

WASHINGTON - Under legislation introduced today by Nebraska Congressman Lee Terry and South Dakota Senator John Thune, Americans would have more freedom to invest in long-term care insurance, meeting health care needs and reducing dependence on government services.

"Long-term care insurance prepares Americans for unexpected health care costs and allows individuals to participate fully in their own health care decisions," Terry said. "My bill will increase the number of Americans able to prepare for an unexpected disability, rather than facing bankruptcy or relying on government programs. It is a fact that the federal budget is outpaced by the rising number of senior citizens needing health care services. We should use common-sense fiscal tools to help relieve the taxpayer of the burden caused by rising costs in the health care industry while ensuring that Americans receive quality, affordable health care. Individual choice and freedom to make health care decisions should be a priority, not mandated and expensive health care by federal bureaucrats."

Congressman Terry's and Senator Thune's Long-Term Care Act and other sensible initiatives that encourage Americans to save for long-term care are needed. Medicare covers only 14 percent of long-term care expenditures and traditional health insurance programs typically do not cover daily living assistance costs for long periods. Medicaid should be protected for those in most need. Without more options for Americans to take control of their health care, a majority of Americans who become chronically ill will be dependent on the government, and others will spend their life savings on care. That is not a fair system.

According to the Center for Long-Term Care Reform, Medicaid pays for more than half of total nursing facility days in Nebraska. With a growing senior population, especially in Nebraska, more individuals need to save to support quality care for all of our seniors, regardless of income.

Senator Thune said: "Without a doubt we are approaching a fiscal crisis in long-term care. In 2005, Americans spent over \$206.6 billion on long-term care. I believe we should focus on sustainable health care reform solutions that allow individuals to take ownership of their health care, create more competition in the market place and help provide affordable, high-quality care for all Americans. Long-term care insurance allows more individuals to preserve their savings for retirement and allows individuals the ability to choose the type of care that is best for them. I am pleased to join Congressman Lee Terry in introducing this important legislation."

The American Health Care Association (AHCA), America's Health Insurance Plans (AHIP), the Council for Affordable Health Insurance (CAHI), and the American Medical Association (AMA) have endorsed Congressman Terry's and Senator Thune's Long-Term Care Act.

"There is an old adage that big things come in small packages. At a time when many of the attempts to reform the U.S. health care system come in big -- and expensive -- packages, Congressman Terry's legislation is a small package that has the potential to become an important tool for retirement planning, encouraging more workers to take financial responsibility for their long term care needs while simultaneously freeing up Medicaid dollars to cover the poor who really need help. If Congress is serious about reforming health care in a fiscally responsible way, Congressman Terry's bill is the place to start," said Merrill Matthews, Ph.D., director of the Council for Affordable Health Insurance.

Congressman Terry's and Senator Thune's legislation helps solve a serious health care issue for many Americans because it:

- Allows the use of individual savings plans to purchase long-term care insurance;
- Gives individuals the choice to use pre-tax funds in an IRA, 401(k), 403(b), 457, or other qualified savings accounts to purchase long-term care insurance;
- Assumes that we alter course on unsustainable budget increases resulting from rising health care costs; and
- Preserves Medicaid for the neediest recipients instead of expanding a need-based program into an entitlement for all.

"Americans should have the freedom to use their resources as they see fit and be able to remain independent of the government in their health care decisions," Congressman Terry said.

