



Is CLASS About to Be Dismissed?

First the administration asked the Senate Appropriations Committee to zero out funding for CLASS for fiscal year 2012 despite having previously requested \$120 million for the program. Sen. John Thune (R-S.D.) applauded the move, calling it a “good first step,” but said Congress should finish the job by repealing the CLASS Act.

Then on Thursday the chief actuary of CLASS, Robert Yee, announced he would be leaving his post because “the Department of Health and Human Services (HHS) was closing down the office charged with implementing the program and reassigning its staff,” [The Hill](#) reports.



“They just said they would take a pause,” Yee told the newspaper. “Technically, Kathy Greenlee, the administrator for CLASS, is still in charge. But the staff, eight people in the office as of last week, will not be working on CLASS. They have been, or are in the process of being, reassigned.”

The administration called Yee’s assertions a “rumor” that was “flat out false.” HHS issued a statement saying:

While the staff of the CLASS office has been reduced, reports that the CLASS office is closing are not accurate. We are continuing our analysis of this program. As we have said in the past, it is an open question whether the program will be implemented. A CLASS program will only be implemented if it is fiscally solvent, self-sustaining and consistent with the statute.

This echoes the words of HHS Secretary Kathleen Sebelius, who [told](#) the Senate Finance Committee in February that CLASS was “totally unsustainable” and would “not start unless we can absolutely be certain that it will be solvent and self-sustaining into the future.”

The Secretary has good reason to be concerned about the program’s long-term prospects. Here’s why: Those who choose to enroll in the program will pay a relatively small monthly premium (\$123 on average, according to the Congressional Budget Office) via payroll deductions. After having paid into the program for at least five years, should an enrollee need long-term in-home care, the government will then pay for it at a rate of roughly \$75 per day. [Bob Confer](#) calculated for *The New American*:

If the Budget Office’s estimates are correct, the average user will put only \$7,380 into the [program]. Consider what that user will take out of it: At \$75 of benefits per day, that’s \$27,375 in expenses per year, nearly four times what the user put into it. That’s only for one year of use. Now, imagine if the user lingers in long-term care for 10 years (\$273,750) or 20 years (\$547,500). It doesn’t take a professional accountant to see that it’s a financially dangerous endeavor.

Of course, as with much of ObamaCare, the taxes come first, with spending pushed far into the future, to make the CBO’s near-term deficit projections look good. Thus, CLASS is expected to generate \$70.2 billion in revenue in its first decade, with no benefits paid at all until at least five years into the



Written by [Michael Tennant](#) on September 24, 2011

program's existence. And as the *Washington Post*'s [Sarah Kliff](#) relates, “That \$70.2 billion, incidentally, amounts to slightly more than half the entire CBO estimated budget savings of the ACA (Affordable Care Act) in the first ten years,’ former [Sen. Ted] Kennedy advisor John McDonough writes in his new book, ‘Inside National Health Reform.’ ” Americans were right, it seems, to be skeptical of ObamaCare’s savings claims.

Does the administration plan to proceed with CLASS or not? Connie Gardner, who helped write the CLASS Act as a member of Kennedy’s staff and is now a lobbyist for long-term care providers trying to bend the regulations in their favor, “pointed out that the program was created by law, and that the administration can’t just terminate it,” according to *The Hill*. She has a point. But it is also worth noting that if Congress refuses to fund the program, it cannot very well be implemented; and if the administration does not contest that — indeed, if it specifically asks for funding to be eliminated — then the program is more or less doomed.

However, the program’s proponents do have one ace up their sleeve: that \$70.2 billion in revenue. “Until CLASS Act opponents are able to find a \$70 billion offset for repealing the program,” Kliff remarks, “it’s hard to see the program being wiped off the books right away.” But as difficult as repeal might seem now, it will be far more difficult once the program has been in existence and benefiting people for a couple of decades. Observers say better to bite the bullet and make the case for repealing the CLASS Act now, as Thune suggested, than to wait until the program is contributing to the nation’s financial woes while being too popular to curtail. While Congress is at it, they ask, why not repeal the rest of ObamaCare, too?



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