



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Chairman Chuck Grassley  
“Society’s Great Challenge: The Affordability of Long-term Care”  
March 27, 2001

Today’s witnesses -- all of whom are experts in their fields -- will present important perspectives on meeting the public, private, and personal financial challenges of long-term care. The goal of today’s hearing is to raise awareness about the financial risk to every individual’s retirement income security posed by long-term care needs and to consider steps Congress can take to ensure that Americans are better prepared to meet long-term care challenges.

Each year, millions of American families unexpectedly find themselves faced with making difficult decisions about how to care for a family member with long-term care needs. Today we will hear firsthand about the realities of this decision-making process from a gentleman who will share his personal experience in caring for his wife who suffers from Alzheimer’s disease. He will describe the emotional hardship and financial devastation that can come with long-term care. It is extremely difficult to pay for long-term care even when one has worked hard and saved for retirement. It is nearly impossible when one is not prepared.

Consider the challenge. Today’s average cost of nursing home care ranges from \$40,000 to \$70,000 a year. Most Americans are not able to pay these costs year after year. When individuals are faced with chronic or disabling conditions in retirement, they often quickly exhaust their resources, as well as their family’s. As a result, millions of people end up turning to Medicaid for help. It’s disheartening to me that the care for nearly two out of every three nursing home residents is paid for by Medicaid. Not only do these costs result in a big bill for taxpayers, but “spending down” to qualify for Medicaid is a traumatizing experience for families.

Long-term care financing challenges are not new to families or policymakers. But with millions of baby boomers set to retire in the near future, it is crucial for our nation to better prepare for what will be a dramatic increase in long-term care needs. Finding solutions is critical if we are going to meet the needs of our parents and grandparents in a way that sustains their health and independence without destroying their financial well-being.

Unfortunately, public budgets are already under enormous pressure from retirement programs and will probably be unable to meet these needs. As policymakers, we must be smart and think creatively. We should attempt to develop new policies for existing public programs that contribute to more efficient and cost-effective services. Also, we should maximize private, market-based options to help finance long-term care, such as private long-term care insurance. And we should consider ways to bolster the roughly 22 million family caregivers who face a chronic shortage of resources. Caregiving can take an enormous physical and financial toll, and we are indebted to these caregivers for their efforts to provide the highest quality of care to our nation’s vulnerable population.

The bottom line is that we should do all we can to inform Americans about the importance of planning financially for potential long-term care needs. And, Congress needs to consider steps it can take to ensure that Americans, especially the baby boom generation, are better prepared to meet the challenges that accompany long-term care.