

Senator John D. Rockefeller
Senate Finance Health Subcommittee Hearing
“The Role of Long-Term Care in Health Reform”
Oral Statement for the Record
Wednesday, March 25, 2008
2:30 PM

Good afternoon. I am pleased to be here today with my friend, Senator Hatch, in this second Subcommittee hearing on health reform. Today’s topic is one that is very important to me – long-term care.

I would like to thank each of our expert witnesses for being here today for what I know will be informative testimony. I will introduce each of them shortly.

Nearly two decades have passed since Congress seriously considered long-term care reform.

The U.S. Bipartisan Commission on Comprehensive Health Care – also known as the Pepper Commission – released its “Call for Action” blueprint for health reform in September 1990.

In the 20 years since we made those recommendations, which Congress has never acted on, the long-term care provided to our nation’s elderly and disabled has not improved. In fact, for many, it has gotten far worse.

Benefits and services are severely limited. There is no long-term care insurance system in the U.S. – private or public. Instead, the elderly and disabled have a patchwork of services, across public and private programs that are not coordinated.

Contrary to what most Americans believe and expect, Medicare does not provide meaningful coverage for long-term care. And, help through Medicaid – the largest payer of long-term care – requires individuals to spend down their income and assets to a level of impoverishment.

Payment for long-term care is also disjointed. To an even greater extent than payment for acute care, payment for long-term care comes from a number of reimbursement silos between and within Medicare and Medicaid. These silos create gaps in coverage, provider payment, and quality.

Just as there are opportunities to align provider payment with better patient health outcomes for acute care, there are also significant opportunities to improve quality in long-term care. In many respects, and largely because of the dual eligibles, the opportunities in long-term care are much greater.

When long-term supports and services are available, they are often very expensive – for individuals and for our health care system. In 1988, a short stay in a nursing home cost more than \$2,500 a month, on average, and exceeded most Americans' incomes.

In 2008, the average annual rate for a private nursing home room was \$76,460 – more than \$6,300 a month, on average. The demand and costs for home and community-based services are on the rise.

In 1988, the U.S. spent \$53 billion on long-term care. In 2007, this number more than quadrupled to an estimated \$233.4 billion – or 10.6% of the \$2.2 trillion spent on personal health care in 2007. And, we face a caregiver shortage that could drive costs even higher.

As we embark on comprehensive health reform, it is imperative that long-term care be a part of the solution. Expanding coverage, improving quality, and reducing costs must not be the goals of acute care alone.

Instead, we must create a 21st Century health care system that responds to the health care needs of all Americans – regardless of their age or level of ability.

We have four very knowledgeable witnesses with us today to help us understand the role of long-term care in comprehensive health reform and the options for moving forward:

First, we have Dr. Judy Feder, who is a Senior Fellow at the Center for American Progress Action Fund. Dr. Feder is one of our nation's leading experts in health policy, and she also served as my distinguished staff director on the Pepper Commission. Welcome, Judy.

Second, we have Dr. Raymond Scheppach, Executive Director of the National Governors Association. Dr. Scheppach is knowledgeable about the challenges states face, including the significant obstacles to providing and paying for long-term care. Thank you for being here.

Third, we have Mr. Dennis G. Smith who is the Senior Fellow in Health Care Reform at The Heritage Foundation's Center for Health Policy Studies where he researches ways to improve the Medicaid program, including the future of long-term care. Before joining Heritage in May 2008, Mr. Smith was the former director of the Center for Medicaid and State Operations at CMS. Welcome back, Mr. Smith. Good to have you.

And fourth, we have Dr. Joshua Wiener, Senior Fellow at Research Triangle Institute International. Dr. Wiener is program director of aging, disability, and long-term care at RTI International. He is currently involved in studies of Medicaid home and community-based services, the long-term care workforce, quality assurance for long-term care, and projection and simulation models for long-term care. Thank you for joining us.

I look forward to the thoughtful testimony of all our witnesses and now would like to turn it over to Senator Hatch for his opening statement.