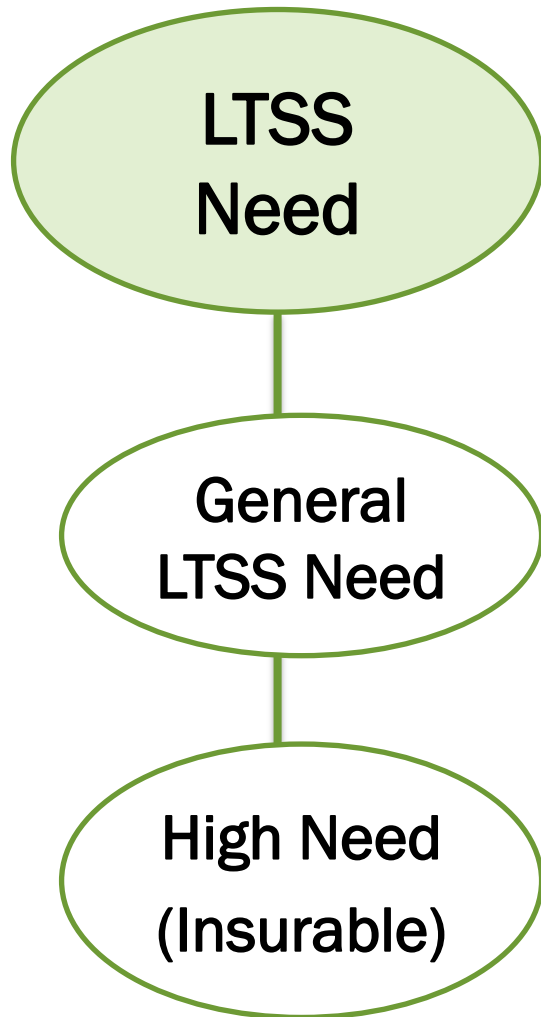


America's Newest  
Challenge:  
Meeting the Needs of an  
Aging Population

LeadingAge  
March 2016

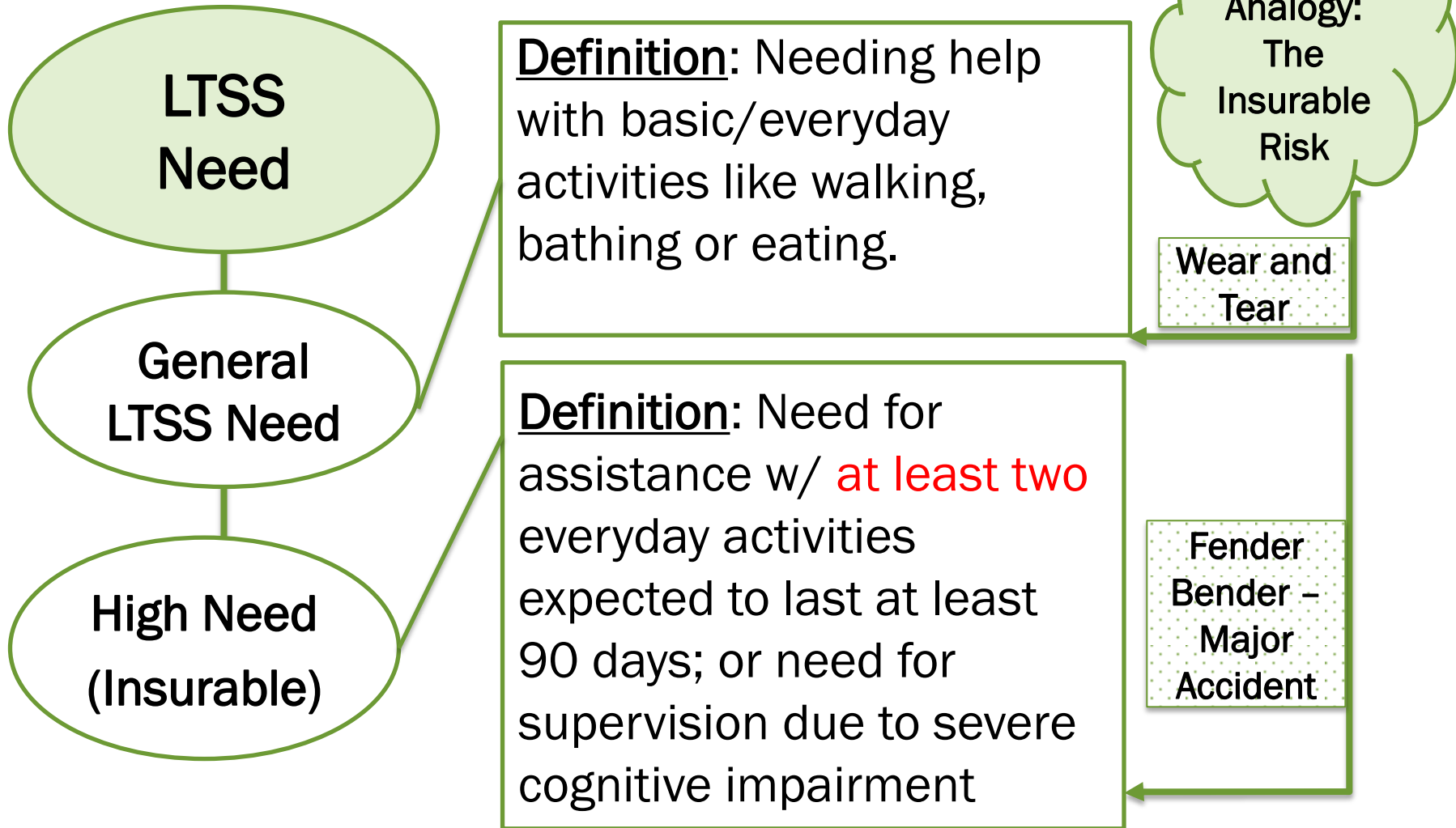
# What is Long Term Services and Supports “LTSS” Need ?



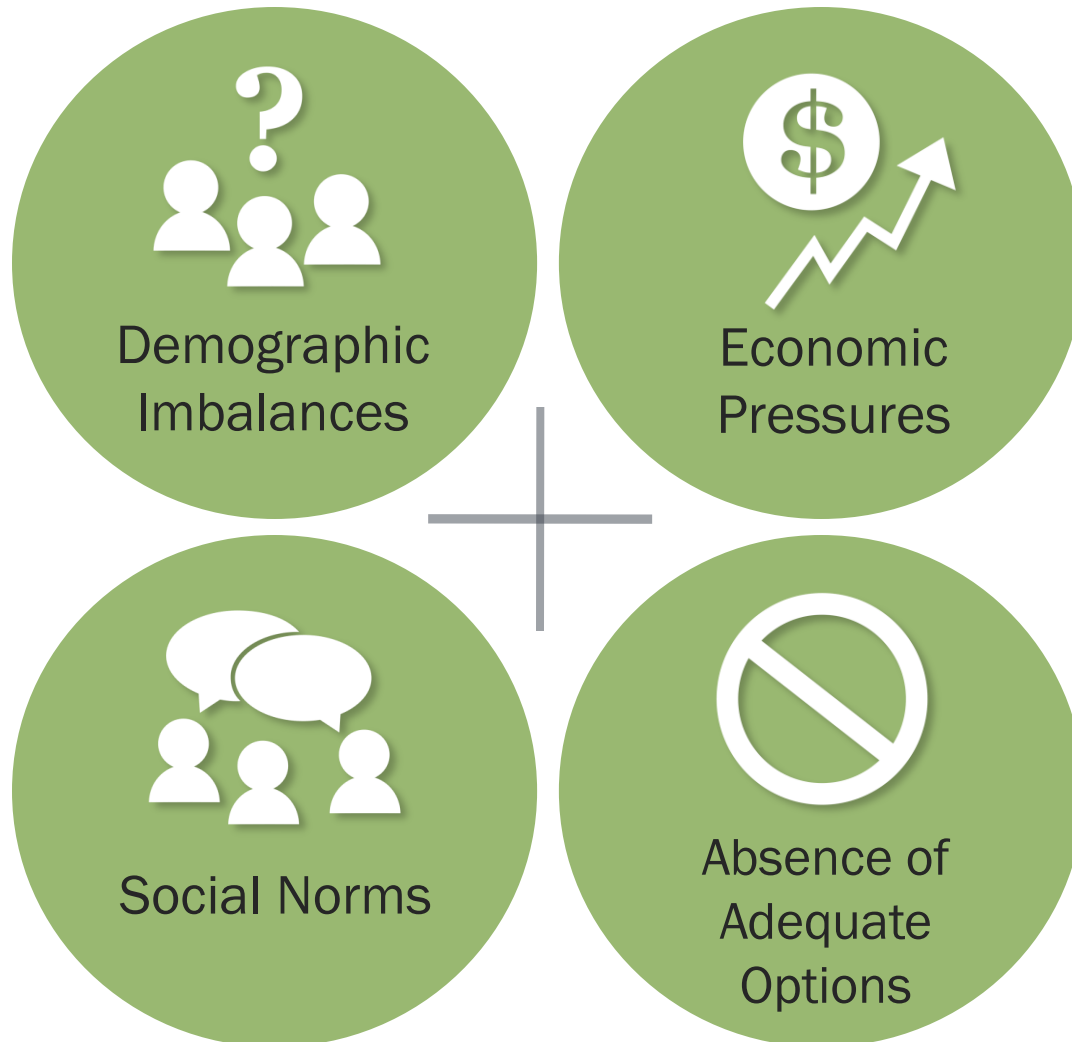
**More than 70%**  
of Americans 65+ will  
need some form of  
LTSS

**More than half** of  
65+ population will  
have high need LTSS

# What is “LTSS need”?



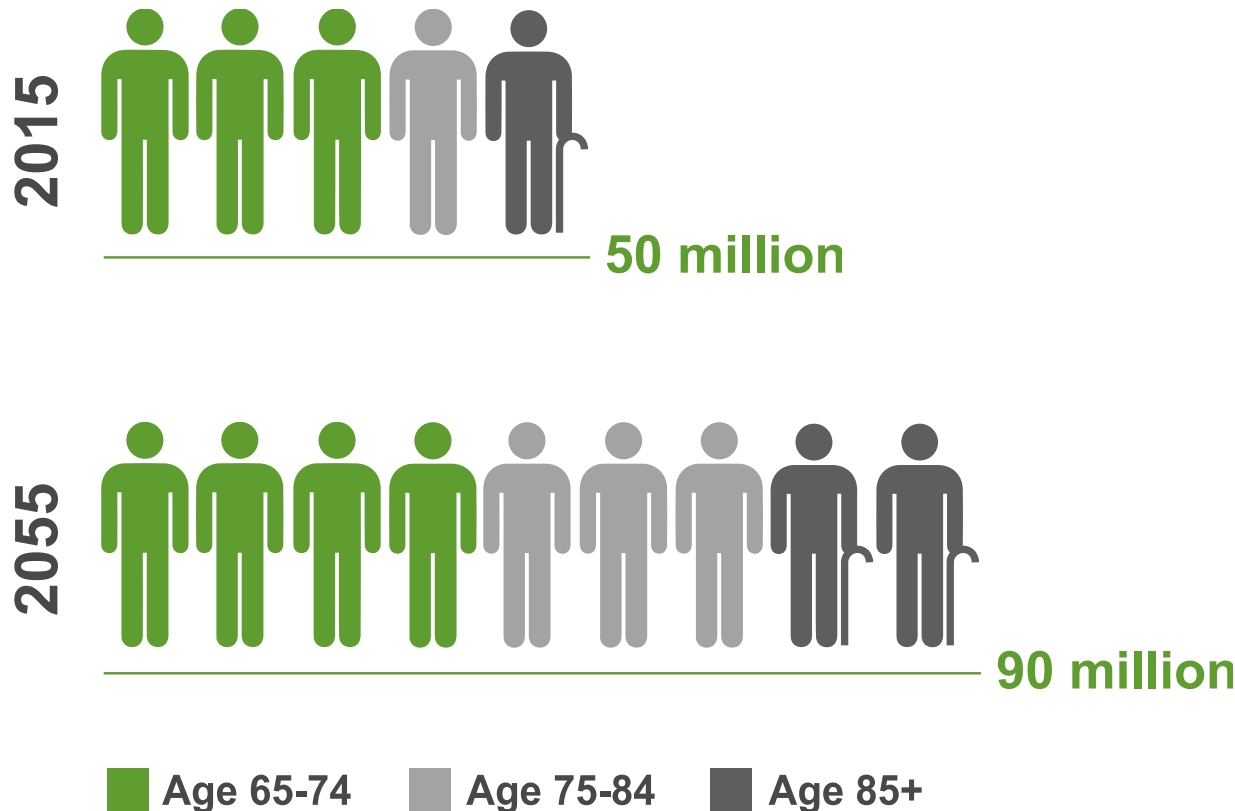
# Forces driving need for reform





# Demographic Imbalances

# The aging population will increase future demand for LTSS



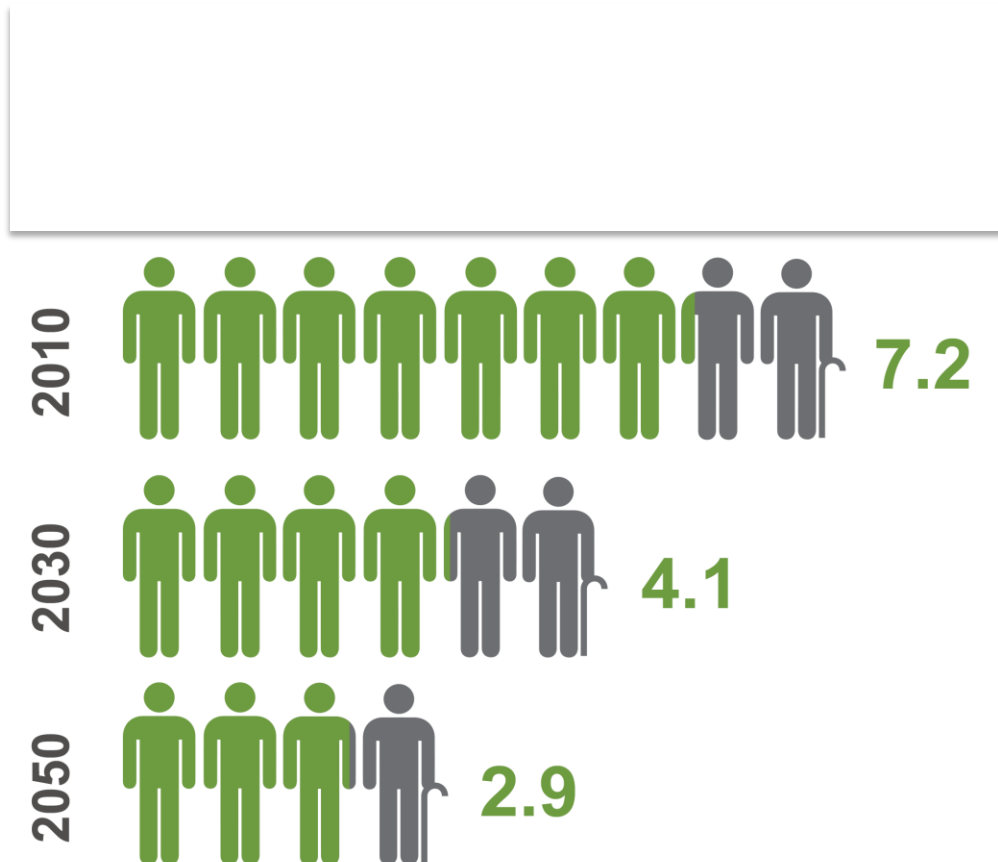
By 2055, there will be almost **90 million people** aged 65+

Those age 75+ (heavier users of LTSS) will represent close to half of that number

## Projected Number of People Age 65 or Older by Year

Projections of lifetime risk of long-term services and supports at ages 65 and older under current law from DYNASIM, June 8, 2015, Urban Institute

# The national caregiver dilemma



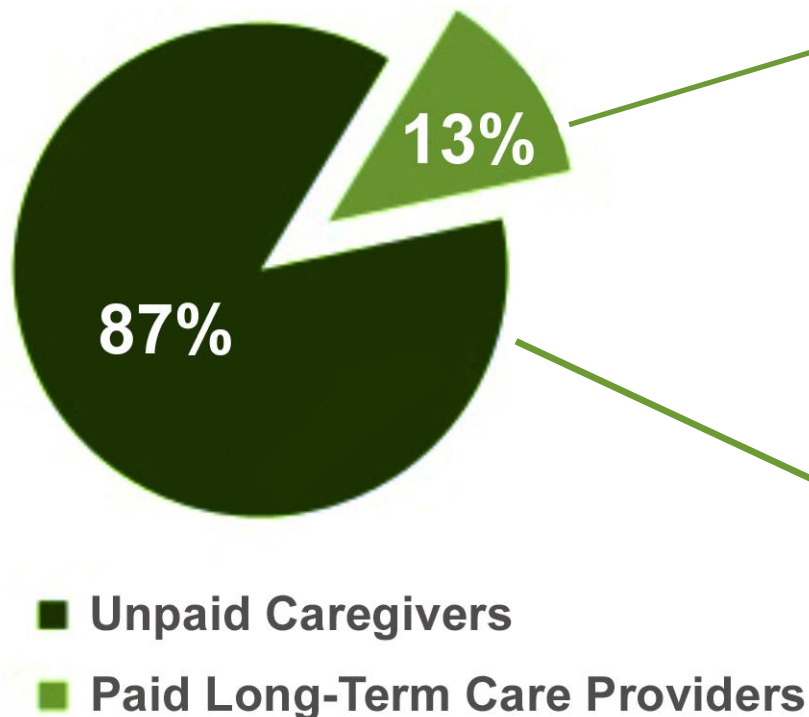
**1/2**  
as many  
caregivers  
will be  
available in  
**2050**

## Ratio of Potential Caregivers to Those Needing Care<sup>1</sup>

1. Ratio of # people in most common caregiving age ( 45-64 ) to those at most risk for needing care (80+)

AARP PPI "The aging of the baby boom and the growing care gap: A look at future declines in the availability of family caregivers

# Unpaid caregivers provide most LTSS today



**Paid caregivers:** 70-80% home health aides, certified nursing assistants, personal aides

## Unpaid Family Caregiving:

- \$470 billion annually
- 40 million family caregivers
- 37 billion hours of care
- Averaging 20-22 hours per week

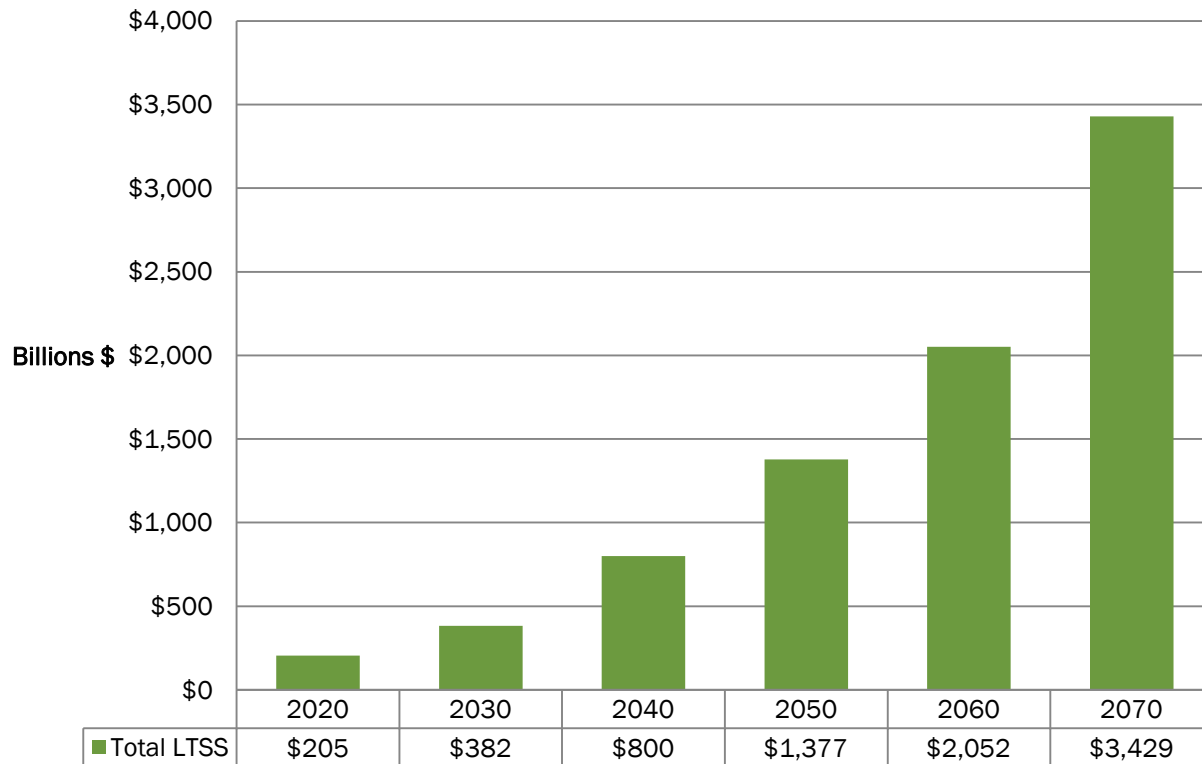




# Economic Pressures

# The cost of doing nothing

### Total Baseline High Need LTSS Expenditures by Year



LTSS spending in the US is projected to grow from approximately \$200 Billion to over \$3 Trillion by 2070, more than a ten-fold increase, if we do nothing.

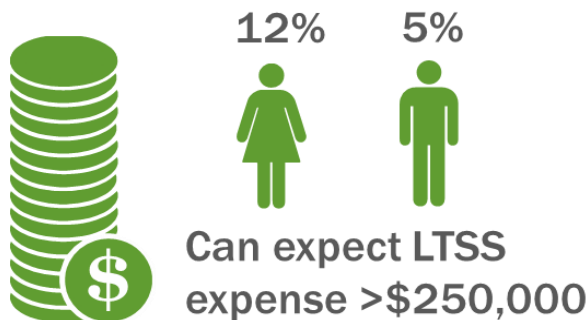
# The financial burden of LTSS falls on two principal sources

Half of costs are borne by **people who use LTSS (and their families)** through out of pocket expenditures, especially in early years

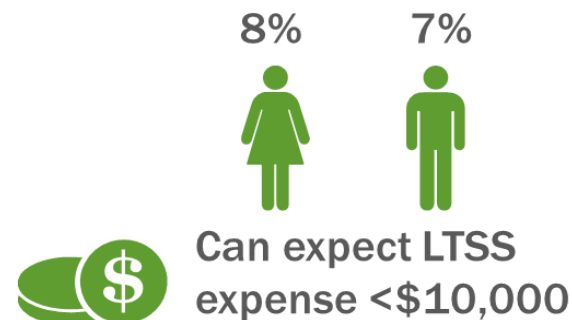
One third of costs are borne by **Medicaid**. **Medicaid is the default public LTSS payer for long duration LTSS need**



# Average LTSS expenditures at an individual level



Reflects longer LTSS need duration



# People are not prepared for LTSS costs

In 2014, those 65 and older had median financial assets of \$76,000 and median home equity of \$80,000 or less, woefully deficient amounts for meeting average lifetime LTSS costs.

# Impact on state Medicaid budgets

2012

Medicaid became the largest single component of state spending, nationwide.

23.8%

2011

23.7%

2012

24.4%

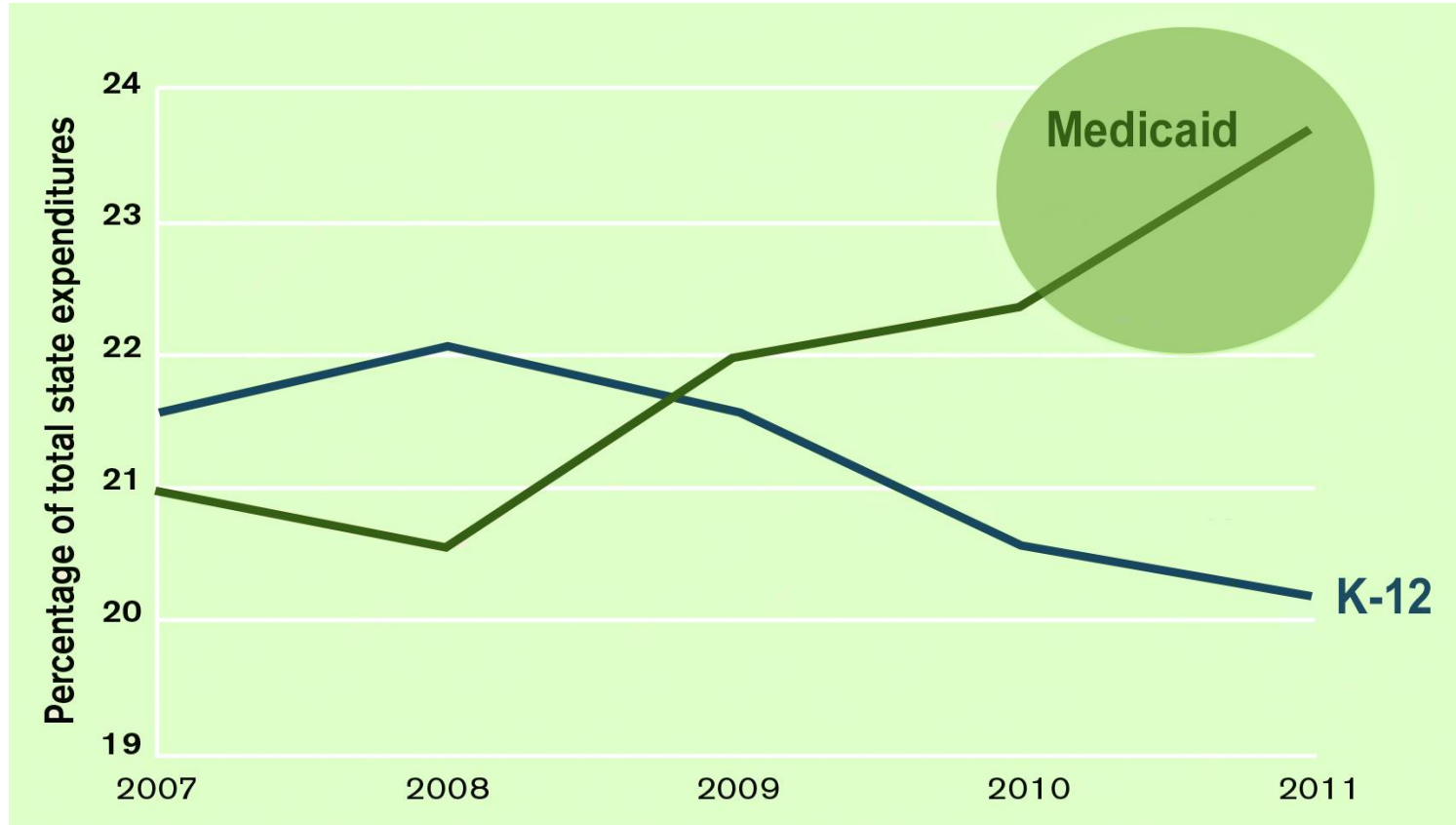
2013

25.8% (est.)

2014

National Average % of State Spending;

# Medicaid is beginning to crowd out other expenditures in state budgets

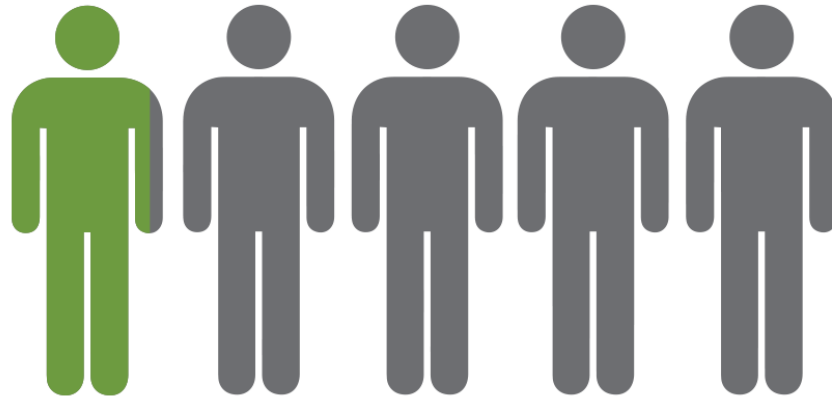


Note: Figures are for total state expenditures, including both general fund spending and federal funds  
Source: National Association of State Budget Officers (NASBO), State Expenditure Report, 2010



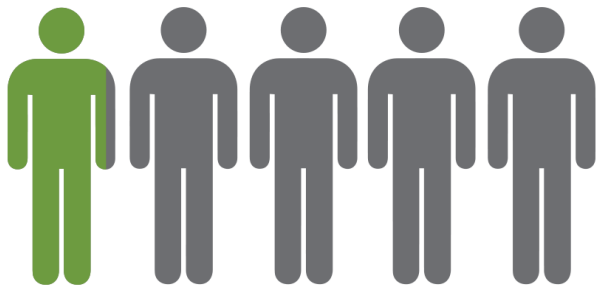
# Social Norms: Awareness, Knowledge and Planning





Less than 1 in 5 Boomers have taken any action to prepare for LTSS care.

# More Boomers prepare for death than life



**17%**  
Have prepared  
for care during life



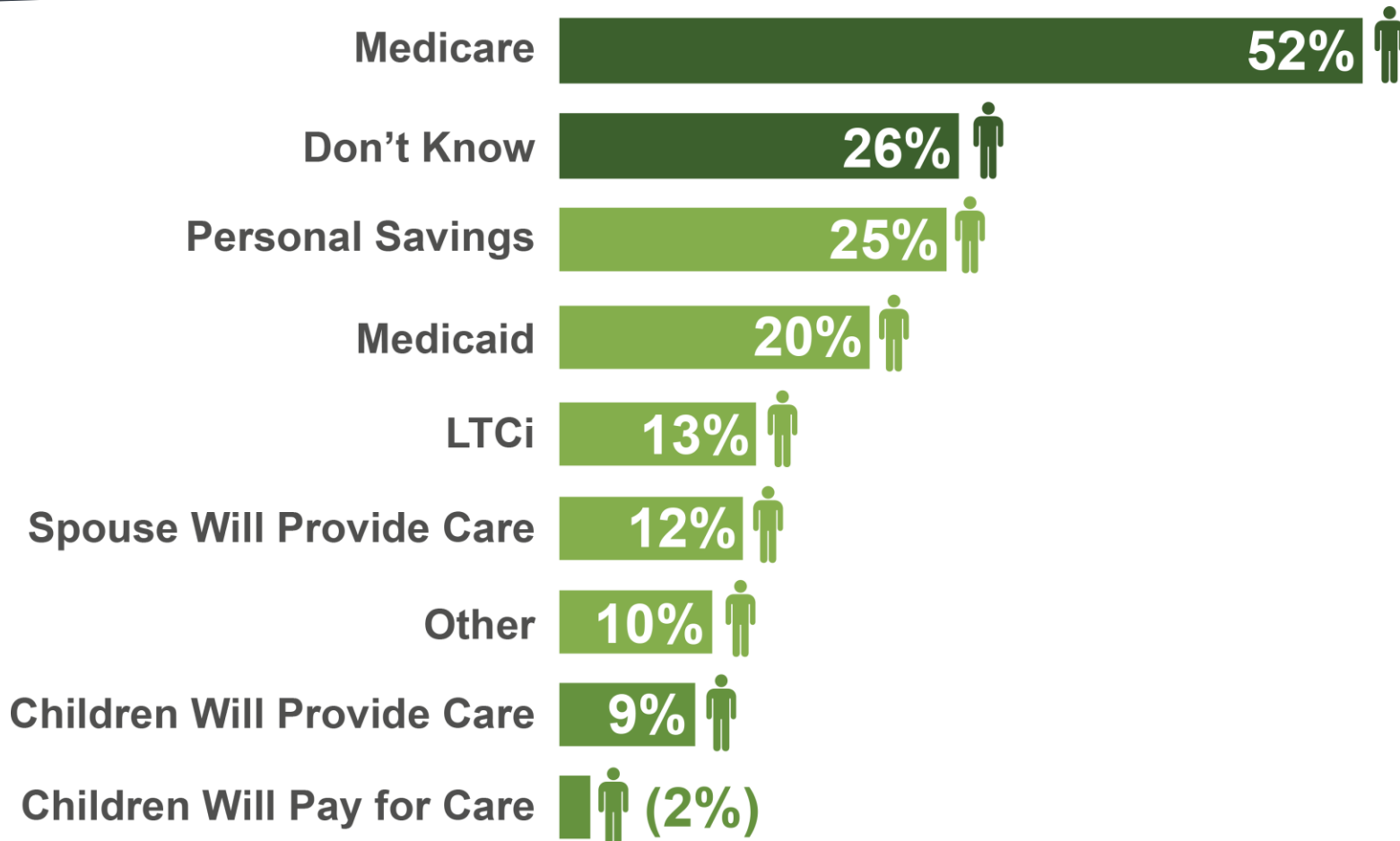
**81%**  
Have prepared  
for death

Approximately  
**5x more**  
Boomers have  
taken action to  
**prepare**  
**for death**  
**vs. life**

## Action Taken to Prepare for Life vs. Death

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013

# Boomers are poorly informed regarding LTSS payment



## Perceived Methods for Funding Ongoing Long-Term Care

Source: Retirement Care Planning: The Middle-Income Boomer Perspective, Bankers Life and Casualty Company Center for a Secure Retirement, August 2013. LTCi = Long Term Care Insurance

# LTSS Mental Model Barriers

LTSS  
planning/  
options not  
integrated  
with other  
life planning



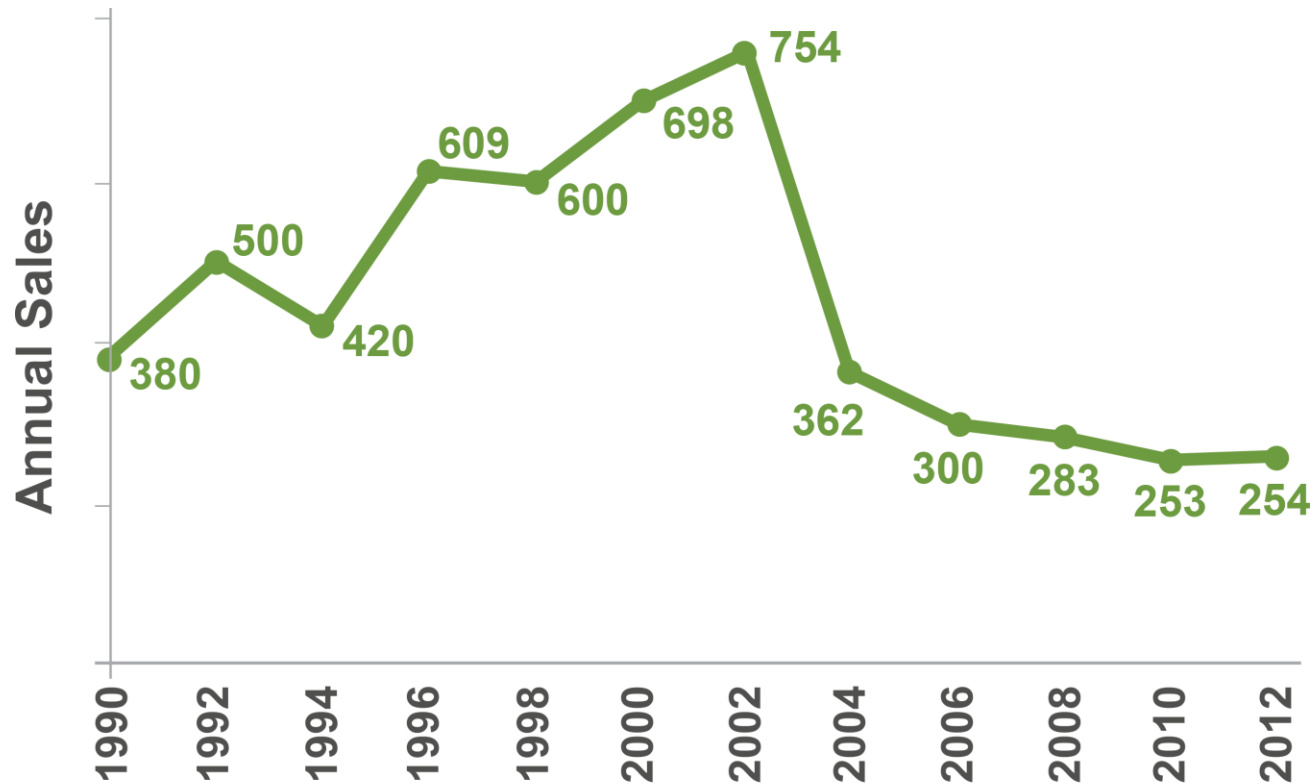
Life,  
health,  
savings  
and other  
planning





# Absence of Adequate Options to Address LTSS Needs

# Sales of LTC insurance are declining



## Annual Sales of Individual LTC Insurance Decline Since 2002

Source: LifePlans. LifePlans analysis based on AHIP, LIMRA and LifePlans sales surveys, 2013. Beginning in 2009, LTC Partners data for annuitants included in counts.



So What Should We Do?

# Define the problem



Our country and its people cannot meet their long-term service and support needs.



# Clarify the goal(s)

Help families  
prepare and pay  
for LTSS

Better address  
pressures on  
Medicaid programs



Families

LTSS Financing  
Balanced Package



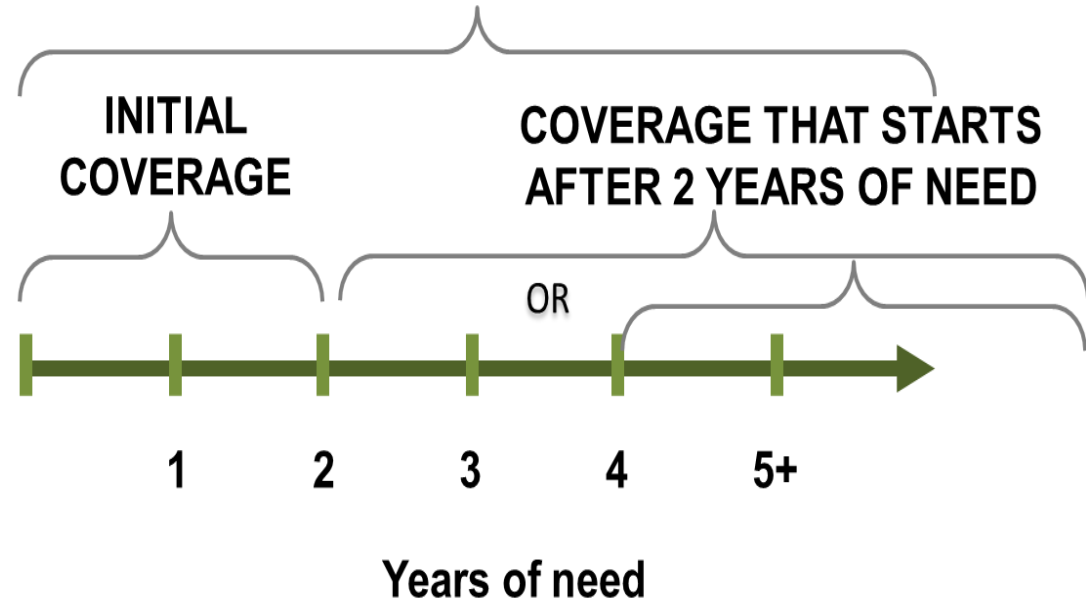
Medicaid

# Get smarter together about options

Funded economic modeling on 3 new options



## FULL DURATION COVERAGE



- private/public
- voluntary/mandatory

# Match goal(s) with approaches that have impact

**Reform Private Market**  
so that people can afford  
to pay for their care in  
early years

**Offer Catastrophic  
Program**  
to help those with long  
duration need and ease  
Medicaid pressures



# Packaging efforts for greatest effect

## Public Awareness

**Education  
Campaign and  
Call to Action**

## Responsive Options/Incentives

**Offer People  
Options that Meet  
Initial and  
Catastrophic  
Need**

## Opportunity to Act

**Incent Action and  
offer When  
People are  
Making Similar  
Decisions**

Combine with service and delivery innovation and rebalancing

# Given the political climate, what can we do to foster reform?

## Start the footrace now:

1

States will have to start this movement  
(MN, CA, IN, NE, WA, OH, TX)

2

Pursue delivery innovation and integration in  
broader continuum

3

Press for federal reform in areas that states  
cannot impact

# LTSS Reform Conversations: A path for states to play a critical role in LTSS reform

# State conversation goals

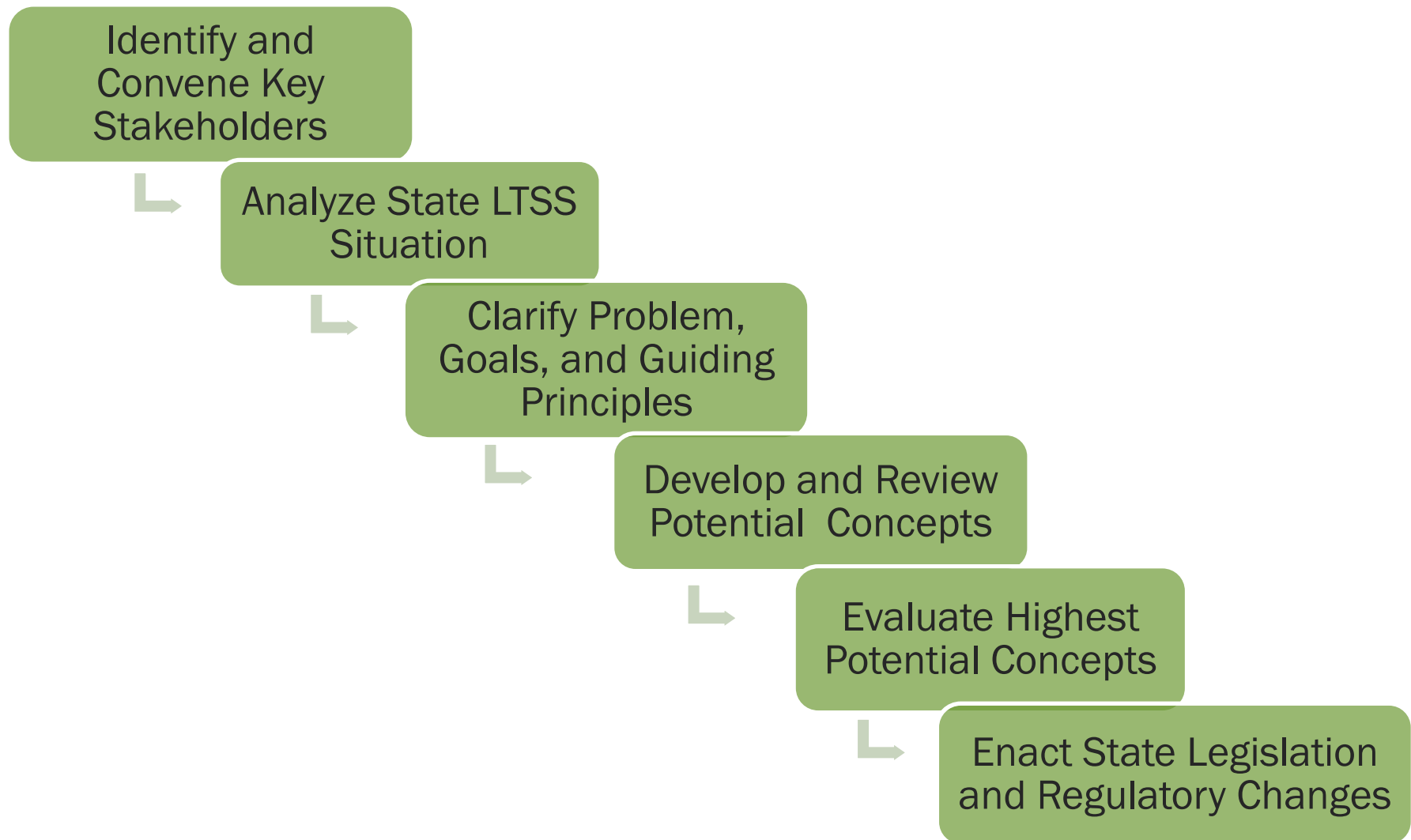
1

Build capacity in states to engage in LTSS reform discussion

2

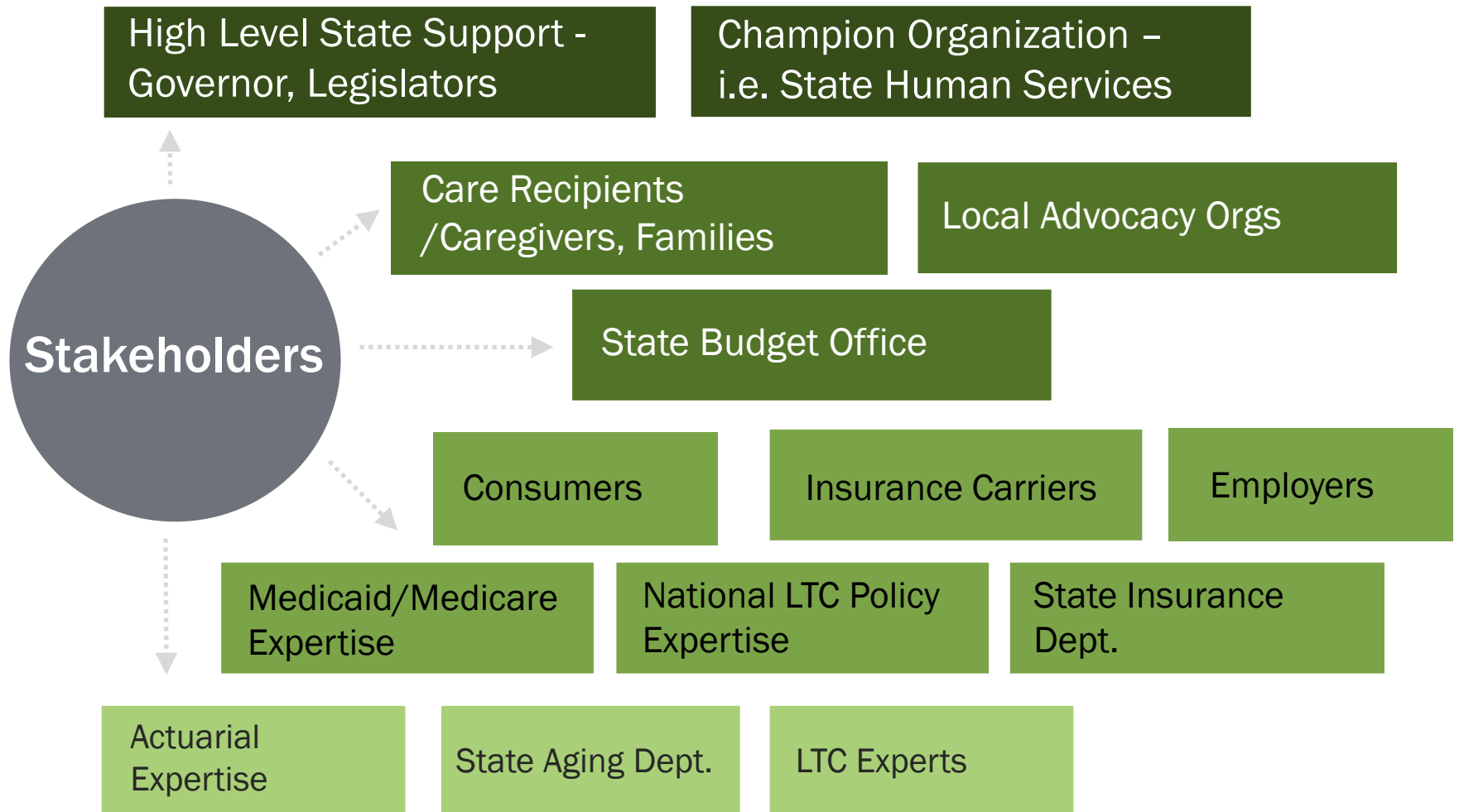
If feasible, foster state level LTSS reform with emphasis on middle class solutions

# Process map for developing a state approach to LTSS financing

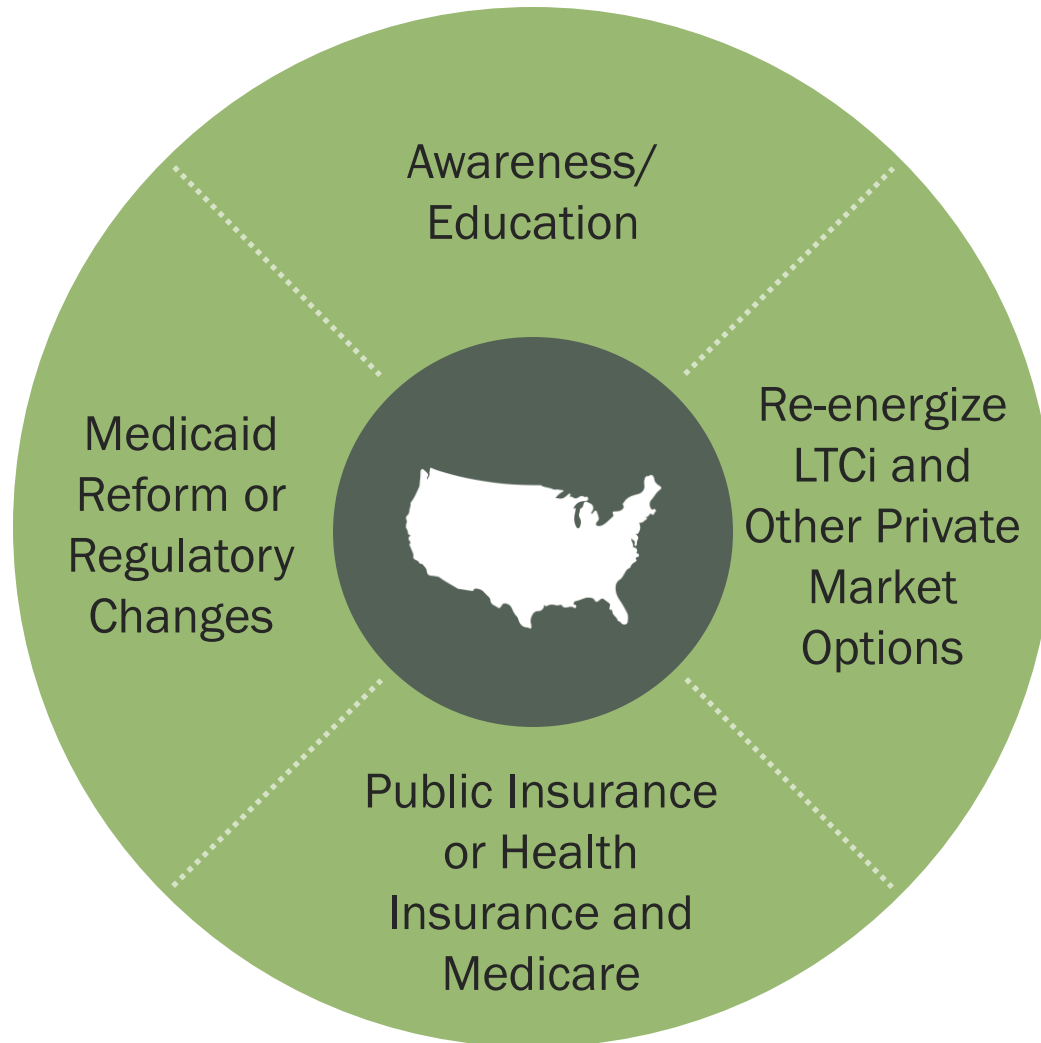




# Potential stakeholder involvement



# Potential state actions



# Questions?

For more information:  
[www.leadingage.org/pathways](http://www.leadingage.org/pathways)

or contact:  
Olivia Mastry, JD, MPH  
Collective Action Lab  
[olivia@collectiveactionlab.com](mailto:olivia@collectiveactionlab.com)