Long-Term Care in the United States and Southern States:
A short list of issues

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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

Number of Potential Family Caregivers per Person Age 80+

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- Outdated and ageist prejudices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

13.6% - 28.8%  
29.0% - 38.4%  
40.3% - 48.3%  
51.7% - 68.5%

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
Total National LTSS Spending, 2015 = $331.2 billion

- Medicaid: 53%
- Out of Pocket: 17%
- Other Public: 20%
- Private LTCI: 11%

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!

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