



# Helping America Age Well

## Policy Solutions to Improve Long-Term Care Coverage

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Congress can take action now to improve long-term care coverage, helping seniors stay healthier, happier, and more financially secure.

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America is aging. By 2030, 1 in every 5 Americans will be a senior. Strengthening and supporting long-term care (LTC) coverage choices will help ensure more affordable care for seniors while lowering costs for taxpayers:

- **Let employees use cafeteria plans and flexible spending arrangements to buy LTC coverage.** Allowing LTC coverage to be provided under a cafeteria plan would make it more affordable. This solution would have limited impact on the tax dollars received from employees, because most employees would simply shift their cafeteria plan/FSA dollars from other pre-tax benefits to LTC coverage.\*
- **Allow retirement plans to invest directly in LTC coverage.** This improvement will allow Americans to treat their LTC coverage like any other retirement plan investment. Critically, for the millions of baby boomers in or approaching retirement, the impact on tax revenue would be minimal, because they would be using existing retirement plan savings to protect themselves from potentially catastrophic LTC costs.\*
- **Allow employees to make additional contributions to their Health Savings Accounts (HSA) to pay for LTC plans.** This approach provides more flexibility and choice, allowing employees to save more pre-tax dollars to buy LTC coverage for themselves or their spouse. While this approach may result in some revenue losses in the short term\*, encouraging people to invest now to cover future health care expenses will likely save more taxpayer dollars long-term.

America's seniors want to stay healthy and age in place in the homes and communities they love. Increasing LTC coverage among Americans will help them get the health care they need, while lowering Medicaid and Medicare costs for taxpayers. Enacting these policy solutions offers seniors an important pathway to health, independence, and financial security – while ensuring the best use of every taxpayer dollar spent on care..

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\*Conceptual Analysis of potential Revenue Effects of Three Proposals to Encourage the Purchase of Long-Term Care Insurance; Mary M. Schmitt, Optimal Benefit Strategies, LLC; August 2018; Insurance; Mary M. Schmitt, Optimal Benefit Strategies, LLC; August 2018

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### ABOUT AHIP

America's Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

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