away nearly \$50,000 at age 65 to cover the average lifetime cost of long-term care.
- **Long-term care costs will likely grow in the future.** Neither Medicare nor private health insurance typically covers long-term care, and only a small portion of older people purchase long-term care insurance. As a result, many turn to Medicaid, which pays for roughly 40 percent of long-term care in America, but only after a disabled person has spent down almost all of her wealth.
- **There are pathways to universal long-term care insurance.** The 2010 health reform law established the Community Living Assistance Services and Supports (CLASS) Plan, which called for the establishment of a voluntary, public long-term care insurance program. Calling the plan financially unviable, the Obama Administration suspended CLASS in 2011.

In their concluding chapter, Folbre and Wolf outline policies that could widen participation in CLASS, helping to reduce its insurance premiums and avoid adverse selection:

- Urge employers to offer CLASS Act benefits among their fringe benefit packages, or require all federal contractors to offer CLASS.
- Allow workers applying for their Social Security benefits to designate a portion of their benefit as a CLASS Act premium. Restrict eligibility to avoid adverse selection.
- Turn the CLASS Act benefit into a voucher, which could be redeemed for a specified amount of unrestricted cash—keeping open the beneficiary’s ability to offer “cash for care” to family members—or for a larger sum if used exclusively for formal care services.

Universal Long-Term Care Coverage, an essential resource on how to improve the long-term care sector in America, seeks to push the national debate forward. It reviews results from countries with more inclusive long-term care policies and assesses the prospects for moving towards a truly universal—whether public, private or both—long-term care system for the U.S. [Download a copy of the book for free](#), or [read individual chapters](#).