Ohio | Department of Aging

CLASS Provisions in Federal Health Care Reform Bill

Roland Hornbostel

May 5, 2010

What is CLASS?

- CLASS is an acronym for **C**ommunity **L**iving **A**ssistance **S**upports and **S**ervices

- It is a voluntary, public long-term services and supports option.

How is CLASS Financed?

- It is financed through a payroll tax that a "participating" employer deducts from an employee's paycheck UNLESS the employee opts out of the program.

- If an employer elects <u>not</u> to participate, an alternative will be provided to allow employees to participate.

CLASS Financing
(continued)

- HHS must determine the amount of the payroll deduction and the daily benefit to be paid to the qualifying individual. CBO estimates in November were that the monthly premium would be $123, but that was based on a low participation rate (5-6%)

- HHS must structure the program so that it is actuarially sound for 75 years.

CLASS Timetable

- Legislative authorization for the program to begin January 1, 2011
- But HHS must issue its guidance before that can happen and has until October, 2012.
- No benefits are paid for the first five years to allow a pool to accumulate first from which benefits will be paid.

CLASS Eligibility

- HHS will establish a test of functional disability that must be met before benefits are paid (2 or 3 ADL deficits).

- Pre-existing conditions cannot be used to disqualify individuals from CLASS enrollment.

CLASS Benefits

- Designed to provide a benefit of at least $50 per day to the qualifying individual.
- Daily benefit may be higher if the individual has more needs than the minimum.
- No annual or lifetime maximum benefit.
- HHS will set benefit levels.
- Benefit is designed to pay for community services and supports, but can be used to pay a portion of the cost of assisted living or nursing facility care.

CLASS and Facility-based Care

- As noted, the CLASS benefit can be used to pay a portion of the cost of facility-based care.

- In addition, the individual may keep a portion (5% of the daily benefit) of the benefits to add to the personal needs allowance.