

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3829

To repeal the CLASS Act.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23, 2010

Mr. GRAHAM (for himself, Mr. COBURN, Mr. CHAMBLISS, Mr. MCCAIN, and Mr. CORNYN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To repeal the CLASS Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Long-Term Care Bail-  
5       out Prevention Act”.

6       **SEC. 2. FINDINGS.**

7       Congress makes the following findings:

8               (1) According to an August 2010 survey by the  
9       National Business Group on Health, only 3 percent  
10      of employers would participate in the CLASS pro-  
11      gram.

1           (2) While the CLASS program is projected to  
2           create an initial surplus that is used to pay for the  
3           programs created by the Patient Protection and Af-  
4           fordable Care Act, the Chief Actuary of the Centers  
5           for Medicare & Medicaid Services (CMS) has stated  
6           that by 2025, benefit payments will exceed premium  
7           revenues and the CLASS program will run deficits.  
8           This financing mechanism has even been referred to  
9           as a Ponzi scheme.

10           (3) The CMS Chief Actuary has said, “In gen-  
11           eral, voluntary, unsubsidized, and non-underwritten  
12           insurance programs such as CLASS face a signifi-  
13           cant risk of failure as a result of adverse selection  
14           by participants.”.

15           (4) Because of the downward spiral created by  
16           adverse selection, the program could go bankrupt  
17           and the Secretary of Health and Human Services  
18           could be forced to drastically increase premiums to  
19           unaffordable levels or taxpayers could be asked to  
20           bailout the CLASS program.

21           (5) The alternatives described in paragraph (4)  
22           are unacceptable so the program must be repealed.

1 **SEC. 3. REPEAL OF THE CLASS ACT.**

2 Title VIII of the Patient Protection and Affordable  
3 Care Act (Public Law 111–148) and the amendments  
4 made by such title are repealed.

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