

# STRENGTHENING MICHIGAN'S CARE INFRASTRUCTURE: PATHWAYS TO UNIVERSAL FAMILY CARE



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2:00 - 3:30 pm ET

A virtual forum



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# Purpose

- Describe LTSS Financing Challenge and Solutions
  - The case for Action
  - The advantages of a social insurance
  - Key decision points for states
- Describe Universal Family Care Solution
  - An integrated System
  - Holistic approach to Care policy
  - Advantages of Program

# The Case for Action

- LTSS needs are growing even as families are becoming less able to deal with them
- Current system leaves most families paying out-of-pocket when need
- States are left holding the bag

# Universal LTSS Could Support and Strengthen Families

- Social insurance could provide universal, affordable LTC coverage
  - Lack of affordable insurance mechanism for vast majority of Americans
  - Social insurance contributions would be generally more affordable than private insurance premiums today
  - Coverage designed to be nearly universal for the workforce, for all adults, or for society as a whole.
  - Contribution is **less than \$40** from the average worker's monthly earnings
- Stakeholders can certainly benefit from universal LTSS
  - Seniors, families and people with disabilities
  - Employers and workers
  - State governments
  - Insurers

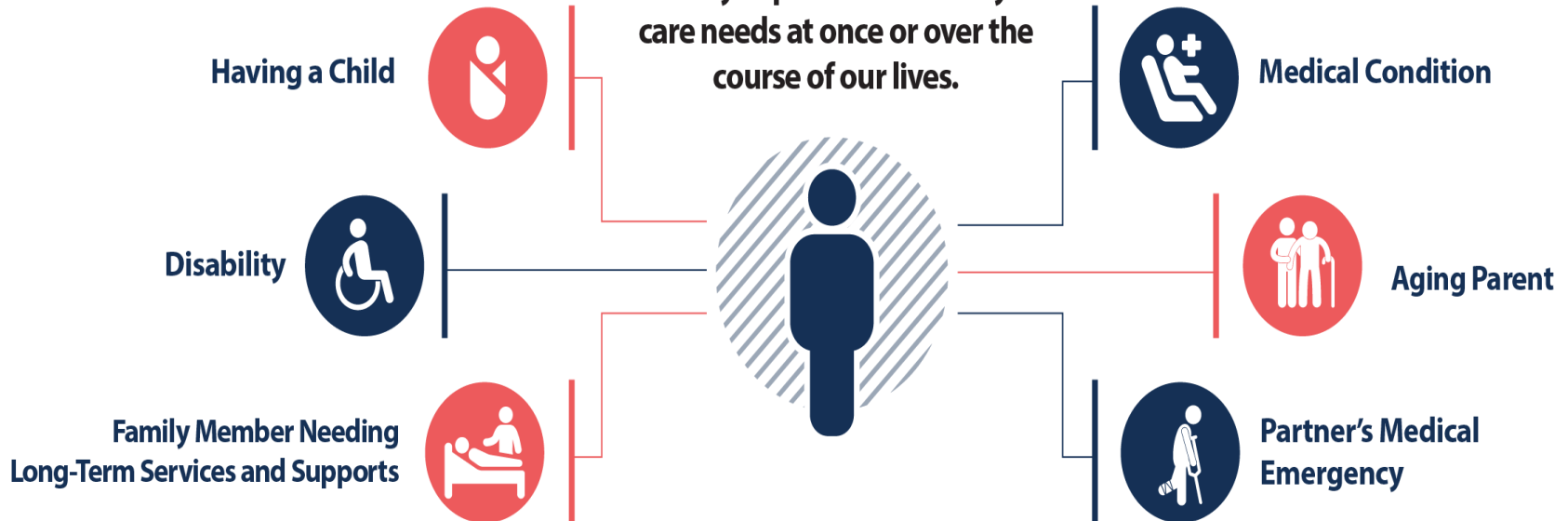
# Core LTSS Decision Points for States

- Eligible population
- Timing and duration of coverage
- Who would benefit from alternative coverage durations and start times?
- Program Financing
  - Medicare payroll tax base
  - Medicare investment tax base
  - Medicare total tax base
  - Social Security tax base
  - Dedicated tax on personal income tax base
- Issues to consider in choosing funding source
  - Size of tax base
  - Affordability for the insured
  - Connection with program benefits
  - Fiscal sustainability
  - Political sustainability

# Universal Family Care: Care Needs Occur over the Life Course



We may experience a variety of care needs at once or over the course of our lives.



# Universal Family Care: One Integrated Insurance System for Family Care Supports

- New social insurance program to which everyone would contribute while they are working and from which everyone would benefit.
- Integrated earned benefit covering care needs across life course:

- ✓ **EARLY CHILD CARE AND EDUCATION (ECCE)**
- ✓ **PAID FAMILY AND MEDICAL LEAVE (PFML)**
- ✓ **LONG-TERM SERVICES AND SUPPORTS (LTSS)**

- Our families experience these needs and risks as interconnected and not in isolation.
- There are synergies to addressing them together.

# Pillars of Universal Family Care

- Work is the foundation
  - Everyone who is working contributes and the program enables people to work.
- Single Access Point for Variety of Care Needs
  - Supports change as care needs change.
- Flexible and Portable
  - Covers people across jobs, including 1099 income, across the life course as needs change.
- Invests in Care Workforce
  - Compensation, labor protections, career ladders.



# Advantages of an Integrated and Universal Approach

- Universality: We all juggle work and care
  - Not just those with low incomes
- It is an efficient way to pay for care
  - Families pay a little from each paycheck rather than a lot during time of crisis
- It is 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

# Initial Estimates for Program Financing

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							

# Benefits to Society:

Bring common interests under single umbrella program

- **Families**
  - affordability, lower enrollment barriers, better health outcomes
- **Workers**
  - Reductions in lost wages and job loss
- **Care Recipients**
  - Less unmet need, greater flexibility, better health outcomes
- **Work Force**
  - Improve quality of care jobs by needed infusion of funds
- **State**
  - Reductions in Medicaid growth and administrative savings
- **Economy**
  - Reduce poverty and more labor force participation
- **Employers**
  - Reduce lost productivity and employee turnover