

Demographic changes and health care costs in Minnesota

HEALTH CARE COSTS LEGISLATIVE STUDY GROUP

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How many additional “older adults” will Minnesota gain during this decade?

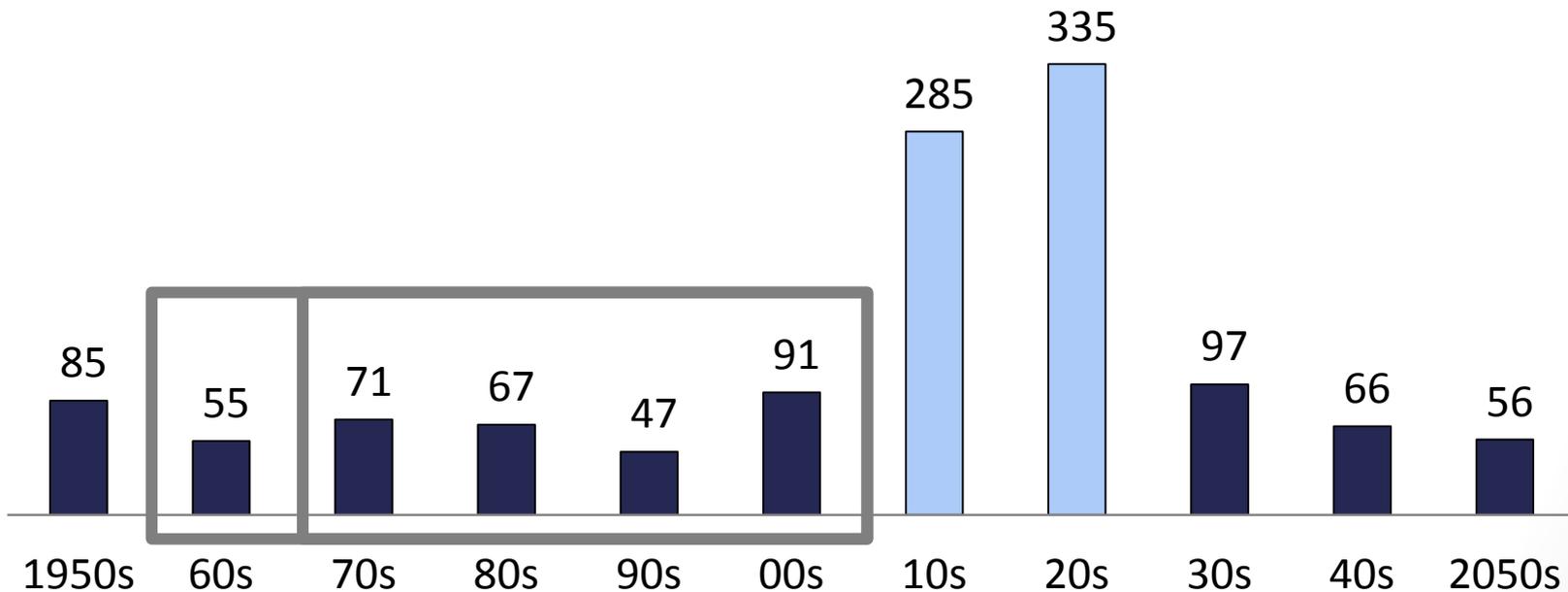
Change in older adults, age 65+ (in thousands)



Sources: U.S. Census Bureau

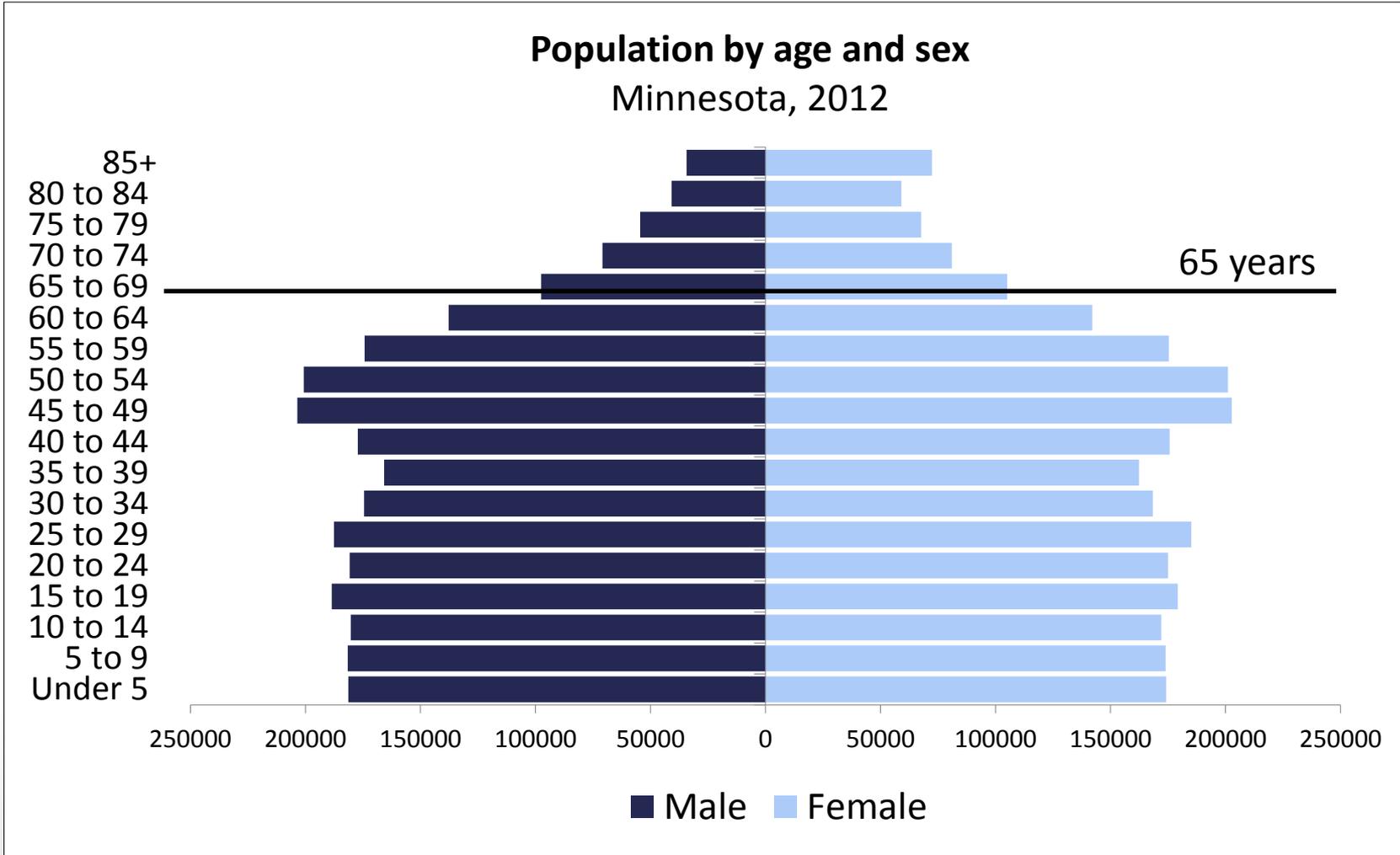
Unprecedented increases in MN's older adult population

Change in older adults, age 65+ (in thousands)



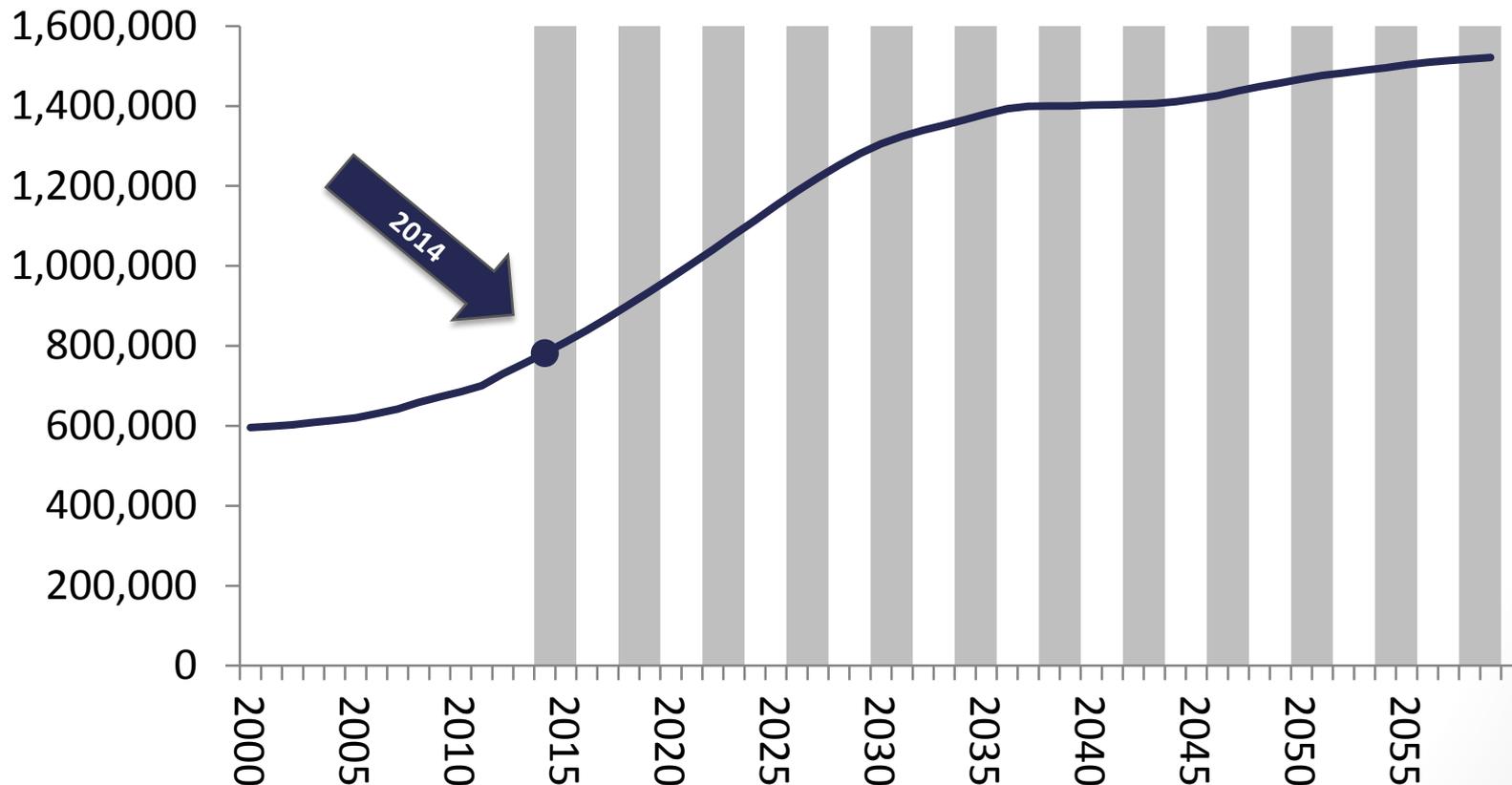
Sources: U.S. Census Bureau, MN State Demographic Center

Why are these changes so marked now?



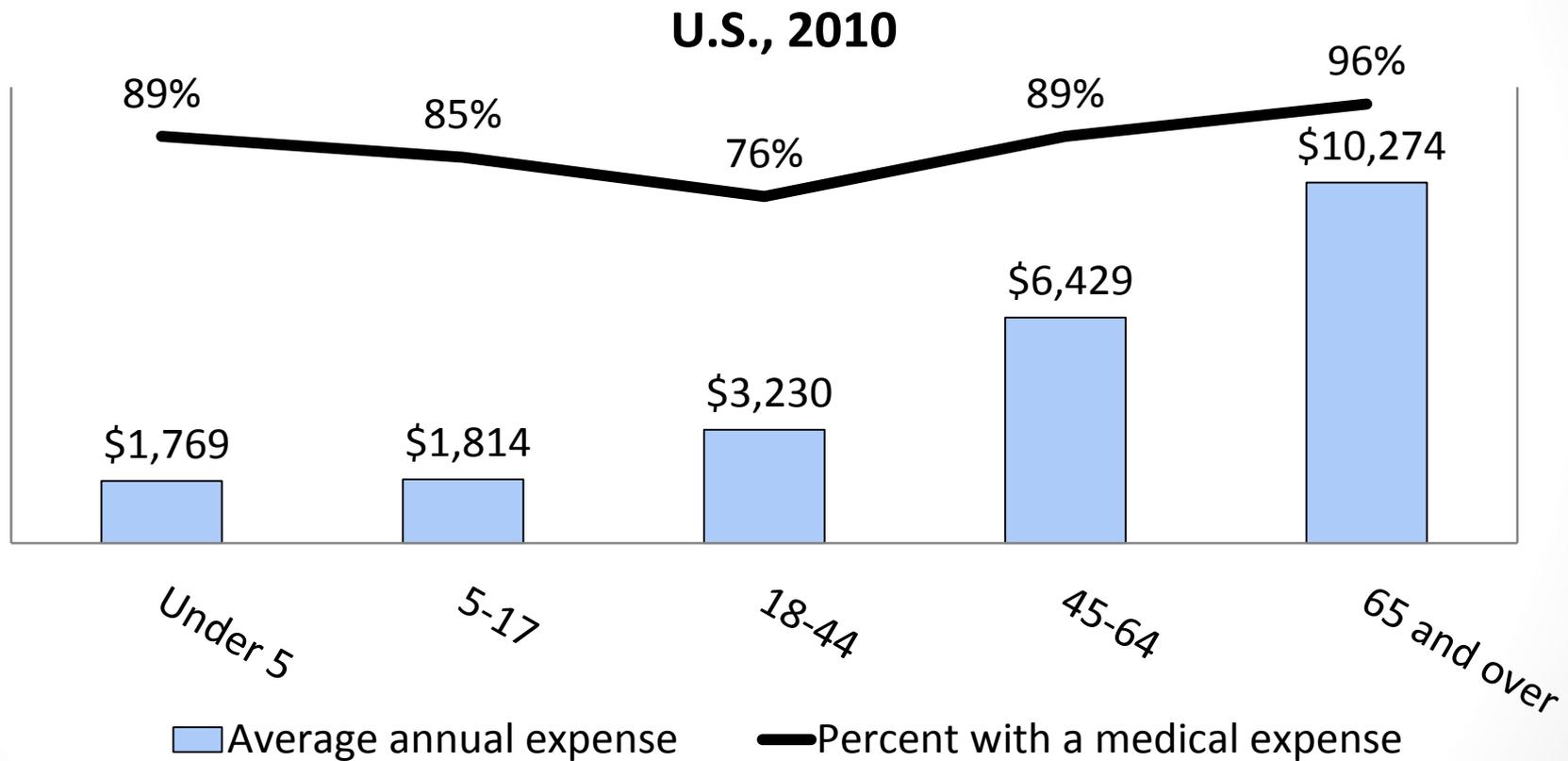
Source: U.S. Census Bureau

MN's total 65+ population overlaid on future biennia



Source: Minnesota State Demographic Center Projections

Medical expenses rise considerably after age 65

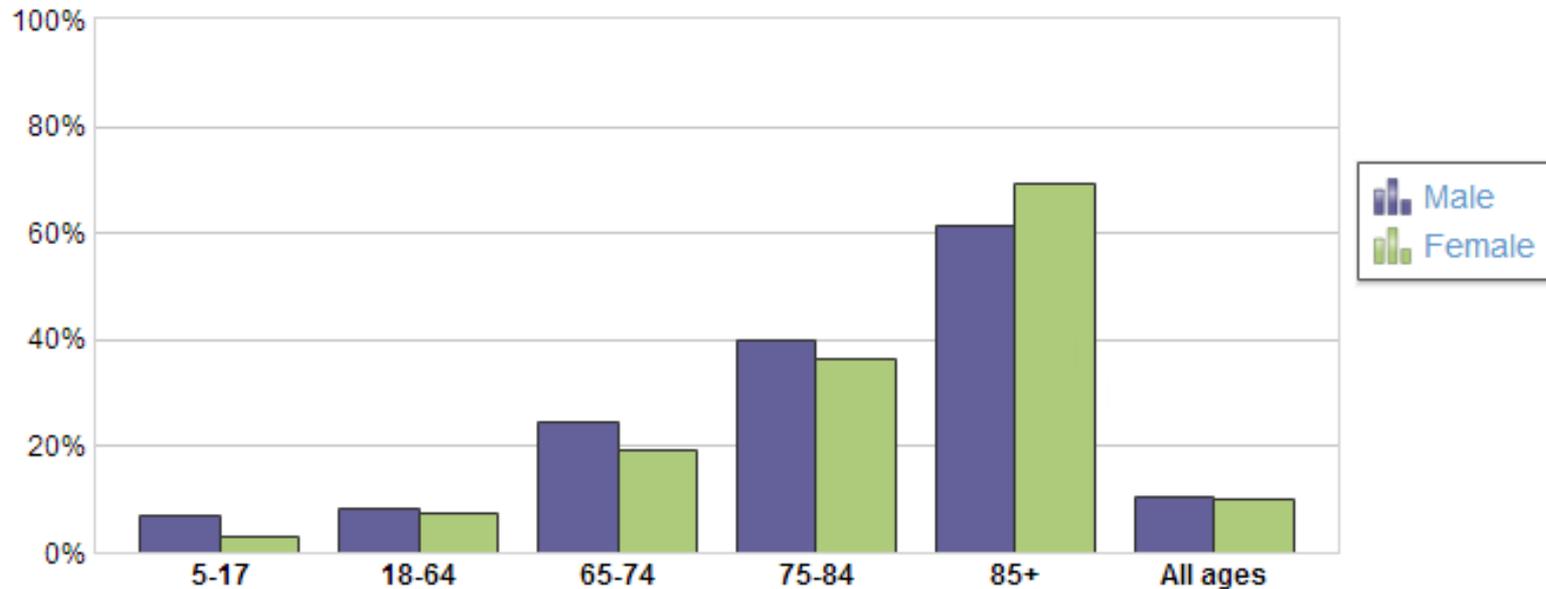


Source: Medical Expenditure Panel Survey, 2010

Aging brings higher rates of disability

Percent with a disability by gender and age

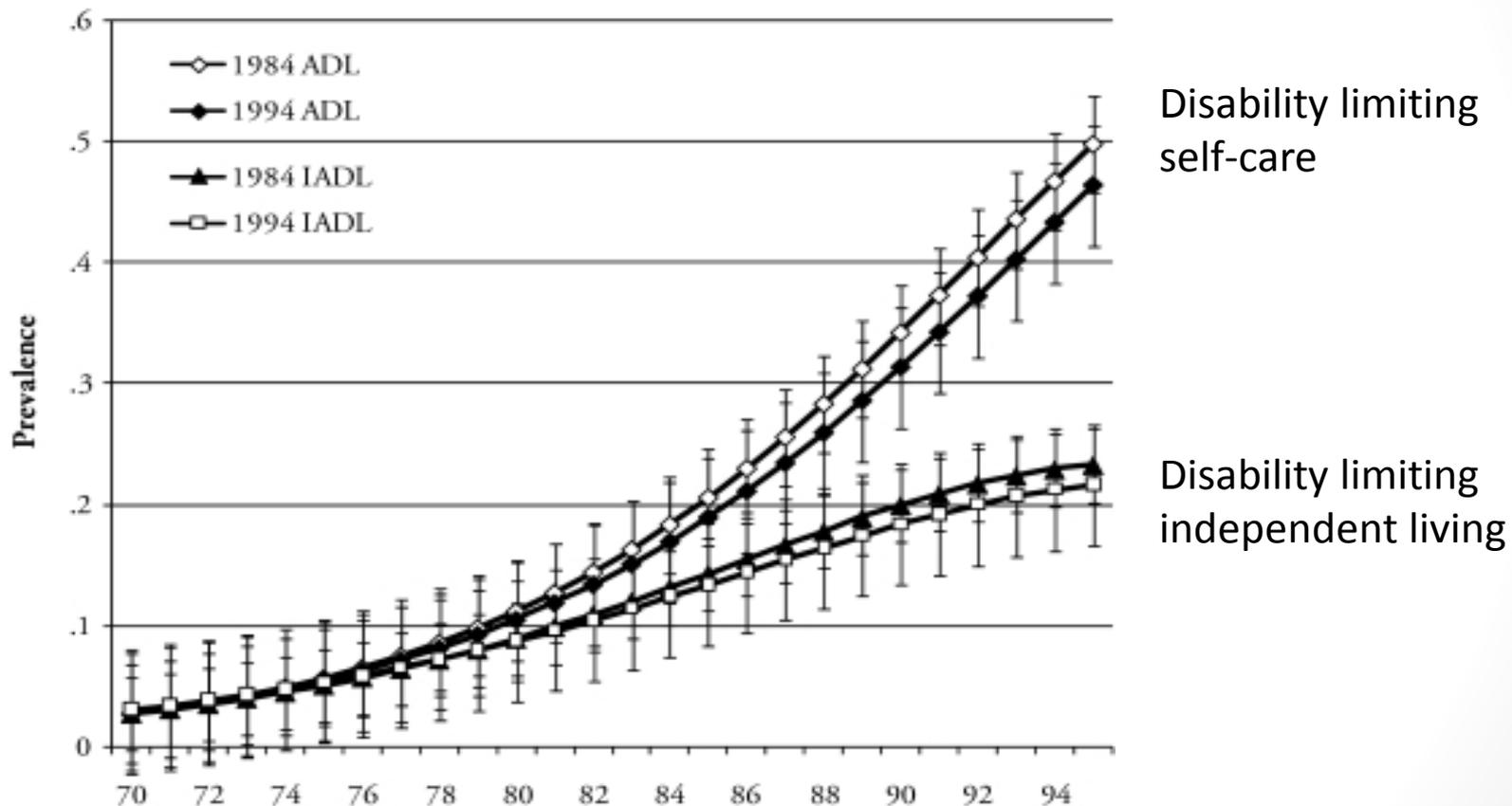
Minnesota, 2011



Source: U.S. Census Bureau, American Community Survey, via MNCompass.org.

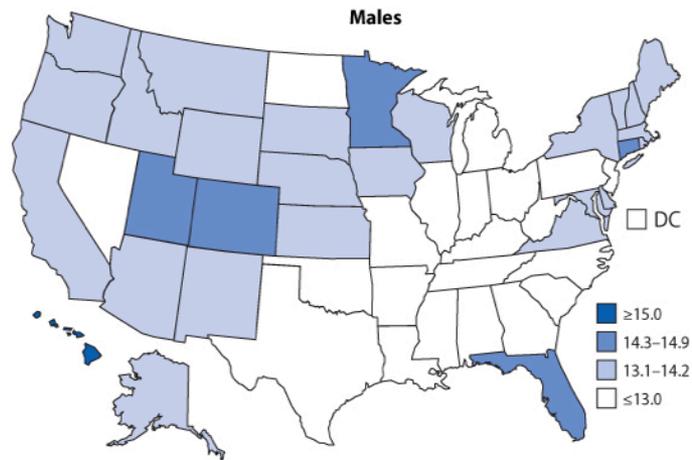
Note: Includes the civilian, non-institutionalized population with a serious difficulty in one or more of four basic areas of functioning: vision, hearing, ambulation, and cognition.

Prevalence of disability has declined, but overall age pattern remains

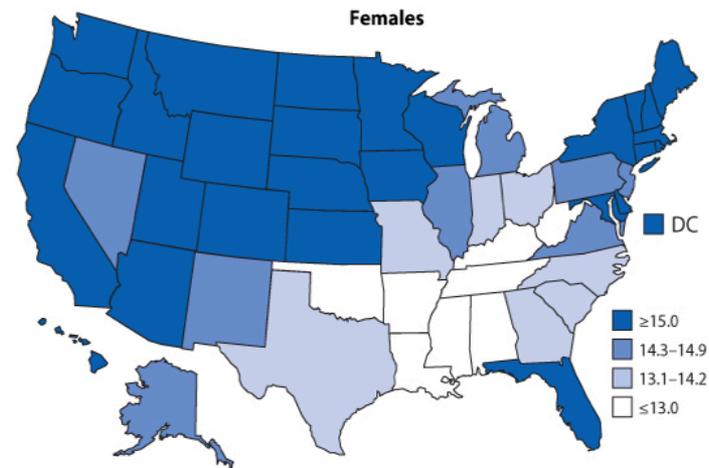


Source: Crimmons, et al 2009. Estimates are for the U.S.

Healthy life expectancy at age 65



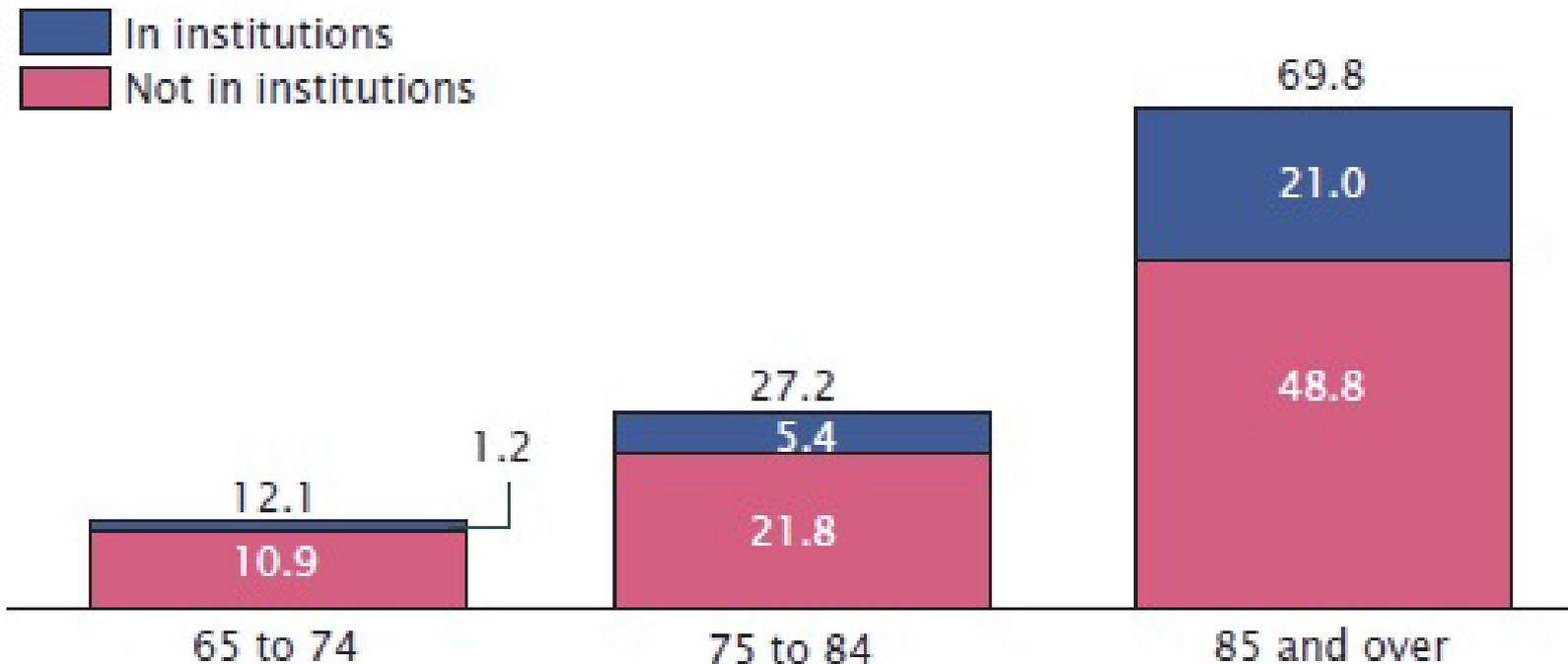
State-specific healthy life expectancy in years at age 65 years, Males — United States, 2007–2009



State-specific healthy life expectancy in years at age 65 years, Females — United States, 2007–2009

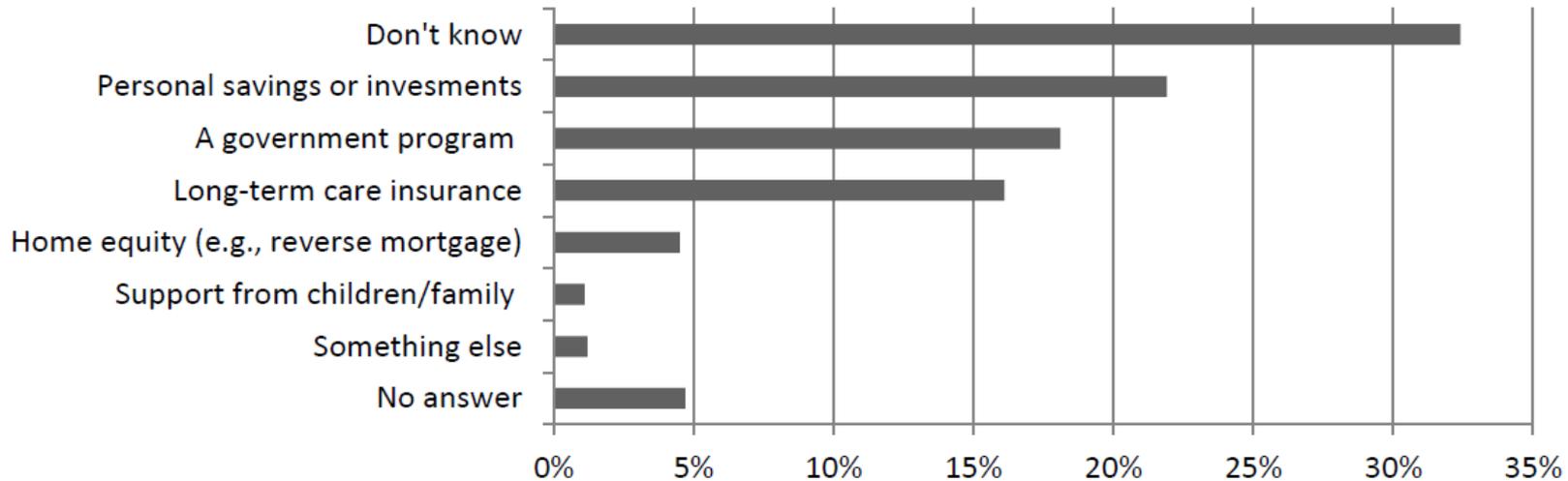
Source: Centers for Disease Control

Need for long-term care grows after 65; is substantial after age 85



Source: Stone, 2000. Figures are for the U.S. overall.

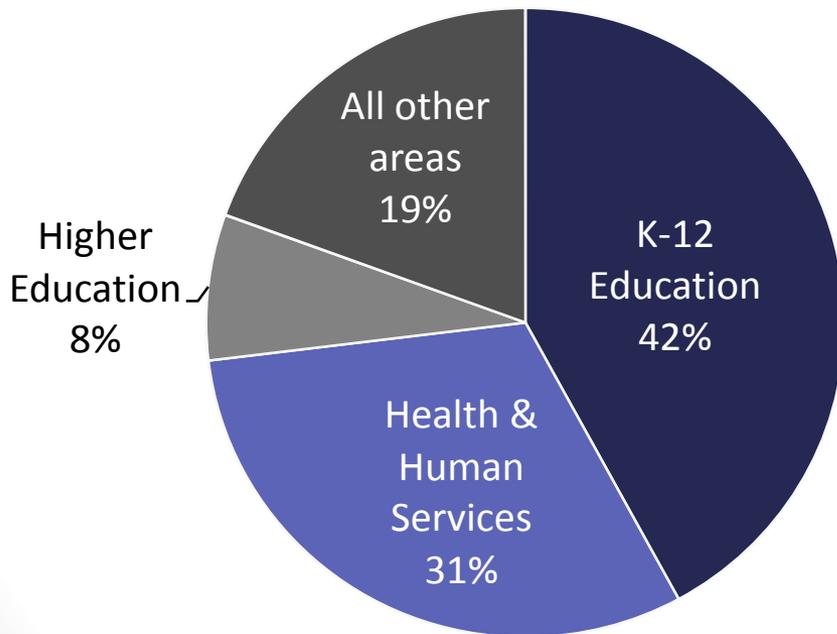
Plans to pay for long-term care MN Baby Boomers, 2010



Source: Transform 2010 Survey, Minnesota Department of Human Services

Increasingly our demographics will change demand for services

General Fund Expenditures FY 2012-2013

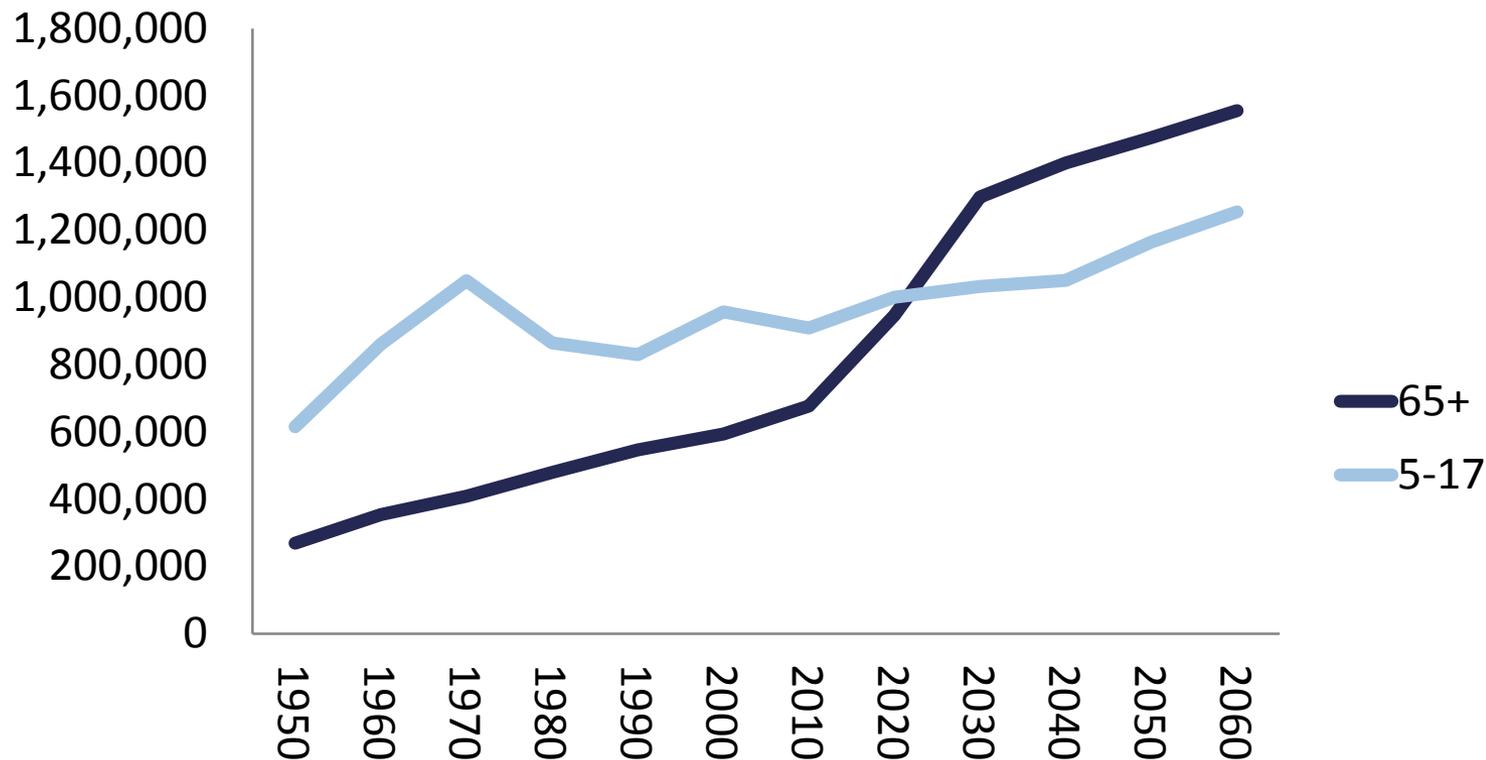


Within Health & Human Services

- Medical Assistance Expenditures: 25% of GF spending (8.5 billion)
- Medical Assistance Expenditures for the Elderly and Disabled: 16% of GF spending (5.5 billion)
- MA expenditures include basic care, long-term care waivers and long-term institutional care

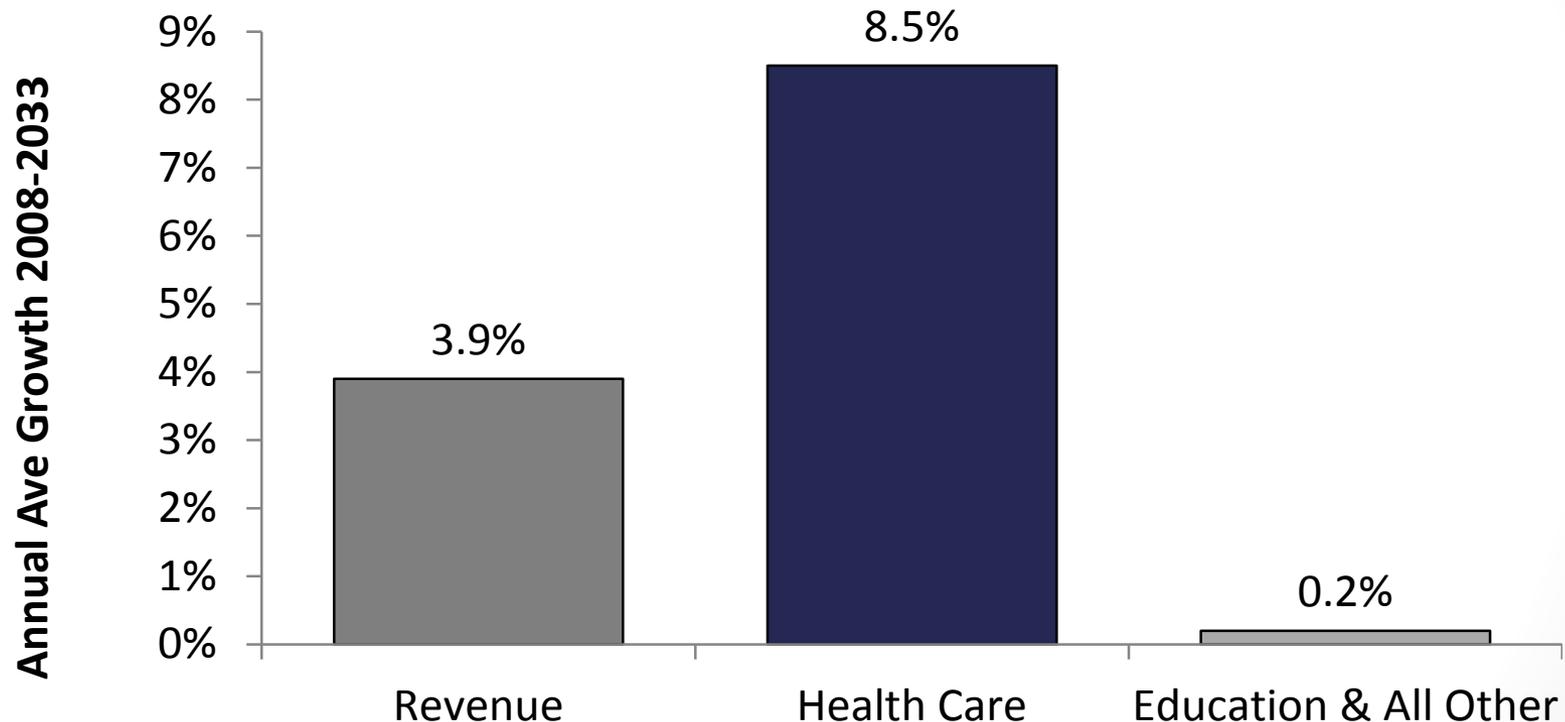
Sources: Minnesota Management and Budget, February 2013. House Research, Long-Term Care Services for the Elderly, November 2012

For the first time in MN history: More older adults than school-age



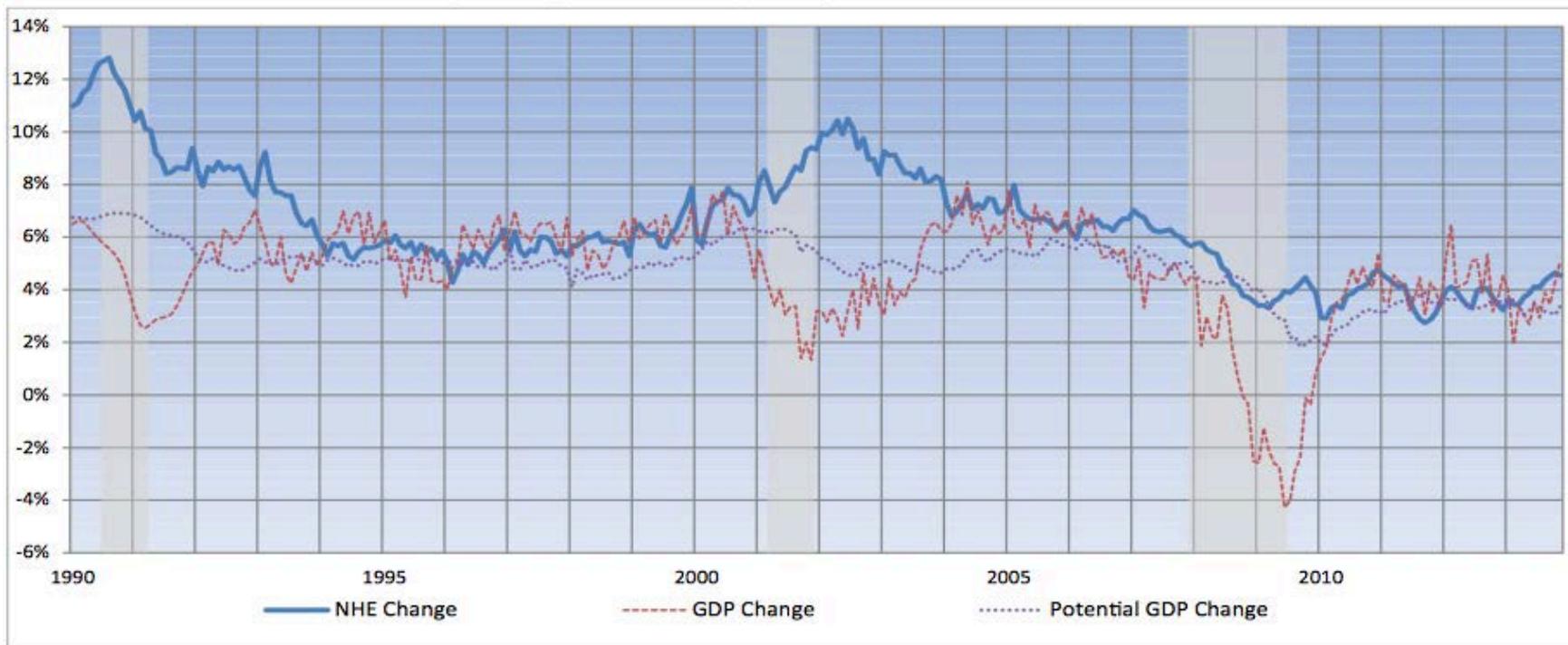
Sources: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center projections

If state health care costs continue unabated, other services crowded out



Source: General Fund Spending Outlook, presentation to the Budget Trends Commission, August 2008, Dybdal, Reitan and Broat.

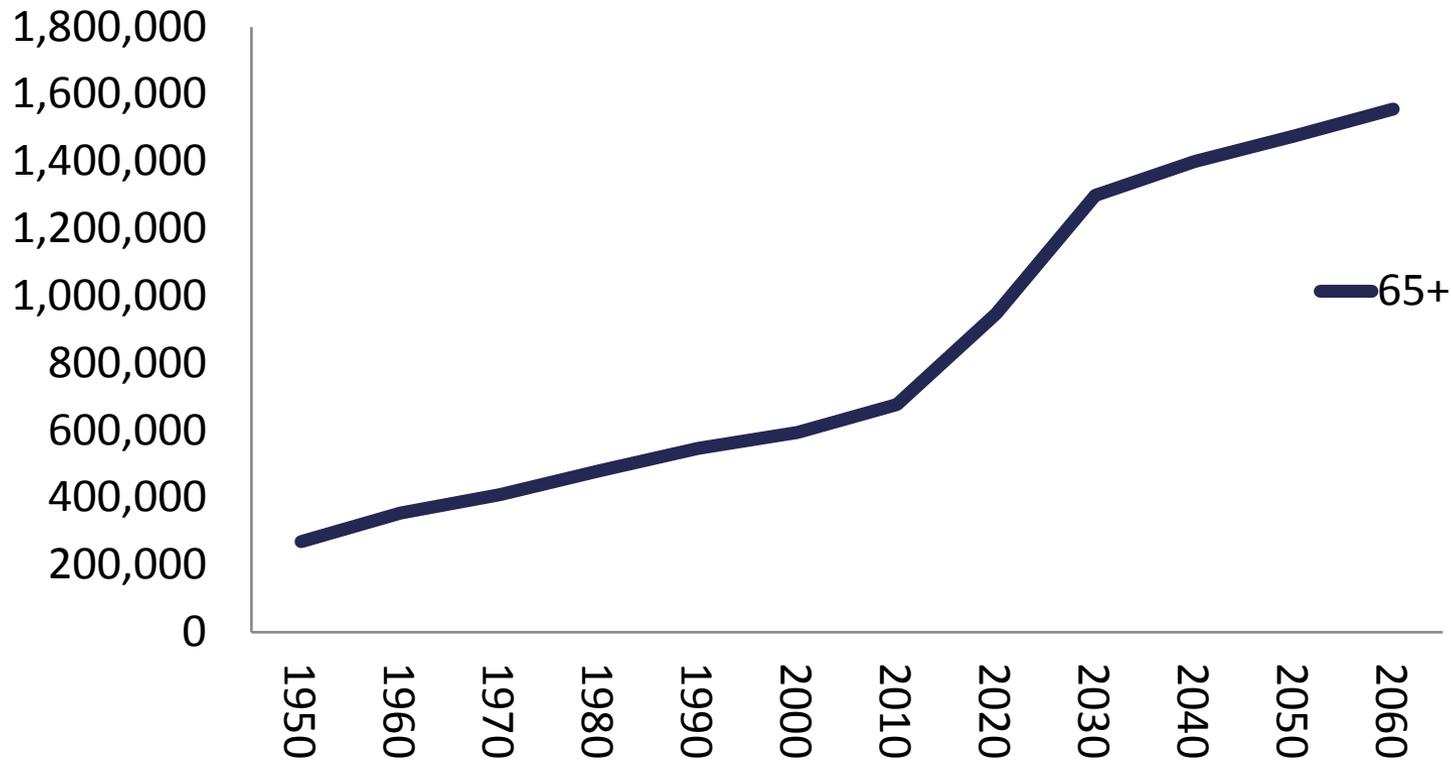
Rate of national health expenditures (NHE) continues to grow, but at a slower rate than in 2008



Source: Altarum monthly NHE estimates; monthly GDP is from Macroeconomic Advisers and Altarum estimates

Note: Lightly shaded bars denote recession periods

Budget Trends Commission's figures do not account for future increases in spending due to higher enrollment

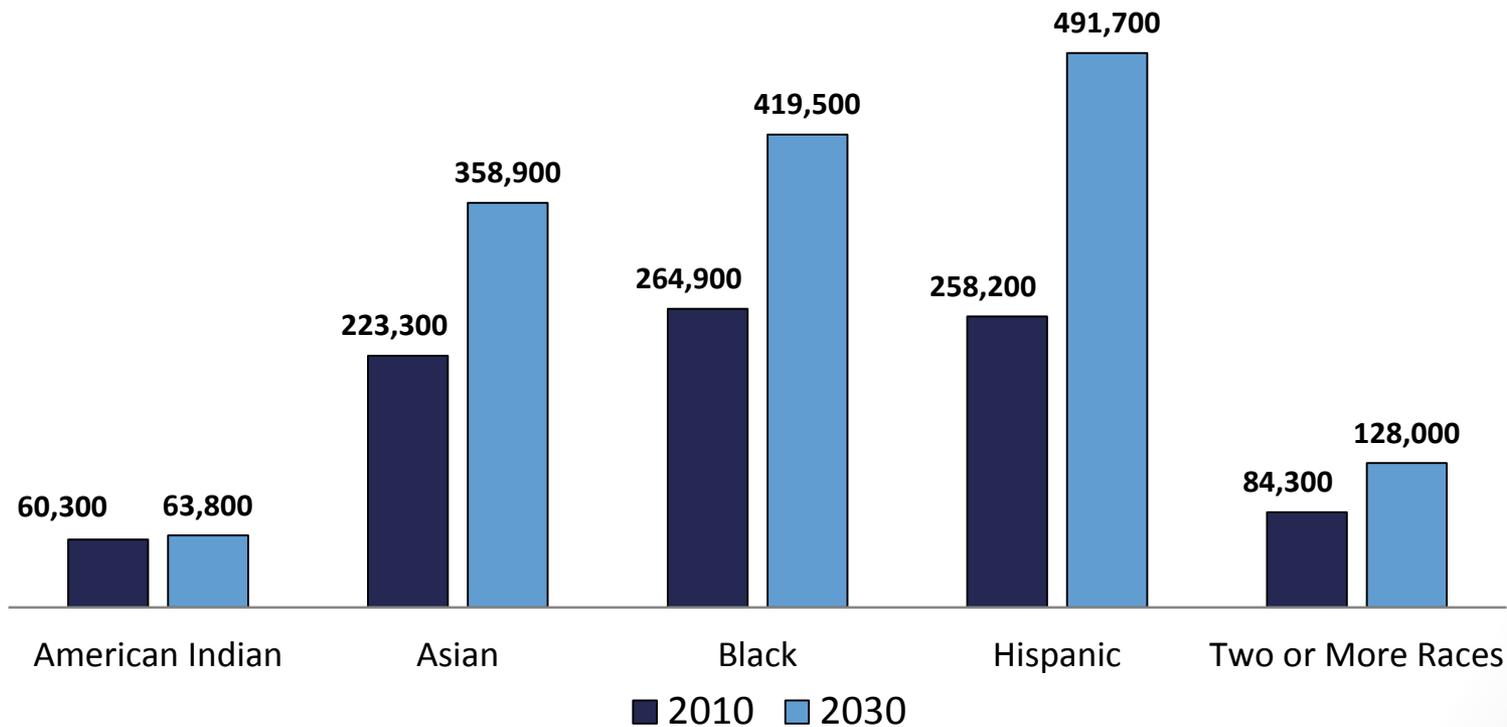


Sources: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center projections

Recap: Population aging will increase demand for health care

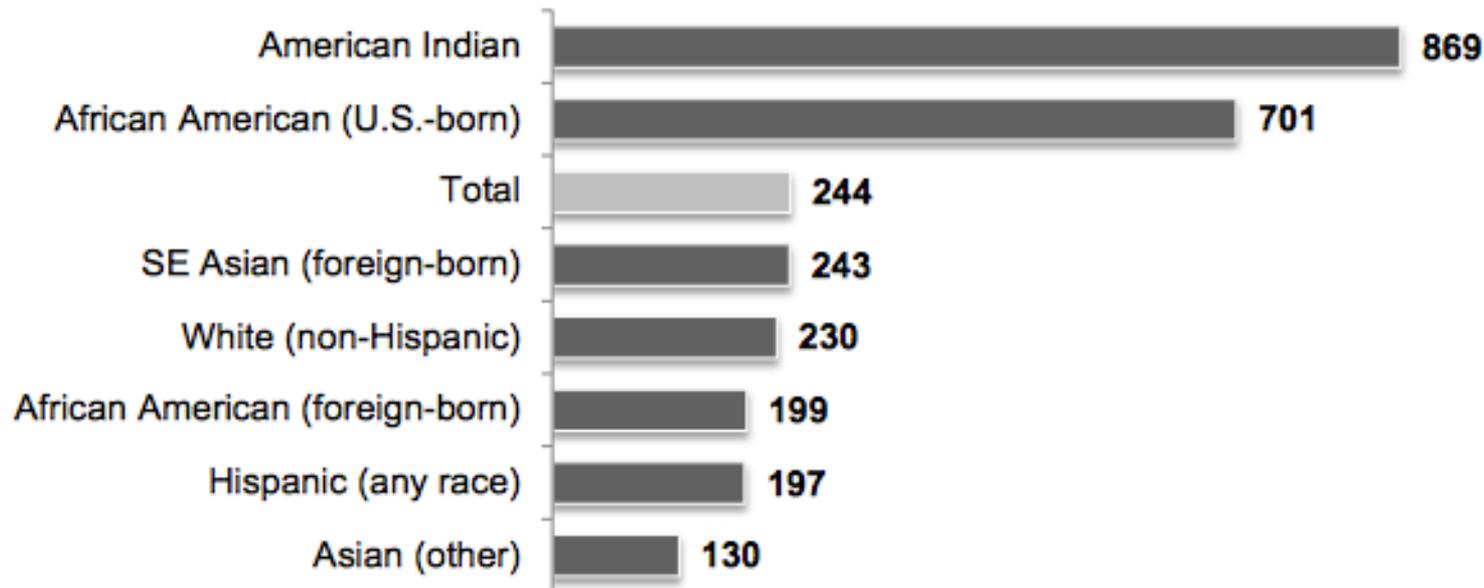
- Age brings predictable pattern in higher health care costs & long term care needs (at the population-level)
- Anticipated enrollment and spending pressures in public programs serving older adults, specifically 3 areas of Medical Assistance (MA):
 - Basic Care (as a supplement to Medicare)
 - Elderly Waiver
 - Nursing Facilities

MN: Largest population growth among Asian, Black and Latino groups by 2030



Source: Minnesota State Demographic Center projections.

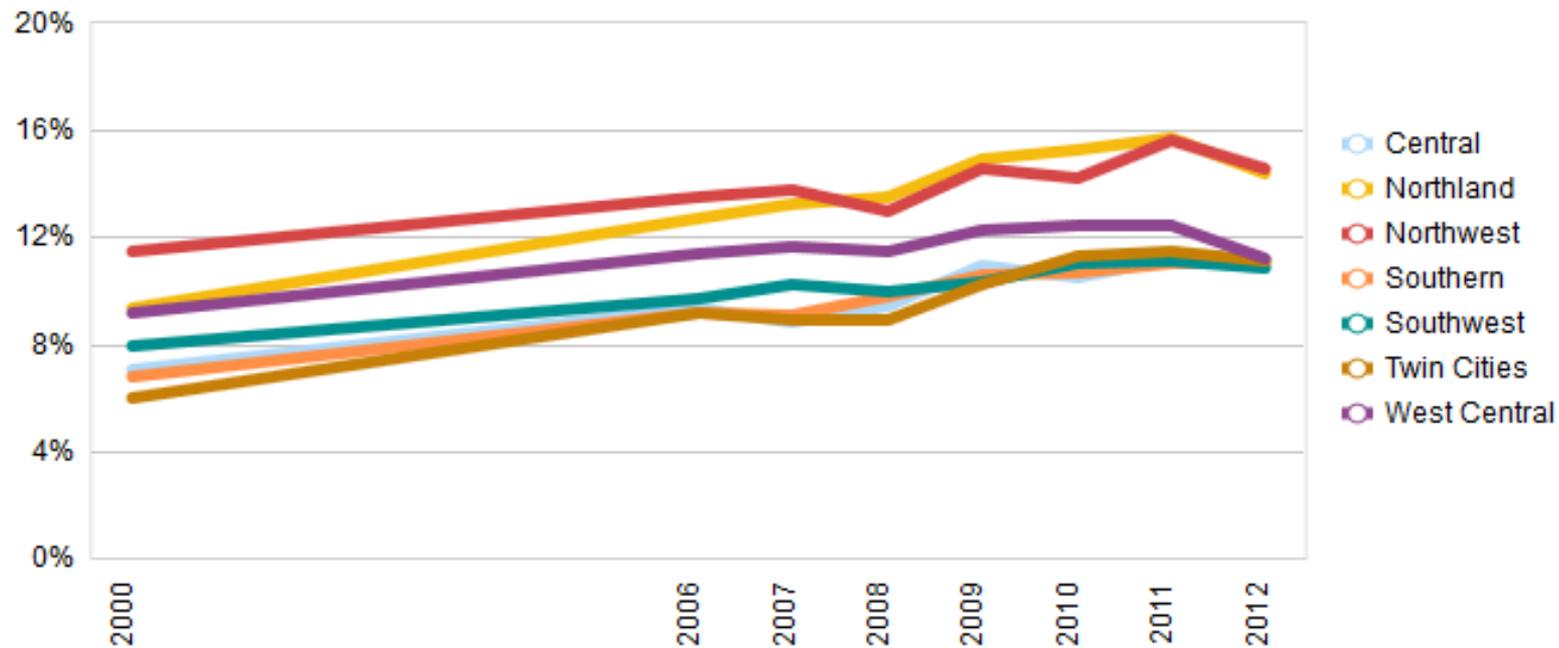
Mortality highest for U.S.-born populations of color in Minnesota



* Age-standardized deaths per 100,000, among the population age 25-64 during the years 2006-2008

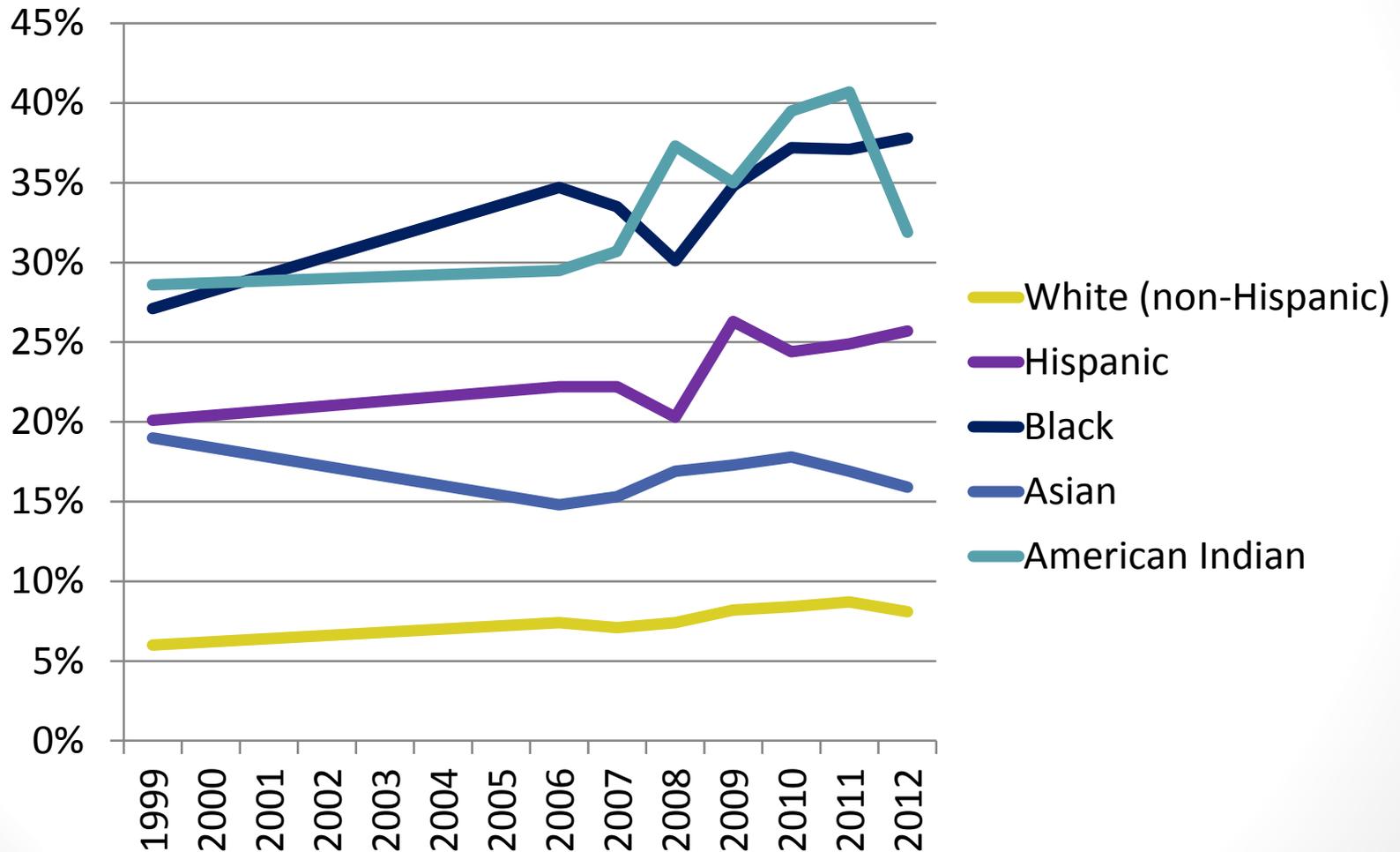
Source: Minnesota Department of Health (mortality rates calculated by Wilder Research)

Poverty on the rise across MN since 2000



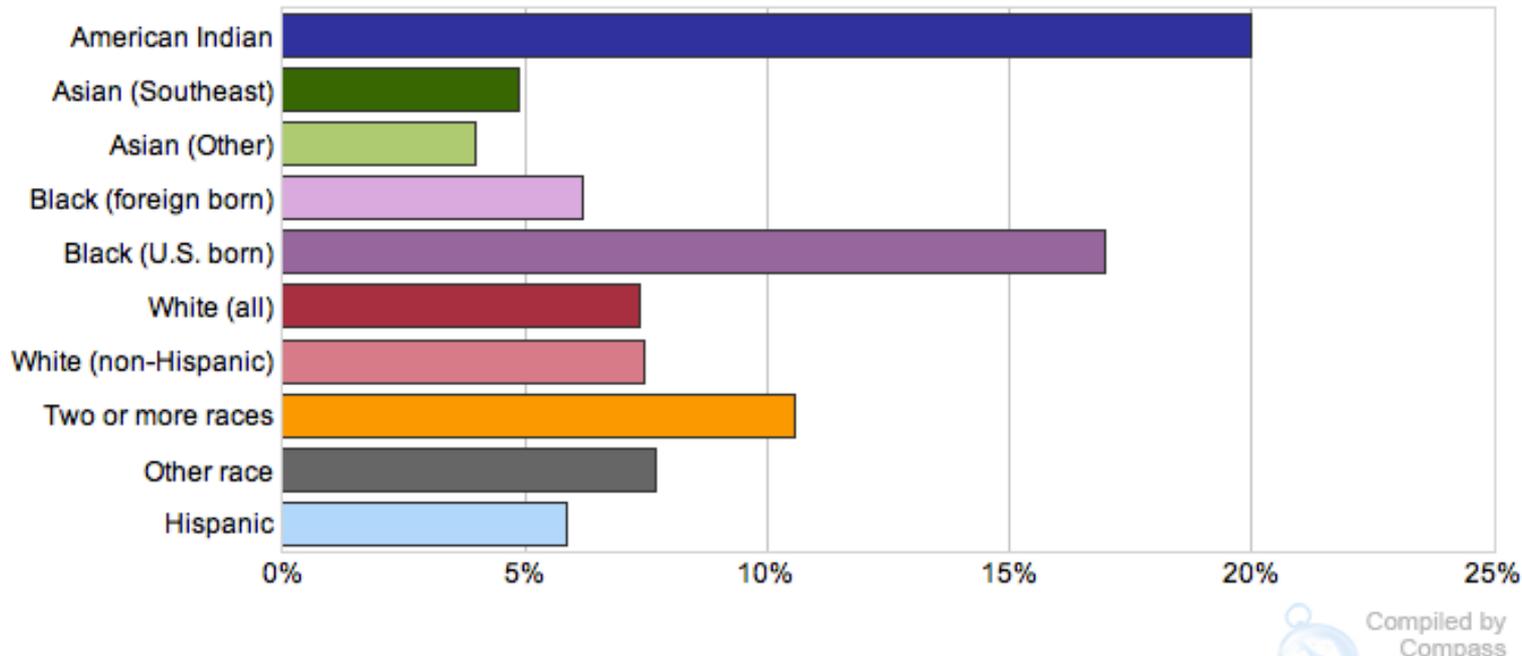
Source: Minnesota Compass, from U.S. Census Bureau data

Change in poverty rate by race Minnesota, 1999-2012



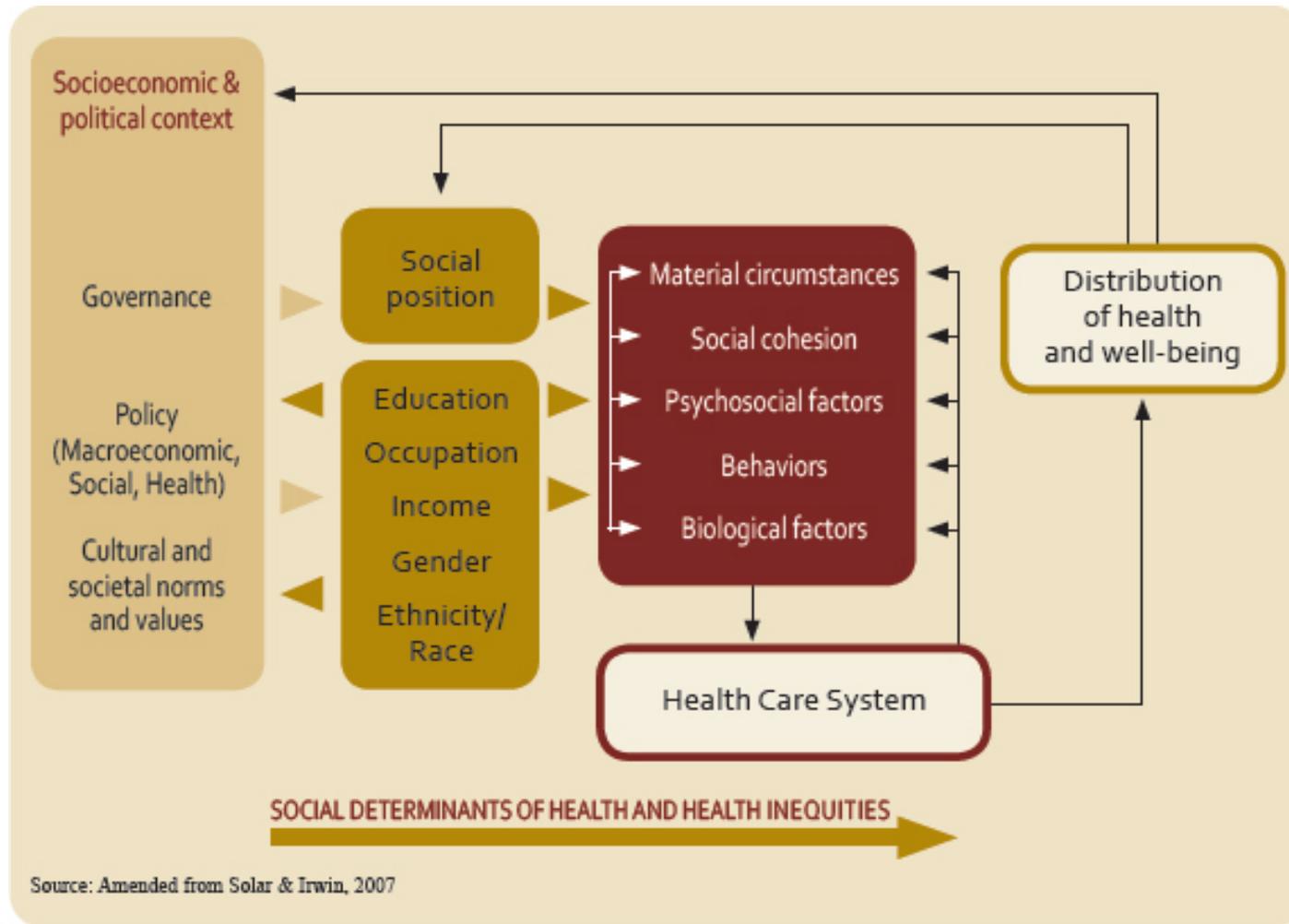
Source: Minnesota Compass, from U.S. Census Bureau data

Percent with a disability by racial and ethnic group, (age 16-64) Minnesota, 2011



Source: Minnesota Compass, from U.S. Census Bureau data

Complex causal pathways link race, income and health



Recap: Race, economic well-being and health

- Race, economic well-being and health outcomes closely related
- Poverty and income inequality have increased over the past decade
- Persistent differences in health outcomes and economic well-being by racial groups



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