

# Nygaard Notes

## *Independent Periodic News and Analysis*

Number 645

August 14, 2019

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### Long-term Services and Supports (LTSS)

The first two caregiving areas that would be included under a system of Universal Family Care are Early Child Care and Education and Paid Family Medical Leave. The remaining area is Long-term Services and Supports, to which we now turn.

What are we talking about when we say “LTSS”? The National Conference of State Legislatures defines it like this:

“LTSS include the wide array of medical and non-medical services that are provided over a prolonged period to people of all ages with impaired mobility, impaired cognitive function, physical or mental disabilities, complex medical needs or chronic disease. Caregivers provide services and supports to help individuals with activities of daily living—such as eating, bathing, and dressing—or other activities such as housekeeping or managing medications that help people live independently, while licensed health professionals provide more complex medical care.”

LTSS often help people stay in their homes, but these services also are provided in nursing homes and other institutional settings. LTSS is long-term and expensive. Too expensive for anyone but the very wealthy to actually pay for it, even if they’ve set aside some money. Setting aside some money for LTSS may not even be a good idea, as NASI explains: “Even for Americans who can afford to save for LTSS, it would not be efficient to do so. While the risk of needing LTSS is universal, it is also unpredictable, difficult to plan for, expensive, and a threat to retirement security—all characteristics that could be addressed through risk pooling, that is, insurance.”

Insurance? Yes, but not private insurance. Again NASI explains: “Private health insurance doesn’t cover LTSS, and few Americans have private LTSS insurance, which typically costs a lot, offers limited value, and is subject to premium increases that can cause purchasers to lose coverage they’ve paid into for years.”

The nature of the problem is summarized by NASI: “Long-term services and supports (LTSS) needs are growing and for a variety of reasons families are becoming less able to meet them. One in two of those turning 65 today will need LTSS. Around 40 percent of those needing LTSS today are under 65; many will require lifelong services and supports... Thus, the fundamental LTSS financing problem today is the absence of an effective insurance mechanism to protect people against these costs.

Hmm... This sounds like a job for Social Insurance!

#### The Money

Very, very few people can afford to pay for long-term services and supports. NASI has the numbers: “Long-term services and supports most often are needed for less than two years, but they are expensive. Among the roughly half of Americans 65 and older who will have significant LTSS needs, the average total cost will be \$266,000 in today’s dollars, and a little more than half of that will have to be paid out of pocket.”

NASI discusses at some length the existing financing for LTSS. Medicaid pays for about half of the annual \$310 billion that the US spends on LTSS. There are all sorts of problems with Medicaid, not the least of which is that it is only available to poor people, which leaves a lot of people out, or forces them to pay for as much as they can until they *become* poor. Adds NASI, “State Medicaid coverage and funding can also change over time. Therefore, it is very risky for someone to rely on receiving Medicaid LTSS in a home-and community-based setting, or to make that a cornerstone of their LTSS planning.”

Some people pay out-of-pocket for care, which comes to about 19 percent of the \$310 billion, but most people don’t have enough savings to do this even if they wanted to.

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Greetings,

This issue marks the third and final installment of my series on Universal Family Care. I've spent an unusual amount of time on it because, first of all, we need to help each other manage the caregiving responsibilities that all of us will inevitably face during our lifetimes. And UFC is an achievable, realistic means to that noble end.

But there's another reason why I want people to think about UFC, and that is because active support for a program based on solidarity is an absolutely wonderful way to get people talking about... solidarity! Politicians love slogans like "Better Together." UFC is what it's all about. Social Security, Medicare, Workers' Compensation are all examples of actually-existing social insurance programs, and all are massively popular. So popular, in fact, that many people take them for granted. And that's unfortunate, as they are always under threat from reactionaries in positions of power, a large and growing group these days.

My agenda with this series is partly to energize you Nygaard Notes readers to make some noise about this. Join grass-roots groups working for UFC. Talk about it on social media, call your legislators, bring it up in candidate forums, forward these issues of Nygaard Notes to your inexplicably-nonsubscribing friends.

In the age of Trump it's easy, and important, to say NO to the reactionary agenda he represents. But we also need to say YES to some positive, visionary, far-reaching proposals. Universal Family Care is one such proposal. Let us say YES to solidarity.

Hopefully yours,  
Nygaard

*LTSS from page 1*

Private long-term care insurance fills in 8 percent of LTSS spending but, again, most people can't afford it.

The remaining 20-odd percent of the cost of LTSS is paid for by "a range of other public programs."

And we should always keep in mind that currently "The majority of the nation's LTSS is provided by family and friends. The economic value of such unpaid care has been estimated at nearly \$470 billion in 2013." And this will get harder to maintain because "over the coming decades, growth in the population 80 and older will far outpace growth in potential caregivers ages 45-64."

In summary:

"With the need for LTSS projected to rise in the coming years and the availability of family caregivers projected to decline, there will be a growing need for formal, paid LTSS. LTSS is expensive, however, and most Americans cannot afford to pay for it out of pocket. This is true not only for people with lifelong LTSS needs, but also for most of those whose needs begin in old age. The majority of people approaching retirement today lack sufficient savings to maintain their standard of living after they quit working, even without accounting for health and LTSS costs."

The report concludes by saying that "A universal social insurance program option is a potentially efficient way to mitigate the financial risk associated with LTSS and meet a host of other systemic objectives important to families."

In other words, we can't continue with the confusing, fragmented non-system that we have. We need to build a system that protects all of us in our times of need. It's easy to make the case for Universal Family Care. ♦

## The Case for Universal Family Care

Caring for kids. Caring for our elders. Caring for ourselves in periods of illness and disability. The dominance of individualism in U.S. culture has made it much more difficult than it needs to be to support each other when the road of life gets rough.

We need a whole new approach.

The report from the National Academy of Social Insurance that I have been discussing—“Designing Universal Family Care”—makes a very detailed proposal of just such a new approach. It’s tremendously exciting to me, which is why I’ve been going on and on about it. Now, as this three-part series concludes, we turn away from the details of implementation of UFC. Now it’s time to understand why this seemingly-radical idea is an idea whose time has come.

First of all, why do we need a new approach to family care policy? Here are a few reasons mentioned in the NASI report:

“Families have always coped with the risk of needing to receive or provide care—whether for children, those coping with illness or injury, or people with functional or cognitive support needs. Yet the share of families with a stay-at-home caregiver has sharply declined in recent decades.”

“Our systems [in the U.S.] for providing affordable early child care and education (ECCE) and LTSS are fragmented and limited to those with low income, leaving the broad middle class to muddle through with inadequate care options and supports. Paid family and medical leave (PFML)—which makes it possible for workers to care for a loved one, bond with a new child, or recover from a medical condition without significantly compromising the family finances—has been enacted in only seven states.”

“Early child care and education—particularly high-quality, center-based programs—is well beyond the means of many families. The average cost of ECCE represents 10 percent of the average earnings of married co-parent households with minor children and over one-third (37 percent) of the earnings of the average single parent.”

“At the same time, child care and long-term care jobs

are poorly compensated, which limits the size and skills of the care workforce as well as the quality and reliability of care. To address these challenges, policymakers might consider a comprehensive approach to meeting the caregiving needs of families across their lifetimes. The needs of care workers themselves—who are disproportionately women and people of color—and their families should also be considered within such a framework.”

“A lack of paid leave is costly for workers needing to provide care to their aging parents, children, or other family members, or to take time off to receive care themselves. The federal Family and Medical Leave Act of 1993 (FMLA) gives many U.S. workers the right to *unpaid*, job-protected time off to provide or receive care. But because of restrictive eligibility requirements, roughly 40 percent of workers are excluded entirely from FMLA coverage, and those who are covered often cannot afford time away from work without any compensation.”

“A parent is relieved when a child has access to affordable day care. A child’s welfare is improved when a parent can afford to take time off work to bond with a new baby or provide care when the child is sick. A family caregiver of a person with LTSS needs is supported when that person has access to paid care.”

### Basic Ideas About UFC

“Social insurance programs are ‘social’ in the sense that risk is pooled broadly across a population, often society as a whole. Virtually everyone contributes to a state or national insurance plan (typically a fixed percentage of their earnings), and everyone who contributes is eligible for benefits.” To put it another way, “Family members would contribute to a care insurance fund out of their earnings, from their first job onward, and receive ECCE, PFML, or LTSS benefits when they need them.” (People who have yet to enter the workforce would also be eligible in a truly universal program.)

“UFC encompasses ECCE, PFML, and LTSS benefits, but it is more than the sum of these parts. It is not based on the administrative logic of combining these programs, but rather takes a holistic approach to

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### The Case *from page 3*

families' care experiences, which change over time. While ECCE, PFML, and LTSS are typically siloed in public debate and social policy, families often experience them as overlapping and interrelated. For instance, a parent may be coping with their own medical needs while also caring for a child or aging family member with long-term care needs."

"Creating one integrated program in place of a balkanized set of programs would also streamline program administration, and this could result in efficiencies and savings. There is a core set of functions in all care benefit programs: collecting contributions, managing program finances, determining eligibility, certifying providers, tracking claims, making payments, and ensuring program integrity, to name a few. Administrative costs are almost always lower when one integrated program handles these core functions."

Politics: "Social insurance programs address the needs of not only those with low income, but also the broad middle class. The rationale for such a universal approach is that the need or 'risk' being insured against is a normal part of social or biological life for everyone, not just those with low income. Social insurance programs are typically funded by contributions (dedicated taxes) from workers and/or their employers, rather than from general revenues. For several reasons—contributors are also beneficiaries, benefits are seen as "earned," and people across the income spectrum benefit—there tends to be broad buy-in among citizens and social cohesion is fostered. As a result, universal social insurance programs have, empirically, been able to generate far greater revenue than programs targeting those with low income, both in aggregate and per enrollee or beneficiary."

Predictability and Stability: "Because social insurance programs typically have dedicated contributory

financing held in a trust fund and so do not have to compete with other programs for limited general revenues, they tend to be fiscally and politically stable. This is an important consideration for a program like Universal Family Care, which is designed to enable families to make long-term decisions about family formation, child care, and elder care. Another advantage of a social insurance approach is that families can qualify for care supports without having to file extensive paperwork to prove that they have low income and assets. This also means that there are few 'income cliffs' (which create perverse work or earnings incentives) or 'asset cliffs' (which give rise to complex and inefficient 'spend down' strategies)."

Affordable. "If one compares a social insurance approach to a private insurance approach, the former tends to be more affordable for the consumer than the latter, for several reasons. First, social insurance pools risk—and spreads the cost of coverage—across the entire workforce or population. This means that low-risk and high-risk individuals are all in the same risk pool, lowering per-person costs compared to a voluntary private insurance approach, which is vulnerable to adverse selection. Second, social insurance programs typically calculate contributions as a percentage of income, while private insurance bases premiums on the severity of a person's risk of needing care. And third, in social insurance there are limited or no marketing, sales, or underwriting expenses."

The extreme levels of inequality in the U.S. leads me to recommend that we push for something that policy wonks call *targeted universalism*, in which, as NASI explains "everyone contributes and benefits, but those with higher income pay more, and those with greater need receive more... A social insurance approach to UFC would be considered targeted universalism if its financing and/or benefits were, on the whole, progressive." ♦

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## Knowledge, Peace of Mind, Solidarity, Justice

Here are four reasons to push for a Social Insurance approach to family care policy at this historical moment in the USA.

1. What if we were to base public policy on what we *know*, and not on what we *don't* know? In this case, what we know is roughly how many people are going to need what kind of care in the future. What we don't know is who those people will be. Policy: Insure the whole group and everyone in it.



**“Quote” of the Week:**  
***“The Future We’re Building with Universal Family Care”***

From *Caring Across Generations*, one of the leading groups in a coalition working to enact Universal Family Care, comes the following vision:

*We’ve been taught that families take care of their own. And yet — as more people live longer, working millennials become parents, fewer households can rely on stay-at-home caregivers, and the meaning of family evolves — providing care has become too unmanageable for many to handle alone. Imagine if it were manageable. If new parents could draw on a public family care insurance fund to take paid leave to bond with their new babies and then use it pay for trusted daycare so that they can return to work. If relatives of an aging loved one could tap into that same fund to hire a home care worker so they don’t have to quit their jobs and move cross-country to provide care. If a worker could take their benefits from job to job and not wonder if taking leave or starting a business would affect their ability to care for family.*

*That’s the future we’re building with Universal Family Care.*

Read about and support their work. Start by going HERE: <https://universalfamilycare.org/>

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**Reasons** *from page 4*

2. Insurance offers peace of mind, since those with insurance know that they are covered if life throws them an impossible-to-afford curve ball. UFC would provide this peace of mind to millions and millions of USAmericans who are currently uninsured, during times when they most need support. What is the value of greatly reducing, or removing, a major source of stress and worry for virtually every family in the United States? Incalculable.
3. Social Insurance is based on Solidarity: One for all and all for one. Everybody chips in so that anyone in need receives the support they need when they need it. Think of how, in the aftermath of a major natural disaster, we celebrate and are inspired when we see the larger community pull together to help the victims. The word is rarely used, but what we are celebrating in those moments is Solidarity. Social Insurance institutionalizes Solidarity, giving us an everyday reason to celebrate our “better angels.”
4. Racial Justice. Naked racism is on the rise throughout the historically-white countries of the world. Since modern-day racism is based on the idea that only so-called white people are fully human, support for a universal program such as Universal Family Care becomes an anti-racist position. Universal programs such as UFC make a strong statement that every human being is included in the program *by virtue of their humanity*. And when advocates state that we all are equally deserving of—and responsible for—such a public policy, a strong message of inclusivity is sent out to the culture at large. ◆

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