

CHARLES W. BOUSTANY, JR., M.D.
7TH DISTRICT, LOUISIANA

COMMITTEES:
TRANSPORTATION AND
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Congress of the United States

House of Representatives

Washington, DC 20515-0304

WASHINGTON, DC OFFICE:

1117 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2031

LAFAYETTE DISTRICT OFFICE:

800 LAFAYETTE STREET
SUITE 1400
LAFAYETTE, LA 70501
(337) 235-6322

LAKE CHARLES DISTRICT OFFICE:

700 RYAN STREET
LAKE CHARLES, LA 70601
(337) 433-1747

April 12, 2007

President George W. Bush
1600 Pennsylvania Avenue Northwest
Washington, DC 20500-0003

Dear Mr. President:

Thank you for working to improve transparency in health care. As a physician and Member of Congress, I agree with you that patients and providers deserve better access to reliable and useful information on health care costs and quality. The Executive Order you signed in August demonstrates that the federal government can play an effective role in empowering health care consumers.

To improve transparency regarding coverage, I urge you to do more to disclose that Medicare doesn't cover most long-term care. I've heard from several Louisiana families who were blindsided by this revelation once a loved one needed this care. Families find it harder to protect themselves from catastrophic health costs when the federal government fails to give them clear communication about perceived versus actual coverage.

HHS reports that six out of ten adults who are 65 or older will need long-term care and four out of ten will need care in a nursing home. Studies by AARP show that a majority of adults who are 45 or older overestimate Medicare coverage for long-term care. There's no excuse for HHS to wait until millions of baby boomers need these services before clarifying misperceptions.

People in the United States have a right to know what long-term care coverage is available to them so that they are able to make informed retirement choices. Many people lack the financial means to pay out-of-pocket for long-term care over an extended period, even if they spend the equity of their homes. A 2004 report by the Federal Reserve Board indicates that the median net worth of households where the head is aged 75 or over was \$163,000. The median income for these households was \$23,618. In comparison, the national average cost of a year in a private room of a nursing home was \$65,200 in 2004 and increased to \$74,806 in 2007.

The costs of assisted living and home care are also significant. As you know, most people say they would prefer to receive care at home. A 2007 report by Genworth Financial indicates that "the average hourly rate for Medicare/Medicaid certified and state licensed home health aides is \$25.47 an hour, a cost that translates to a \$52,977 per year for 40 hours per week." The lack of adequate disclosure by HHS significantly impacts women because they have a higher longevity and are more likely to serve as unpaid family caregivers. Those who must impoverish

themselves to qualify for Medicaid could face limited choices beyond institutional care and keep very little to pass on to their loved ones.

In 2005, Congress provided \$12 million for the Department of Health and Human Services to educate families about long-term care costs and coverage options. Through its Own Your Future Awareness Campaign, HHS spends \$3 million per year on direct mail to adults who are 45 or older in participating states. I find it regrettable that no mention of Medicare misperceptions can be found in any of these direct mail solicitations. One English/Spanish piece sent to Texas families said "many people mistakenly assume that Medicare will pay for long-term care" but this disclosure was restricted to the small portion of the target audience who requested a LTC planning kit. In the first two phases of the campaign, less than eight percent of contacted citizens requested these kits. This passive approach simply was not designed to reach the millions who remain uninformed.

In December, I wrote Secretary Leavitt to be more direct and proactive to families in the United States. A response letter from the Secretary said: "I certainly agree that the retirement plans of many Americans are at risk simply because they do not understand who pays for long term care and therefore have not planned for this possibility."

I urge you to ensure Secretary Leavitt will require Own Your Future Awareness Campaign direct mail materials to contain a sentence informing families and seniors that Medicare does not cover most long-term care services. In addition, it would be a valuable public service for the Secretary or a senior HHS official to begin a public awareness campaign to discuss the misperception with media outlets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles W. Boustany, Jr.", with a long, sweeping horizontal line extending to the right.

Charles W. Boustany, Jr., M.D.
Member of Congress