

Long-Term Care in the United States and Southern States:

A short list of issues

Kathleen Ujvari
Senior Strategic Policy Advisor,
AARP Public Policy Institute
Washington, DC

July 30, 2017
71st Annual Meeting of the Southern Legislative Conference
Human Services & Public Safety Committee Session
Long-Term Care in the South
Biloxi, MS

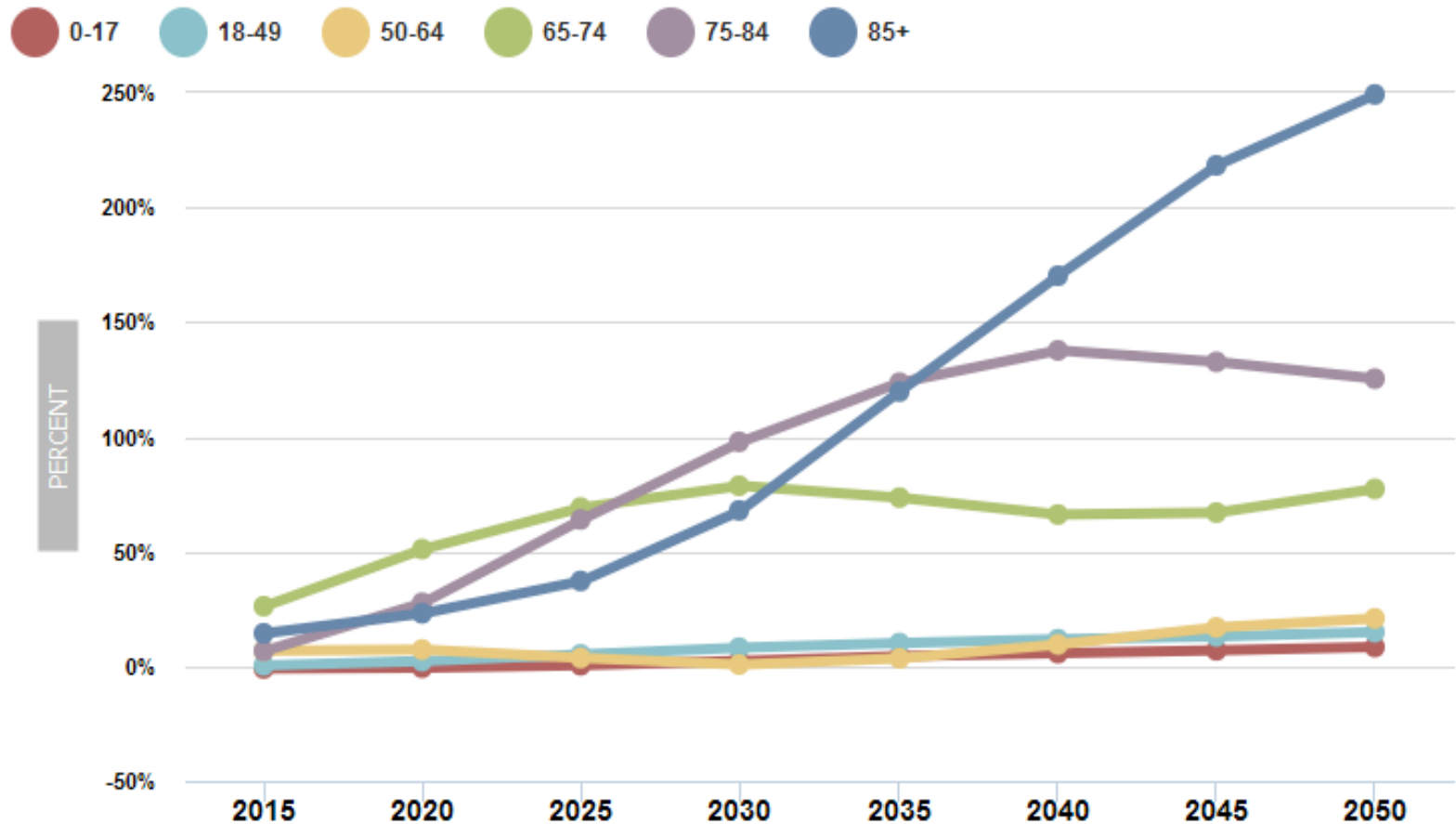
Short List of Issues – A Very Short List...

- Demographics – The aging population is growing at a dramatic rate
- Supply of family caregivers - The backbone of LTSS unlikely to keep pace with future demand
- Expanding HCBS – Reallocating Medicaid spending from institutional care toward more cost effective HCBS alternatives
- Financing LTSS – Solutions are needed to address potentially catastrophic costs of LTSS

Dramatic Growth of the Aging Population

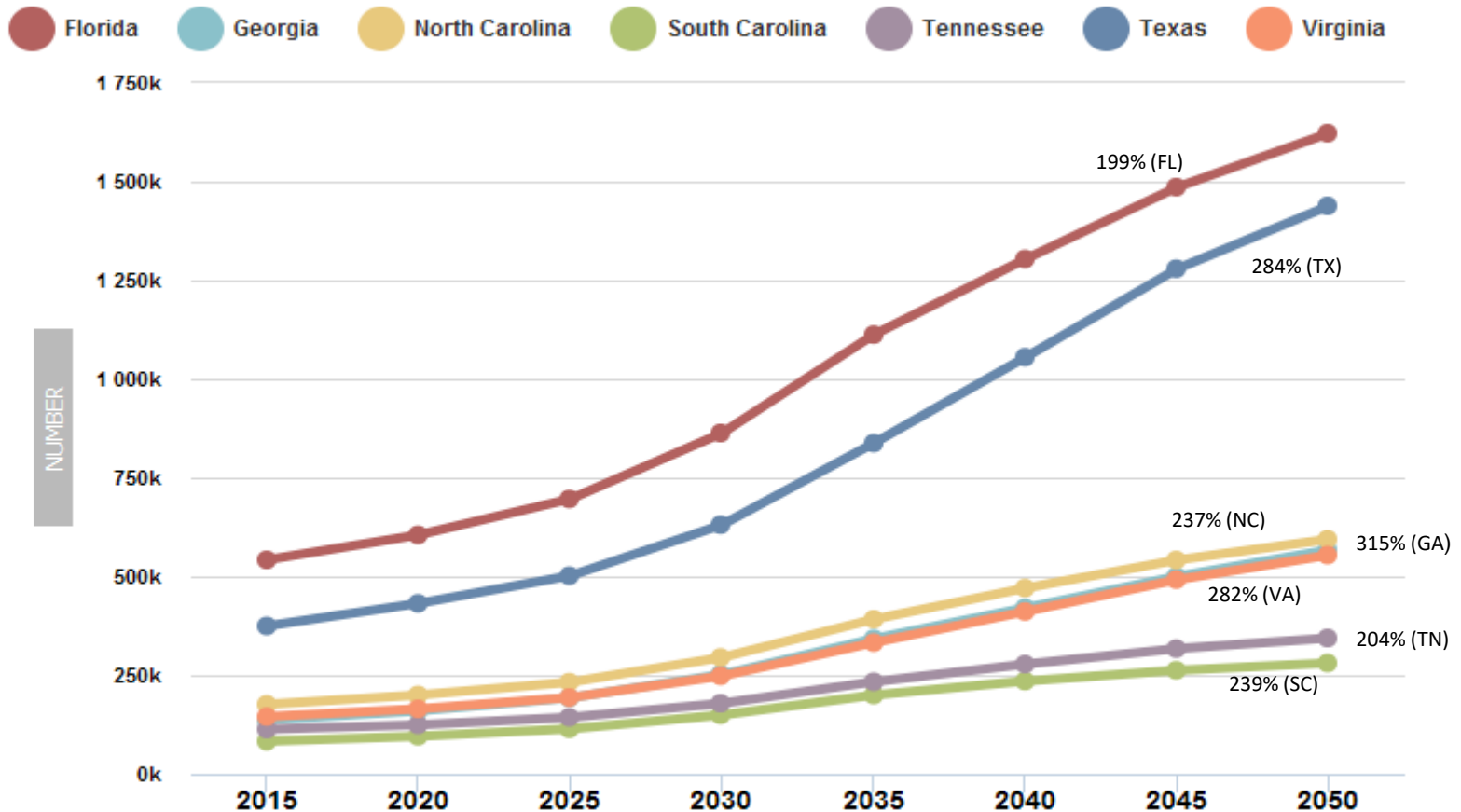
- Age 85 and older population is growing at a dramatic rate
 - Age group most likely to need LTSS to help with everyday tasks
 - Higher rates of disability than younger people
 - Prevalence of dementia
 - 32% of people age 85+
 - More likely to be living alone, without a spouse or other family member to provide them with assistance
- Baby boomers turn 85 in just 14 years
- States are making significant changes in the way they deliver and fund LTSS
 - But, will states be equipped to address the needs of the growing aging population in the not too distant future?

Skyrocketing Rate of the Age 85+ Population



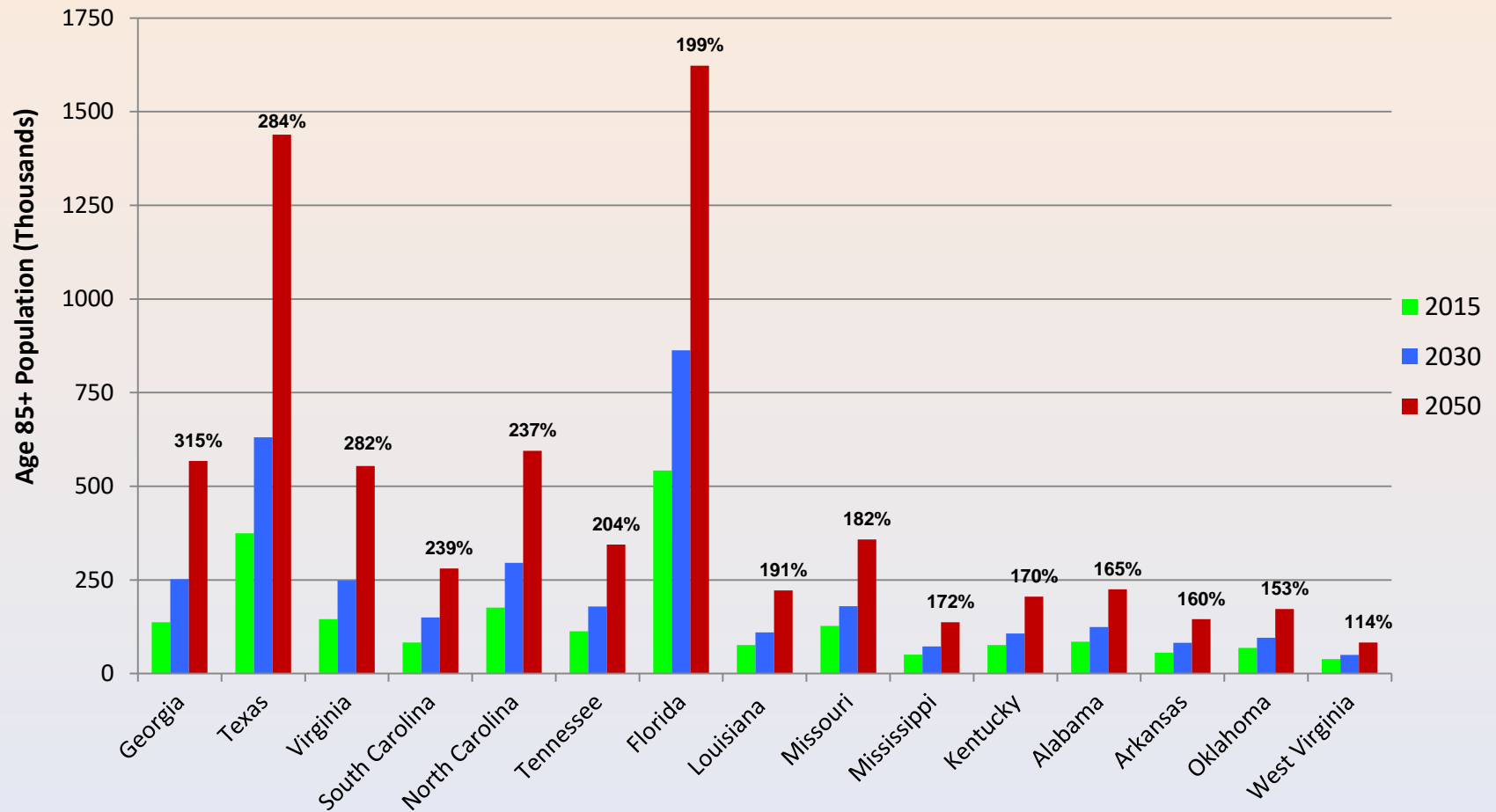
Source: AARP Data Explorer

Southern States with Largest Projected Percentage Change in Age 85+ Population, 2015 - 2050



Source: AARP Data Explorer

Projected Percentage Change Age 85+ Population, All Southern States, 2015 - 2050

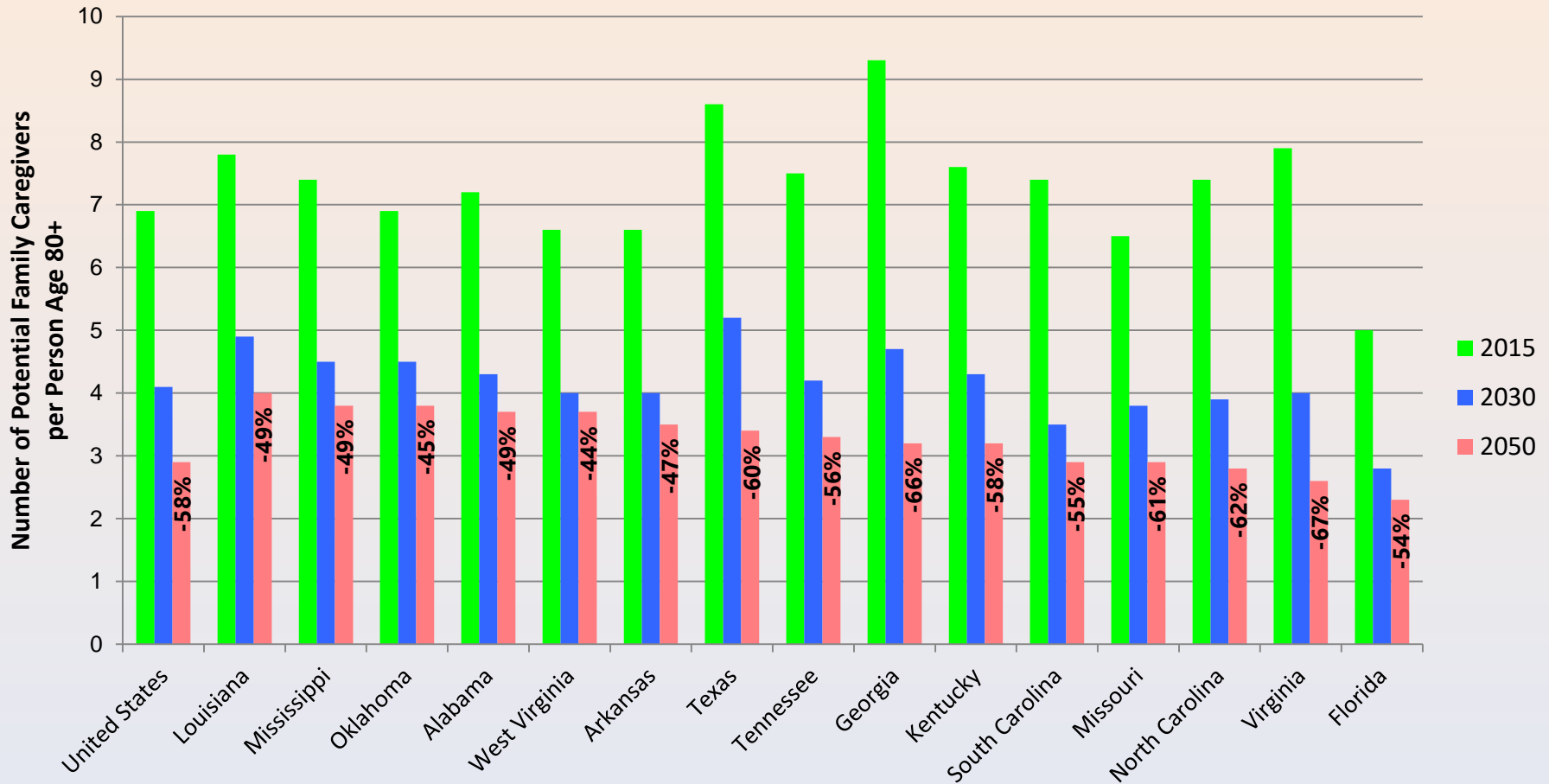


Source: AARP Data Explorer

“You Take Care of Mom, But Who Will Take Care of You?”

- Family caregivers provide the majority of LTSS
- Supply of family caregivers unlikely to keep pace with future demand
- Projected family caregiver support ratio in the US
 - In 2015, almost 7: 1 ratio
 - In 2030, ratio declines to 4:1
 - In 2050, further decline to just under 3:1
- Rising demand and shrinking families to provide LTSS call for new solutions to the financing and delivery of LTSS and family support

Projected Family Caregiver Support Ratio: Southern States, 2015 - 2050

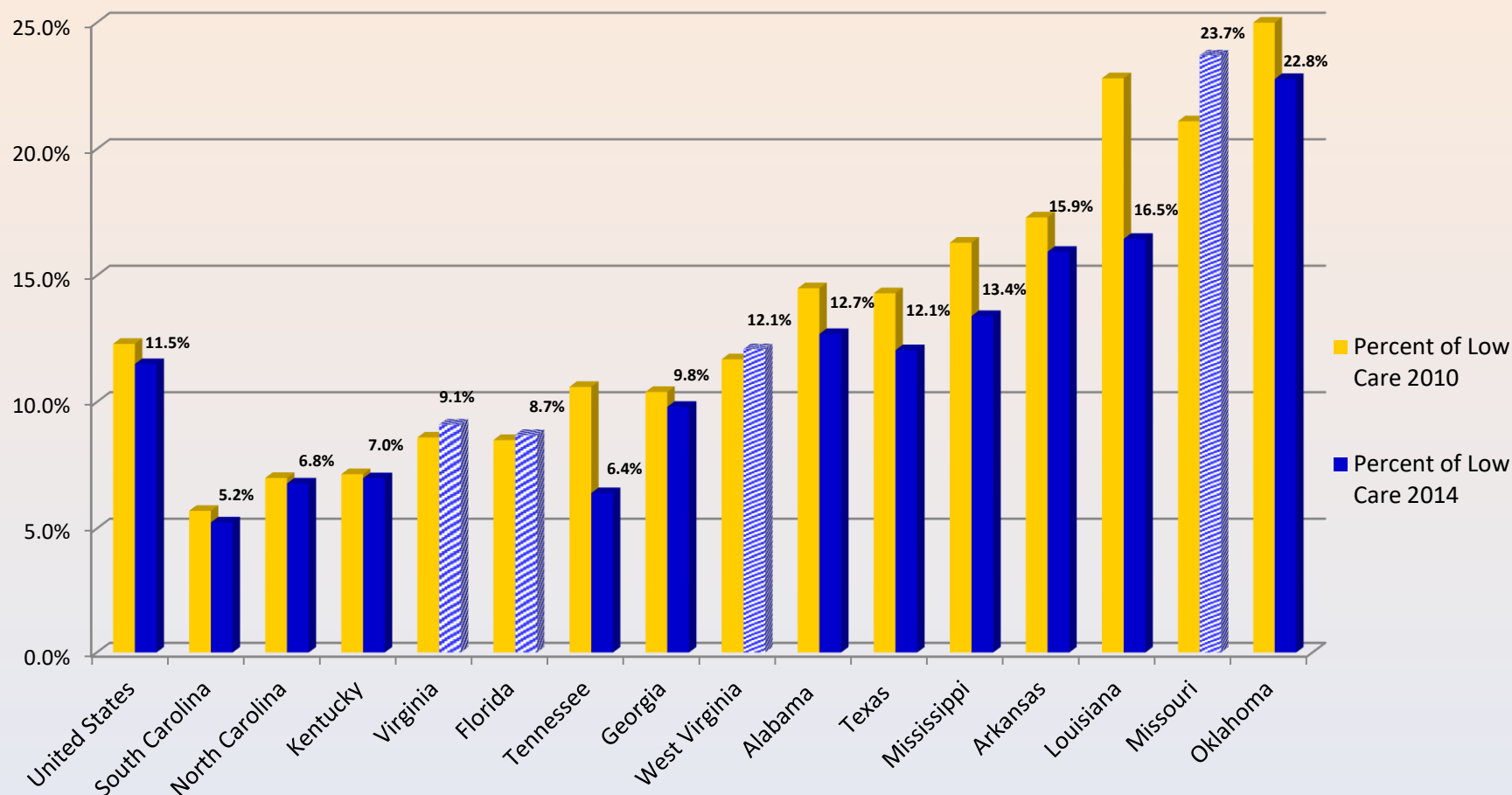


Source: AARP Data Explorer

Expanding HCBS... Why it Matters

- Medicaid has an institutional bias
- Outdated and ageist prejudices
- 90% want to remain in their homes and community as they age
- Avoid unnecessary institutionalization by providing HCBS
 - In 2014, 12.2% of nursing home residents in southern states had low care needs (below the US national average)
 - Nursing home diversion or taking steps to transition back to community may be limited due to insufficient alternatives
- HCBS are less costly than institutional services

Percentage of Nursing Home Residents Aged 65+ with Low Care Needs: Southern States, 2011 and 2014



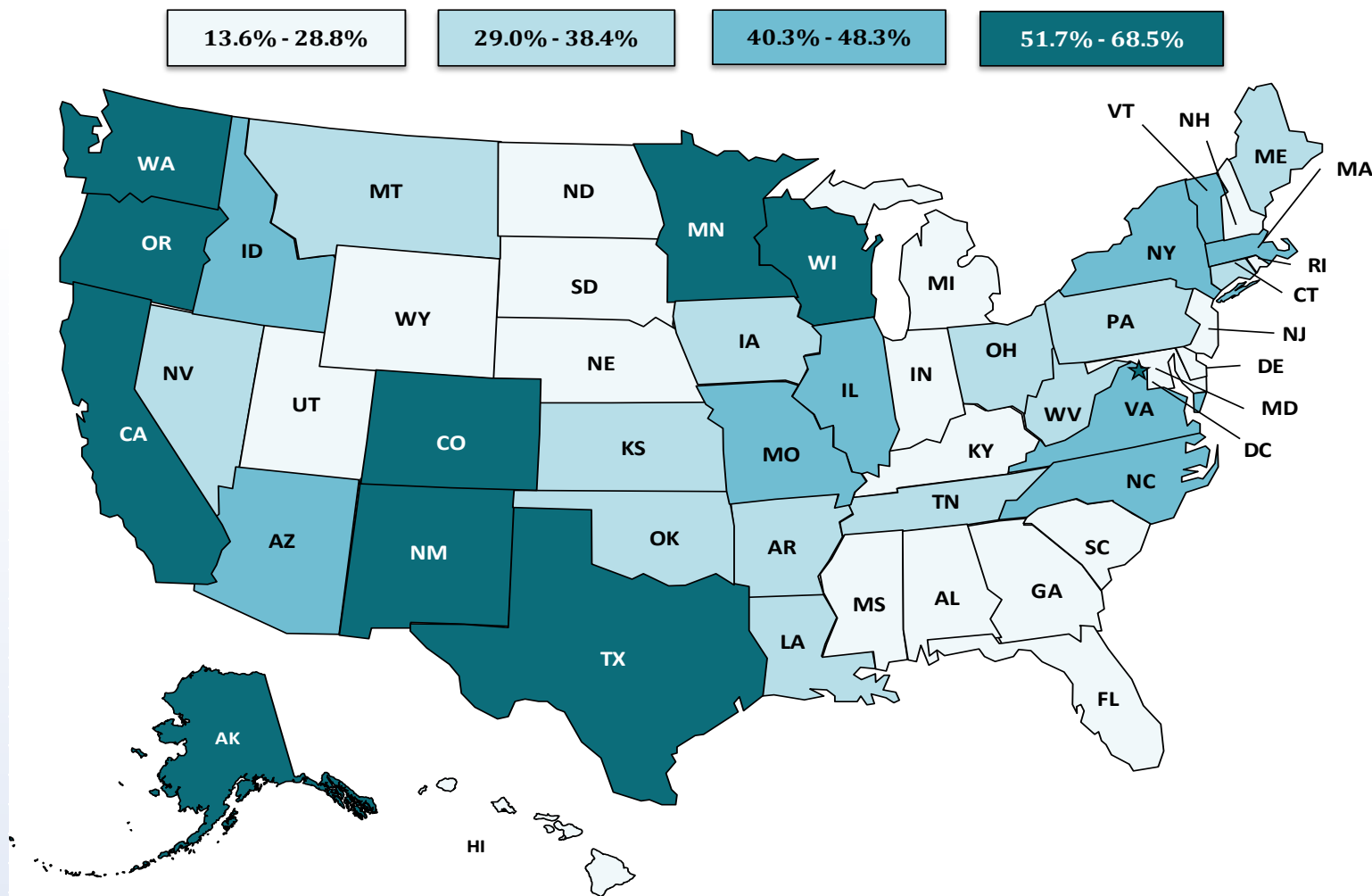
Source: V. Mor at Brown University School of Public Health

Expanding HCBS – Shifting to a More Balanced LTSS System

- Balancing LTSS delivery systems
 - Expanding access to HCBS and reducing dependence on institutional care

- Dial is moving to shift Medicaid spending away from nursing homes to HCBS alternatives
 - Much room for improvement!

Medicaid LTSS Spending Balance: Older Adults and Adults with Physical Disabilities, 2014

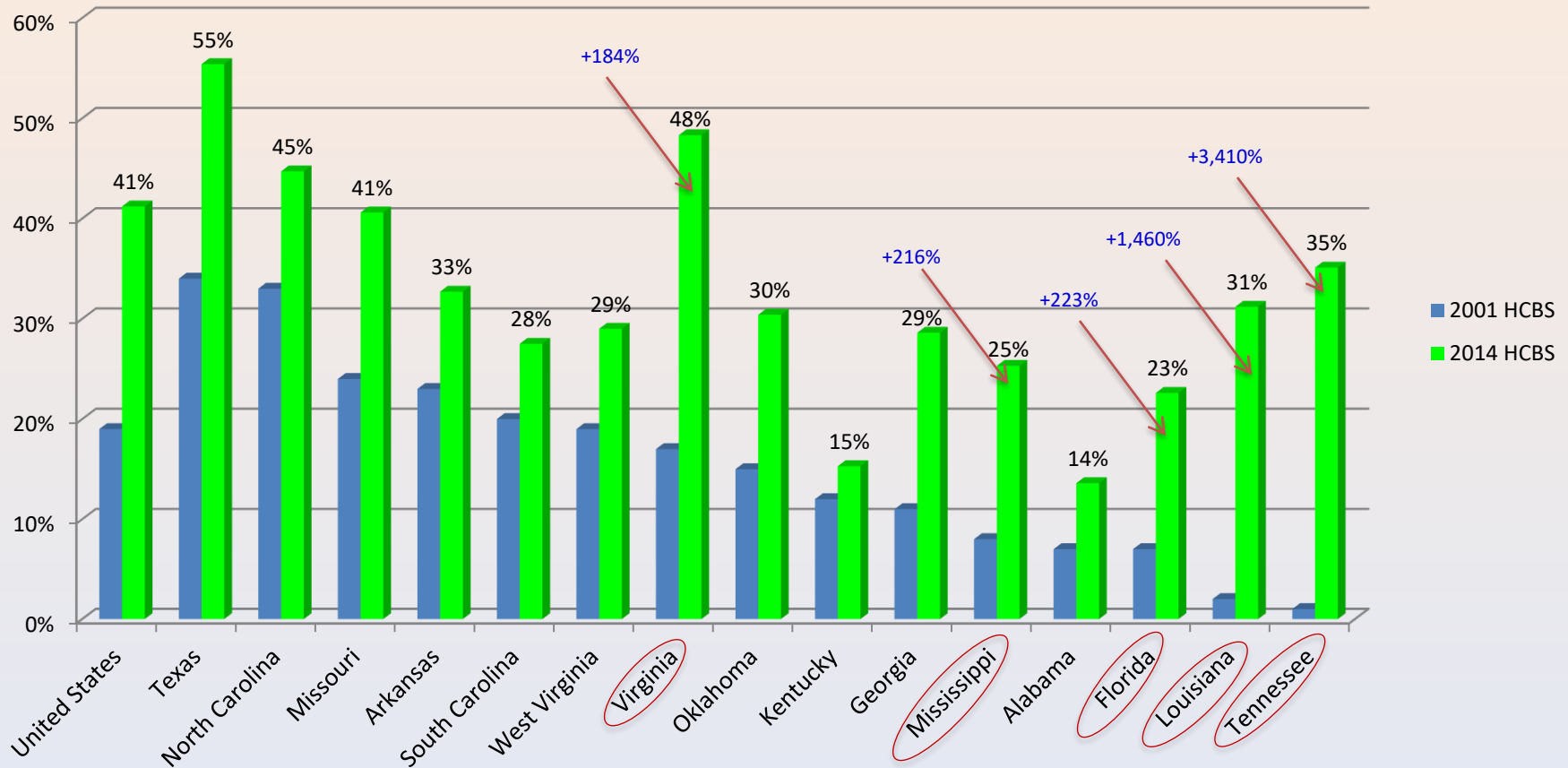


Source: Long-Term Services and Supports State Scorecard, 2017.

Rebalancing Medicaid LTSS

Institutional Spending Toward HCBS

Percentage of Medicaid LTSS Spending for Older Adults and Adults with Physical Disabilities Going to HCBS: Southern States, 2001 and 2014

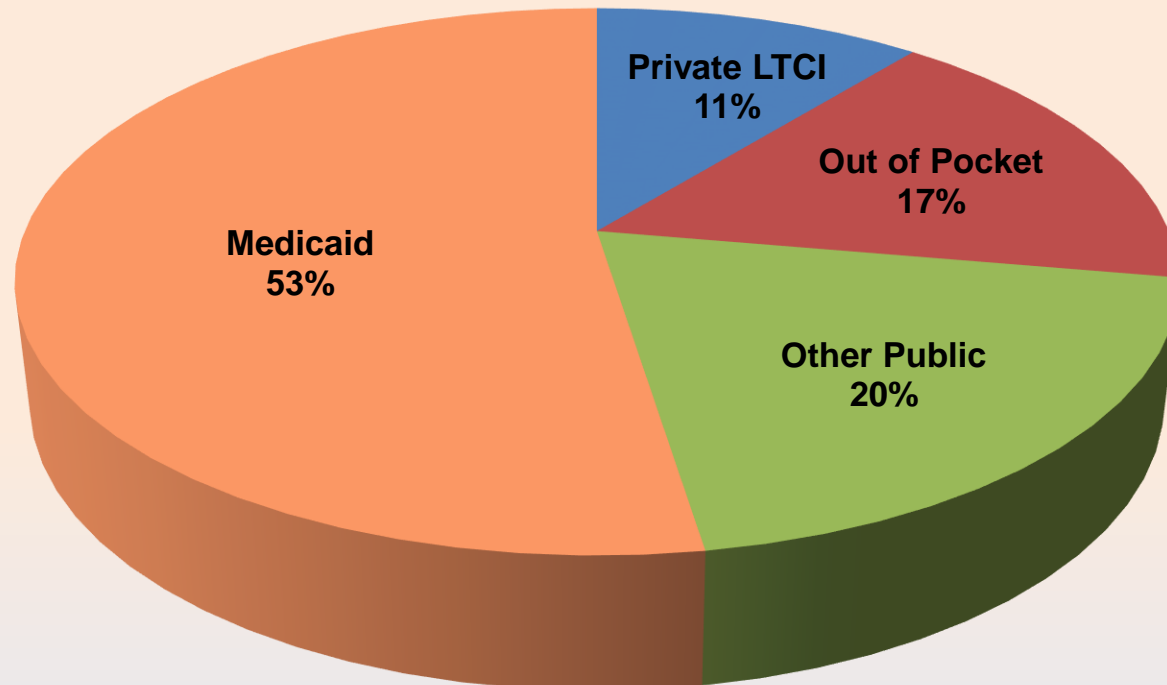


HCBS includes Aged/Disabled Waivers, Personal Care Services, Home Health, PACE, 1915j Self-Directed Services

Source: AARP Public Policy Institute

LTSS Financing: Primary Payer for LTSS – Medicaid

Total National LTSS Spending, 2015 = \$331.2 billion



Source: Kaiser Family Foundation estimates based on 2015 National Health Expenditure Accounts data from CMS, Office of the Actuary

Financing LTSS

- Solutions are needed to address potentially catastrophic costs of LTSS
 - High outlay of public expenditures, individuals are ill prepared for high out-of-pocket costs, skyrocketing 85+ population, and fewer family caregivers
- New sources of both public and private financing are needed
 - Need a mix of financing sources that include social insurance, private insurance, and savings, plus strong safety net protections
- Government and individuals to share responsibility
- Progressive, broad-based, stable, affordable, and capable of growing with enrollment

Thank you!

Kathleen Ujvari

kujvari@aarp.org