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

APPENDIX B:

HHS LETTERS TO CONGRESS ABOUT INTENT TO CREATE INDEPENDENT CLASS OFFICE
TO:       The Secretary
         Through:  DS
            COS
            ES

FROM:    Assistant Secretary for Aging

SUBJECT: Establishment of the Office of Community Living Assistance Services and Supports -- ACTION

Action Requested by: ASAP

ISSUE

The Assistant Secretary for Aging requests that the Secretary approve the establishment of a new office within the Office of the Secretary, which will be assigned the following interim name, the Office of Community Living Assistance Services and Supports (CLASS Office). At a later date, HHS may decide to change this name to something that will be “catchier” and reflect key goals of the program.

DISCUSSION

HHS has been entrusted with the responsibility for implementing many major provisions of the Affordable Care Act of 2010, which the President signed into law on March 23, 2010. In order to efficiently and effectively implement the provisions of Title VIII, the Community Living Assistance Services and Supports Act (CLASS), it is necessary to create an office that has as its primary focus the implementation and management of this new and innovative program.

The new office will be responsible for establishing and administering the CLASS program. CLASS is a voluntary, federally administered long-term care financing plan that will be supported by individual premium contributions. CLASS will provide participating adults needing long-term services and supports a flexible source of funds that can be used to purchase goods and services aimed at helping them remain independent. The CLASS Office will establish the national voluntary insurance program, set premiums, set rules for enrollment and eligibility systems, and specify and design the benefit. It will also establish systems for advice and assistance and support a protection and advocacy network to serve beneficiaries of the program. In addition, the CLASS Office will convene and support two Federal Advisory Committees, the Personal Care Attendants Workforce Advisory Panel and the CLASS Independence Advisory Council. It is anticipated that the Office will coordinate with a number of public and private entities including: 1) the Department of Treasury, which will convene and support the Board of Trustees of the CLASS Independence Fund and maintain the CLASS Independence Fund; 2) the Social Security Administration; 3) employers; and 4) state Medicaid agencies.
Initial funding for the new program will come from the funds appropriated to administer health reform activities. Once the program is fully operational, administrative services will be funded from premium income as set out in the statute (under a 3 percent cap).

The CLASS Office will begin with staff detailed on a volunteer basis from HHS and other Departments, along with new federal staff we expect to bring on very quickly. It will work closely with the Office on Disability, the Administration on Aging, the Administration for Children and Families, the Centers for Medicare & Medicaid Services, and other organizations within HHS to ensure coordination with existing programs.

The new CLASS program and the proposed office will play an important role in helping Americans to take steps to protect their independence if they experience disability in the future.

RECOMMENDATION

I recommend that you approve this new Office and indicate your approval below.

[Signature]
Kathy Greenlee

SECRETARIAL DECISION

[Signature]
Kathleen Sebelius

Approved  Disapproved

[Date]
AUG - 4 2010

[Signature]
Kathleen Sebelius
August 5, 2010

The Honorable Tom Harkin
Chairman
Subcommittee on Labor, Health and Human Services, Education and Related Agencies Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Chairman Harkin:

I am writing to inform you of the Department of Health and Human Services’ (HHS) plan to establish an office to administer the Community Living Assistance Services and Supports Act (CLASS Office) within the Office of the Secretary.

HHS has been entrusted with the responsibility for implementing many major provisions of the Affordable Care Act of 2010, which the President signed into law on March 23, 2010. In order to efficiently and effectively implement the provisions of Title VIII, the Community Living Assistance Services and Supports Act (CLASS), we find it necessary to create an office that has as its primary focus the implementation and management of this new and innovative program.

The new office will be responsible for establishing and administering the CLASS program. CLASS is a voluntary, federally administered long-term care financing plan that will be supported by individual premium contributions. CLASS will provide participating adults needing long-term services and supports a flexible source of funds that can be used to purchase goods and services aimed at helping them remain independent. The CLASS Office will establish the national voluntary insurance program, set premiums, set rules for enrollment and eligibility systems, and specify and design the benefit. It will also establish systems for advice and assistance to eligible beneficiaries on accessing services, and support a protection and advocacy network to serve beneficiaries of the program. In addition, the CLASS Office will convene and support two Federal Advisory Committees, the Personal Care Attendants Workforce Advisory Panel and the CLASS Independence Advisory Council. It is anticipated that the Office will coordinate with a number of public and private entities including: 1) the Department of Treasury, which will convene and support the Board of Trustees of the CLASS Independence Fund and maintain the CLASS Independence Fund; 2) the Social Security Administration; 3) employers; and 4) state Medicaid agencies.
Initial administrative funding for the new program will come from the funds appropriated to administer health reform activities. Once the program is fully operational, administrative services will be funded from premium income as set out in the statute, with a three percent limit on premium income that can be used for administrative costs.

The CLASS Office will begin with staff detailed on a volunteer basis from HHS and other Departments, along with new federal staff we expect to bring on very quickly. It will work closely with the Administration on Aging, the Office on Disability, the Administration for Children and Families, the Centers for Medicare & Medicaid Services, and other organizations within HHS to ensure coordination with existing programs.

The new CLASS program and the proposed office will play an important role in helping enrollees to take steps to protect their independence if they experience disability.

I appreciate your continued interest in and support of the Department’s programs. I have sent identical letters to Senator Cochran, Chairman Obey, and Representative Tiahrt.

Sincerely,

Kathleen Sebelius
August 5, 2010

The Honorable Thad Cochran
Ranking Minority Member
Subcommittee on Labor, Health and
Human Services, Education and Related Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator Cochran:

I am writing to inform you of the Department of Health and Human Services' (HHS) plan to establish an office to administer the Community Living Assistance Services and Supports Act (CLASS Office) within the Office of the Secretary.

HHS has been entrusted with the responsibility for implementing many major provisions of the Affordable Care Act of 2010, which the President signed into law on March 23, 2010. In order to efficiently and effectively implement the provisions of Title VIII, the Community Living Assistance Services and Supports Act (CLASS), we find it necessary to create an office that has as its primary focus the implementation and management of this new and innovative program.

The new office will be responsible for establishing and administering the CLASS program. CLASS is a voluntary, federally administered long-term care financing plan that will be supported by individual premium contributions. CLASS will provide participating adults needing long-term services and supports a flexible source of funds that can be used to purchase goods and services aimed at helping them remain independent. The CLASS Office will establish the national voluntary insurance program, set premiums, set rules for enrollment and eligibility systems, and specify and design the benefit. It will also establish systems for advice and assistance to eligible beneficiaries on accessing services, and support a protection and advocacy network to serve beneficiaries of the program. In addition, the CLASS Office will convene and support two Federal Advisory Committees, the Personal Care Attendants Workforce Advisory Panel and the CLASS Independence Advisory Council. It is anticipated that the Office will coordinate with a number of public and private entities including: 1) the Department of Treasury, which will convene and support the Board of Trustees of the CLASS Independence Fund and maintain the CLASS Independence Fund; 2) the Social Security Administration; 3) employers; and 4) state Medicaid agencies.
Initial administrative funding for the new program will come from the funds appropriated to administer health reform activities. Once the program is fully operational, administrative services will be funded from premium income as set out in the statute, with a three percent limit on premium income that can be used for administrative costs.

The CLASS Office will begin with staff detailed on a volunteer basis from HHS and other Departments, along with new federal staff we expect to bring on very quickly. It will work closely with the Administration on Aging, the Office on Disability, the Administration for Children and Families, the Centers for Medicare & Medicaid Services, and other organizations within HHS to ensure coordination with existing programs.

The new CLASS program and the proposed office will play an important role in helping enrollees to take steps to protect their independence if they experience disability.

I appreciate your continued interest in and support of the Department's programs. I have sent identical letters to Chairman Harkin, Chairman Obey, and Representative Tiahrt.

Sincerely,

Kathleen Sebelius

Kathleen Sebelius
August 5, 2010

The Honorable David R. Obey  
Chairman 
Subcommittee on Labor, Health and 
   Human Services, Education and Related Agencies 
Committee on Appropriations 
House of Representatives 
Washington, D.C. 20515

Dear Chairman Obey:

I am writing to inform you of the Department of Health and Human Services’ (HHS) plan to establish an office to administer the Community Living Assistance Services and Supports Act (CLASS Office) within the Office of the Secretary.

HHS has been entrusted with the responsibility for implementing many major provisions of the Affordable Care Act of 2010, which the President signed into law on March 23, 2010. In order to efficiently and effectively implement the provisions of Title VIII, the Community Living Assistance Services and Supports Act (CLASS), we find it necessary to create an office that has as its primary focus the implementation and management of this new and innovative program.

The new office will be responsible for establishing and administering the CLASS program. CLASS is a voluntary, federally administered long-term care financing plan that will be supported by individual premium contributions. CLASS will provide participating adults needing long-term services and supports a flexible source of funds that can be used to purchase goods and services aimed at helping them remain independent. The CLASS Office will establish the national voluntary insurance program, set premiums, set rules for enrollment and eligibility systems, and specify and design the benefit. It will also establish systems for advice and assistance to eligible beneficiaries on accessing services, and support a protection and advocacy network to serve beneficiaries of the program. In addition, the CLASS Office will convene and support two Federal Advisory Committees, the Personal Care Attendants Workforce Advisory Panel and the CLASS Independence Advisory Council. It is anticipated that the Office will coordinate with a number of public and private entities including: 1) the Department of Treasury, which will convene and support the Board of Trustees of the CLASS Independence Fund and maintain the CLASS Independence Fund; 2) the Social Security Administration; 3) employers; and 4) state Medicaid agencies.
Initial administrative funding for the new program will come from the funds appropriated to administer health reform activities. Once the program is fully operational, administrative services will be funded from premium income as set out in the statute, with a three percent limit on premium income that can be used for administrative costs.

The CLASS Office will begin with staff detailed on a volunteer basis from HHS and other Departments, along with new federal staff we expect to bring on very quickly. It will work closely with the Administration on Aging, the Office on Disability, the Administration for Children and Families, the Centers for Medicare & Medicaid Services, and other organizations within HHS to ensure coordination with existing programs.

The new CLASS program and the proposed office will play an important role in helping enrollees to take steps to protect their independence if they experience disability.

I appreciate your continued interest in and support of the Department’s programs. I have sent identical letters to Representative Tiahrt, Chairman Harkin, and Senator Cochran.

Sincerely,

Kathleen Sebelius

Kathleen Sebelius
August 5, 2010

The Honorable Todd Tiahrt
Ranking Minority Member
Subcommittee on Labor, Health and
Human Services, Education and Related Agencies
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Representative Tiahrt:

I am writing to inform you of the Department of Health and Human Services’ (HHS) plan to establish an office to administer the Community Living Assistance Services and Supports Act (CLASS Office) within the Office of the Secretary.

HHS has been entrusted with the responsibility for implementing many major provisions of the Affordable Care Act of 2010, which the President signed into law on March 23, 2010. In order to efficiently and effectively implement the provisions of Title VIII, the Community Living Assistance Services and Supports Act (CLASS), we find it necessary to create an office that has as its primary focus the implementation and management of this new and innovative program.

The new office will be responsible for establishing and administering the CLASS program. CLASS is a voluntary, federally administered long-term care financing plan that will be supported by individual premium contributions. CLASS will provide participating adults needing long-term services and supports a flexible source of funds that can be used to purchase goods and services aimed at helping them remain independent. The CLASS Office will establish the national voluntary insurance program, set premiums, set rules for enrollment and eligibility systems, and specify and design the benefit. It will also establish systems for advice and assistance to eligible beneficiaries on accessing services, and support a protection and advocacy network to serve beneficiaries of the program. In addition, the CLASS Office will convene and support two Federal Advisory Committees, the Personal Care Attendants Workforce Advisory Panel and the CLASS Independence Advisory Council. It is anticipated that the Office will coordinate with a number of public and private entities including: 1) the Department of Treasury, which will convene and support the Board of Trustees of the CLASS Independence Fund and maintain the CLASS Independence Fund; 2) the Social Security Administration; 3) employers; and 4) state Medicaid agencies.
Initial administrative funding for the new program will come from the funds appropriated to administer health reform activities. Once the program is fully operational, administrative services will be funded from premium income as set out in the statute, with a three percent limit on premium income that can be used for administrative costs.

The CLASS Office will begin with staff detailed on a volunteer basis from HHS and other Departments, along with new federal staff we expect to bring on very quickly. It will work closely with the Administration on Aging, the Office on Disability, the Administration for Children and Families, the Centers for Medicare & Medicaid Services, and other organizations within HHS to ensure coordination with existing programs.

The new CLASS program and the proposed office will play an important role in helping enrollees to take steps to protect their independence if they experience disability.

I appreciate your continued interest in and support of the Department’s programs. I have sent identical letters to Chairman Obey, Chairman Harkin, and Senator Cochran.

Sincerely,

Kathleen Sebelius

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

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, Room 424E, H.H. Humphrey Building, 200 Independence Avenue, SW, Washington, DC 20201. The e-mail address is: webmaster.DALTCP@hhs.gov.

Files Available for This Report

<table>
<thead>
<tr>
<th>Main Report</th>
<th>[48 PDF pages]</th>
</tr>
</thead>
</table>

**APPENDIX A:** Key Provisions of Title VIII of the ACA, Which Establishes the CLASS Program

[6 PDF pages]

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

**APPENDIX B:** HHS Letters to Congress About Intent to Create Independent CLASS Office

[11 PDF pages]

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

**APPENDIX C:** Federal Register Announcement Establishing CLASS Office

[2 PDF pages]

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

**APPENDIX D:** CLASS Office Organizational Chart

[2 PDF pages]

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

**APPENDIX E:** CLASS Process Flow Chart

[2 PDF pages]

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

**APPENDIX F:** Federal Register Announcement for CLASS Independence Advisory Council

[3 PDF pages]

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

**APPENDIX G:** Personal Care Attendants Workforce Advisory Panel and List of Members

[6 PDF pages]

Full Appendix
http://aspe.hhs.gov/daltcp/reports/2011/class/appG.htm

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

APPENDIX I: CLASS Administration Systems Analysis and RFI [10 PDF pages] 
http://aspe.hhs.gov/daltcp/reports/2011/class/appI.htm 

APPENDIX J: Additional Analyses for Early Policy Analysis Full Appendix [150 PDF pages] 
http://aspe.hhs.gov/daltcp/reports/2011/class/appJ.htm 

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

APPENDIX L: In-Depth Description of ARC Model [62 PDF pages] 
http://aspe.hhs.gov/daltcp/reports/2011/class/appL.htm 

APPENDIX M: In-Depth Description of Avalere Health Model [23 PDF pages] 
http://aspe.hhs.gov/daltcp/reports/2011/class/appM.htm 

APPENDIX N: September 22, 2010 Technical Experts Meeting Full Appendix [37 PDF pages] 
http://aspe.hhs.gov/daltcp/reports/2011/class/appN.htm 

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 