

Caring for loved ones can create  
some of the most special and meaningful  
moments of life.

Yet, gaps in our care infrastructure leave many  
families struggling to both work and provide  
care.

# Why has the care risk become salient now?

Today's families need all adults' earnings to make ends meet

64%

of mothers bring in at least one quarter of family earnings; 41% bring in half or more.

– Center for American Progress

A national shortage of elder caregivers is approaching

7:1→3:1

is the projected decline between 2015 and 2050 in the ratio of people aged 45-64 to each person 80+.

– AARP

Care costs are out of reach for many

\$50,336

is the annual cost for a Home Health Aide, while the average cost of childcare ages 0-4 is nearly \$10,000 .

– Genworth; New America

FMLA

CCDBG

A patchwork of disparate programs leaves many of us with costly bills and anxieties about caring for our loved ones - at every stage of life, and growing older ourselves.

CCRC

Medicaid HCBS  
waivers

Paid leave

Head Start

Medicaid nursing  
facility services

The number of paid caregivers won't meet demand, and  
care jobs are poorly compensated, limiting the quality and growth of the care workforce and the quality of care.

Families bear the burden of care.

And an increasing number of us are  
“sandwiched” between caring for both  
our children and our parents.

But improving our **care infrastructure** is possible.

Long-term services and supports, paid family and medical leave, and early childcare and education are **insurable** risks.

Our families experience these needs and risks as **interconnected**.

There are **synergies** to addressing them together.

And **states** have an important role to play.

# Academy Study Panel Overview

## Task

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Design policy options for state-based social insurance programs for Early Childcare and Education (ECCE), Paid Family and Medical Leave (PFML), Long-Term Services and Supports (LTSS), and Universal Family Care (UFC)

## Purpose

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- 01 Create roadmap for state policymakers considering social insurance programs
- 02 Highlight implications and tradeoffs for key decision points related to:
  - a. Structure
  - b. Financing
  - c. Integration
  - d. Implementation

## Timeline

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December 2017 through June 2019

Funded by the Ford Foundation and Caring Across Generations

## People

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- 01 Panel Co-Chairs: Marc Cohen and Heidi Hartmann
- 02 Panel Members: 29 experts in three working groups
- 03 Project Staff: Benjamin Veghte (Project Director), Alexandra Bradley

## ECCE/PFML Working Group Members

**Heidi Hartmann**, Working Group Chair; President and CEO, Institute for Women's Policy Research; Economist in Residence, American University; MacArthur Fellow

**Indivar Dutta-Gupta**, Co-Executive Director, Economic Security and Opportunity Initiative, Georgetown Center on Poverty and Inequality

**Kathryn Edwards**, Associate Economist, RAND Corporation; Professor, Pardee RAND Graduate School

**Joan Entmacher**, Senior Fellow, National Academy of Social Insurance

**Jocelyn Frye**, Senior Fellow, Center for American Progress

**Jeffrey Hayes**, Program Director, Job Quality and Income Security, Institute for Women's Policy Research

**Elaine Maag**, Principal Research Associate, Urban-Brookings Tax Policy Center, The Urban Institute

**Aparna Mathur**, Resident Scholar, Economic Policy, American Enterprise Institute; Co-Director, AEI-Brookings Project on Paid Family and Medical Leave

**Michelle McCready**, Chief of Policy, Child Care Aware of America

**Ray Pepin**, Temporary Disability Insurance (TDI) Administrator, Rhode Island Department of Labor & Training

**Erik Rettig**, Senior Manager, SMB/Economic Policy, Intuit

**Christopher Ruhm**, Professor of Public Policy and Economics, University of Virginia

**Marci Ybarra**, Associate Professor, School of Social Service Administration, University of Chicago

## LTSS Working Group Members

**Marc Cohen**, Working Group Chair; Co-Chair, Professor, McCormack Graduate School of Policy and Global Studies, University of Massachusetts, Boston

**Eddie Armentrout**, Consulting Actuary, Actuarial Research Corporation

**Brian Burwell**, VP, Health Policy and Data Analytics, IBM Watson Health

**Henry Claypool**, Policy Director, Community Living Policy Center, UCSF

**Robert Espinoza**, VP of Policy, PHI

**Judith Feder**, Professor of Public Policy, McCourt School of Public Policy, Georgetown

**Howard Gleckman**, Senior Fellow, The Urban Institute

**David Grabowski**, Professor of Health Care Policy, Harvard Med School

**Michael Miller**, Director, Strategic Policy, Community Catalyst

**Rebecca Owen**, Consulting Actuary, HealthCare Analytical Solutions, Inc.

**Heinz Rothgang**, Professor of Health Economics, SOCIUM Research Center on Inequality and Social Policy, University of Bremen

**Allen Schmitz**, Principal and Consulting Actuary, Milliman, Inc.

**Mary Sowers**, Executive Director, National Association of State Directors of Developmental Disabilities Services (NASDDDS)

**David Stevenson**, Professor, Health Policy, Vanderbilt University Medical Center

**Eileen J. Tell**, President and CEO, ET Consulting, LLC

**Anne Tumlinson**, CEO, Anne Tumlinson Innovations ,LLC



# Early Childcare and Education

# The Case for Investing in Universal Childcare & Education

## **Existing patchwork of programs inadequate**

- Only very low-income families eligible
- Eligibility requirements strict and confusing

## **Significant ROI from expanded access**

- High developmental value for children
- Allows parents to stay in the workforce
- Develops our future workers, citizens, communities

## **Universal program would improve equity and access to care**

- Could address today's quality disparities (by income) and access disparities (by region)
- Focus on diversity + cultural competence could lessen gaps in achievement/socio-emotional development
- Nonstandard hours could make care meaningful to more working parents

# Policy Options for States - ECCE

## **Comprehensive universal program**

- All children eligible
- Essentially an expansion of existing public education
- High up-front public investment

## **Employment-based contributory program**

- Targets resources specifically to working families
- Coverage is not universal – expanded coverage would require additional provisions
- Determining eligibility could be administratively challenging

## **Universal subsidy program**

- All children eligible
- May or may not cover full cost of care, or even a sufficient amount, depending on the generosity of the program
- Greater flexibility for state and families

# Tradeoffs of ECCE Policy Options

**Universal** programs better positioned to **improve equity in child development outcomes than employment-based ones**

**Employment-based approach leaves many children out** while shifting others in and out of coverage

**Benefit adequacy (share of cost subsidized) critical**

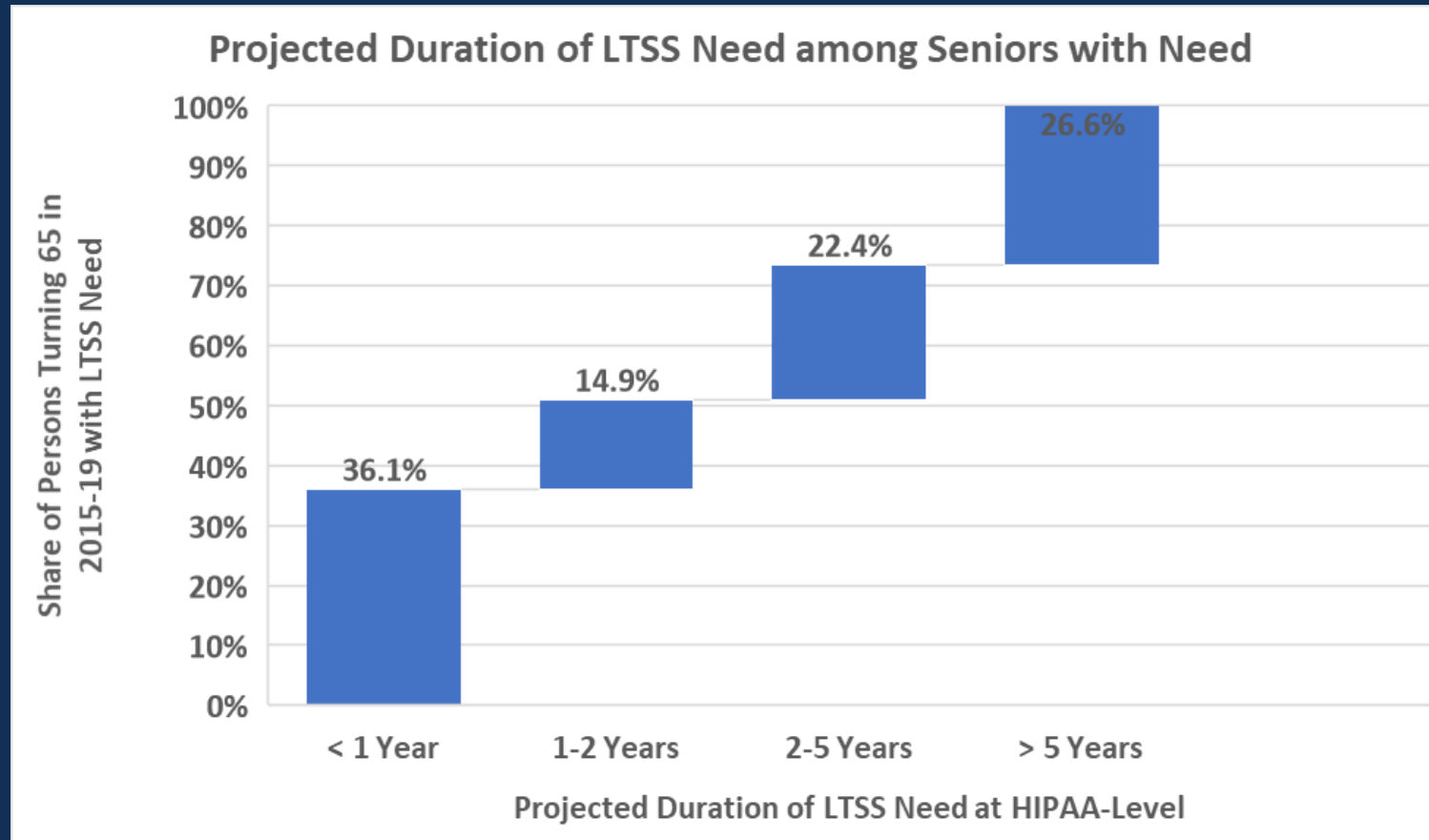
- If family share of cost after public subsidy exceeds affordability threshold for low-income households, an ECCE program could exacerbate inequality

# Long-Term Services and Supports

# Key Decision Points Program Design

- Why social insurance approach?
- Eligible population
- Generational transition issues
- Timing and duration of coverage
  - First dollar (front-end coverage)
  - Catastrophic Coverage (back-end)
  - Comprehensive coverage
- Benefit eligibility criteria
- Level of benefit payment
- Form of benefit (cash-service reimbursement continuum)

# Who Would Benefit from Alternative Coverage Durations and Start Times?



**Source:** Melissa Favreault and Judith Dey, "Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief," Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, Washington, D.C., February, 2016,

# Financing Sources and Considerations

## Sources

### Existing Federal Social Insurance Programs

- Social Security
- Medicare Part A
- Medicare Parts B and D
- Medicare net investment income tax

### Existing State Social Insurance Programs

- Workers compensation
- Unemployment insurance
- Paid family and medical leave

### Additional Potential Funding Approaches

- Taxes
- Fees
- Premiums

## Considerations

- Pay As You Go vs. Pre-Funding
- Size of tax base
- Fiscal sustainability
- Political sustainability
- Affordability
- Connection with program benefits
- Using more than one funding source



# Payment & Delivery System Integration

## Coordination of benefits with other payers

- Who is second payer?
- Coordination of benefits with private insurance

## Federal Medicaid funding issues

- How to assure no loss of Federal Matching
- Are program benefits considered income?

## Integration of LTSS and medical care

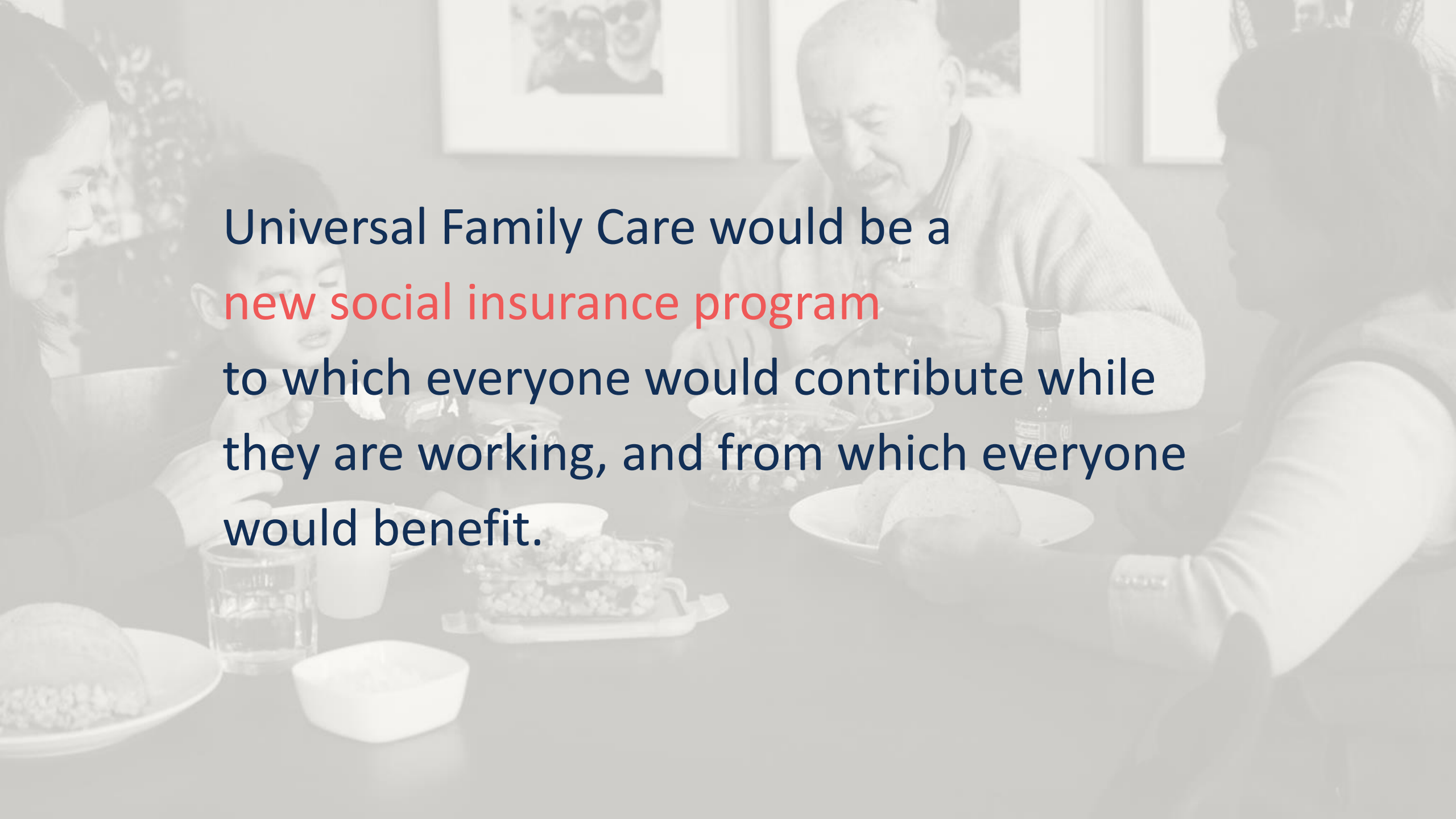
- How to integrate with coordinated delivery systems?

# Ultimate Goals

- **Improving access to LTSS.** To what extent does the additional money brought into the LTSS system allow the purchase of additional services?
- **Reducing family out-of-pocket spending.** To what extent does the program provide financial relief?
- **Reducing Medicaid spending.** To what extent does the program reduce budgetary pressure on Medicaid?
- **Financial sustainability/stability.** Can the program be paid for over the long term in a stable manner?
- **Political support and sustainability.** Is the program structured in a way that will garner broad public support, likely to persist over time?

# Universal Family Care

An Integrated Approach



Universal Family Care would be a  
**new social insurance program**  
to which everyone would contribute while  
they are working, and from which everyone  
would benefit.

# Universal Family Care Insures for 3 Care Needs



**EARLY CHILD CARE AND EDUCATION (ECCE)**



**PAID FAMILY AND MEDICAL LEAVE (PFML)**



**LONG-TERM SERVICES AND SUPPORTS (LTSS)**

# The case for an integrated, universal approach

We all juggle work and care

Not just those with low income

More efficient way to pay for care

Families pay a little from each paycheck rather than a lot during time of crisis

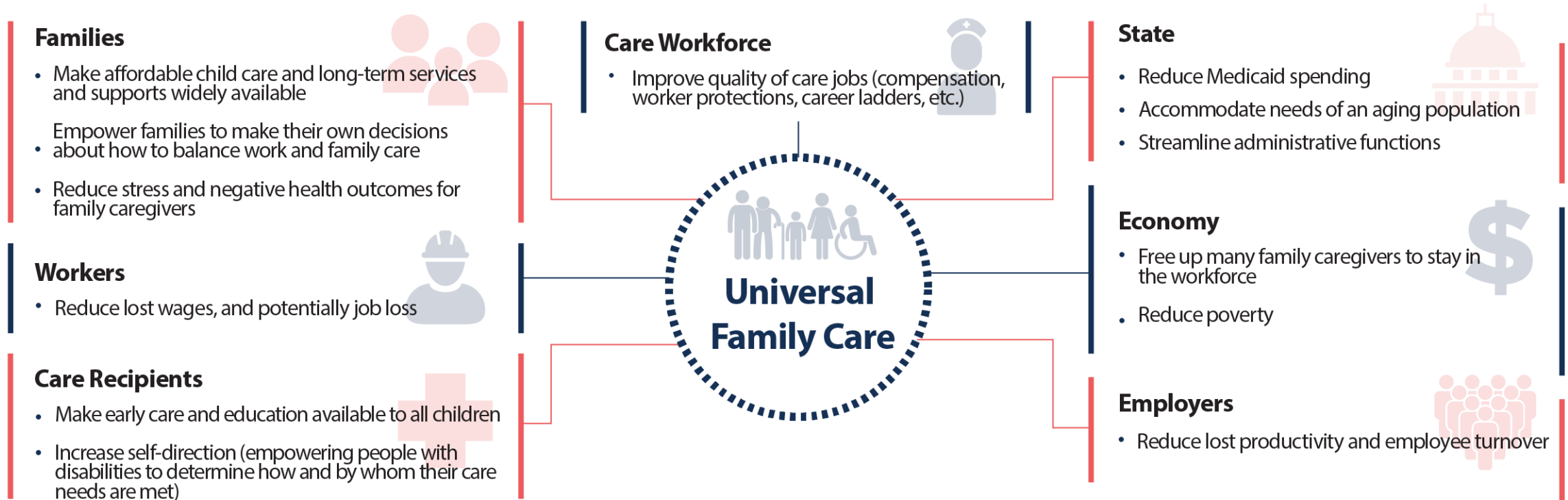
More family friendly

Allows families to focus on one other during care episodes

One stop shop

Less red tape for families and states due to single access point, lack of means testing

# How Could UFC Benefit Society?









**As Leah begins to explore her options, UFC offers her an integrated approach to care supports grounded in her specific family care situation:**

**First, it asks what she needs.**

**Then, it suggests a personalized set of supports she may be eligible for.**



☰ UFC



# Welcome.

Universal Family Care supports  
American families with benefits  
and resources for quality care  
across every stage of life.

BENEFITS GUIDE



BENEFITS GUIDE

## Assess your care needs.

To learn about benefits you could be eligible for, answer a few simple questions about your situation.

Then, you'll be guided through an application tailored to your family's needs.

Start



☰ UFC



**First, who are  
you looking for  
benefits for?**

Myself

A family member

☰ UFC



**Which family  
member?**

My Child

My Parent

Someone Else

☰ UFC



**Tell us their full,  
legal name.**

Harold

Reyes

Next



☰ UFC



**What sorts of activities do you think Harold needs help with?**

- ☐ Getting in or out of bed
- ☒ Transfer
- ☒ Household mobility
- ☐ Eating
- ☐ Toilet use

☰ UFC



**Is Harold currently  
enrolled in any  
other benefits or  
health insurance  
programs?**

Medicare



Select



Complete



# UFC can help.



Based on your answers, you  
and your family may be eligible  
to receive the following types  
of benefits:

POSSIBLE BENEFITS:

Over the course of Leah's lifetime, there will be multiple moments when she might need Universal Family Care...

In each of these moments, UFC offers Leah guidance, resources, and relief she needs to care for her family. Let's take a look at how she manages her UFC dashboard.

☰ UFC



Hello Leah



Joshua



Harold



Camila

Notification:



Harold has a new active benefit



Applications



Documents

# Pillars of a Universal Family Care program

## Work is the foundation

Everyone who is working contributes and the program enables people to work

## Flexible and portable

Covers people across jobs, including 1099 income, across the life course as needs change

## Single access point for variety of supports

Supports change as care needs change

## Invests in care workforce

Compensation, labor protections, career ladders

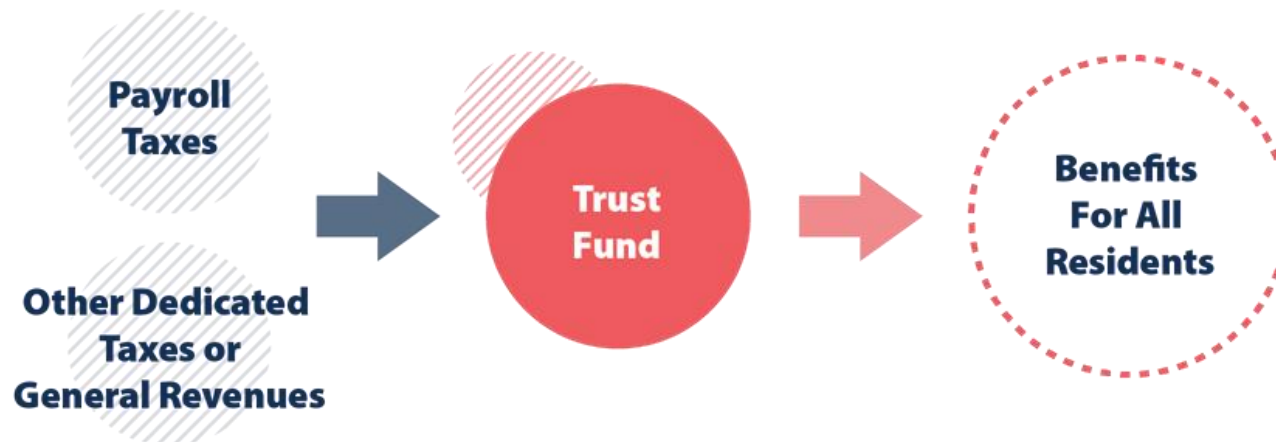
# UFC Design Elements and Considerations

Two structural approaches:

- I. Contributory social insurance approach



- II. Comprehensive approach



## What Level of Financing Would be Required?

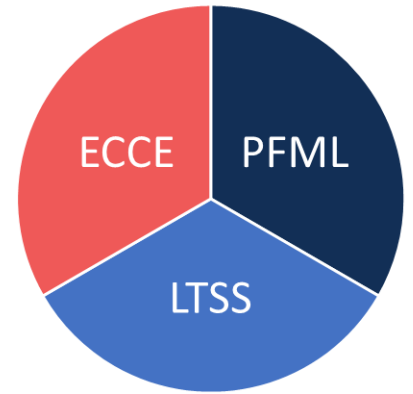
## Preliminary ballpark estimate:

UFC Program	Social Security Payroll Tax Rate	Income Tax Rate	Medicare Tax		Medicare Tax		
			(if payroll tax only)		(if payroll & investment income tax)		
			Payroll tax rate	Additional rate on earnings > \$200k/\$250k	Payroll tax rate	Additional rate on earnings > \$200k/\$250k	Investment income tax rate
ECCE: NAS Illustrative Package	2.02%	1.48%	1.55%	0.66%	1.44%	0.61%	2.56%
PFML: Family Act							
LTSS: Front-End Coverage							



# Financial Integration

- Highly integrated: **One care insurance fund**
- Moderately integrated: **Two funds**



ECCE/PFML: 1-2 Year Horizon

LTSS: 75 Year Horizon

