

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

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*This presentation represents personal opinions and interpretations
and not the official view of NIH or NIA.*

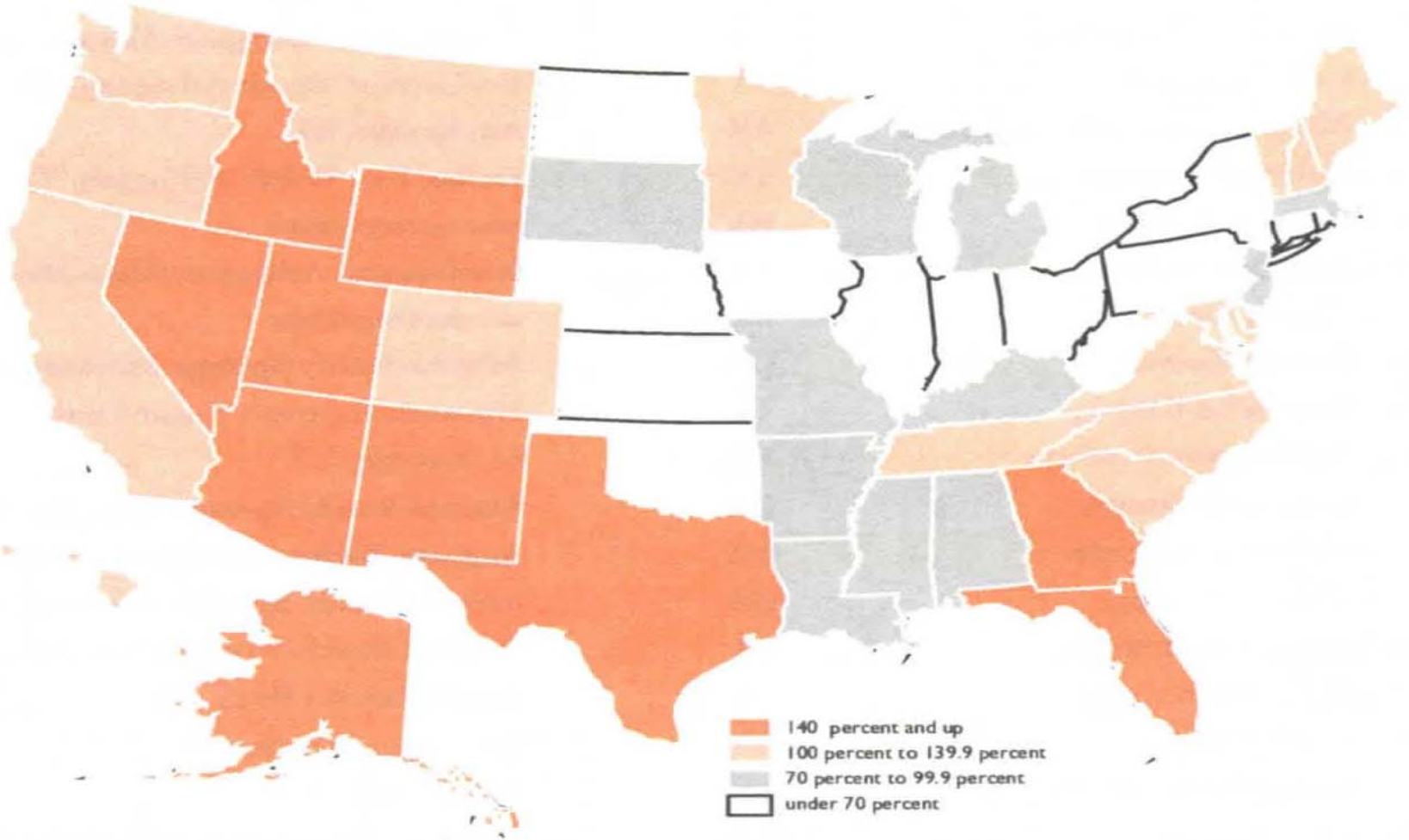


Family Care for an Aging Population

- 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?



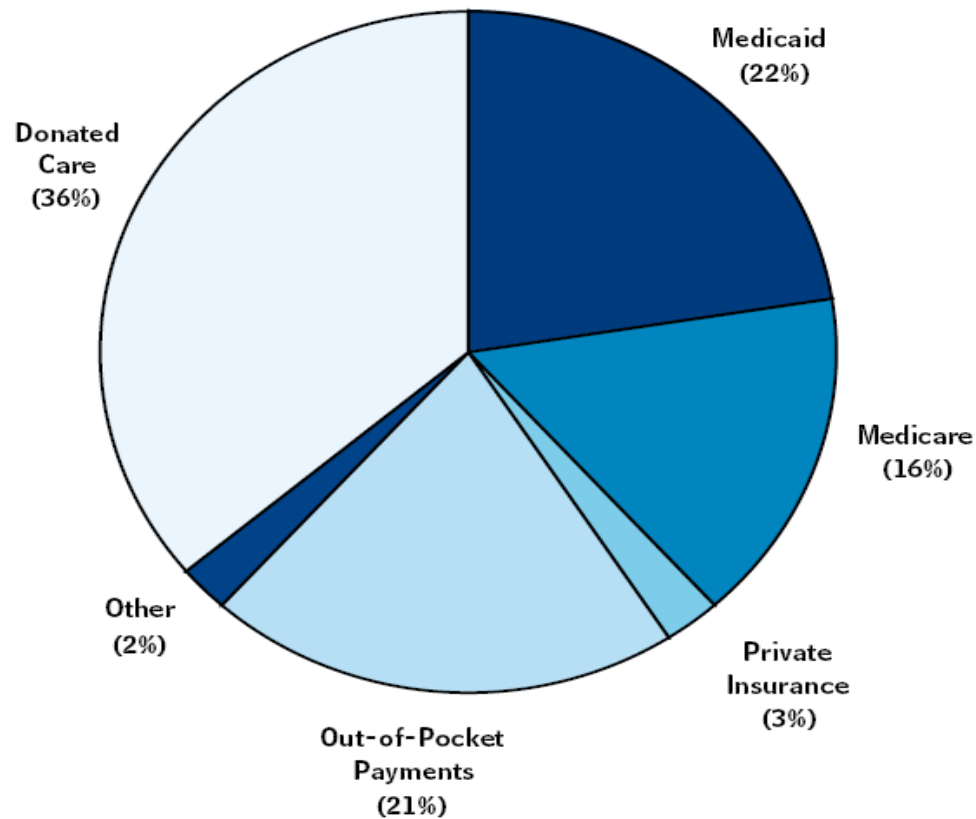
Projected Growth of Senior (Age 65+) Population by State, 2000–2030



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?

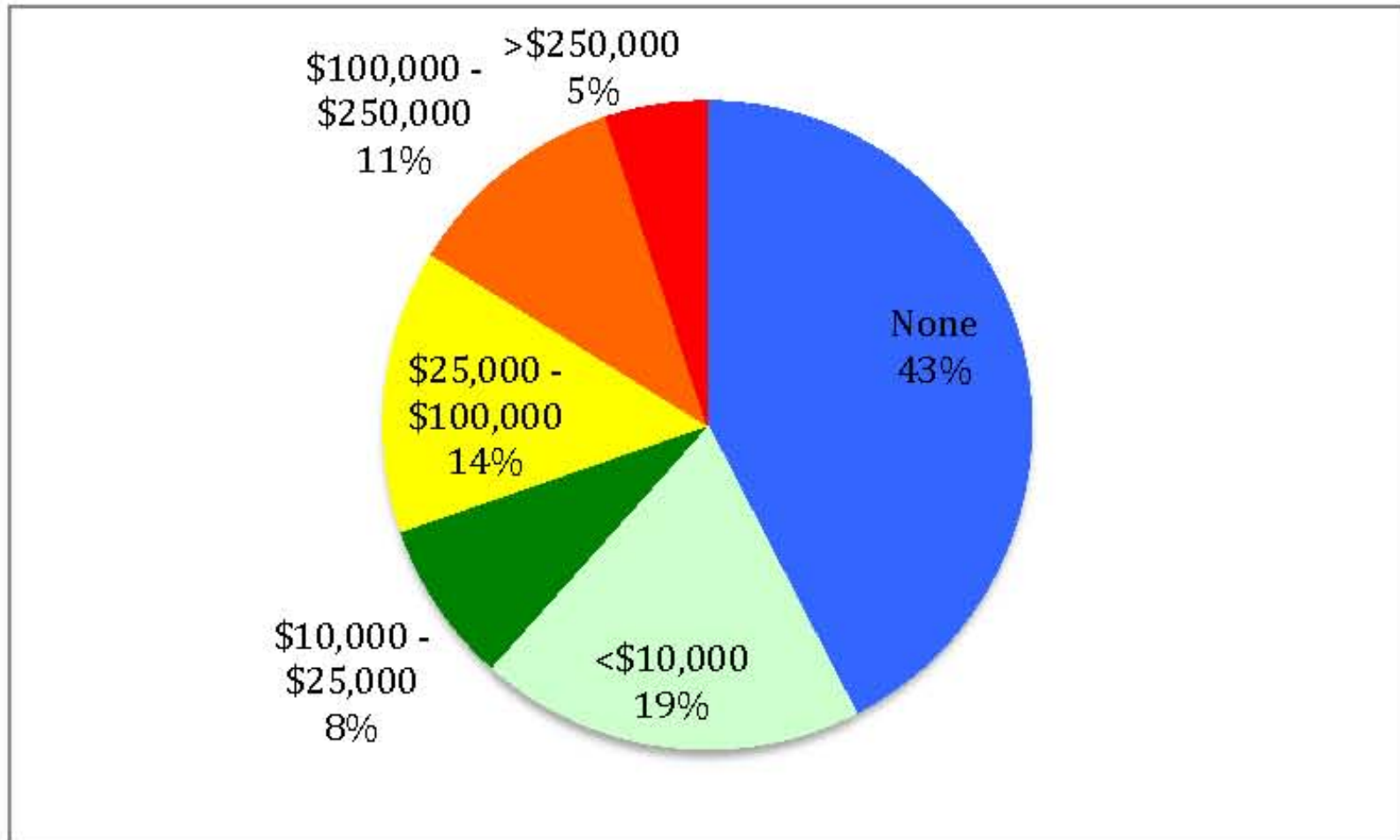


Source: Congressional Budget Office.

A large proportion will end up in NH
some time -- and some for a long time

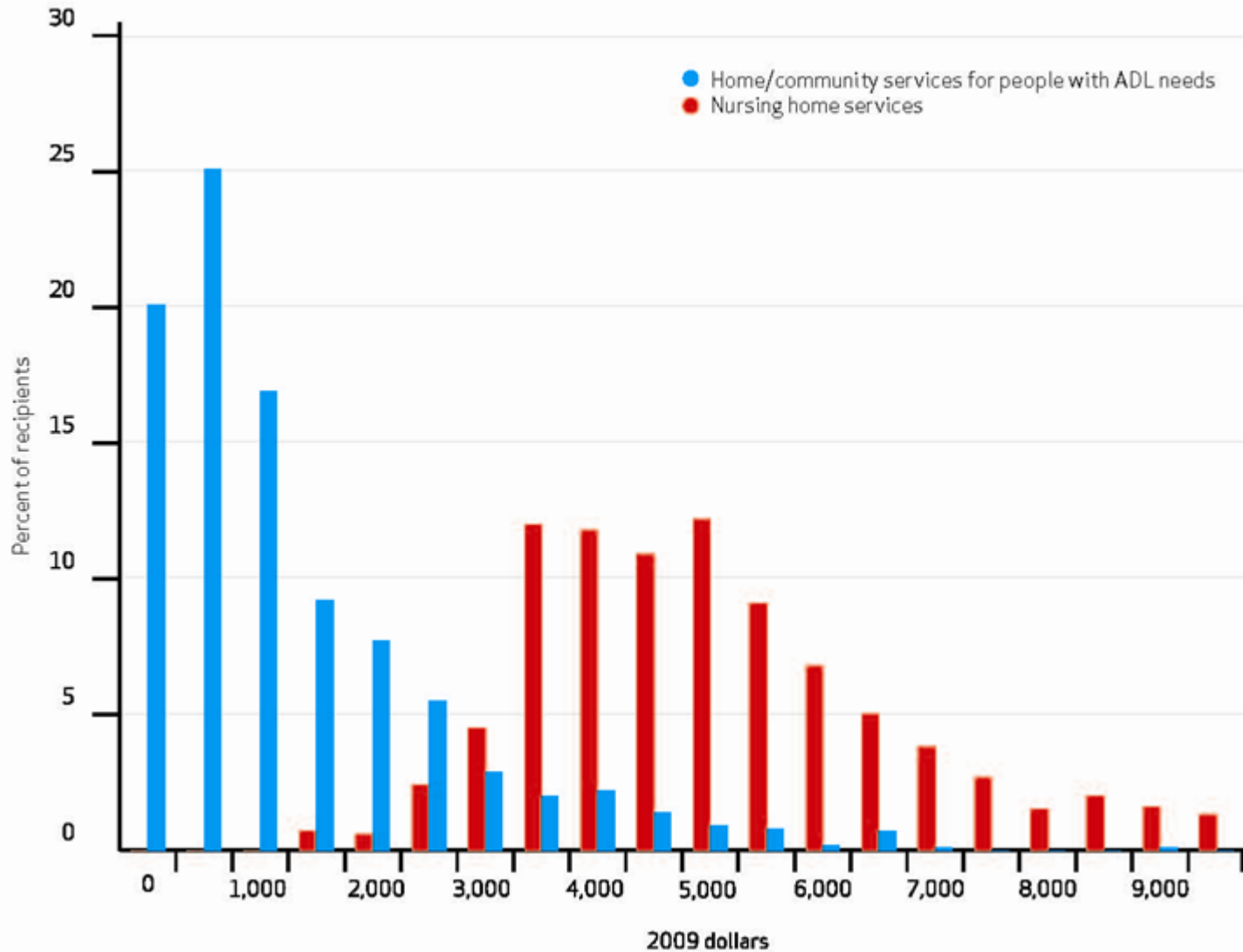
Probability of Ever Using NH	Median Age 1st Entry	Average Time in NH	% Who Enter NH & Spend More Than:	
			1 Year	5 Years
0.39	83	1.8	40%	11%

Expected lifetime LTC expenses at age 65

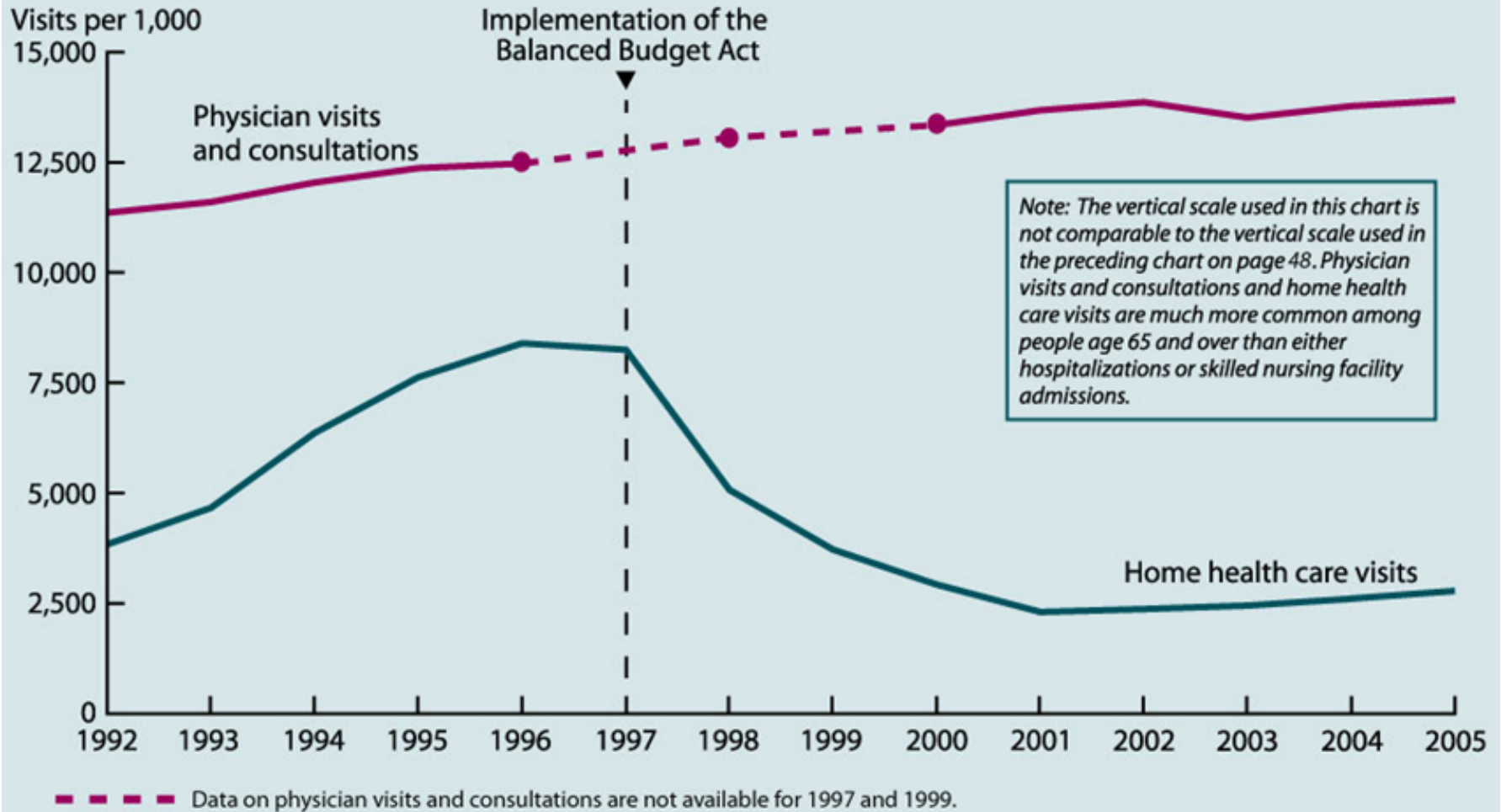


Source: Kemper, Komisar and Alecxi (2005)

Home Health Services Much Less Expensive than Nursing Homes

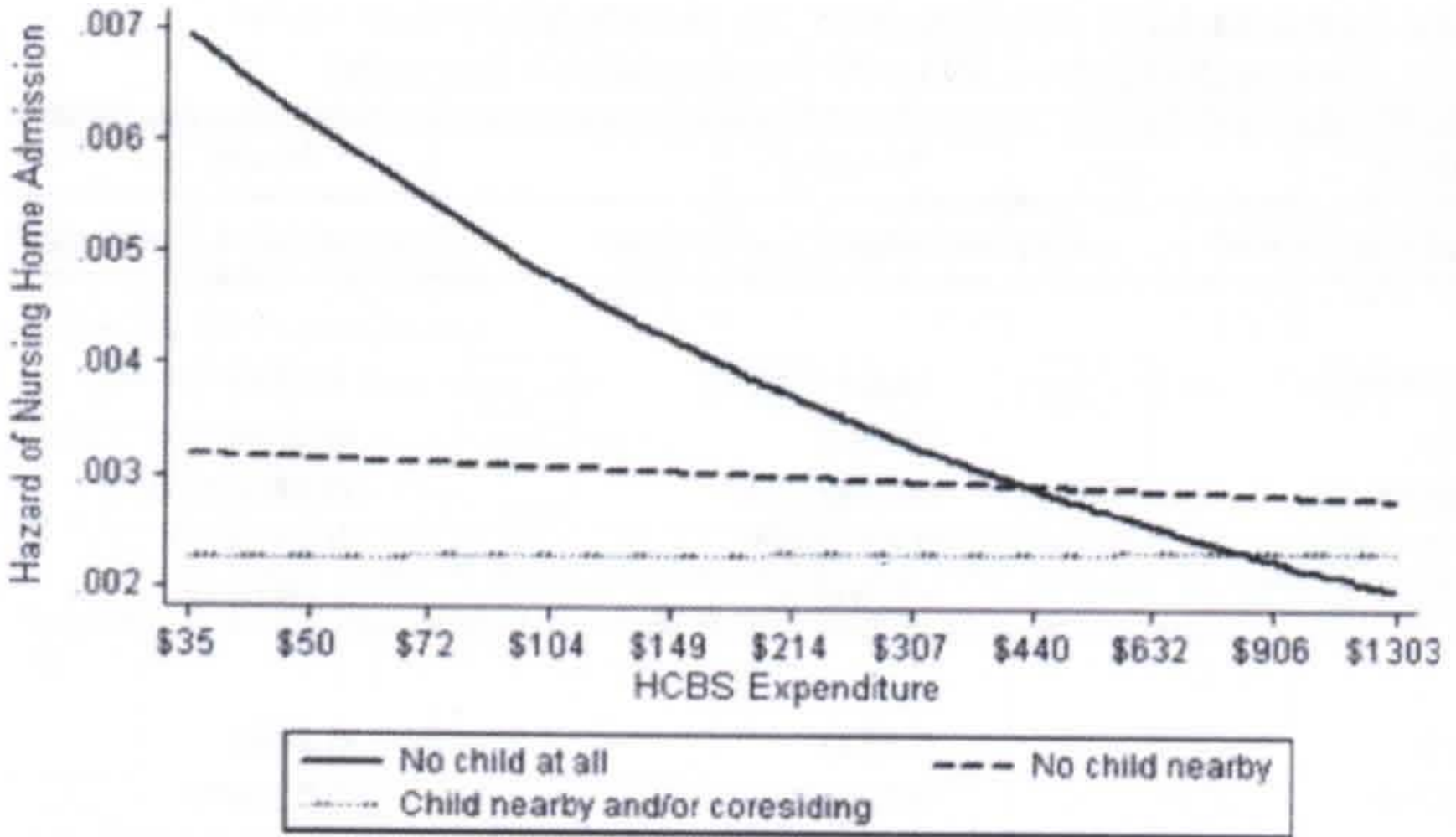


Medicare-covered physician and home health care visits per 1,000 Medicare enrollees age 65 and over in fee-for-service, 1992–2005



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

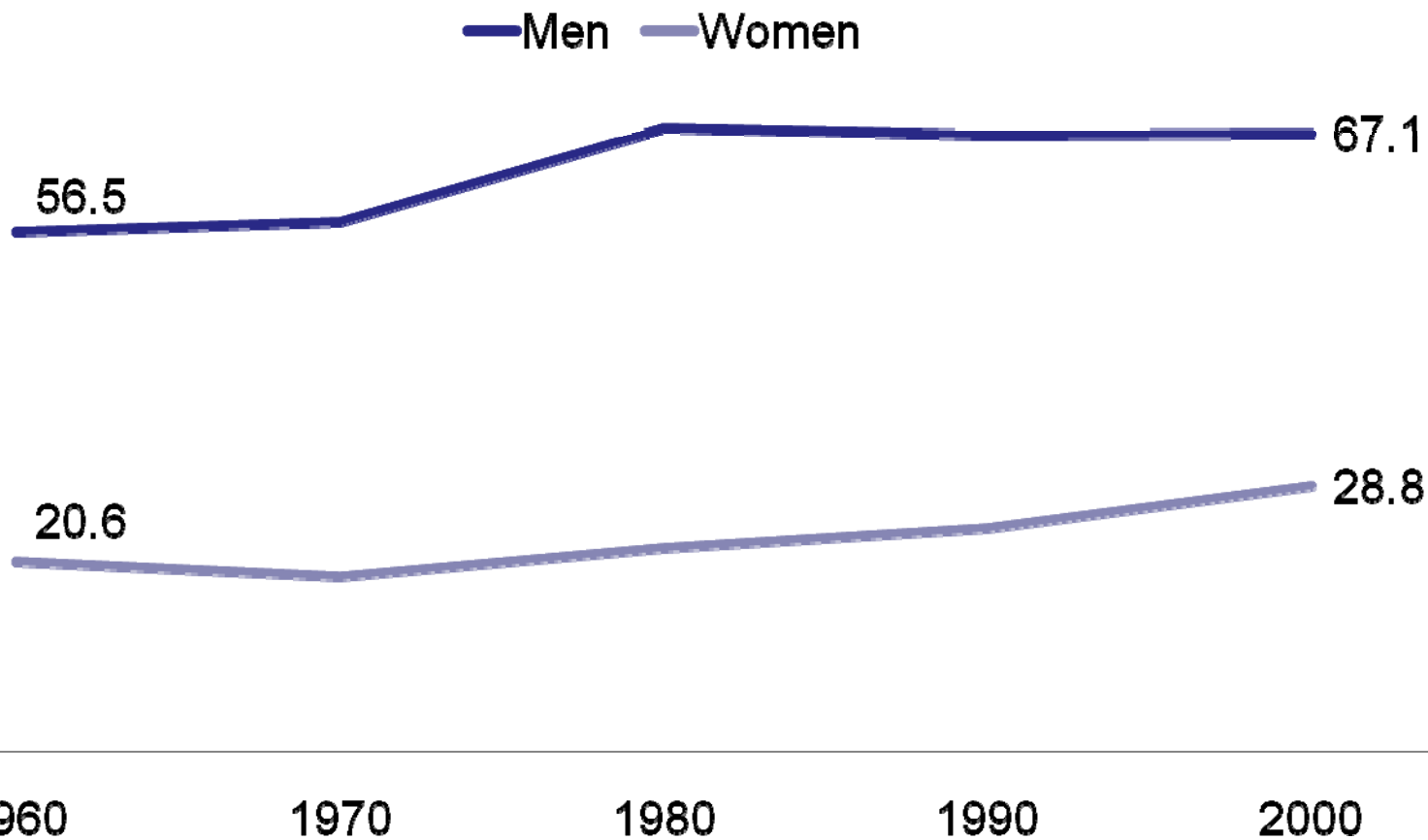




US vs. Slovenia World Cup: Americans Rally Late to Tie, 2-2



Percentage of Americans 75+ Currently Married



Source: *65+ in the US*, Decennial Census data