

The Top News Stories in 2011

There were many newsworthy events this year that affected or could affect many of the seniors and special needs clients we serve. This issue of the ElderCounselor looks at some of the top stories that made headlines this year

Proposed Cuts to the Federal Budget

Much of the news this year has been dominated by talks of the debt our country faces. As a result, much of the focus has been on cutting spending, particularly in the areas of Medicare, Medicaid and Social Security.

An agreement was reached for the first round of cuts earlier this year, and a super committee was appointed to meet and come to an agreement on an additional \$1.2 trillion in cuts over the next ten years. The super committee, made up of six Republicans and six Democrats from Congress, had to reach an agreement by late November, and Congress was to approve recommendations by December 23, 2011. The super committee did not reach an agreement, thereby allowing the automatic cuts unless some further action is taken.

For an explanation of the process and potential cuts as a result of the super committee's failure to reach an agreement, please view the OMB Watch report at <http://www.ombwatch.org/files/budget/debtceilingfaq.pdf>.

CLASS Act Provisions Withdrawn

The Community Living Assistance Services and Supports (CLASS) Act was the government-operated long term care insurance program that was part of last year's Patient Protection and Affordable Care Act of 2010, commonly referred to as "health care reform." The CLASS Act provisions required a working individual to be enrolled in the program for 5 years and maintain the minimal work requirements for 3 of the first 5 years of employment. Premiums would be deducted automatically from the individual's paycheck and were expected to range from \$150 to \$240/month depending on the age of the enrollee, with decreased premiums available to persons with low income. The \$50/day minimum benefit could be used to pay for personal care needs, medical equipment, and care at home.

From:
Elizabeth P. Allen, Esquire

**Gibbons, Neuman, Bello, Segall,
Allen & Halloran, P.A.**

3321 Henderson Blvd.
Tampa, FL 33609
Phone: 813-877-9222
Fax 813-877-9290



However, on October 14, 2011, the Department of Health and Human Services Secretary Kathleen Sebelius sent a letter to leaders of Congress stating that despite their best analytical efforts, the Department did not see “a viable path forward for CLASS implementation at this time.” There are no plans to move forward with the CLASS Act as written in the health care reform law of 2010.

U.S. Supreme Court to Review Constitutionality of Health Care Reform Law

At the end of September, 26 states in the 11th Circuit, states in the 4th and 6th Circuits, and several private plaintiffs filed petitions asking the United States Supreme Court to review whether the health care reform law as passed in 2010 is constitutional, in particular the mandate requiring all individuals purchase and maintain health care insurance. If found to be unconstitutional, states are arguing that the individual mandate cannot be separated from the rest of the Act, and the entire Act should be declared unconstitutional.

The Supreme Court announced on November 14 that it would review the constitutionality of the health care reform law. A decision is expected in 2012.

COLA Increase for Social Security and Certain Veterans Benefits

For the first time since 2009, Social Security recipients will receive an increase in their monthly checks. In October, the Social Security Administration announced a cost of living adjustment of 3.6% that will take effect December 1, 2011. Recipients will see the first increase in their January 2012 check. The standard Medicare Part B premium will only increase \$3.50 to \$99.90 per month, much lower than initially projected.

Veterans will also see an increase in Compensation and Pension benefits as a result of the Social Security increase. While an increase is not automatic with a cost of living adjustment, the House and Senate have both voted to increase Compensation and Pension benefits (including those payable to eligible survivors) by 3.6%. Senate Bill 894 was passed by the Senate in October and approved by the House in early November and is expected to be signed by the President shortly. Like Social Security, the increase in veteran’s benefits is scheduled to begin in December 2011, with the first increase to appear in January 2012 payments.

More Caregivers are Proactive in Planning for Loved Ones with Special Needs

The MetLife Center for Special Needs Planning's 2011 Torn Security Blanket study polled 1,000 caregivers and included follow up interviews with some of the respondents. The study, released in October, found that progress has been made in the area of special needs planning by caregivers, but there is still much progress to be made.

Some key findings include:

- 38% of caregivers have written a Will, compared to 32% in 2005.
- 36% of caregivers have planned for their dependent's future housing, up from 31% in 2005.
- 21% of caregivers have set up a special needs trust, nearly double the number in 2005.

As noted above, the study also showed where there is still much room for improvement when it comes to planning:

- Only 49% of caregivers have identified a guardian for their dependent should they no longer be able to care for them.
- More than half (56%) said they are unfamiliar with the steps needed to identify a trustee to watch over their dependent's financial holdings in the future.
- 55% weren't sure how to set up a plan for lifetime financial assistance for their dependent.

The full text of the study can be found at: <http://www.metlife.com/assets/investments/services/special-needs-children/Torn-Security-Blanket-Report.pdf>.

Correction

In the prior issue of ElderCounselor, Vol. 2, # 5, regarding long term care benefits available to surviving spouses of wartime veterans, the newsletter stated that after September 1, 1980, the active duty requirement increases to 180 days. This sentence should read, "After September 7, 1980, the active duty requirement increases to 24 months."

Conclusion

The past year was a turbulent one with continued financial strain on much of the population. Adding to the stress of many families who have loved ones receiving government benefits was the continued talk of cutting government programs like Medicare and Medicaid. The next few months will prove critical in understanding how those programs will be affected.

Despite the turbulence around the economy, social security recipients and veterans' benefits recipients will receive the first cost of living adjustment since 2009. Other positive news was reflected in the 2011 MetLife Torn Blanket Study that showed more caregivers are being proactive in planning for loved ones with special needs.

If you have any questions or if we can help someone you know, please don't hesitate to contact our office.

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