Family Care for an Aging Population: Demographic Contexts and Policy Challenges

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Family Care for an Aging Population

• Biggest growth of elderly population in South and Intermountain West (and exurbs)
• Disability rates are declining... but absolute numbers will grow
• Long-term care has diversified – belated attempts to diversify financing and regulation
• Home health services and intermediate living arrangements can keep people out of nursing homes (and reduce costs?)
• 2010 PPACA contains a new voluntary LTC insurance plan
• New social roles for the elderly?
Projected Growth of Senior (Age 65+)
Population by State, 2000–2030

- 40 percent and up
- 100 percent to 139.9 percent
- 70 percent to 99.9 percent
- under 70 percent
Settings for LTC Have Diversified

• Nursing facilities (accredited by Medicaid and Medicare)
• Assisted Living
• Home health care
• Adult day care
• Other community programs (PACE, etc.)
Why has private insurance for LTC remained so rare?

Source: Congressional Budget Office.
A large proportion will end up in NH some time -- and some for a long time

<table>
<thead>
<tr>
<th>Probability of Ever Using NH</th>
<th>Median Age 1st Entry</th>
<th>Average Time in NH</th>
<th>% Who Enter NH &amp; Spend More Than:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 Year</td>
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<tr>
<td>0.39</td>
<td>83</td>
<td>1.8</td>
<td>40%</td>
</tr>
</tbody>
</table>
Expected lifetime LTC expenses at age 65

Source: Kemper, Komisar and Alecxih (2005)
Home Health Services Much Less Expensive than Nursing Homes
Medicare-covered physician and home health care visits per 1,000 Medicare enrollees age 65 and over in fee-for-service, 1992–2005

Visits per 1,000
15,000
12,500
10,000
7,500
5,000
2,500


Physician visits and consultations
Home health care visits

Data on physician visits and consultations are not available for 1997 and 1999.

Note: The vertical scale used in this chart is not comparable to the vertical scale used in the preceding chart on page 48. Physician visits and consultations and home health care visits are much more common among people age 65 and over than either hospitalizations or skilled nursing facility admissions.

Source: MEPS
Home Health Services Matter Most for the Childless

Source: Muramatsu 2007
Policy problems in long-term care

• Fear of “Crowd-out” by more generous public provision or financing
• Generic problems of insurance – moral hazard and adverse selection
• Perverse incentives set up by current reimbursement mechanisms
• Heavily regulated industry (in parts) but quality not easy to measure
• Long-stay NH population older, sicker, poorer
Community Living and Supportive Services Act of 2010 (part of PPACA)

Voluntary insurance for long-term care, whether community- or residential

No lifetime limit on payments; no exclusions or premium differentials except for age

Must be working now to enroll; pay premiums for 5 years to be vested

Neither individuals nor employers forced to join -- but if your employer does, automatic enrollment and individuals must opt out

Premiums and benefits set to be actuarially sound for 75-year period

Potential for overcoming adverse selection/ retention problems plaguing private LTC insurance
New Social Roles for the Elderly?

- For past cohorts, 50s, 60s, 70s are years of greater well-being than working ages – smaller networks but more meaningful relationships
- But secular decline in percentage of adults who say they have a close confidant – social changes reinforcing the demographic changes?
- Pushing back – creating new social roles for the elderly
US vs. Slovenia World Cup: Americans Rally Late to Tie, 2-2
Percentage of Americans 75+ Currently Married

National Institute on Aging

Source: 65+ in the US, Decennial Census data