

Special Committee on Aging
***"Offering Retirement Security to the Federal Family:
A New Long Term Care Initiative"***
OPENING STATEMENT
of
CHAIRMAN BREAUX

Today's hearing marks the 10th hearing this Committee has held on long-term care during this Congress. Previous hearings have addressed the broken nature of our long-term care system. Medicaid costs are skyrocketing in a system that is inflexible and biased toward institutional care. However, today's hearing offers us an opportunity to look at one of the "solutions" for our long-term care crisis.

In the fall of 2000, Congress passed and President Clinton signed into law the Long-Term Care Security Act. This legislation charged the Office of Personnel Management (OPM) with establishing a new, long-term care insurance program for all federal employees. Unlike many aspects of government where things move slowly, I am pleased to report that this program is already up and running.

This program is significant because the federal government is the nation's largest employer. If the new Federal Long-Term Care Insurance Program is successful and popular, then it will serve as a model for other companies and employers. The old adage, "lead by example" definitely applies here. As you will hear from our witnesses today, people are more likely to buy long-term care insurance and buy it at a younger age if they are offered it by their employer. Since most people don't know that the government won't pay for their long-term care needs, the consumer education that employers offer to their employees about long-term care is critical to educating the general public.

If 60% of those reaching 65 will need long-term care, then the 77 million baby boomers will literally break state and federal budgets -- unless they take personal responsibility for their care and purchase long-term care insurance. Financial planners now recommend that in addition to having 401 K plans and IRA's to plan for retirement, persons should also have long-term care insurance. This will protect assets, offer choices of care and provide peace of mind for the entire family. In fact, my wife Lois and I plan to meet very soon with some insurance agents to discuss which type of plan is best for us.

I look forward to hearing from our witnesses today about the status of the long-term care insurance industry and specifically about the new Federal Long-Term Care Insurance Program.