

# **Creative State Approaches to Long-Term Care Financing**

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**Vice President, Policy and Communications**

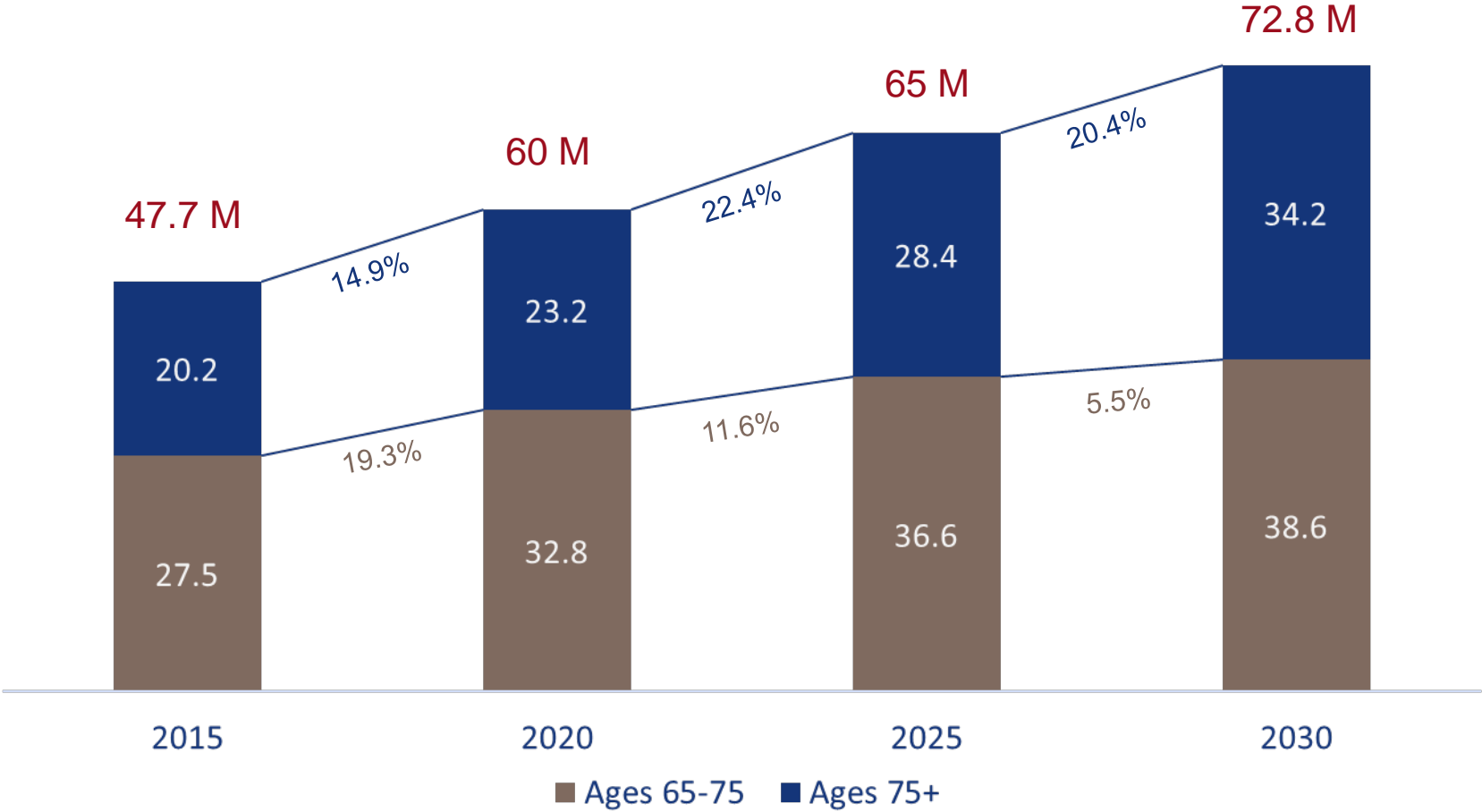
# Gretchen's 3 Takeaways

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- Demographics + daily functioning shape the new innovation landscape for aging Americans
- The time for addressing daily living needs for an aging population = NOW
- States have many tools to address daily living needs

# Time To Take Action: NOW

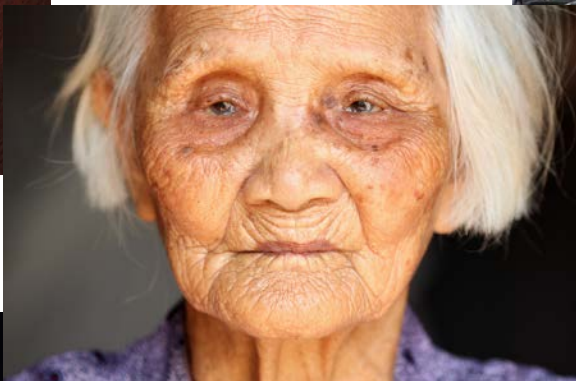
75+ Growing Fastest Among U.S. Population Ages 65 and Older, Starting 2020



Source: U.S. Census Bureau, 2012 Population Estimates and 2012 National Projections

# What is the problem we are trying to solve?

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# A Risk We All Face

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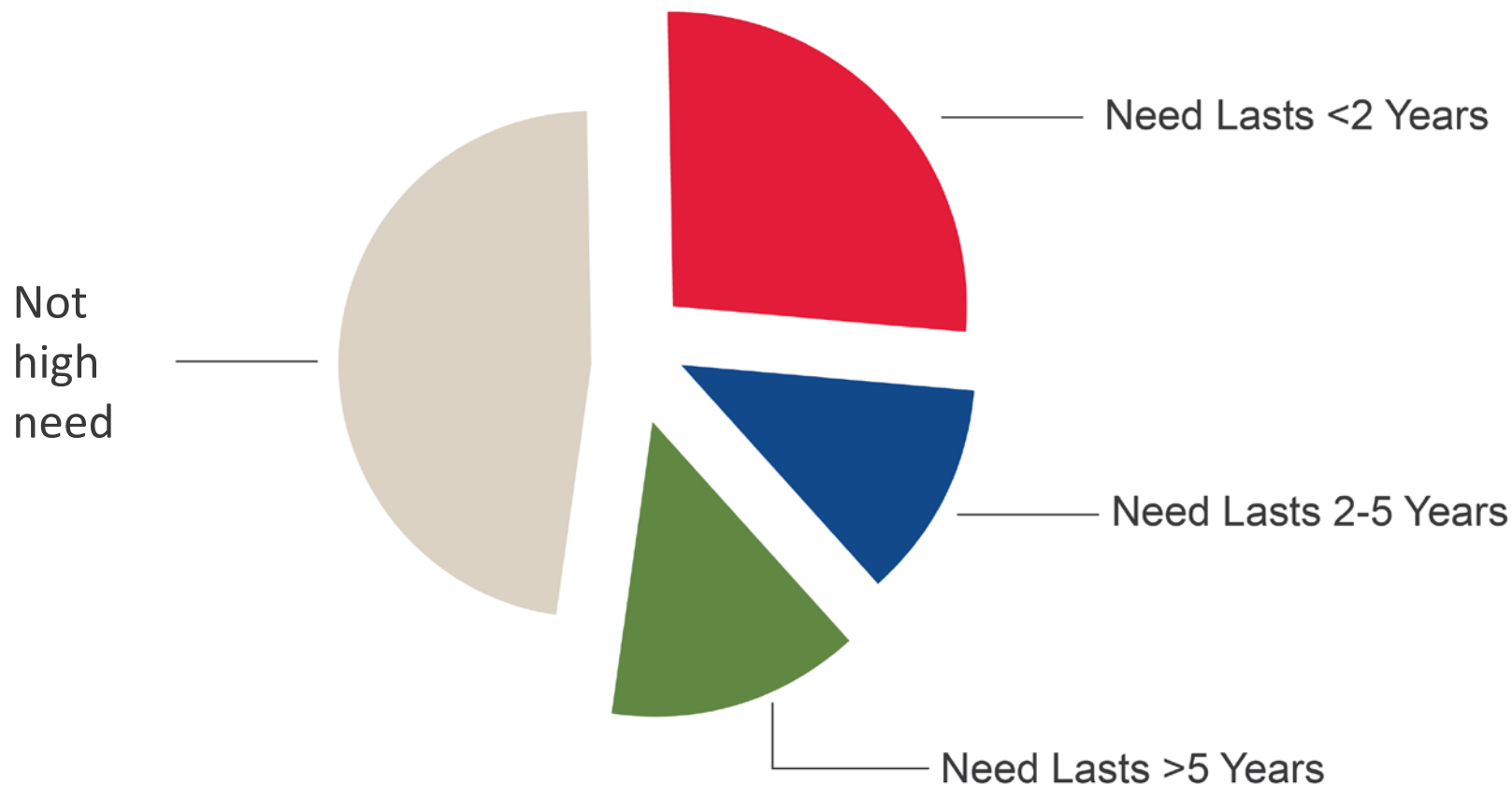


**Half of Adults Age 65+ Will Need a  
High Level of Care at Some Point**

Favreault & Dey (2015), Table 1

# Older Adults Risk Many Years of High Need

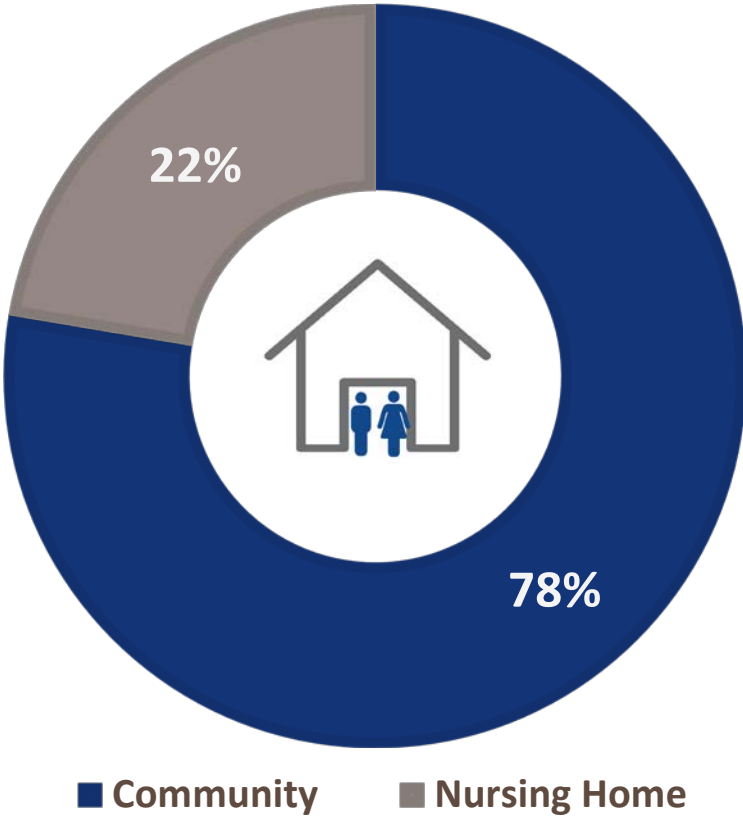
52% of Adults Age 65+ Have High Need



Favreault & Dey (2015), Table 1

# More Than 3/4<sup>th</sup> of Medicare Beneficiaries with Complex Care Needs Live in Community

*Medicare Beneficiaries with Functional Impairment, 2015*



Source: [Anne Tumlinson Innovations](#) analysis of the 2015 Medicare Current Beneficiary Survey. Data includes all Medicare beneficiaries. Functional impairment in this display is measured at the “moderate” level.

# Older Adults Rely on Unpaid Caregivers

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**Nearly 2/3**

of Older Adults in  
Community with Daily  
Living Needs Receive  
All Help from Unpaid  
Family and Friends

Note: Excludes individuals living in nursing homes  
Freedman & Spillman (2014), Table 2



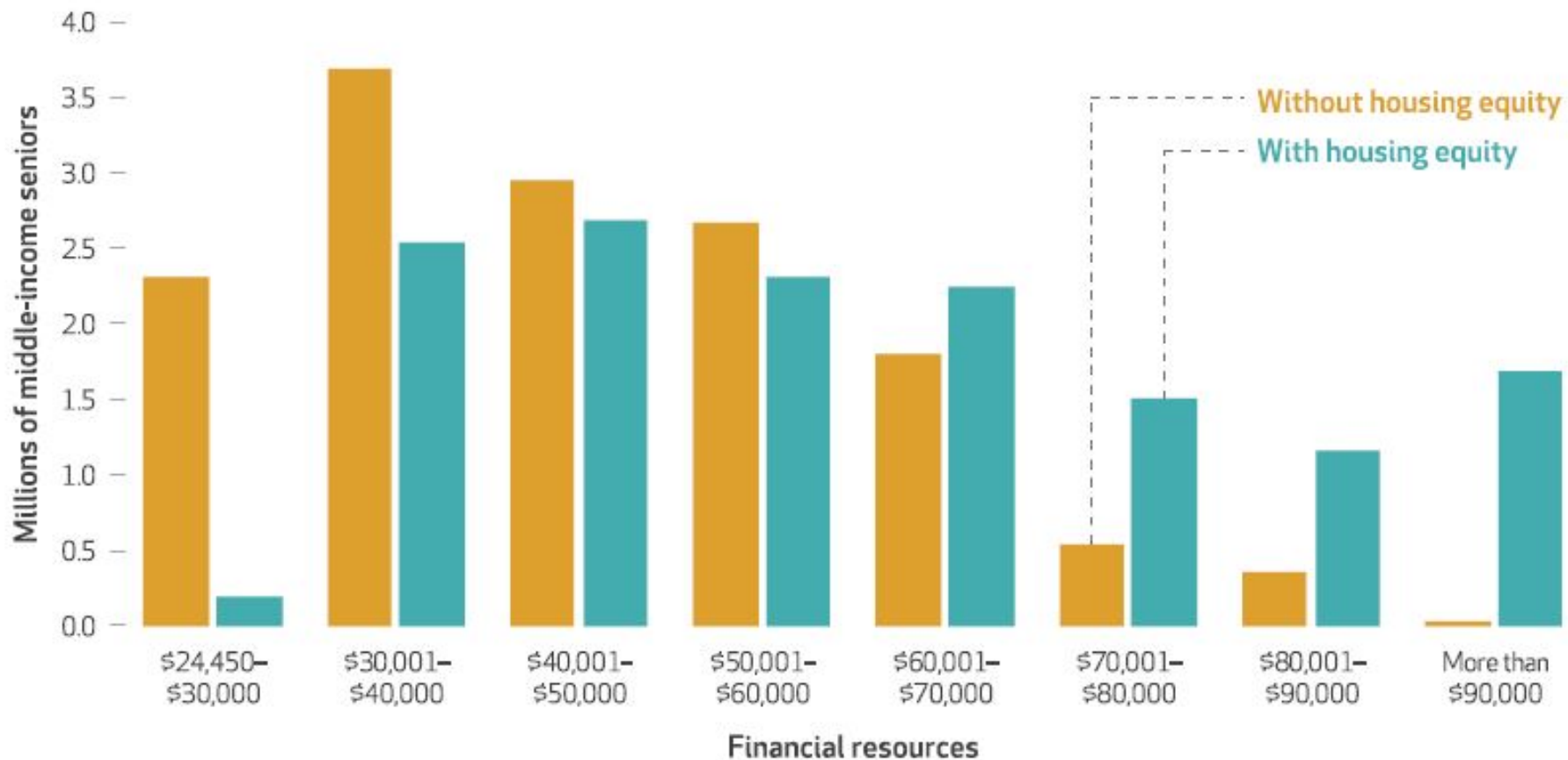
# Americans 40 & Under as Caregivers

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**1** in **3**

- ✓ Provide unpaid care to an adult relative or friend
- ✓ Believe they will provide this care in the next 5 years

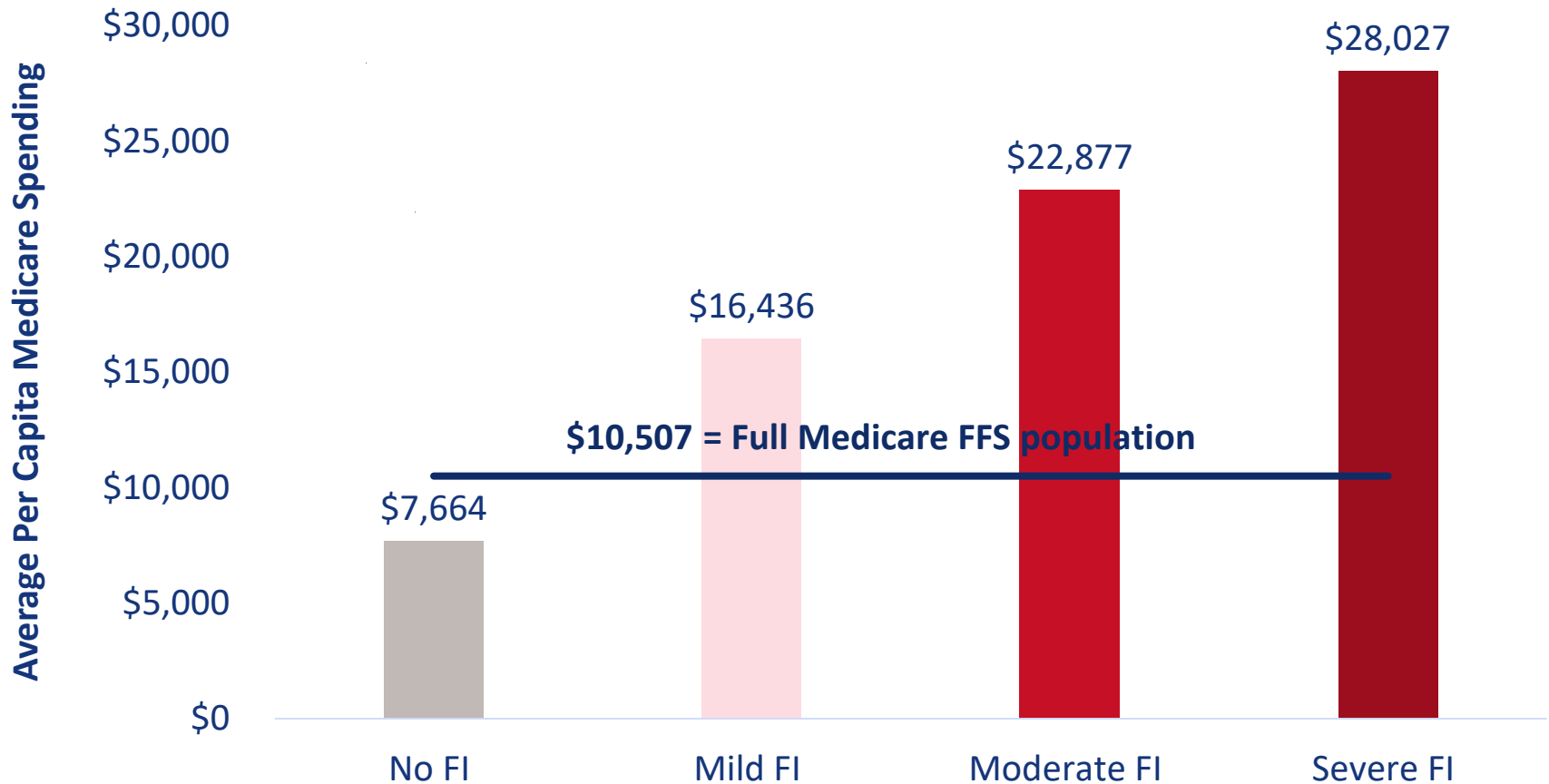
Projected financial resources of middle-income seniors in 2029, by resource level



**SOURCE** Authors' analysis of data from the Health and Retirement Study for 1994, 1998, and 2014. **NOTES** Financial resources include annuitized income and assets. The ranges of annuitized financial resources for middle-income seniors ages 75-84 and those ages 85 and older are in the notes to exhibit 1.

Pearson et. al, Health Affairs 2019

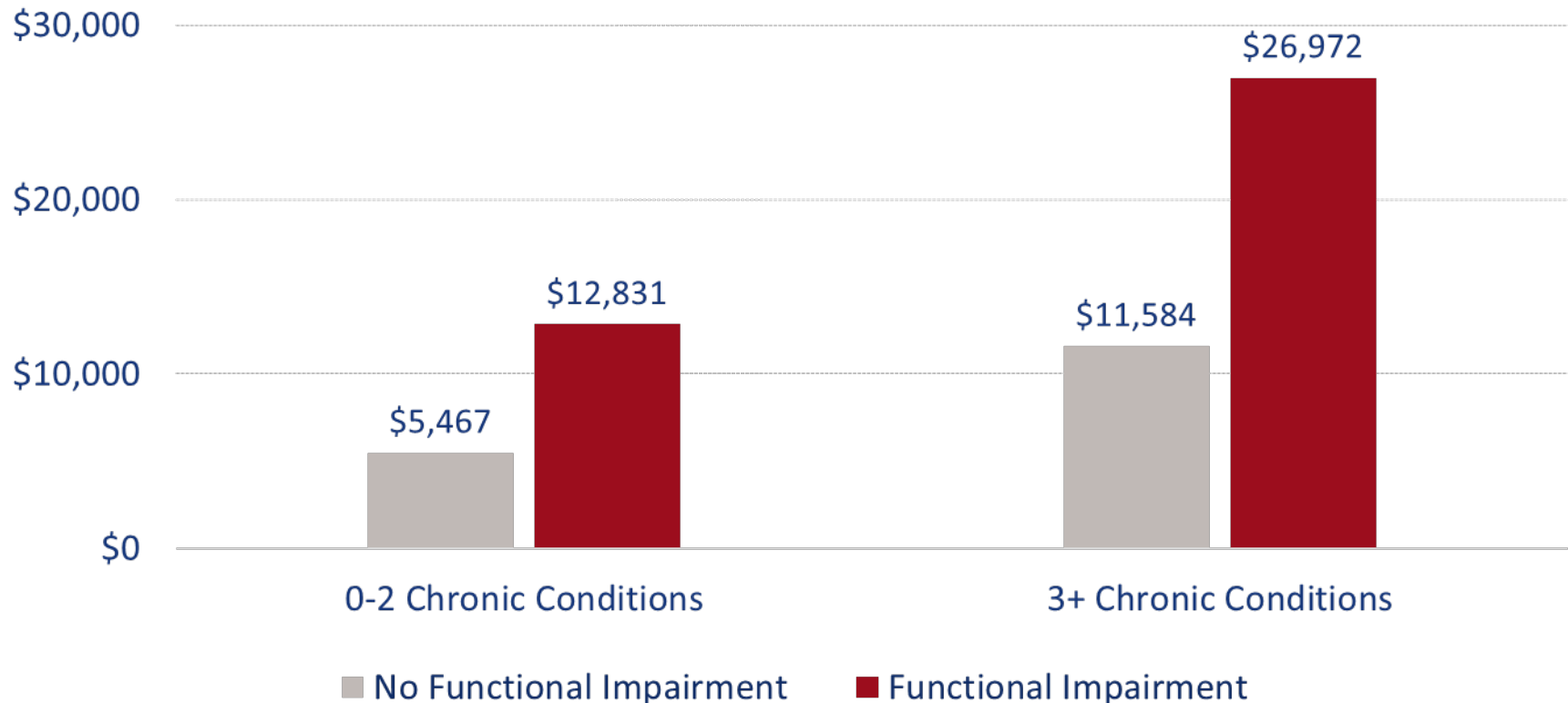
# Functional Impairment Associated with High Medical Spending...



Source: [Anne Tumlinson Innovations](#) analysis of the 2015 Medicare Current Beneficiary Survey. Data is limited to fee-for-service Medicare beneficiaries living in the community and excludes long-stay nursing home residents. Functional impairment in this display is measured at the “moderate” level.

# Particularly True for Those with 3+ Chronic Conditions

*Average Per Capita Medicare Spending, 2015*



Source: [Anne Tumlinson Innovations](#) analysis of the 2015 Medicare Current Beneficiary Survey linked to Claims. Data is limited to fee-for-service Medicare beneficiaries living in the community; excludes long-stay nursing home residents. Functional impairment in this display is measured at the “moderate” level.

# Older Adults with Complex Care Needs in All Medicare Products

## *Percentage of Medicare Beneficiaries with Complex Care Needs (2015)*

	Fee-For-Service	Medicare Advantage
75+ years <sup>1</sup>	34.5%	38.2%
Moderate – Severe Functional Impairment <sup>2</sup>	12%	12%
Cognitive Impairment	7%	7%
Diagnosed with 3+ Chronic Conditions	45%	47%

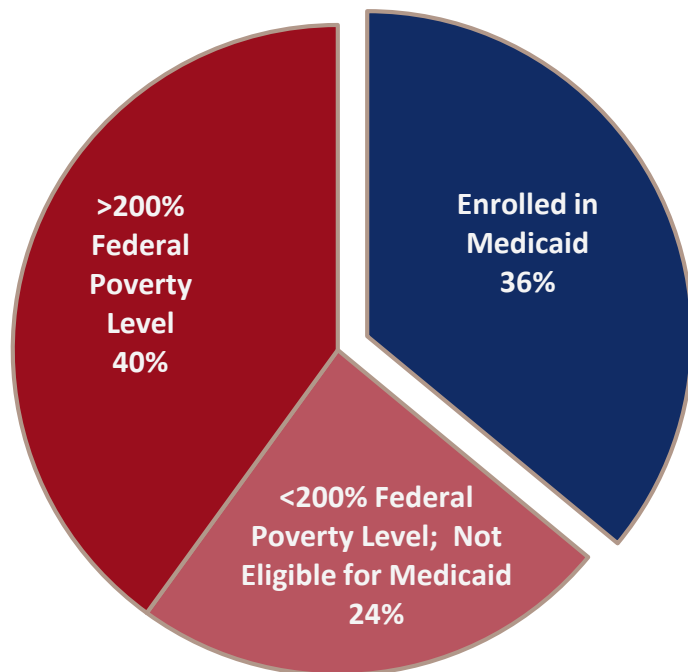
- Functional Impairment (FI) refers to the need for non-medical supports and services that help with basic activities of daily living (ADLs) like bathing, dressing, eating. It is highly associated with being over age 80 and having multiple chronic conditions

Note: Data excludes nursing home residents. Source: 1. America's Health Insurance Plans. Medicare Advantage Demographics Report, 2015. June 2018. Accessed at: [https://www.ahip.org/wp-content/uploads/2018/06/MADemographics\\_IssueBrief.pdf](https://www.ahip.org/wp-content/uploads/2018/06/MADemographics_IssueBrief.pdf). 2. ATI. 2015 MCBS linked to claims.

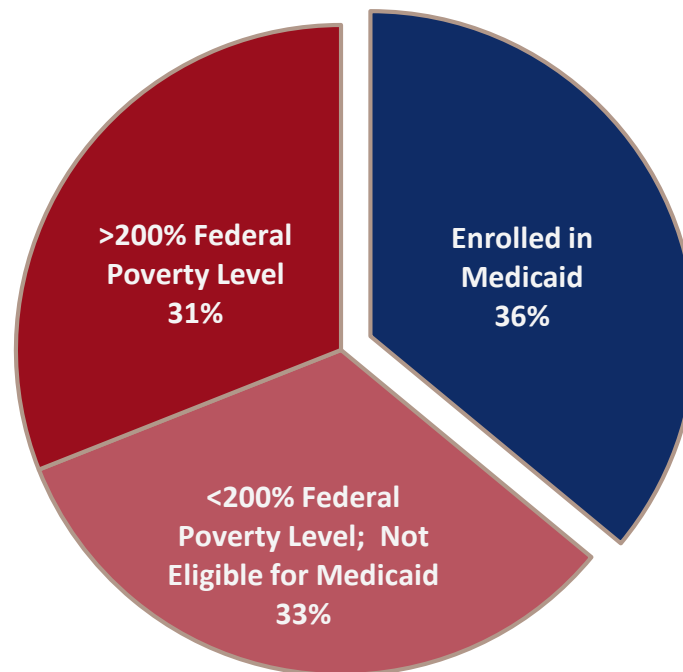
# Most Medicare Beneficiaries with Functional Impairment *Are Not* On Medicaid

## *Share of Medicare Beneficiaries with Functional Impairment*

### Fee-for-Service

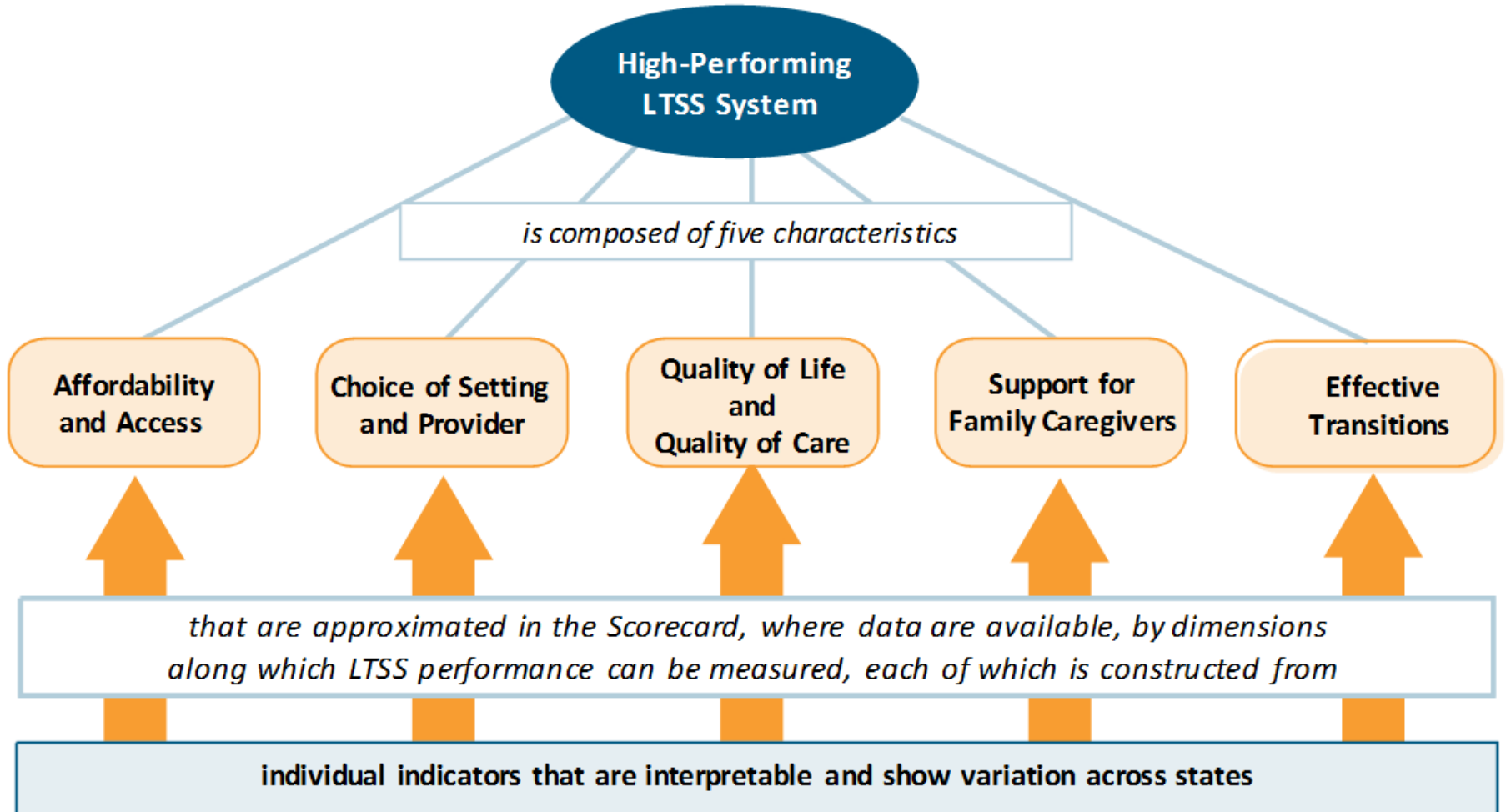


### Medicare Advantage

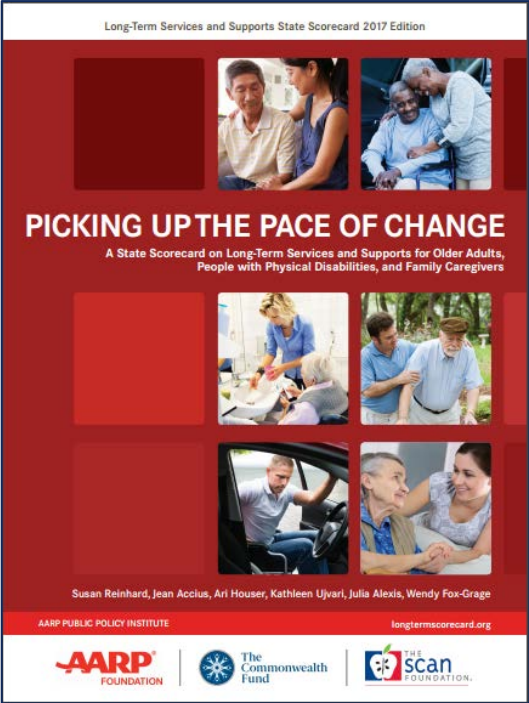
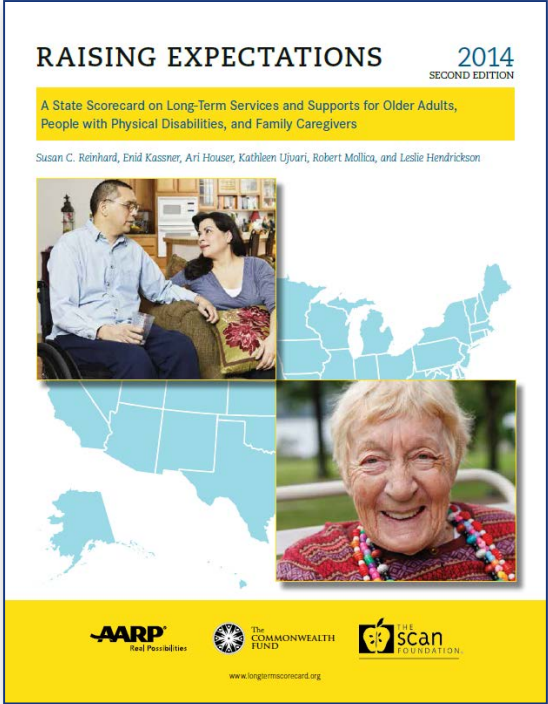


Source: [Anne Tumlinson Innovations](#) analysis of the 2015 Medicare Current Beneficiary Survey. Data is limited to Medicare beneficiaries living in the community and excludes long-stay nursing home residents. Functional impairment in this display is measured at the “moderate” level.

# Framework for Assessing LTSS System Performance



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





# New York's 2017 Results

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Overall: **20**



Affordability and Access: **33**



Choice of Setting and Provider: **15**



Quality of Life & Quality of Care: **31**



Support for Family Caregivers: **11**



Effective Transitions: **32**



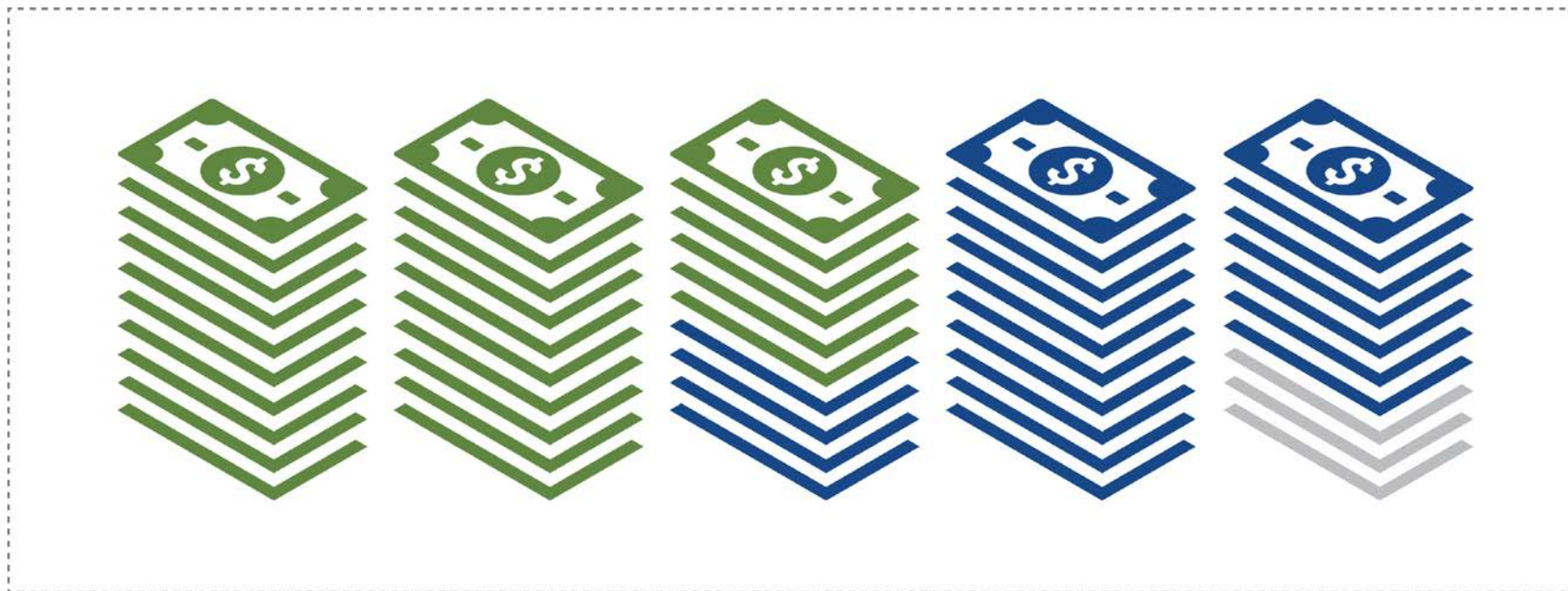
# Long-Term Care Financing Initiative

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- Co-funded by AARP & LeadingAge
- Modeling work by Urban Institute/Milliman, Inc.
- Technical assistance via Anne Tumlinson
- Policy group engagement
  - AARP
  - Bipartisan Policy Center
  - LeadingAge Long-Term Care Financing Task Force
  - Long-Term Care Financing Collaborative

**[www.thescanfoundation.org/ltc-financing-initiative](http://www.thescanfoundation.org/ltc-financing-initiative)**

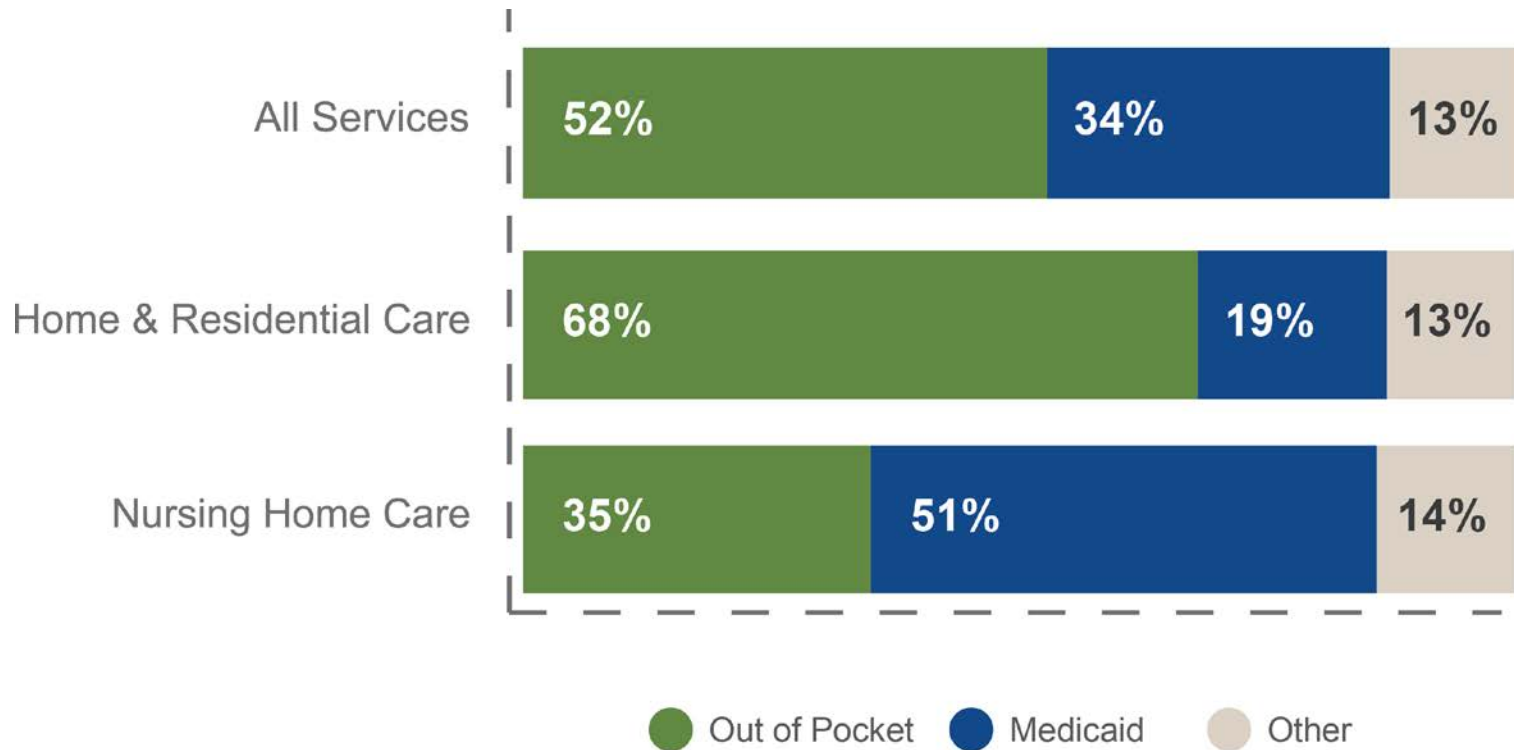
# More Than Half of LTC Spending...OOP



● Out of Pocket (53%)    ● Medicaid (42%)    ● Private LTC Insurance (5%)

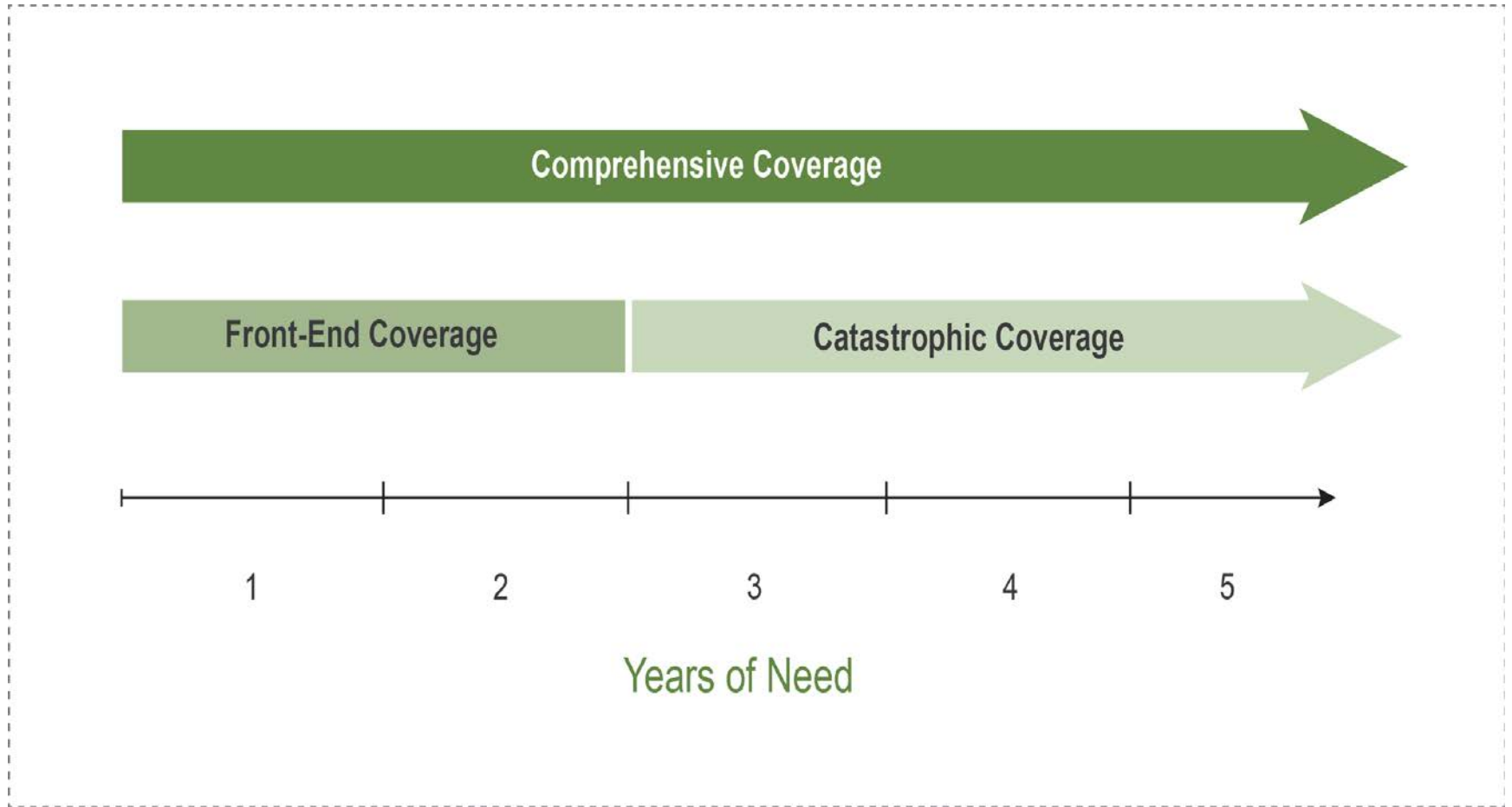
Favreault & Johnson (2015), Table 15

# Medicaid & Out of Pocket Cover Most Lifetime Average LTC Spending

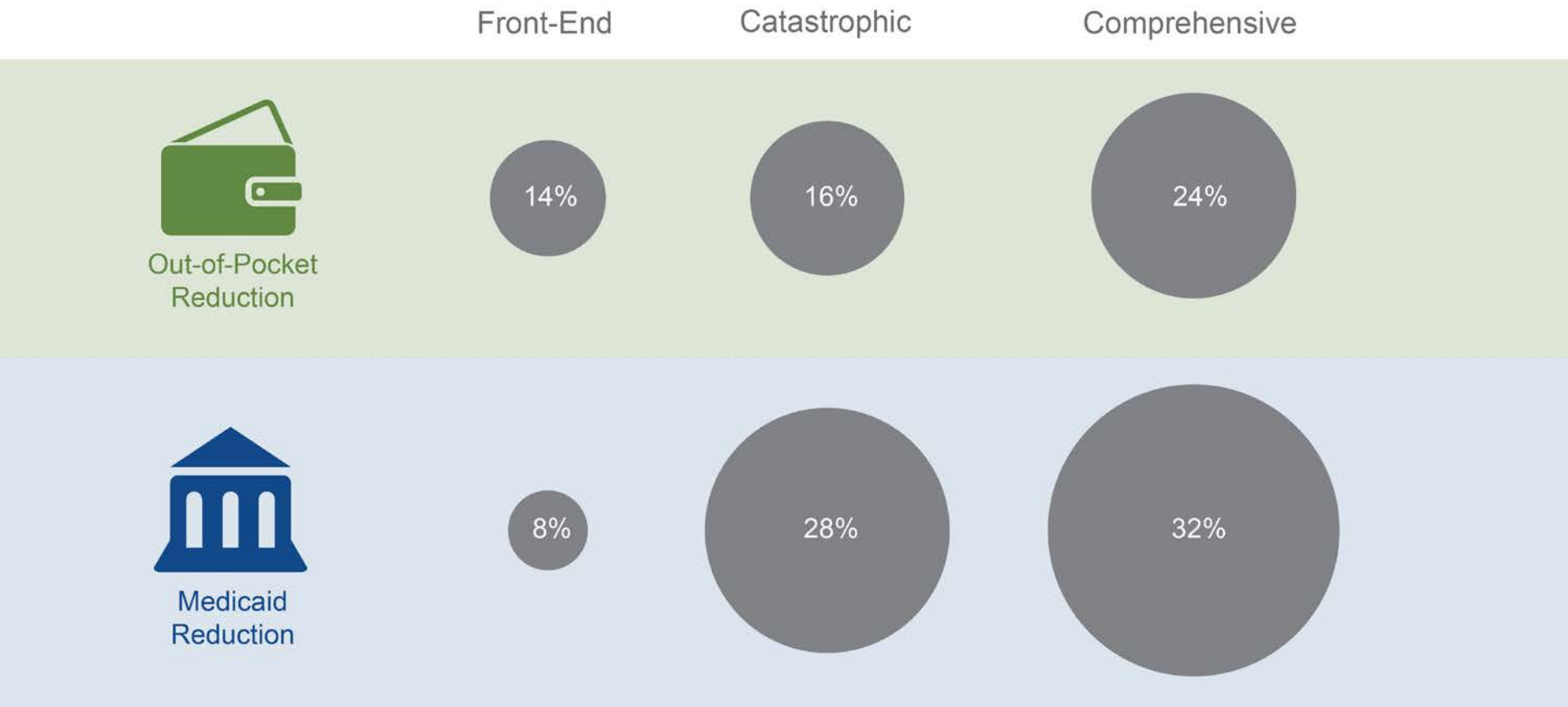


Note: The estimated remainder of spending (Other) includes a combination of private LTC insurance and Medicare  
Favreault & Dey (2015), Table 3A

# Mandatory & Voluntary: Three Approaches to Covering LTC Risk



# Impacts of Mandatory Approaches



Favreault & Johnson (2015), Table 15

# Emerging Policy Recommendations

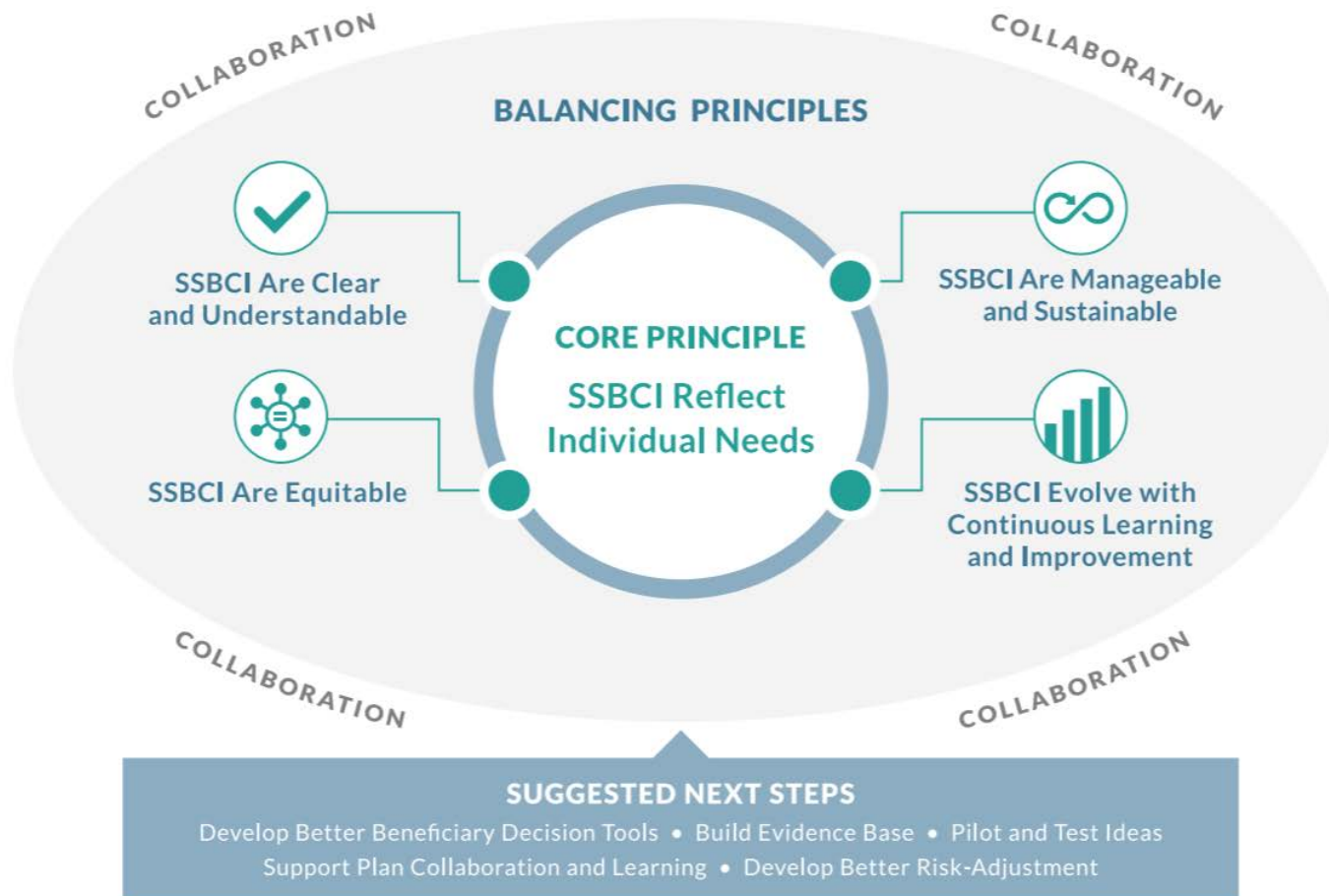
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- Private LTC Insurance improvements
- Medicare Advantage supplemental benefits
- Medicare respite benefit
- Catastrophic coverage
- Person-centered Medicaid flexibility

# A Turning Point in Medicare Policy

## A TURNING POINT IN MEDICARE POLICY:

Guiding Principles for New Flexibility Under Special Supplemental Benefits for the Chronically Ill





# State Tools to Address Daily Living Needs

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- State Master Plan for Aging
- Medicaid policy and contract oversight
- Insurance regulation (e.g., Medicare Advantage)
- Tax policy
- Employer benefits policy
- Consumer affairs regulation
- Professional licensure/certification regulation
- Housing and transportation policy (e.g., zoning)

# Gretchen's 3 Takeaways

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# The Real Policy Goal...

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### ***Our Vision:***

A society where older adults can access health and supportive services of their choosing to meet their needs.

### ***Our Mission:***

To advance a coordinated and easily navigated system of high-quality services for older adults that preserve dignity and independence.

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