

Testimony of Senator Chuck Grassley

The Long-Term Care Security Act (S. 2420)

Tuesday, May 16, 2000

Mr. Chairman, thank you for the opportunity to testify today. As chairman of the Special Committee on Aging, I've learned how much people fear long-term care. The idea of going to a nursing home upsets people. The idea of paying for a nursing home stay is just as upsetting. That's for good reason. Any long-term care is labor-intensive. That makes it expensive. I'm interested in easing the fears associated with long-term care. Insurance is an important way to build peace of mind. Long-term care insurance is increasingly available. It allows individuals to buy a policy that will cover their costs if they need long-term care. The younger the person, the lower the premium. It pays to plan early.

Despite its value, long-term care insurance is just catching on. The spark hasn't turned into a flame. Many Americans don't realize this product is available. Sometimes they presume, incorrectly, that the government will pay for all of their long-term care. The reality is Medicaid will pay for a nursing home stay, but only after people have given up their assets. Understandably, most people don't want to become impoverished in their old age.

So the question for policymakers is, how do we promote long-term care insurance? It makes sense to start with large employers. Insurance premiums often are group-based. The larger the group paying for insurance, the cheaper the rates for each participant. As a large employer, the federal government should help its employees to get long-term care insurance.

The bill Senator Mikulski and I introduced would put the federal government's purchasing power to work. This legislation would allow the government to negotiate group rates for long-term care insurance. Our bill would offer federal employees a way to buy long-term care insurance for themselves and their families at a reasonable, affordable rate.

From every indication, federal employees would welcome this opportunity. In my home state of Iowa alone, several people have contacted me about this issue. Here are a few of their stories:

- A 72-year-old man in Davenport retired from the Department of Defense in 1988 after 23 years. He and his wife have long-term care insurance. It costs them \$2,700 a year. He'd like the option of a federal employee program because presumably, the price would be less.
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- A 78-year-old widow in Indianola is retired from the Army. She has had long-term care insurance for five years but feels that her premium of \$122 a month is high. She has children who could take care of her if needed, but there are others who may not.
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- A Johnson couple both work for the federal government. They recently had two relatives die. Those relatives did not have long-term care insurance and spent all of their money on

care. The surviving spouses were destitute. This couple hopes to avoid this situation, for themselves and for anyone else.

These Iowans deserve credit for being aware of and informed about the potential financial risks associated with long-term care. Today, there are more than 20 million families who are caring for a family member at home with long-term care needs. Compare this number to just one million nursing home residents. Clearly, families are the experts when it comes to long-term care. These families know first-hand about the financial and emotional challenges that accompany long-term care. Unfortunately, in far too many cases, families are unprepared to cover the costs of long-term care and find themselves facing financial devastation.

We need to learn from these experiences. And, we need to take steps now to help families better prepare for long-term care. The enactment of the bill we're discussing today is an important first step in meeting this goal.

As our nation's largest employer, we have the opportunity now to help millions of American families plan responsibly for their retirement and gain the security that is necessary for achieving a high quality of life in retirement years. Also as our nation's largest employer, we can and should set an example for other employers as to the importance of long-term care in the lives of American families everywhere.

Mr Chairman, thank you for holding today's hearing on this important legislative item. I look forward to continuing to work with you on long-term care for federal employees. At this time, I am happy to take questions regarding S. 2420.