A REPORT ON THE ACTUARIAL, MARKETING, AND LEGAL ANALYSES OF THE CLASS PROGRAM

APPENDIX A:

KEY PROVISIONS OF TITLE VIII OF THE ACA, WHICH ESTABLISHES THE CLASS PROGRAM
The key provisions of Title VIII of the ACA, which establishes the CLASS program, include:

- **Enrollment:**
  
  - Eligibility: Those eligible to enroll in CLASS include most adults (age 18 and above) who are actively employed. Individuals whose earnings are not subject to the Social Security tax are not eligible to enroll. No underwriting is required for enrollment.
  
  - Process: Employers may choose to automatically enroll their eligible employees, but must allow those employees to waive enrollment. An alternative enrollment procedure must be established for eligible individuals to whom automatic enrollment is not available, who are self-employed, or who have more than one employer.
  
  - Subsequent enrollment opportunities: Individuals who waive enrollment during the year of their initial eligibility to enroll may subsequently elect to enroll only during an open enrollment period that may not occur more frequently than biennially.
  
  - Disenrollment: Enrollees may only disenroll from the program during an annual disenrollment period.
  
  - Reenrollment: Individuals may reenroll after a lapse in enrollment, but must pay an age-adjusted premium and, in some cases, a penalty.

- **Premiums:**
  
  - Basis for setting program-wide premiums: The Secretary must establish premiums to be paid by enrollees that will ensure solvency throughout the next 75 years. In addition, the Secretary is required to adjust premiums if they are projected to be insufficient for the upcoming 20-year period. In determining premiums, the Secretary may factor in an amount not to exceed 3% of all premiums paid during the year for administrative expenses.
  
  - Basis for setting individual premiums: Premiums may be based on age, but underwriting may not be used to determine premiums.
  
  - Nominal premium: Enrollees whose income is below the poverty line or who are full-time students under age 22 qualify for a nominal premium of $5 per month (2009 dollars), increasing by the CPI annually.
• Premium adjustments: In general, the scheduled amount of an individual’s monthly premium is to remain the same for the duration of the individual’s enrollment. However, those premiums may change if required for solvency, or if an individual reenrolls after a lapse in enrollment. Enrollees who are age 65 or older, have been enrolled for at least 20 years, and are not actively employed are exempt from solvency-related premium adjustments; in addition, the Secretary is required to maintain a nominal premium for those eligible.

• Premium payment: Employers may deduct premium payments from their enrolled employees’ pay; alternative payment methods must also be established for individuals working for employers who chose not to participate in the program and the self-employed.

• CLASS Independence Fund:

The Fund is to be established as a trust fund within the U.S. Treasury. All premiums and investment income from the premiums is to be credited to the Fund. The Fund is available to pay benefits and administrative expenses for the CLASS Program.

• Benefit eligibility:

In order to qualify for CLASS benefits, individuals must:

• Be an active enrollee in the CLASS program;

• Have paid premiums for at least 60 months. In addition, if the individual has ever had a lapse in premium payments of more than three months since enrollment, at least 24 consecutive months of premium payment are required;

• Have satisfied a minimum earnings requirement. The law sets this requirement as the amount that an individual must have earned to be credited with a quarter of coverage under Social Security (currently $1,120), to be earned with respect to at least three calendar years that occur during the first 60 months for which the individual has paid premiums for enrollment in the program. However, the law allows the Secretary to specify exceptions to this requirement for certain populations; and

• Have a functional limitation that is expected to last for a continuous period of more than 90 days. A functional limitation is defined as:
- Inability to perform a minimum number of activities of daily living without substantial assistance from another individual. (The Secretary must determine whether the minimum number is 2 or 3); or
- Requiring substantial supervision to protect the individual from threats to health and safety due to substantial cognitive impairment; or
- A level of functional limitation similar to either of those described above (as defined by regulation).

- Eligibility assessments:
  
  By January 1, 2012, the Secretary must establish an Eligibility Assessment System, which will be the entity that is responsible for providing assessments of CLASS enrollees who apply for benefits. The law designates certain institutionalized enrollees to be presumptively eligible for benefits.

- Designation of benefit plan:
  
  The Secretary is required to develop at least three actuarially sound benefit plans and submit them to the CLASS Independence Advisory Council. By October 1, 2012, after taking into account the recommendation from the CLASS Independence Advisory Council, the Secretary must publish her designation, the plan details, and the reasons for the selection in a final rule that allows for a period of public comment.

- Benefit plan:
  
  o The CLASS Independence Benefit Plan includes a cash benefit, advocacy services, and, if requested by the beneficiary, advice and assistance counseling.
  
  o The cash benefit must average at least $50/day, based on the expected distribution of benefits among individuals receiving benefits at different benefit levels. The benefit amount will be increased by CPI annually.
  
  o Benefit amounts are to be determined based on a scale of functional ability, with at least 2 but not more than 6 benefit levels.
  
  o The benefit may be paid on a daily or weekly basis. Benefits may roll over month-to-month but not year-to-year, and beneficiaries may elect to receive a lump-sum payment of their rolled-over benefits.
  
  o The benefit is not subject to any lifetime or aggregate limit.
  
  o The cash benefit is to be paid into a Life Independence Account of an eligible beneficiary. The beneficiary must be allowed to access the account through a debit card.
Benefits may be used to purchase nonmedical services and supports that the beneficiary needs to maintain independence, as well as assistance with decision making concerning medical care.

Nothing in the law can be interpreted to prevent benefits from being paid to family caregivers.

No taxpayer funds may be used to pay benefits.

For individuals enrolled in both CLASS and Medicaid, CLASS is the primary payer. The law limits the amount of the cash benefit a Medicaid beneficiary may retain; the rest of the benefit is applied toward the cost of care paid by Medicaid.

- Three advisory groups:
  - The CLASS Independence Advisory Council
    - Duties: Evaluate the alternative benefit plans developed by the Secretary and recommend one for designation by the Secretary as the CLASS Independence Benefit Plan, and provide ongoing advice to the Secretary on matters of general policy in the administration of the CLASS Program, including its financial solvency and monthly premium.
    - Membership: 15 individuals appointed by the President for a three-year term
  - The Board of Trustees for the CLASS Independence Fund
    - Duties: Holding the CLASS Independence Fund, reporting to Congress annually on the operation and status of the Fund, reporting to Congress any time the Fund is not actuarially sound, and reviewing and recommending policies followed in managing the Fund.
    - Membership: The Secretaries of Treasury, Labor, and Health and Human Services, and two members of the public who are nominated by the President and confirmed by the Senate for a term of four years.
  - The Personal Care Attendants Workforce Advisory Panel
- Duties: Examine and advise the Secretary and Congress on the broad aspects of workforce issues related to personal care attendant workers in all long term care programs and settings. This panel has responsibilities that go well beyond the CLASS Act per se.

- Membership: Unspecified number of individuals appointed by the Secretary

- Protection and advocacy/advice and assistance counseling:

By January 1, 2012, the Secretary must enter into an agreement with the Protection and Advocacy System for each state to provide eligible beneficiaries under CLASS with advocacy services, and enter into agreements with public and private entities to provide eligible beneficiaries under CLASS with advice and assistance counseling upon request from the beneficiaries.
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For additional information, you may visit the DALTCP home page at
http://aspe.hhs.gov/_/office_specific/daltcp.cfm or contact the office at HHS/ASPE/DALTCP,
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Files Available for This Report

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APPENDIX B: HHS Letters to Congress About Intent to Create Independent
CLASS Office
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APPENDIX C: Federal Register Announcement Establishing CLASS Office
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APPENDIX D: CLASS Office Organizational Chart
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APPENDIX F: Federal Register Announcement for CLASS Independence
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APPENDIX G: Personal Care Attendants Workforce Advisory Panel and List
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Ga: Federal Register Announcement for Personal Care Attendants Workforce Advisory Panel

Gb: Advisory Panel List of Members
APPENDIX H: Policy Papers Discussed by the LTC Work Group [36 PDF pages]
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APPENDIX I: CLASS Administration Systems Analysis and RFI [10 PDF pages]
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APPENDIX J: Additional Analyses for Early Policy Analysis [150 PDF pages]
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Ja: A Profile of Declined Long-Term Care Insurance Applicants

Jb: CLASS Program Benefit Triggers and Cognitive Impairment

Jc: Strategic Analysis of HHS Entry into the Long-Term Care Insurance Market

Jd: Managing a Cash Benefit Design in Long-Term Care Insurance

APPENDIX K: Early Meetings with Stakeholders [4 PDF pages]
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APPENDIX L: In-Depth Description of ARC Model [62 PDF pages]
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APPENDIX M: In-Depth Description of Avalere Health Model [23 PDF pages]
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APPENDIX N: September 22, 2010 Technical Experts Meeting [37 PDF pages]
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Na: Agenda, List of Participants, and Speaker Bios

Nb: Presentation Entitled “Actuarial Research Corporation’s Long Term Care Insurance Model”

Nc: Presentation Entitled “The Long-Term Care Policy Simulator Model”

Nd: Presentation Entitled “Comments on ‘The Long-Term Care Policy Simulator Model’”

http://aspe.hhs.gov/daltcp/reports/2011/class/appO.htm