

CLASS Act Provisions Could Create Unlimited Future Liability Potential for Employers

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Uninformed employers may face a nightmare of potential liability under the CLASS Act provisions hidden deep within the bowels of the new Health Care Reform law. The CLASS Act will set up a national long-term care insurance program to help address the looming crisis expected as our nation's baby boomers begin to reach retirement.

Scheduled to begin as early as 2012, employers will be asked to automatically enroll all of their employees into this new program. The program is set to pay modest long-term care benefits of \$50-\$75 per day. Individual premiums are projected to be anywhere from \$160 to \$240 per month with a five-year minimum waiting period before any benefits could begin. The payroll deduction will be handled along with FICA and Social Security employee deductions.

The greatest potential for liability will come at the initial enrollment period, and small employers may be the hardest hit.

The Inevitable Opt-Out Dilemma

Employees may choose to opt-out of the program, but face substantial penalties if they later decide to join the program. For example, a 38 year-old employee who opts out of the program, then desires to join at age 58 would pay a minimum penalty of 240% for the rest of their life!

The problem is going to come when an employee comes to a manager or owner and asks for advice. Should they opt-out of the program due to the high cost, the five-year waiting period and the low benefits if care is needed?

At that point, the employer or manager faces a very real dilemma. If they – in any way, shape or form – encourage an employee to opt-out, they are setting the business up for a potential future lawsuit if that employee ever needs long-term care or becomes uninsurable. Considering that there is at least a 60-70% chance of one of these two events occurring, the potential liability is staggering.

Encouraging healthy employees to join the program creates other potential problems for the employer as the cost may prove to be prohibitive to most employees. This can result in reduced employee morale, especially in tough economic times.

The good news is that there is a simple way for employers of all sizes to limit their liability and eliminate potential problems from this new law.

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CLASS Act Provisions Could Create Unlimited Future Liability Potential for Employers (*cont.*)

How To Eliminate Potential Problems From The CLASS Act Provisions

The best – and perhaps only – way for you as an employer to avoid potential liability and problems from the CLASS act is to pre-empt the government's new long-term care insurance program. And this can be done at a *very* surprisingly low outlay of time and cost!

All you have to do is offer a voluntary, private long-term care insurance program to your employees. A voluntary offering means that you, the employer, agree to do a payroll deduction for any employees who desire to purchase the coverage. Benefit specialists will come in and educate your employees on the new CLASS Act and how it will affect them. Then they'll offer a low-cost alternative to employees that will allow them to opt-out of the government plan.

Private long-term care insurance also offers:

- Group Discounts on policies
- Underwriting concessions
- Additional benefits not included in the government plan
- Asset protection under state long-term care Partnership Programs

Employees who purchase the alternative plans will be happy as many will find that private insurance is priced at a *fraction* of the \$160 to \$240 a month premiums the governments plan is estimated to cost. You become a hero for offering better coverage at less cost, and – just as importantly – regardless of whether employees purchase this alternative offering, your liability will be virtually eliminated.

Avoid A Common, Yet Critical, Mistake

One of the most common mistakes employers can make in this area is to rely on their normal benefit providers for long-term care guidance or advice. Long term care is a very specialized area of insurance. While many benefit providers may offer long-term care insurance, few truly understand the intricacies.

When dealing with in-depth issues such as the CLASS Act, it's best to work with a true long-term care specialist. Look for a specialist who:

- Offers a fool-proof method of determining your right plan of action
- Includes education for your employees on the CLASS Act
- Offers all of the top ranked long-term care insurance carriers
- Offers the group discounts, underwriting concessions and state partnership asset protection your employees deserve

You or your benefits provider can contact me for no-cost information on helping you deal with CLASS Act issues. Simply click on the send me information link below.