



Guest Column

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Central Florida: Hillsborough, Osceola and Polk counties

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It's time to face the looming challenge of long-term care

by U.S. Rep. Adam H. Putnam

WASHINGTON – One of the great achievements of modern America is the increasing longevity of our people. It is an accomplishment, however, that carries with it several growing challenges, including the need for long-term care and a way to handle its considerable costs.

The Centers for Disease Control estimate that the average American born today will live to be more than 77 years old. That's 10 years longer than what the expectation was for someone born in 1950. Moreover, if you were age 65 in 1950, you could reasonably expect to live another 14 years. Today, the average 65-year-old American is projected to live nearly another 19 years.

These statistics are a powerful testament to the advances we have made in many areas that affect the safety and health of our people. But they also bring up an important question about how Americans – especially Americans who are at an age when medical care and outside help are increasingly important – will care for themselves or their aging loved ones.

Most families will have to deal with this question at some point. According to the National Long-Term Care Study (NLTC), 60 percent of those over the age of 65 live alone. And the American Association of Retired People recently found that two thirds of older people with disabilities relied solely on "informal" help, 75 percent of which was unpaid care from friends and family.

In Florida, which has a large senior citizen population, nearly 14 percent of the adults are caregivers. This is commendable, but it is also a burden, and it's time lawmakers recognize it.

Long term care is extremely expensive. The minimum cost for one-year nursing home stay can easily exceed \$50,000. A 2006 study found that the average private cost of care in a nursing home was approximately \$75,000 per year for a private room and \$67,000 per year for a shared room. And “At home” professional care costs the average recipient \$19 per hour, or \$76 for a 4 hour visit.

Despite the high cost of long-term care, fewer than 5 percent of those under sixty-five have an insurance policy that covers any long-term care expenses. As a result a large number of individuals pay for this care out of pocket, without public assistance.

It’s estimated that those who provide informal care contribute an average of \$200 per month to these expenses. In addition, the time commitment can be enormous: 35 percent of those who are spending 40 hours or more providing care to someone, say they have given up outside work entirely.

Besides being expensive for individuals, long-term care is also very costly to the Federal government. The Medicaid program provides the majority of long-term care in America. This entitlement program funds approximately one out of two long term care expenditures and in 2004 cost taxpayers \$95.7 billion.

As the population ages – the first Baby Boomers are reaching retirement age now – the need for sensible policies will increase. There are several steps we can take right now.

- Permit tax deductions for the cost of long-term care insurance policies. This will provide an appropriate incentive for people to take personal responsibility for their long-term care by purchasing these policies.
- Permit long-term care deductions to be made under flexible spending arrangements (FSAs) and cafeteria plans. This would encourage people to enroll in FSAs.
- Establish a reasonable tax credit for caregivers of those with long-term care needs, to assist with expenses.
- Establish consumer protections based on the National Association of Insurance Commissioners recommendations for qualified long-term care policies.

To take these initial steps, I have introduced legislation in the U.S. House of Representatives, the Long-Term Care Retirement Security Act of 2008 (HR 5559). It’s my hope that a majority of Congressmen and Senators will join with me in moving this legislation forward so that we can begin taking wise policy steps to help Americans prepare for their own future.

The prospect of a longer life is something we should regard with gratitude and optimism – not a sense of dread that we won’t be able to afford it.

U.S. Rep. Adam Putnam represents Florida's 12th Congressional District, which includes most of Polk County and portions of Hillsborough and Osceola counties. He is chairman of the Republican Conference, the third highest leadership position for his party in the U.S. House of Representatives.

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