

Ensuring Sustainable Financing of Long Term Care Systems

**Cross Atlantic Exchange to Advance Long Term Care
A Joint Conference Sponsored by AARP and the European Commission**

Senator Richard T. Moore of Massachusetts, Senate Chairman
Massachusetts Legislature's Committee on Health Care Financing

September 13, 2006
Brussels, Belgium

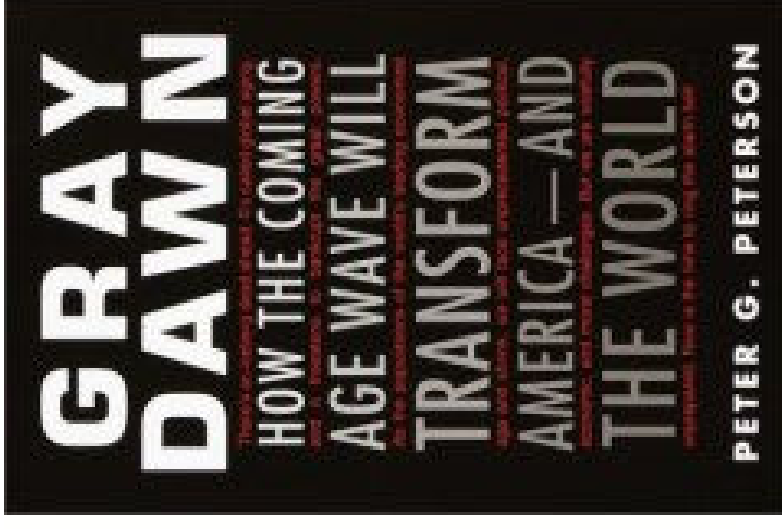
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“We face a threat more grave and certain than those posed by chemical weapons, nuclear proliferation, or ethnic strife: the ‘age wave’ .”

- Peter G. Peterson, the author of “*Gray Dawn: How the Coming Age Wave Will Transform America-and the World*”



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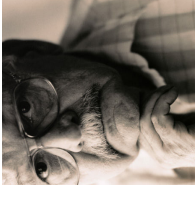


“The effects of this demographic shift will be staggering” with a whopping price tag placing a massive burden on an ever-smaller working-age population.”

- Peter G. Peterson, *Foreign Affairs*, 1999

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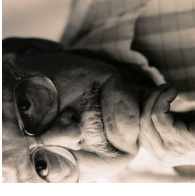
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"This terrifying tale is about escalating health care costs. Or is that toooo scary?"

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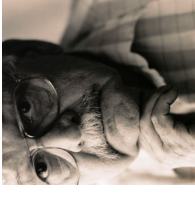
Employer-Sponsored Health Coverage Premiums Have Risen 73% Since 2000.

Since 2000, employer-sponsored health coverage premiums have increased by 73%, outpacing overall inflation and increases in worker's wages.

- *Health Affairs*, September, 2005 - October, 2005

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Health Care Costs Reached \$1.7 Trillion in 2003.

Expenditures in the United States on health care were nearly \$1.7 trillion in 2003, almost 2 and a half times the \$696 billion spent in 1990, and almost 7 times the \$246 billion spent in 1980.

- Kaiser Family Foundation, Background Brief available at www.kaiseredu.org

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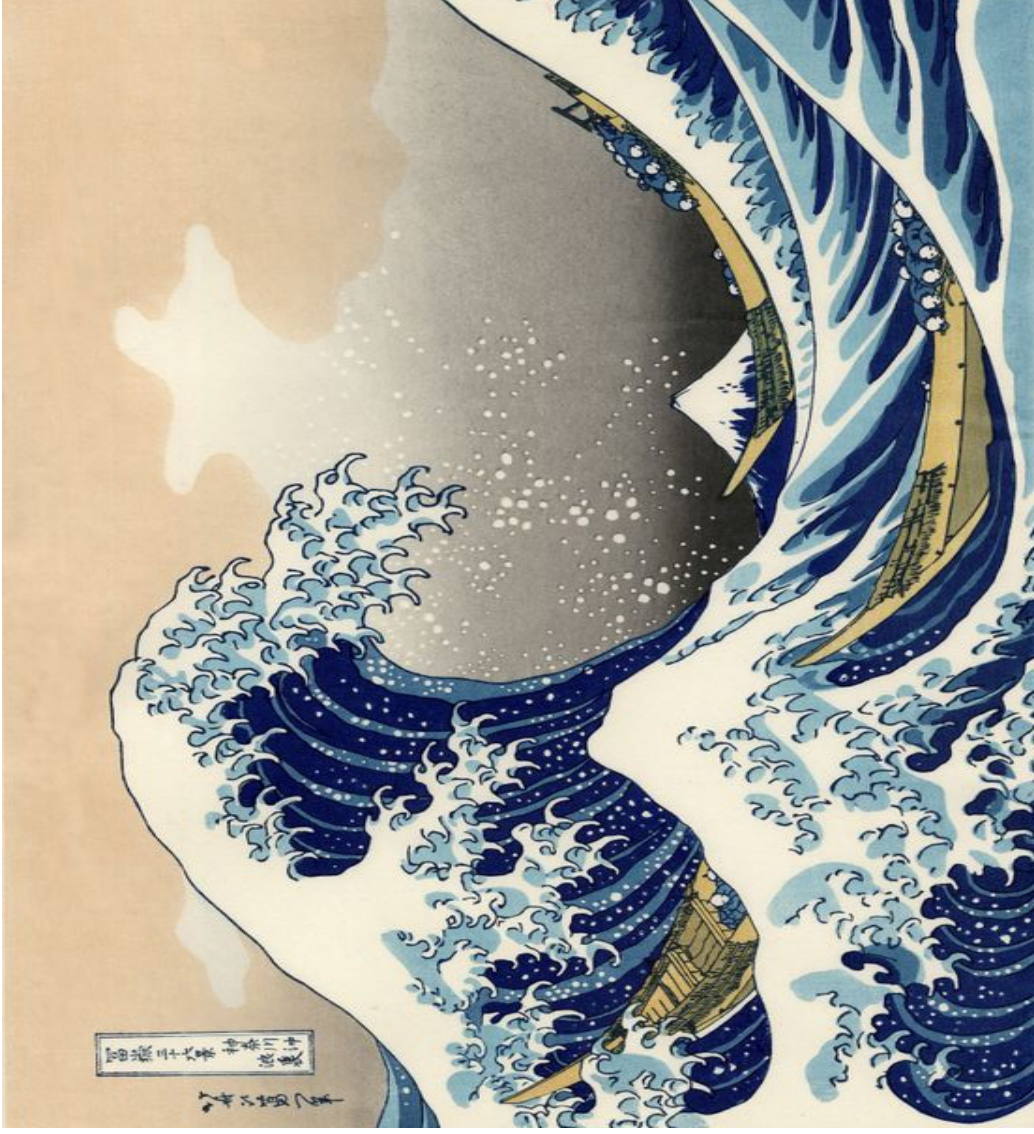


Seniormag noted that: “**Seniors account for 60% of all healthcare spending. They purchase 74% of all prescription drugs and buy 51% of all over-the-counter Drugs.**”

United Press International reported recently that **50% of healthcare spending is spent on the elderly.** “Meanwhile, nearly half of any wealthy nation’s healthcare spending is placed on the over-65 year olds, and their per capita healthcare costs run up to five times that of those under that age.”

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A large banner for the conference. The background is a light blue globe. The text 'THE CROSS ATLANTIC' is in red, 'EXCHANGE' is in large black letters with a red 'X', and 'TO ADVANCE LONG-TERM CARE' is in red. The AARP logo is on the left and the European Commission logo is on the right.

THE CROSS ATLANTIC
EXCHANGE
TO ADVANCE LONG-TERM CARE

AARP[®] Global Aging Program

EUROPEAN COMMISSION

European Commission and AARP Joint Conference on Long-Term Care

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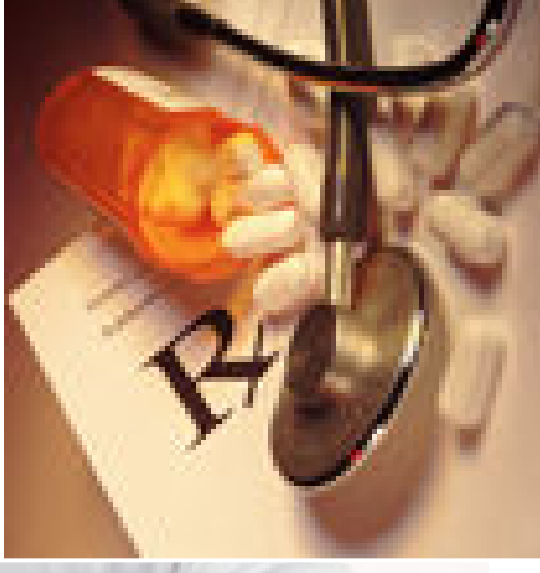


“State legislatures are the laboratories of democracy.”

- Justice Louis D. Brandeis

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Prescription Advantage Rx Insurance for Massachusetts Seniors

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MassMedLineTM Toll-Free Prescription Information and Referrals for Massachusetts Residents
1-866-633-1617

The image shows a banner for MassMedLine. It features the company name in a large, bold, blue font, followed by a smaller line of text describing the service. Below this, the toll-free phone number is displayed in a large, bold, green font. The background of the banner is light blue with a faint image of a person's face and several pills.

Since the program's inception 2001 - 2006

- Calls received: 61,200
- People used services: 21,300
- Savings as of FY 2006: \$14 million

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Nursing Home (Skilled Nursing Facilities)

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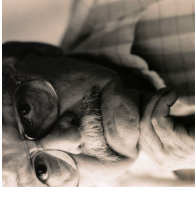
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Assisted living provides the ideal solution for seniors who need some help with daily activities, such as bathing, dressing and medication reminders.

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Senior Care Options (SCO)

5,394 Massachusetts seniors as of August 1, 2006

Senior Care Options is a partnership between MassHealth and Medicare that provides a complete package of health care and social services for low-income seniors.

A team of health professionals develops a plan of total individualized care for each member. Services are provided by a network of medical and other professionals, including a primary care doctor, nurses, specialists, and a geriatric support coordinator, who are part of a senior care organization.

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Home and Community Based Care for Seniors

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Did you check to see if all the doors and windows are locked and we have enough in savings for the kids' college education and our retirement and enough insurance for long-term nursing home care and funeral expenses?"

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Who Needs Long Term Care Insurance?



"I'll level with you. you only have 106 years to live."

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Long Term Care Insurance - New Massachusetts Guidelines

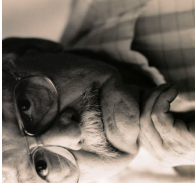
The agency responsible for public employee health insurance must devise a long term care insurance plan for state employees - a package of approved long term care insurance products that state employees could purchase.

Establish a tax exemption for long term care insurance premiums. The exemption would have a ceiling of up to \$5,000 in the annual premiums paid for long term care insurance policies approved for sale in the Commonwealth.

Institute the long-term care model law promulgated by the National Association of Insurance Commissioners. It outlines basic disclosure and performance standards for the insurance companies.

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Quality Measures

- Oversight of Nursing Homes
- Oversight of Home and Community Based Care
- Pay for Performance

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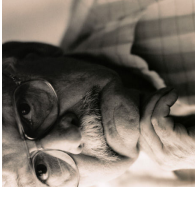
Pay for Performance is in the early stages of development and a great deal more work still need to be done to develop a full set of widely applicable quality performance measures. But that...

- Inefficient health care is costly to the patient and to the government;
- Small percentages in financial incentives can encourage provider interest in quality, while keeping the payment system predictable for health care providers;
- Patients with chronic conditions often require care across several settings of care...pay for performance initiatives need to support improved coordination of care.

- **Herb Kuhn**, Director, Center for Medicare Management

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Long Term Care Ombudsman Program

- Authorized by the Older Americans Act - 1965
- All 50 States, plus the District of Columbia and Puerto Rico identify an agency or entity responsible for the Ombudsman Program – some variation in powers and duties
- Massachusetts defines role as “advocate for residents living in long-term care facilities,” accepts complaints, and works within system to improve the quality of life and care.

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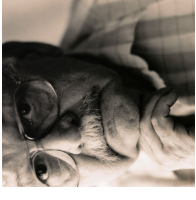


Division of Health Care Quality - Massachusetts Department of Public Health

- Inspects and licenses nursing and rest homes
- Surveys are unannounced
- Surveyors are health care professionals such as registered nurses and licensed social workers
- A survey report is sent to the nursing home after each survey

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Division of Health Care Quality - Massachusetts Department of Public Health

- If standards are not met, then the nursing home must submit a plan of correction to the Division
- In some cases, a follow-up survey is made to verify that standards that were initially found not met are corrected

Public Survey results are available online at:
<http://www.mass.gov/dph/qtool2/>

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www.healthying.net



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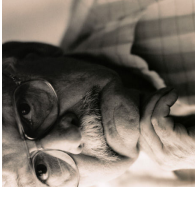
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Telemedicine/Tele-Health

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Steps for Sustainable Long Term Care

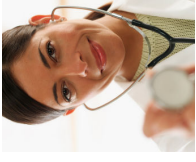
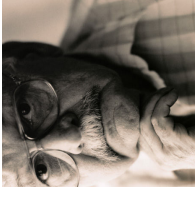
Promote home care as a viable alternative to institutional care by providing an adequate system of quality services in the person's own home or with a family member to limit the number of new nursing home beds that may be needed.

Promote reserving nursing home beds for those who are too frail to function in their home or have diseases such as Alzheimer's that render seniors unable to be served effectively in their home.

Promote telemedicine to maximize the effectiveness of medical personnel who are needed to maintain seniors in their home or community setting at a reasonable cost.

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Steps for Sustainable Long Term Care

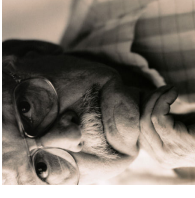
Promote public/private partnerships with pharmaceutical manufacturers and schools of medicine, pharmacy and nursing to maximize non-government supported benefits.

Promote healthy lifestyles with proper nutrition and exercise as well as prevention (including aggressive efforts to reduce infections and falls) throughout life, but especially after age 50.

Promote the purchase of long term care insurance to share the cost of long term living between the public treasury and individuals.

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Steps for Sustainable Long Term Care

Promote managed care – especially through mechanisms such as senior care options for frail, low-income seniors, and collaborative drug therapy management for seniors with chronic health conditions.

Promote quality in long term care, including pay for performance standards for cost-effective care that helps patients and taxpayers.

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