



COMMITTEE ON *DEMOCRATS*
ENERGY & COMMERCE
RANKING MEMBER FRANK PALLONE, JR.

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CONTACT

Christine Brennan — (202) 225-5735

**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery
House Energy and Commerce Committee
Subcommittee on Health
Hearing on “Long Term Care Financing and Delivery in the U.S.”**

Thank you to our witnesses for being here today to discuss long term care – an issue that is very important to me.

Today, we face a long-term care crisis that is forcing millions of Americans to drain all of their resources before they get any support from the federal government. This crisis is not only affecting those that need long-term care, but also their families—sons and daughters who have no other choice than to spend hours every week caring for their parents.

This simply cannot continue, and I hope that today’s hearing is the beginning of an ongoing conversation that leads to real action to address this crisis.

After all, this crisis is not new. Congress has been discussing a solution for decades. I worked with the late Senator Kennedy and Mr. Dingell on the inclusion of a public benefit for long term care in the community setting as part of the Affordable Care Act.

While this provision known as the CLASS Act was not a perfect piece of legislation, the ideas behind it were worth fighting for. Namely, the idea that there is a desperate need for a strong federal program to help with long term care costs.

This hearing is timely in that it falls just weeks after three separate and independent reports authored by those across the political spectrum have agreed on just that point. The three reports have all independently agreed on the three actions Congress must take: the first is to strengthen and simplify Medicaid long-term care; the second to build a more consumer-friendly long-term care private market, and third to create a strong federal program that will be there for those with catastrophic long-term care costs when they need it.

I could not agree more, and that is why I plan to introduce legislation sometime this year to provide a federal role in long-term care financing. Seventy percent of Medicare seniors will someday need long term care services and support and they deserve a better option when faced with catastrophic out-of-pocket costs rising into the hundreds of thousands of dollars. Congress must do more to improve the quality and affordability of these services, and I believe that we can achieve some of these goals by establishing a "Part E" option in the Medicare program to provide for this care. Now, this can be done in many different ways, but, whatever form this effort takes, we must act with a sense of urgency.

The current system forces people to sell off all their assets in order to become eligible for Medicaid. While Medicaid was put in place to help our most vulnerable, it is currently funding 51 percent of long term care expenditures—a full third of the program's total spending. And, because many people never purchase one of the available, albeit expensive, plans on the market, private insurers only pay for about 8 percent of care.

The fact that both public and private insurance plans provide so little in terms of long term care benefits means that these costs are left to be shouldered by the elderly, the disabled, and their families. These direct out of pocket costs account for \$53 billion of all long term care spending. This is too great a burden for many, who do their best to manage without care but who often depend on family caregivers to provide health assistance free of charge.

An estimated 52 million unpaid caregivers make it possible for their loved ones to stay out of nursing homes and hospitals. As anyone who has ever cared for a loved one knows, this is often an arduous task and often means missing work. These costs to society add up and are not fully tracked, but conservative estimates have found that 17 percent of working adults provide unpaid care for family members or friends, providing an estimated \$470 billion annually in labor costs.

The federal government must be part of the solution, and I stand ready to work with anyone on any of these options to start addressing this crisis; we simply cannot afford to wait any longer. Thank you.

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