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Financing Long-Term Care for the Baby Boom Generation

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Abstract. We use a new microsimulation model to analyze long-term care (LTC) financing policy alternatives including expansion of Medicare benefits and tax credits for private LTC insurance. Our model predicts that Medicaid spending as a fraction of gross domestic product will grow by 60% over the next 50 years, raising doubts about the viability of the current financing system. Few realistic policy options save money relative to current law, but some are worth considering because they have the potential to stabilize funding and improve access to LTC services, without substantially increasing spending.

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