



Written by [Michael Tennant](#) on October 17, 2011

CLASS Dismissed: Obama Admin. Cancels In-home Care Program

Over 40 percent of all the money the administration claimed it would save by enacting ObamaCare just vanished when Health and Human Services Secretary Kathleen Sebelius (left) cancelled the Community Living Assistance Services and Support (CLASS) program on Friday, October 14.



The program, which would have paid at least \$50 a day for long-term in-home care for enrolled persons, was clearly in trouble when the Obama administration [closed the CLASS office](#) and requested that its budget be eliminated. Although the administration denied that CLASS was in danger, it stated: “A CLASS program will only be implemented if it is fiscally solvent, self-sustaining and consistent with the statute.”

The statute requires the Secretary of Health and Human Services to certify that CLASS will be actuarially solvent for 75 years before initiating the program. Sebelius found that she could not do so, writing in a letter to Congress: “Despite our best analytical efforts, I do not see a viable path forward for CLASS implementation at this time.”

The problem is that an enrollee has to pay (relatively low) premiums for only five years before becoming eligible for full benefits, but the benefits themselves have no time limit. In the first year alone the average enrollee could receive far more in benefits than he had paid in premiums. Should he continue to collect benefits for an extended period of time, taxpayers could be on the hook for [hundreds of thousands of dollars](#).

HHS Assistant Secretary of Planning and Evaluation Sherry Glied accurately labeled the actuarial basis for the program [“quite thin.”](#) It was, in fact, practically nonexistent. A “senior administration official” told [CNN](#) “that there were big questions whether CLASS could be self-sustaining even when the health care reform law was being considered by Congress.”

But then critics note that creating a workable program was never the purpose of rolling CLASS into the Affordable Care Act in the first place. Its purpose was to “[make] it possible for the Congressional Budget Office to score the program as a money-raiser during its first decade and thus make ObamaCare look like it reduced the deficit,” the [Wall Street Journal](#) editorialized. Democrats pulled this off by having the program bring in premiums first and pay benefits later, thus making it appear that ObamaCare would generate a great deal of revenue. That CLASS would quickly go bankrupt — Medicare’s chief actuary, Richard Foster, predicted this would happen as soon as 2025 — was of no consequence to them since the Budget Office would score the law only on the basis of its budgetary



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effects over the next 10 years.

In February the Budget Office calculated that CLASS would contribute \$86 billion to ObamaCare's overall deficit reduction of \$210 billion over 10 years. With the program's cancellation, ObamaCare is now expected to save the Treasury just \$124 billion — enough that Sebelius could still maintain that the law will “reduce the deficit.” The editors of the *Journal* are “eagerly anticipating the day when reality forces her to dump that falsehood too.”

Republicans were quick to take advantage of the administration's decision to cancel CLASS. Senate Minority Leader Mitch McConnell (R-Ky.) said in a statement, “The Obama administration today acknowledged what they refused to admit when they passed their partisan health bill: [T]he CLASS Act was a budget gimmick that might enhance the numbers on a Washington bureaucrat's spreadsheet but was destined to fail in the real world.” He added that CLASS “is only one of the unwise, unsustainable components of an unwise, unsustainable law” that should be repealed in full.

Meanwhile, Rep. Fred Upton (R-Mich.), Chairman of the House Energy and Commerce Committee, [announced](#) that his committee will be holding a hearing “to get answers about why this sham was carried on for as long as it was, and what cancellation of the program means for the law's growing price tag.”

CLASS hasn't necessarily been dismissed for good, however. CNN reports that “Sebelius said she wasn't giving up” on it; and Bloomberg notes that “advocates for the program said it can be salvaged.” “The government could make 95 percent of the necessary changes to help fix the program without congressional action,” Connie Garner, a former aide to the late Sen. Edward Kennedy who helped write the CLASS Act and now lobbies for nursing homes and others who expect to benefit from it, told Bloomberg. Constitutionalists note that given President Obama's contempt for constitutional procedures in other areas, he would probably have few qualms about skirting them to enact the other five percent of the changes if his heart were really in CLASS.

For now, taxpayers can be glad that it isn't. Any reprieve from the unconstitutional ObamaCare is welcome, as is anything that proves ObamaCare isn't going to save money — while there's still time to repeal it before it becomes woven into the fabric of American life.



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