



NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS



# NEW NATIONAL HEALTH INSURANCE LAW

## What It Means For You and Your Clients

### The CLASS ACT — Important Information for NAIFA Members

The Community Living Assistance Services and Supports (CLASS) Act was signed into law as part of the health care reform package on March 23, 2010. The Act is a voluntary, self-funded insurance program designed to provide a lifetime cash benefit that offers people with disabilities some protection against the costs of paying for long-term services.

This plan calls for “affordable” coverage for those who may otherwise not be able to afford the purchase of private long-term care coverage and no one can be turned away for coverage provided that they meet eligibility requirements.

CLASS is not disability insurance or Social Security Disability Insurance. While the details of the plan are still being worked out, currently the Act calls for a benefit average of at least \$50 per day, payable when a covered individual experiences a loss of at least two Activities of Daily Living (ADL) or has a severe cognitive impairment.

### WHAT DO NAIFA MEMBERS NEED TO SHARE WITH THEIR CLIENTS?

#### 1. THE CLASS ACT PROVIDES LIMITED LONG-TERM CARE BENEFITS.

While the CLASS Act will provide some benefits and financial assistance, the amounts available for an individual are not adequate to cover the full costs of assisted living or nursing home-type care. The CLASS Act was designed to off-set community living assistance services costs, but not completely cover them.

It is vital that clients understand this expected gap in coverage and receive appropriate information about what private long-term care policies are available to them in order to ensure that all facets of their long-term care needs are covered.

#### 2. THE CLASS ACT WILL NOT NECESSARILY COVER EVERYONE.

The availability of the program is restricted to those who are:

- at least age 18
- currently receiving taxable wages (if self-employed, must be paying associated self-employment taxes)
- not currently a patient in a hospital, nursing facility, intermediate care facility for the mentally retarded or an institution for mental disease and receiving medical assistance under Medicaid
- not currently incarcerated

If an individual does qualify for enrollment in the program, they are eligible to receive benefits after having paid premiums for five years and having worked at least three of those five years.

#### 3. THE CLASS ACT DOES NOT PROVIDE SHORT-TERM OR LONG-TERM DISABILITY BENEFITS.

Privately-owned disability insurance policies or Social Security Disability Insurance can provide an income source for those unable to work due to illness or injury. The CLASS Act is not designed to benefit individuals who are temporarily unable to work.

NAIFA Members should continue to work with their clients to help them understand the benefits and the limitations of the CLASS Act. It is vital that agents and advisors ensure that each client has the appropriate amount of long-term care insurance coverage to meet their future needs.

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