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POLICY ANALYSIS  
**NEWS ADVISORY**

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**NEW LONG-TERM CARE PROGRAM PLAN IS FINANCIALLY FLAWED**  
*NCPA Report Finds “CLASS” Act Will Face Funding Shortfalls*

**DALLAS, TX (June 3, 2010)** – The long-term care entitlement program established by the recently passed health law will go the way of Medicare and evolve into an unfunded liability, according to a new report from the National Center for Policy Analysis. [The New Long-Term Care Entitlement](http://www.ncpa.org/pub/ba707)  
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“The program design makes it inevitable that it will be paying out more in benefits than it collects in revenues after the first 20 years. This will add to the national debt,” said NCPA Senior Policy Analyst Pamela Villarreal.

“Supporters claim that the *Community Living Assistance Service and Support (CLASS) Act* is a voluntary program that will be funded by payments from workers who enroll. However, the premiums will not be fully adjusted to meet the program’s costs. As a result, there will be a growing liability that will have to be met through increased borrowing or higher taxes,” she continued.

For example, the program violates the principles of sound insurance: Enrollees’ payments will not be adjusted for health status. The ‘premium’ payments received from participants will not be invested in private income-producing assets. Finally, unlike traditional insurance, there is no limit on benefits received by participants, according to the research report.

“If insurance companies ran their operations like this, they’d be out of business very quickly,” added Villarreal. Since nearly 10 million workers are expected to enroll in the CLASS program by 2019, Villarreal warns that creating another massive unfunded liability, like Medicare, is not the best solution.

“We already have an established long-term care market but what’s missing are the tax incentives to make the current system more affordable to a greater number of people,” she said.

For more information on long term care insurance and the Medicare Class Act, see the NCPA’s [Long-Term Care Fact Sheet](http://www.ncpa.org/pdfs/Long-Term-Care-Insurance-and-the-CLASS-Act-Fact-Sheet.pdf): <http://www.ncpa.org/pdfs/Long-Term-Care-Insurance-and-the-CLASS-Act-Fact-Sheet.pdf>

More at the **Retirement Reform Blog**: <http://retirementblog.ncpa.org/>

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*Editors Note: Contact Catherine Daniell to schedule an interview with Pamela Villarreal.*

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