

February 3, 2011

Governor Dayton
Office of the Governor
130 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

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St. Paul, MN 55102
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Dear Governor Dayton,

For the past two years the Citizens League has worked with a collaborative of citizens and diverse interests to develop recommendations for financing long-term care (LTC) for the elderly in Minnesota. The collaborative, referred to as the LTC Collaborative, is advocating an approach that requires little if any state funding. Indeed, our objective is to save the State of Minnesota billions over the long-run, and to ensure that our elderly and frail citizens have access to the care they need and deserve.

However, state leadership is of utmost importance. During the period of developing our recommendations, we were pleased to work closely with the Minnesota Department of Human Services, whose representatives served as a vital resource to us. Now we are writing to request your administration's further involvement. Specifically, we ask that you:

- Convene a task force, under the direction of the Department of Human Services, to design a Medicaid alternative consistent with the objectives in our report. The research is clear that Medicaid reform is a fundamental building block for sustainable long-term care financing. We acknowledge that designing a workable alternative is a tall order; however, we believe the federal government is now primed for accepting innovative ideas from states, and every year that we delay is a year that places more burden on an already stressed state budget. Our goal is to acquire federal approval for a demonstration project.
- Charge your Department of Human Services and Minnesota Housing Commissioners with designing a new home equity/reverse mortgage product that the elderly can use to help finance their health care needs while minimizing transaction costs. If the two agencies see this as a joint charge, and look at the sum of costs and benefits to the state rather than to their individual agencies, we believe this to be very feasible financially.
- Request your Commissioner of Commerce to work with the insurance industry to develop new, more affordable long-term care products. We understand that the industry is moving in this direction, and we are quite proud of Minnesota's record in consumer protection when it comes to long-term care. However, we firmly believe that more "partial" coverage (accompanied of course, with excellent consumer information) will make long-term care insurance far more affordable and therefore attractive to many more Minnesotans, thereby ensuring them better quality care, more peace of mind while at the same time minimizing Medicaid expenses.

We have taken a market-based approach in our recommendations—that is, one that enables Minnesotans to build personal resources for their care, and in doing so, helps evolve the market of services that Minnesotans will need for quality care. Therefore, we encourage you to reach out to practitioners in accomplishing the above tasks—insurance representatives, senior service providers, businesses, and financial institutions. They will have an important sense of what is needed to make financial products work in the marketplace; they also have excellent data to draw from when it comes to underwriting and actuarial assumptions, as well as what types of questions Minnesotans will want answered regarding long-term.

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Common ground. Common good.

Citizen workshops have been integral in designing our recommendations, and we may consider using a new Citizens League social networking tool, called CitiZing, to gain additional consumer insight as this process moves forward. The Citizens League is currently using it to gain Minnesotans' ideas on the state budget, and it's proving to be a very user-friendly citizen research and engagement tool.

While the LTC Collaborative issued its recommendations in December of 2010, we are continuing to work on behalf of implementing those recommendations. Any or all of us would be happy to meet with you or any of your representatives if you would like to learn more about our proposals, and why we think they are so critical to the future of Minnesota. Please contact Sean Kershaw as 651-293-0575.

Sincerely,

Sean Kershaw,
Executive Director
Citizens League, on behalf of the Long-Term Care Collaborative

Aging Services of Minnesota; Alzheimer's Association Minnesota-North Dakota; Care Providers of Minnesota; The Center of the American Experiment; The Citizens League; Courage Center; The David Agency, Inc.; Ecumen; Minnesota Business Partnership; The Minnesota Chamber of Commerce; Vital Aging Network

cc: Lieutenant Governor Prettnner Solon
Minnesota Department of Human Services Commissioner Lucinda Jesson
Minnesota Housing Commissioner Mary Tingerthal
Minnesota Department of Commerce Commissioner Michael Rothman

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