

# Health Care Cost Legislative Study Group

February 11, 2014

# WHO WE ARE

The **Long-Term Care Imperative** is a collaboration of **Aging Services of Minnesota** and **Care Providers of Minnesota**, two of the state's largest long-term care associations.

The **Long-Term Care Imperative** is committed to advancing a shared vision and future for older adult housing, health care and supportive services.

# Key trends in long term care that influence costs and state spending

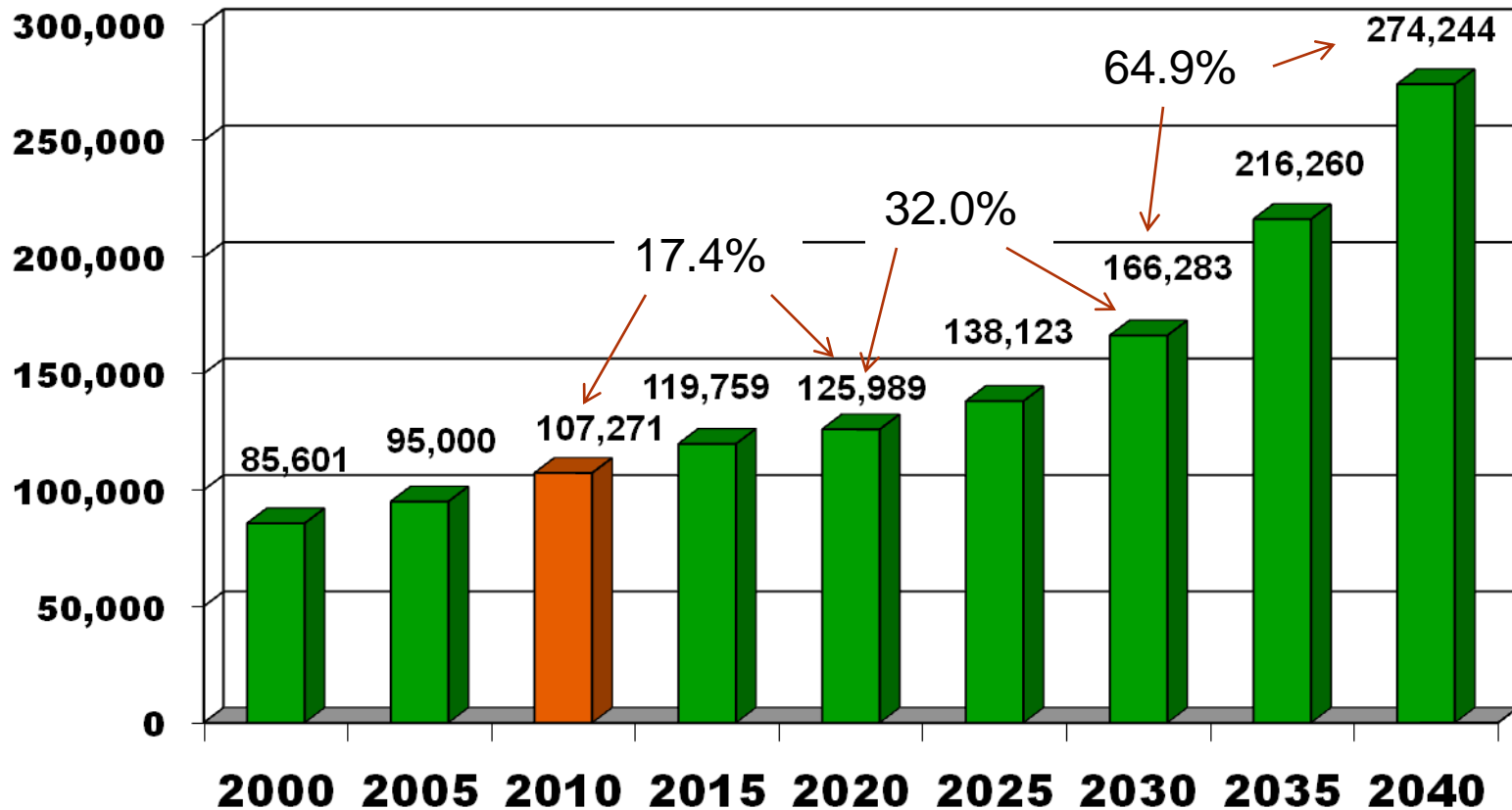
- Increased number of people served across spectrum
- Continued reliance on informal care giving but a decline in availability of caregivers
- Lack of personal savings to pay for LTC needs
- Increased variety of lower-cost services across the spectrum of care
- Repositioning of care center
- Flipping the entitlement to HCBS

# The Age Wave: What it Means for LTC Budget

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# The Demographic Imperative

Population of Minnesotans 85+ Projected to Increase more than 150% over next 30 Years



Source: Minnesota State Demographer using 2010 Census Data

# The Concern - A Solo Economy on Health Care

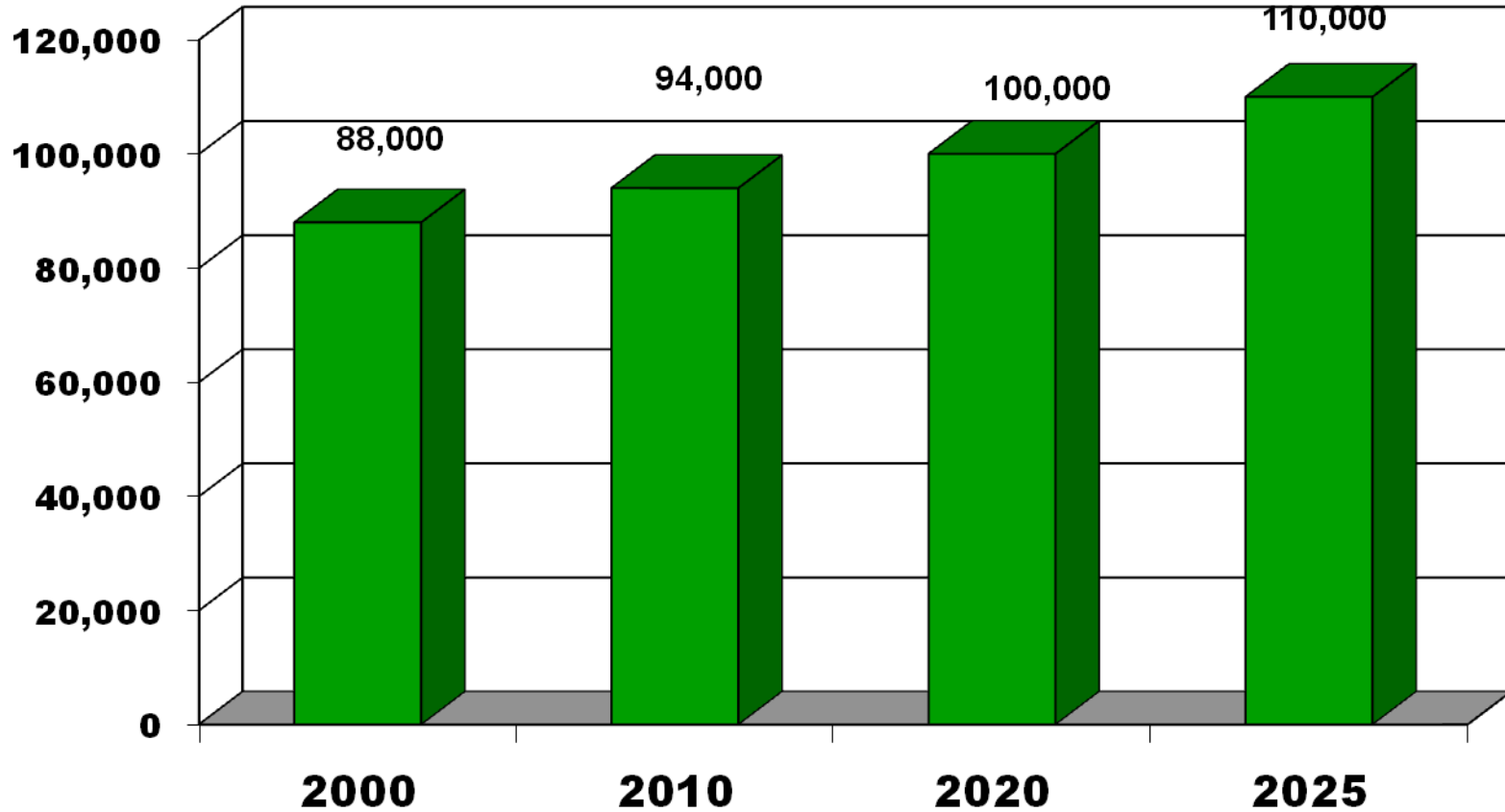
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Source: "The Solo Economy"; Forbes Magazine, 2/6/12 Pg 132

# Population of Older Adults with Alzheimer's in MN Growing

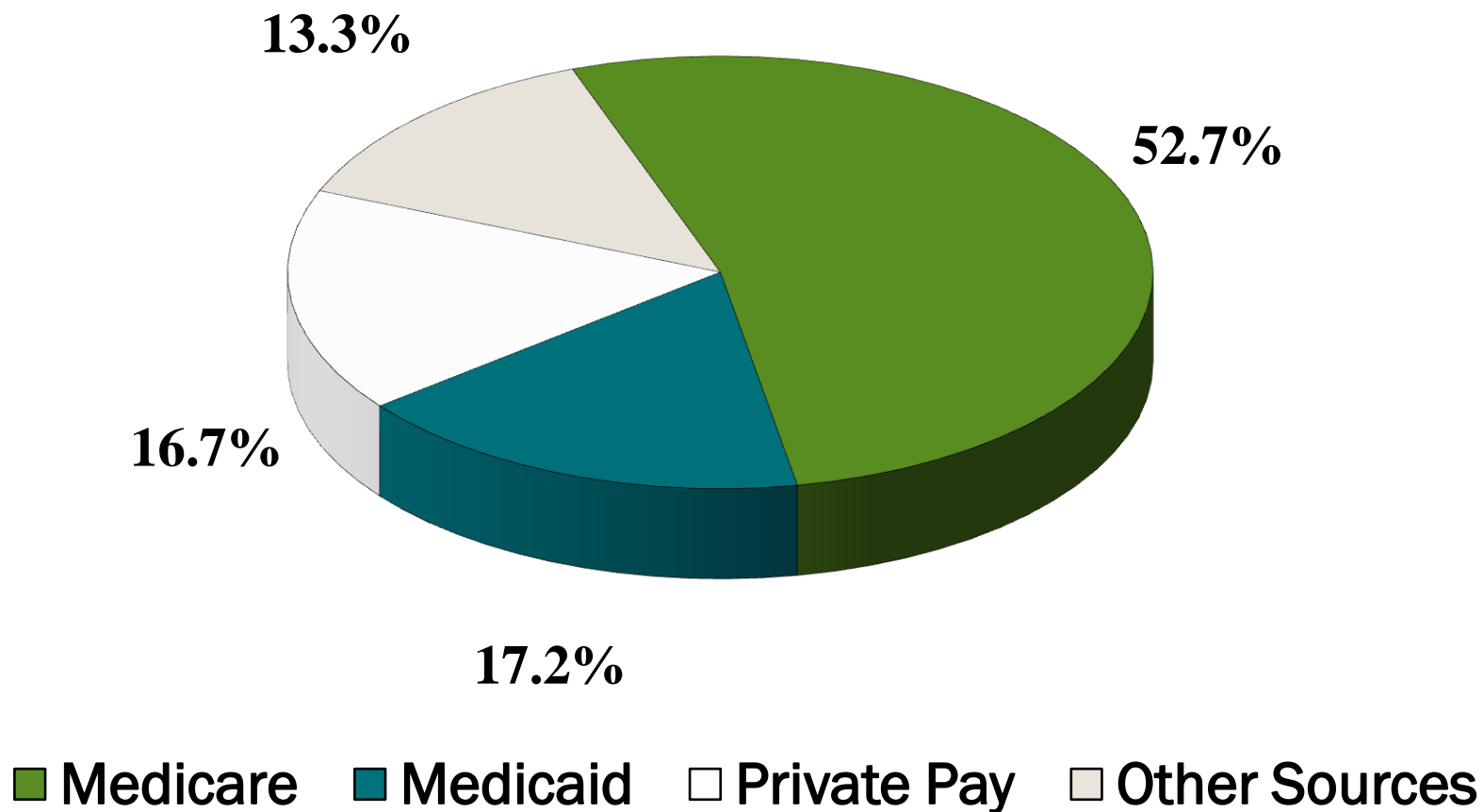
Number of People 65+ with Alzheimer's Projected to Increase 25% from 2000-2025



*Source: Alzheimer's Association, 2012*

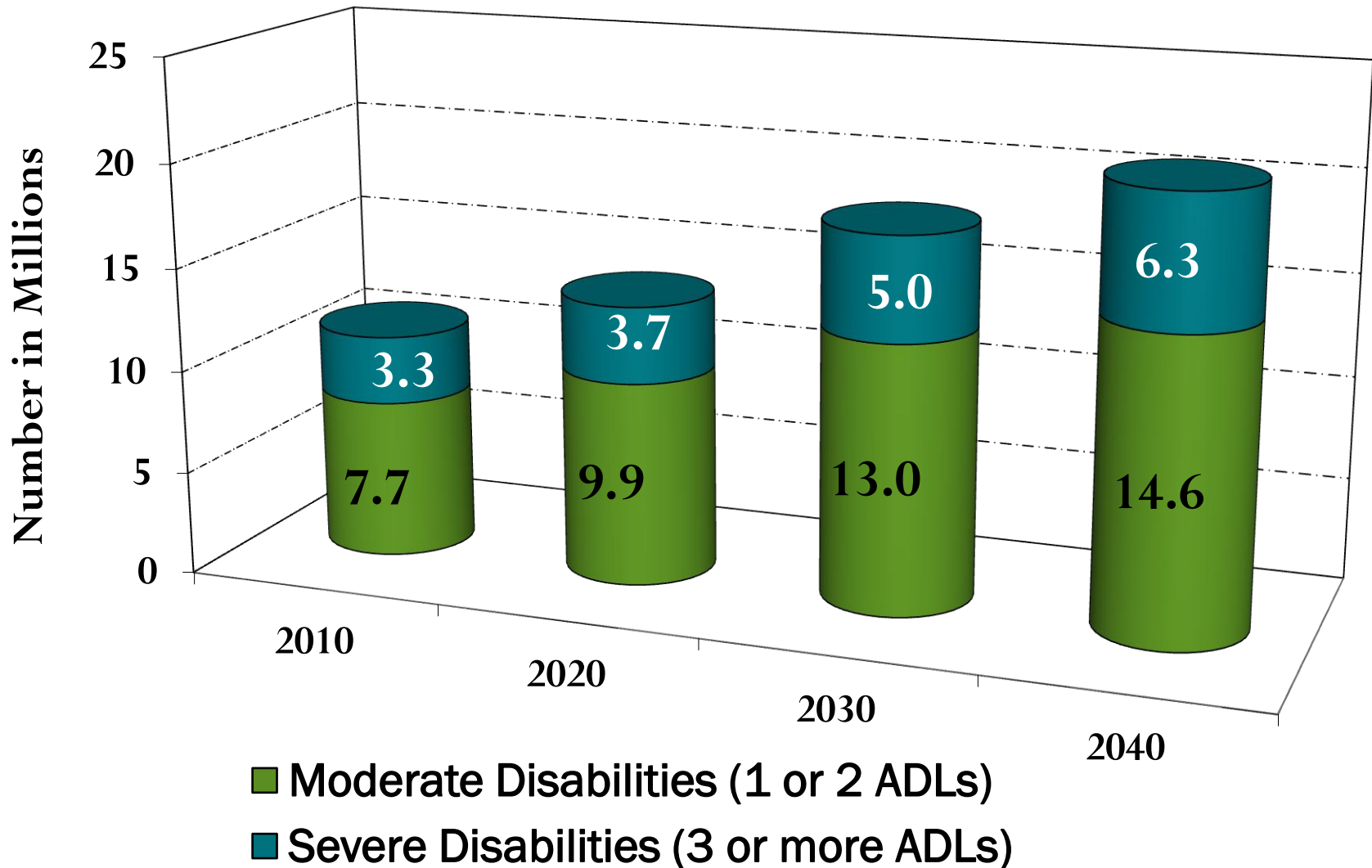
## Alzheimer's Disease Imposes Significant Costs on Public Programs and Families

Average Annual Total Cost of Care in US is \$203 Billion in 2013 and Projected to Increase to \$1.2 Trillion by 2050





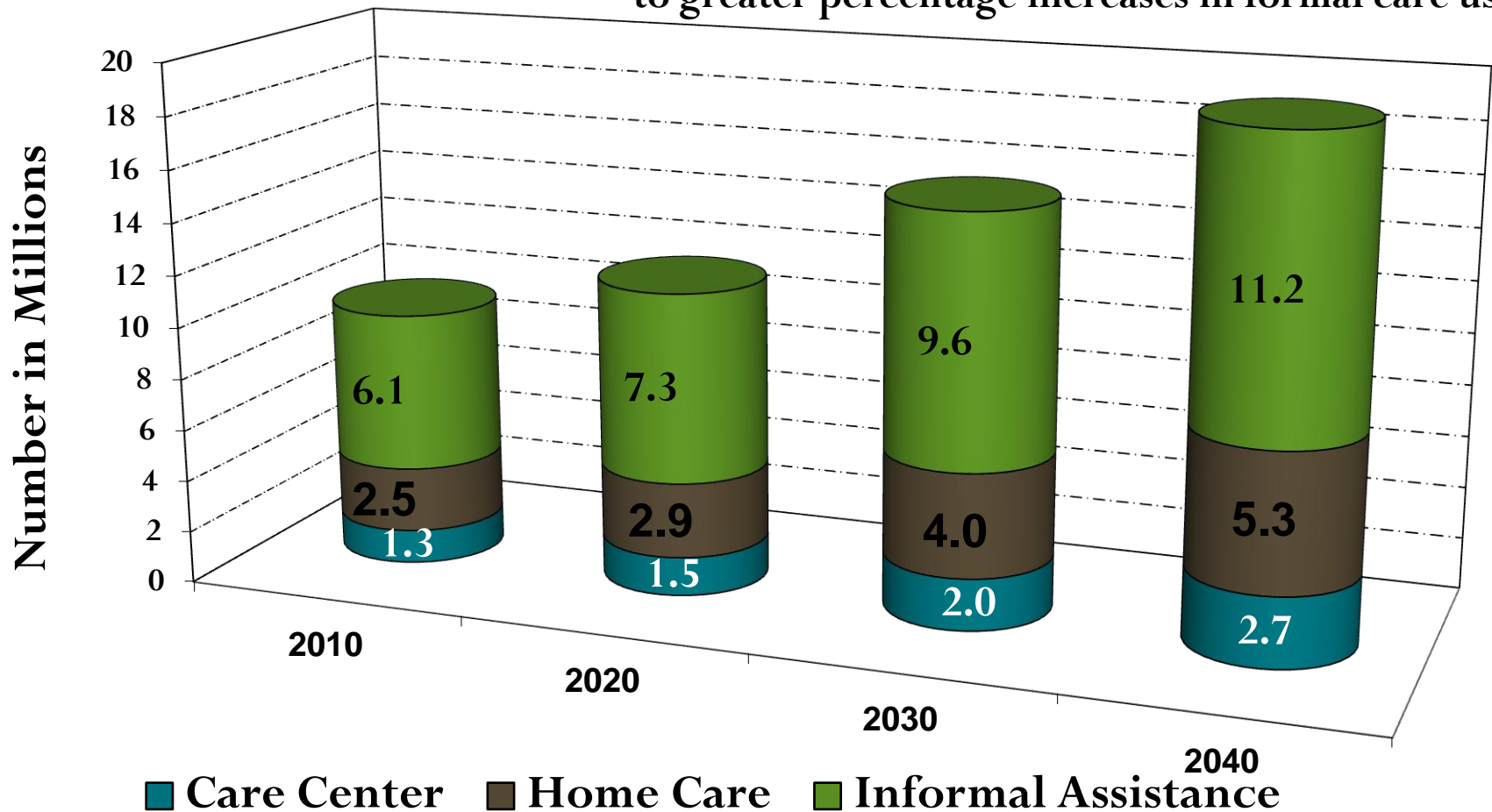
# Americans Needing Aging Services Projected to Increase Substantially



Source: 2007 Urban Institute Report using "Intermediate" Disability Projections

# Americans Using Aging Services Will Increase In All Areas

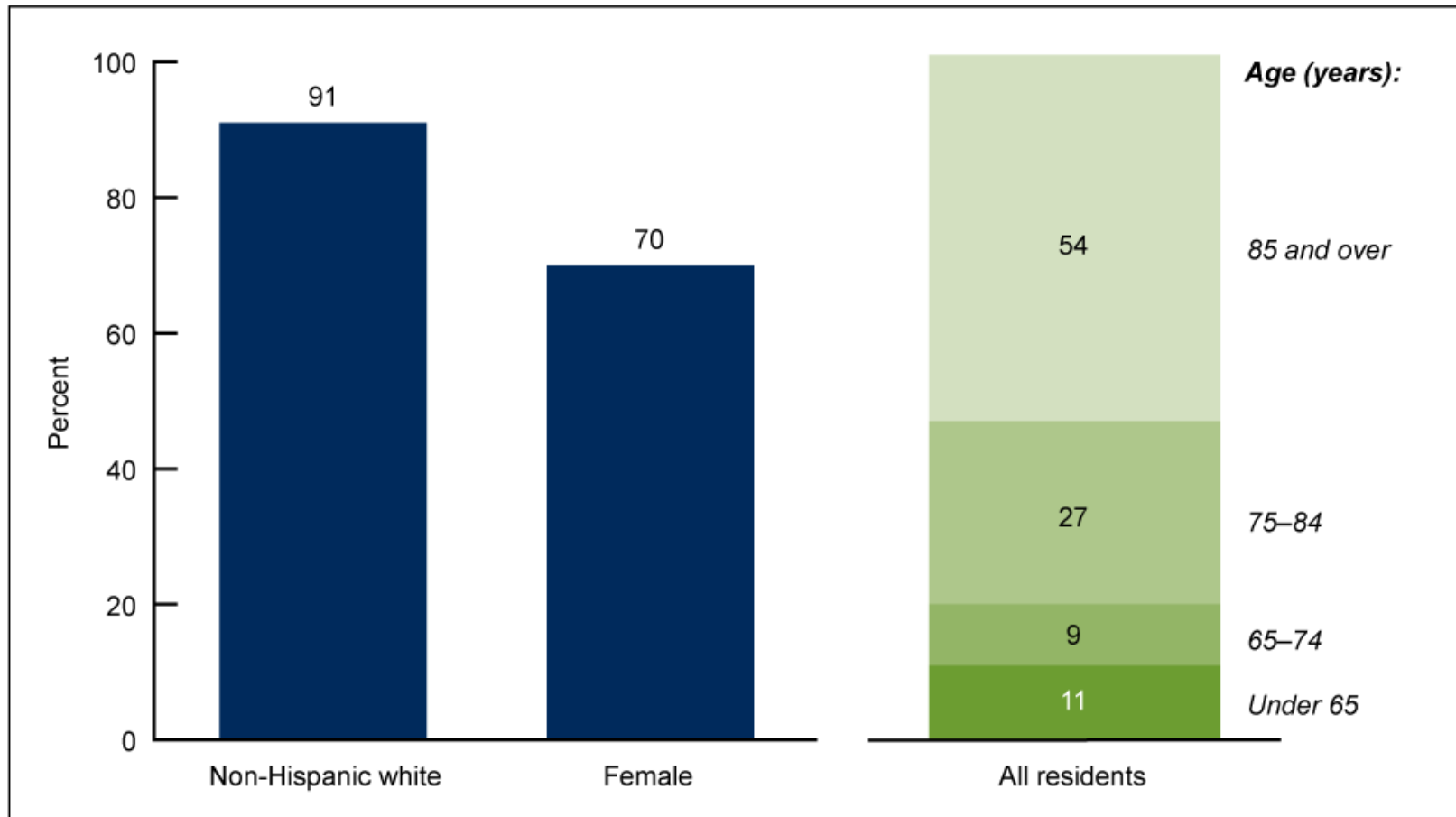
This study projects that lack of informal caregivers will lead to greater percentage increases in formal care use



Source: 2007 Urban Institute Report using "Intermediate" Disability Projections

# Average United States Assisted Living Resident is Female, White and Over 85

Figure 1. Selected characteristics of residential care residents: United States, 2010

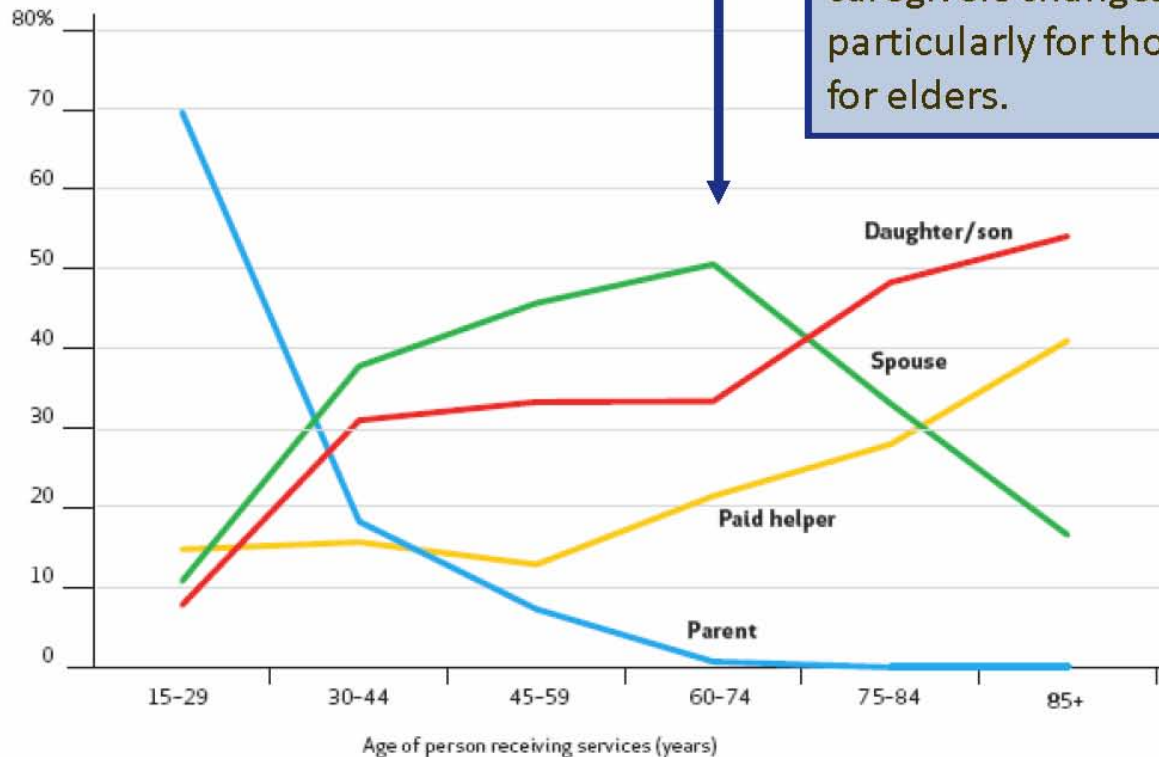


NOTE: Estimates may not add to 100% due to rounding.

# Caregiving – Impact on Health Home, SNF and Costs?

## EXHIBIT 3

Major Sources Of Help With Daily Activities Among Community Residents With Two Or More Activities Of Daily Living (ADL) Needs, By Age



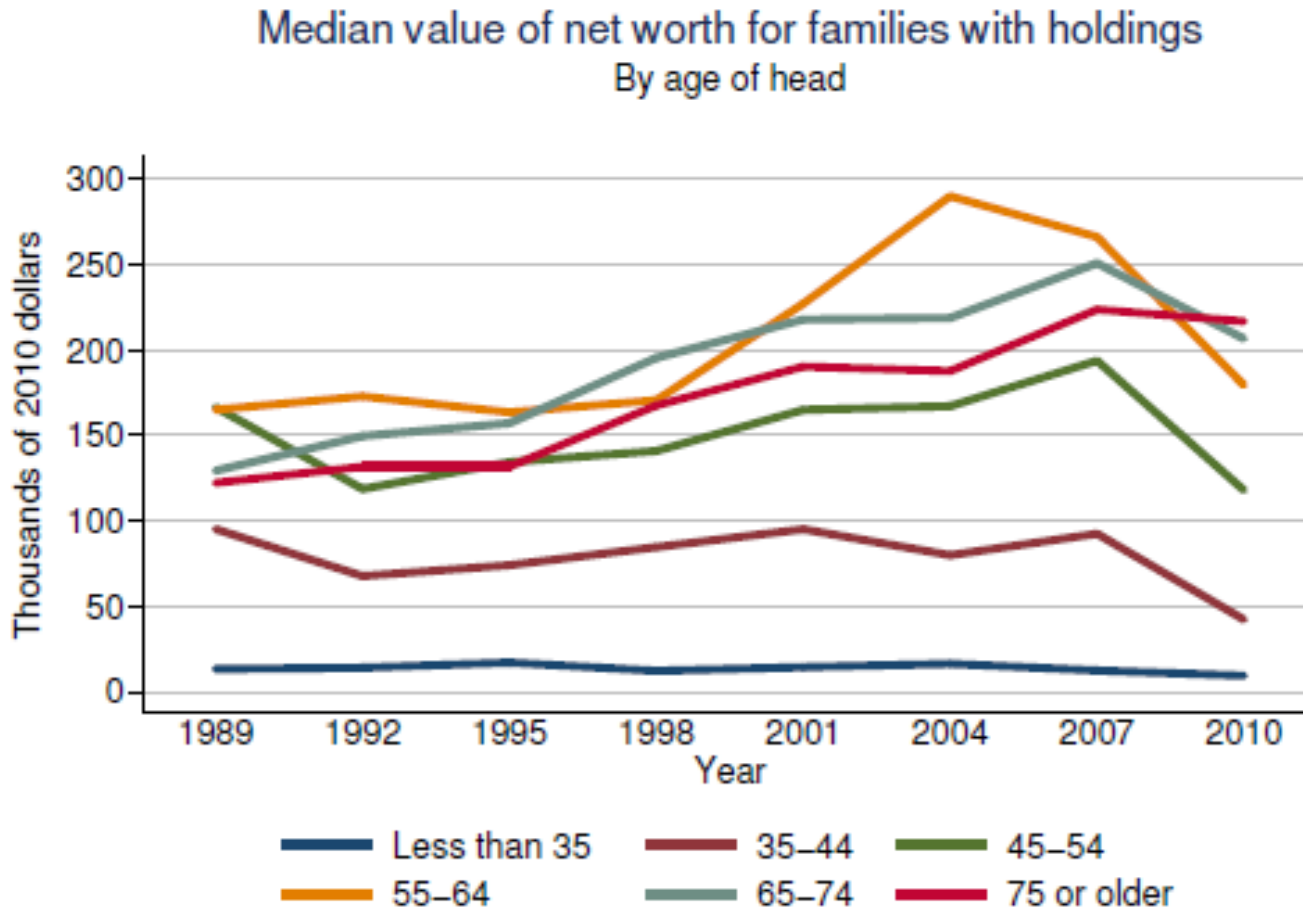
The role and expectations of caregivers changes over time particularly for those who care for elders.

SOURCE: Authors' tabulations of 2005 data from the Survey of Income and Program Participation.

Source: Kaye, Stephen, et. al., "Long Term Care: Who Gets It, Who Provides It, Who Pays and For How Much?", Health Affairs, Jan. 2010, Vol. 29:1, page 16.

# + Median net worth has declined for all age groups since the recession

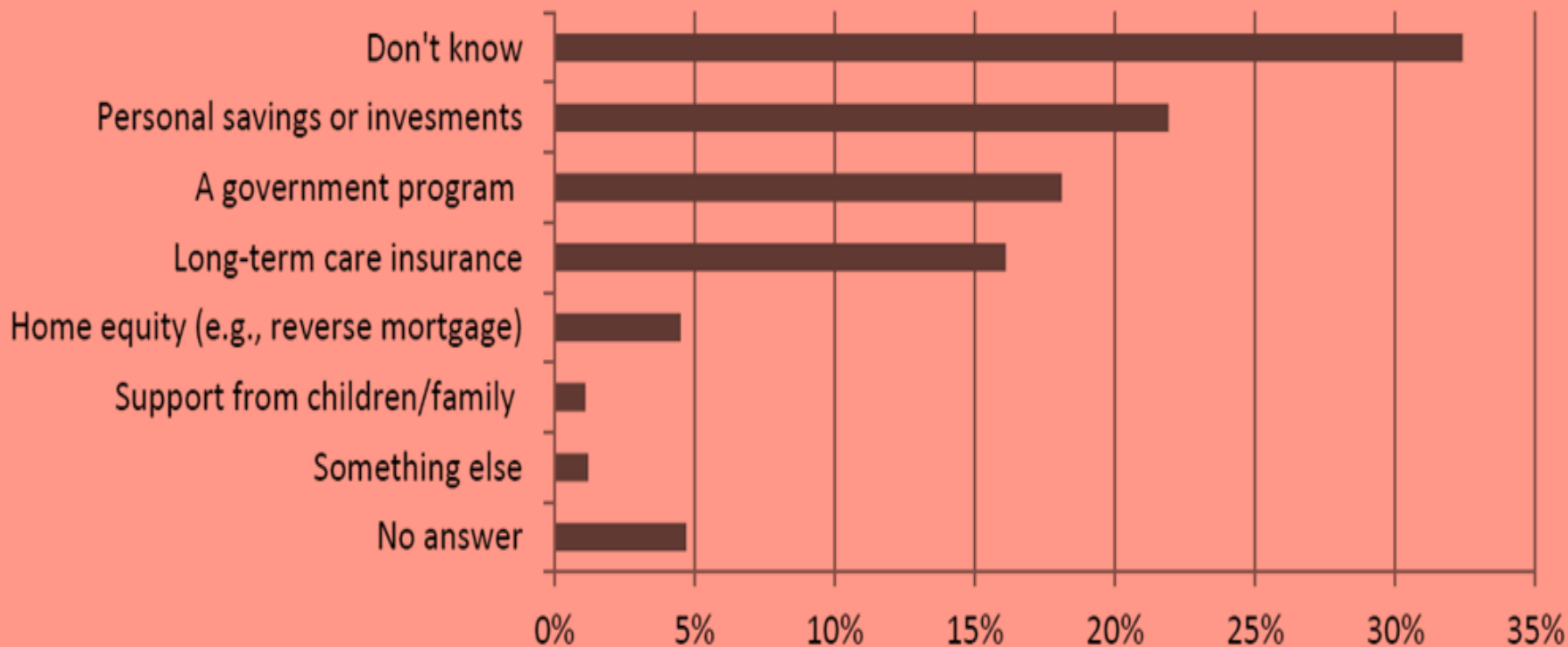
U.S., 1998-2010



Source: Survey of Consumer Finances. Data are for the U.S.

# Many Baby Boomers have no Plan to Pay for LTC

Baby Boomer Survey Question “How do you plan to pay for long-term care?”



## The Age Wave: Implications

- Huge growth in older adult population will result in need to provide services to larger number of people, so focus will be on efficiency to reduce budget impact
- Decline in family care giving combined with growth in population of older adults means significant increase in the number of clients receiving paid services
- Population in assisted living is older and sicker than many think, and that situation is likely to continue

# The Age Wave: Implications

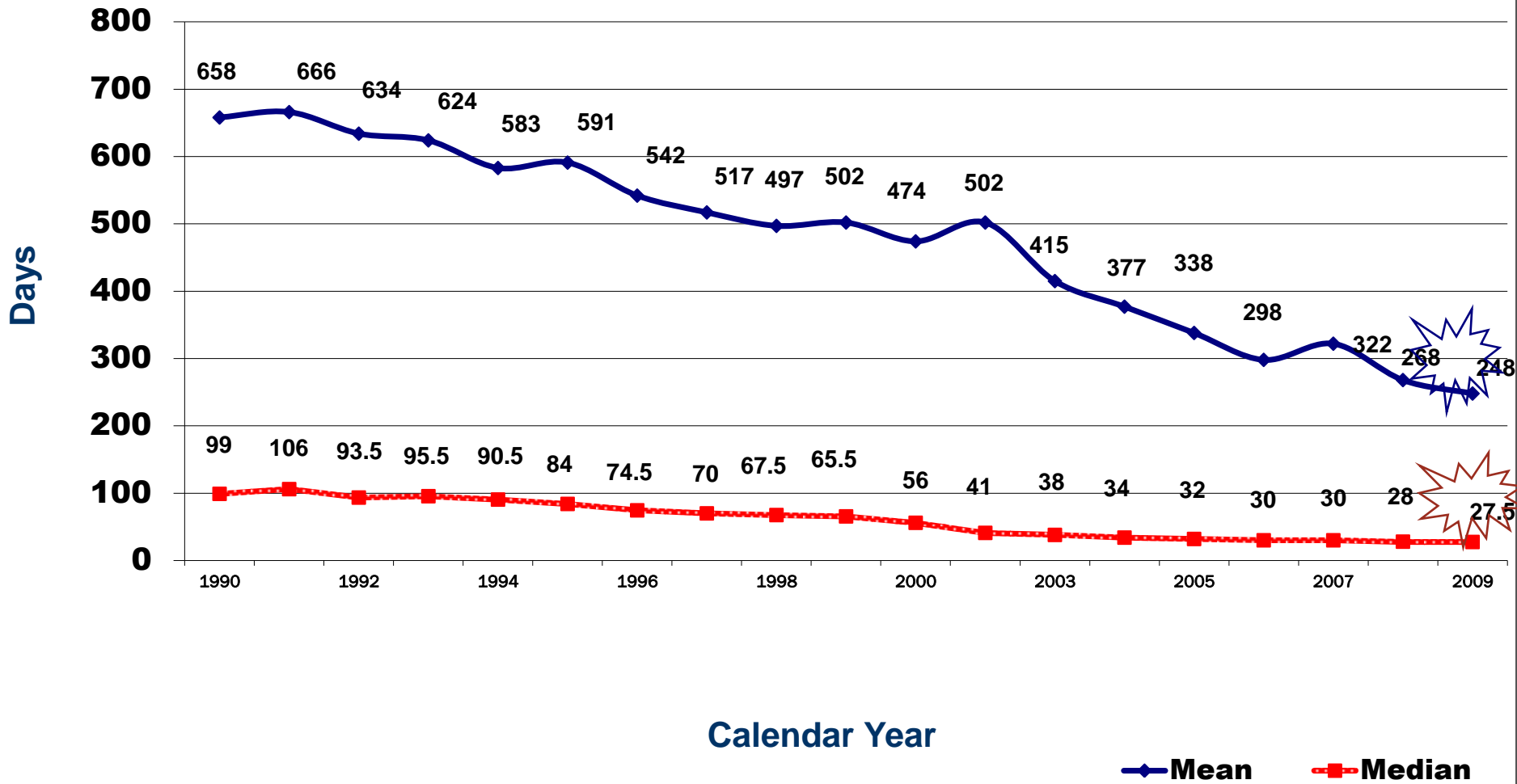
- More older adults living alone will lead to greater demand for home care and possibly more use of assisted living
- Even though most AL is paid privately, public funding of those services is vital to preserve options for consumers



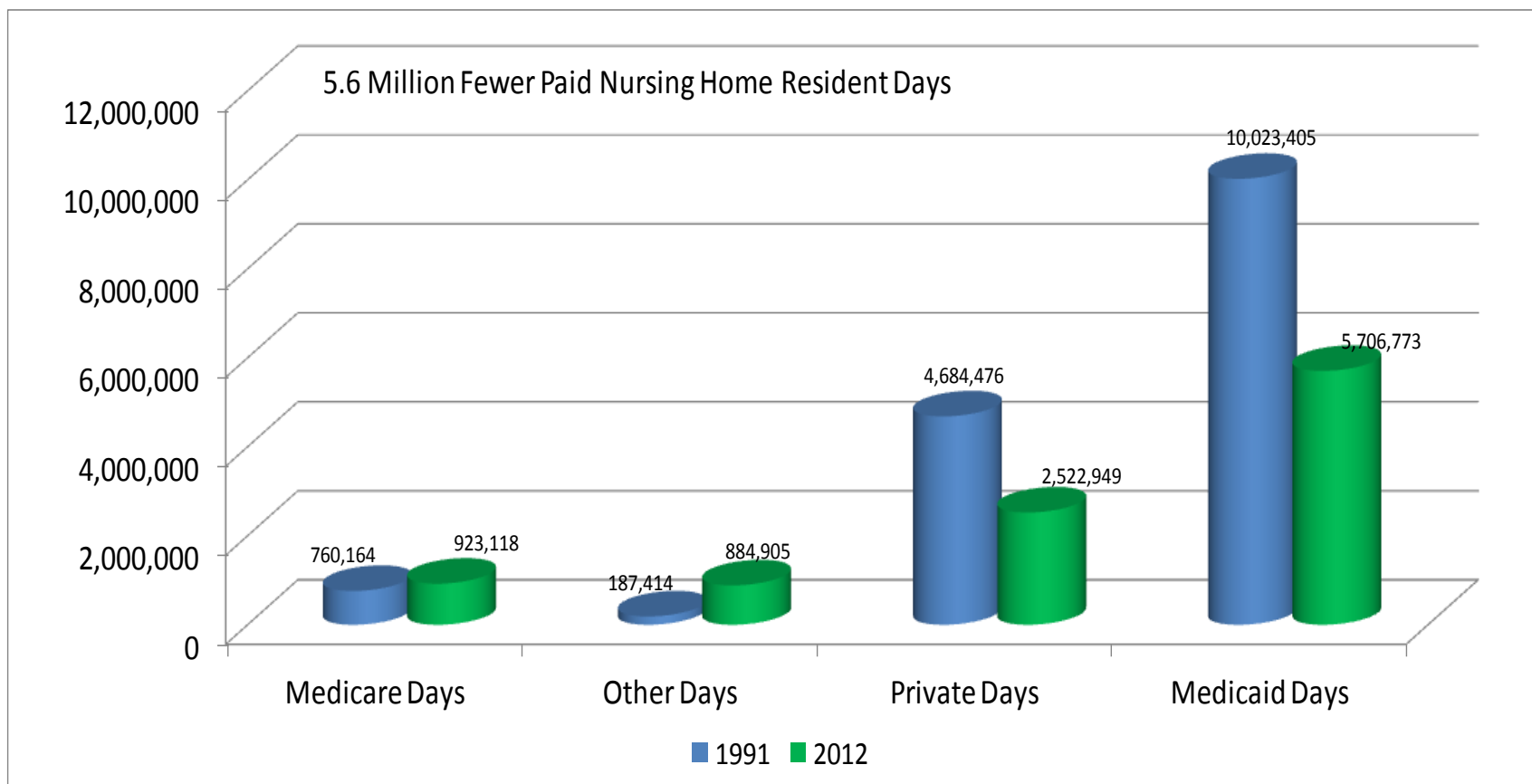
# Repositioning the Care Center and Expanding Options

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# Decline in Nursing Facility Utilization- Shorter Length of Stay



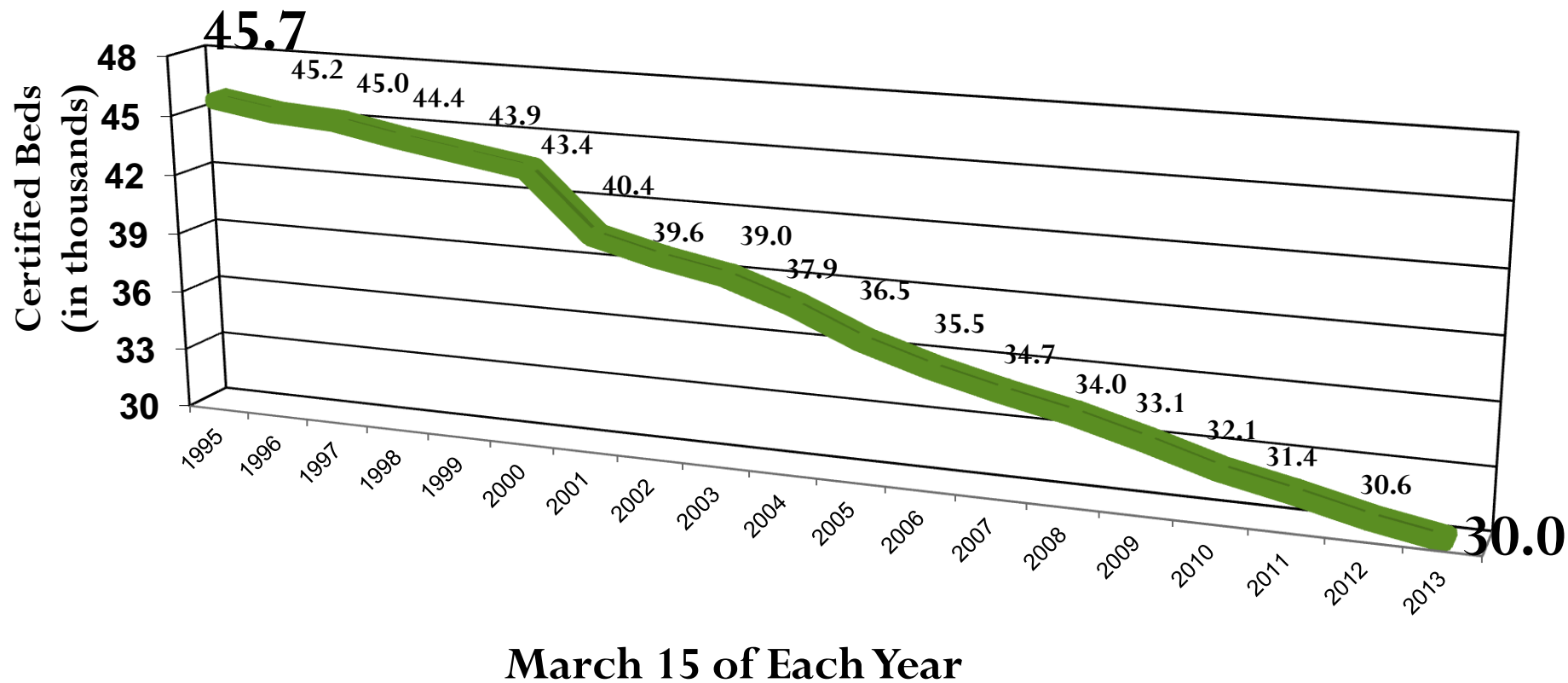
# Nursing Facilities Census in Minnesota



Source: Medicaid Cost Reports, Minnesota Department of Human Services

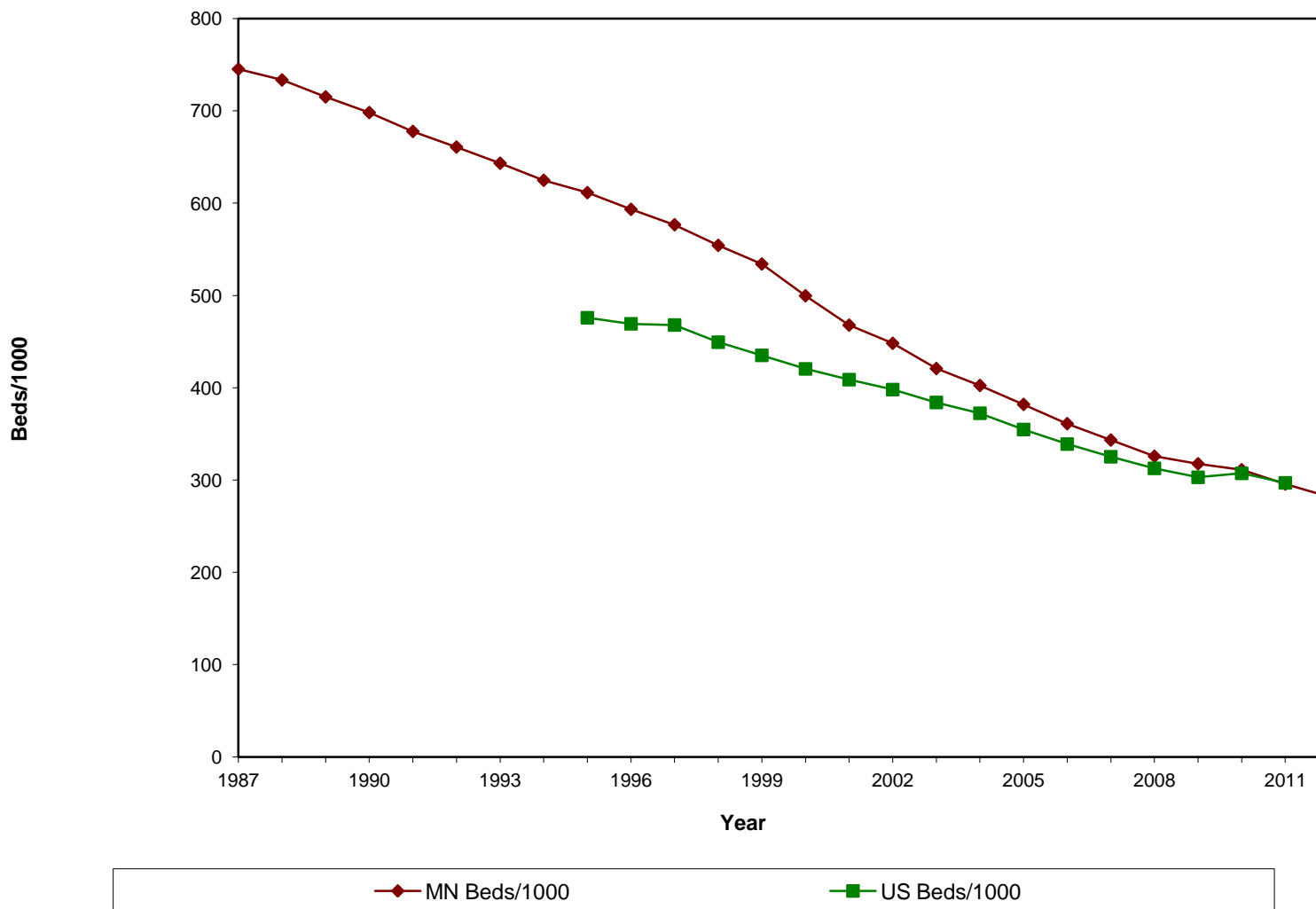
# Nursing Facility Beds Continue to Drop Via Downsizing and Closure

**MA-certified beds down to 30,032 in March 2013**

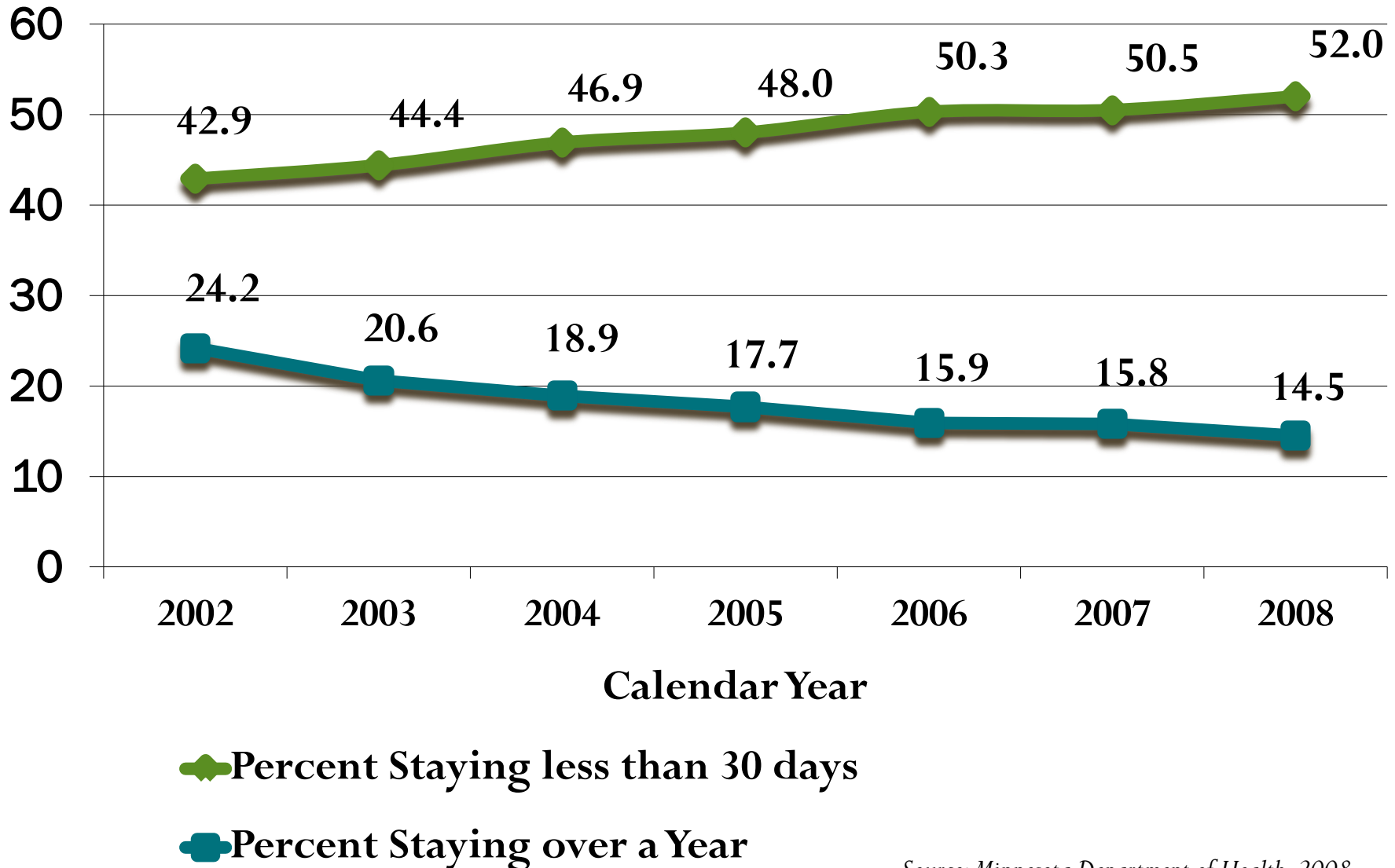


*Source: Minnesota Department of Health*

# MN Ratio of Beds per Resident 85+ now Below National Average



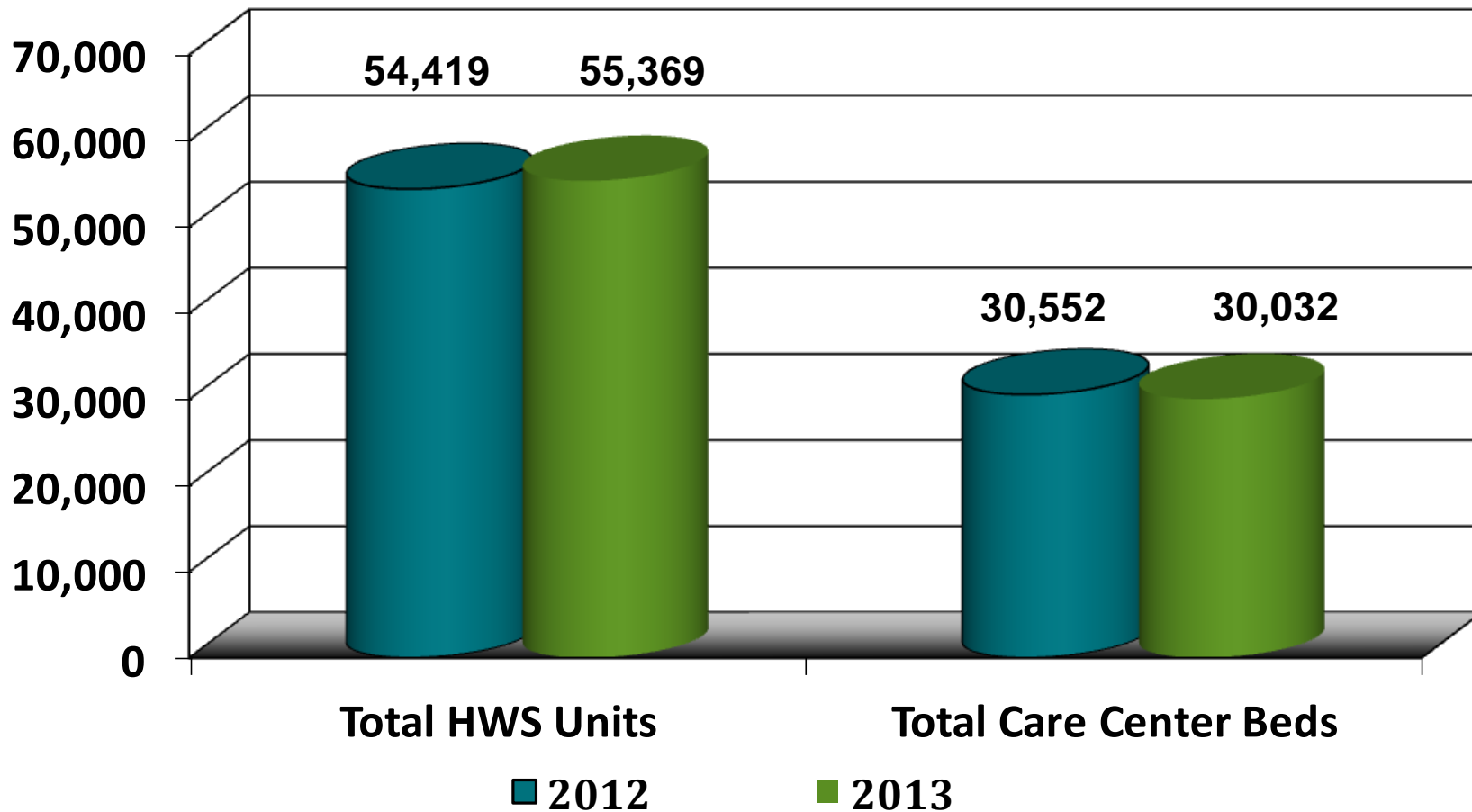
# A Permanent Change: Fewer Long Stay Residents in Care Centers



Source: Minnesota Department of Health, 2008

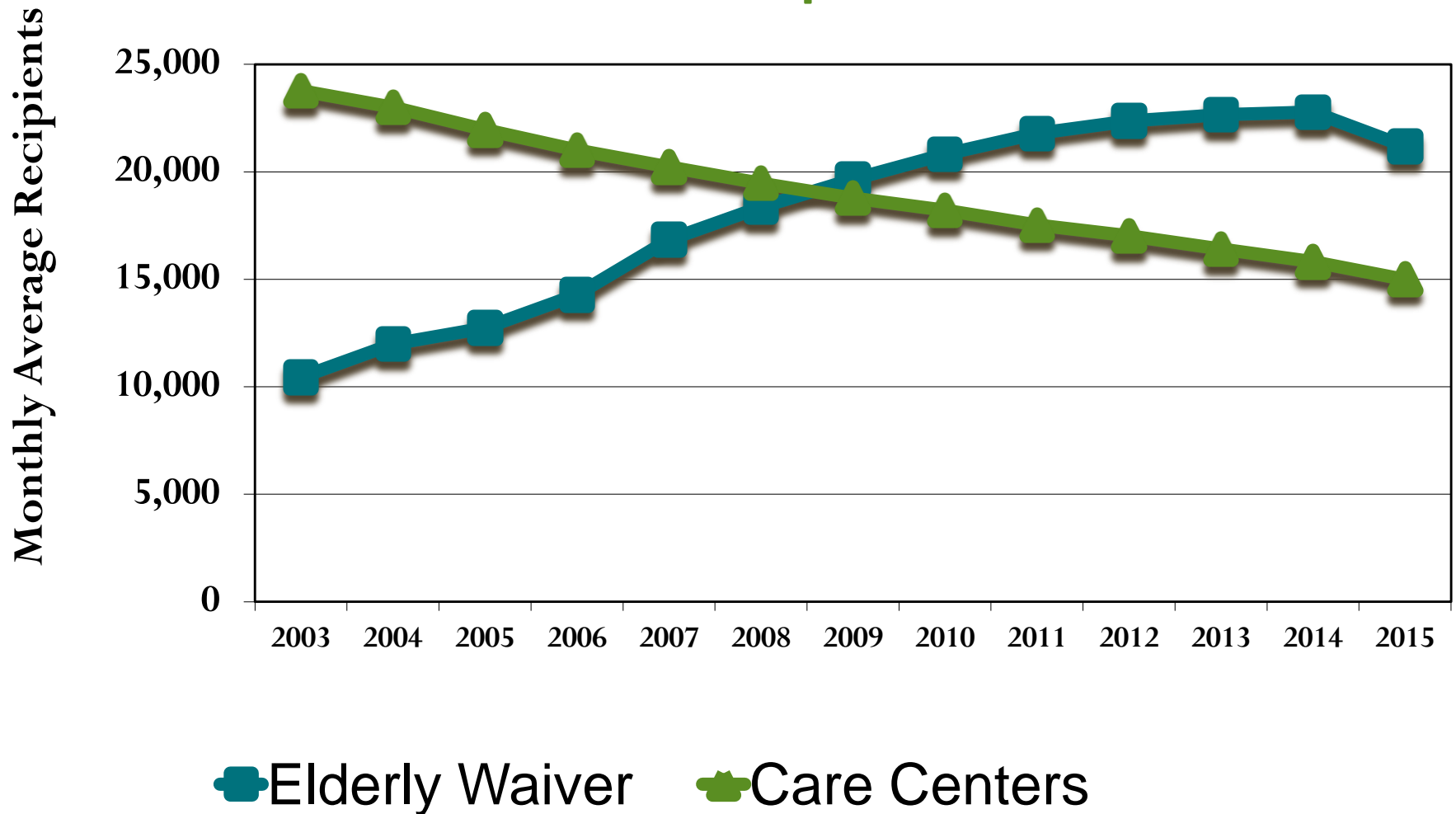
# Housing-with-Services Continues to Grow as Care Centers Shrink

*Housing-with-Service units for the Elderly in Minnesota exceed Care Center beds by more than 25,000*



*Source: Minnesota Department of Health, March report of care center beds and June count of HWS units serving elderly*

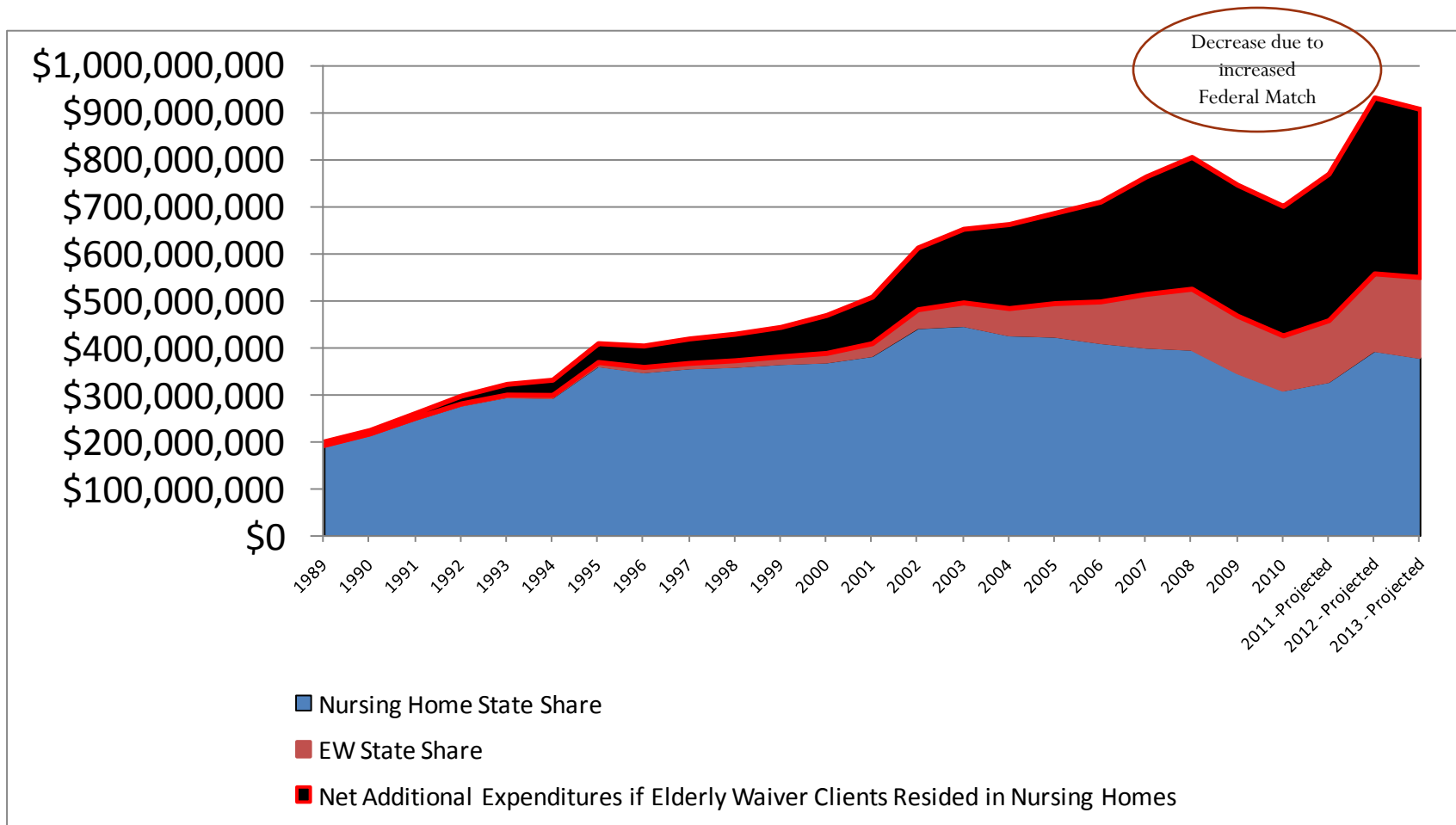
# Elderly Waiver Enrollment Exceeding MA Care Center Recipients



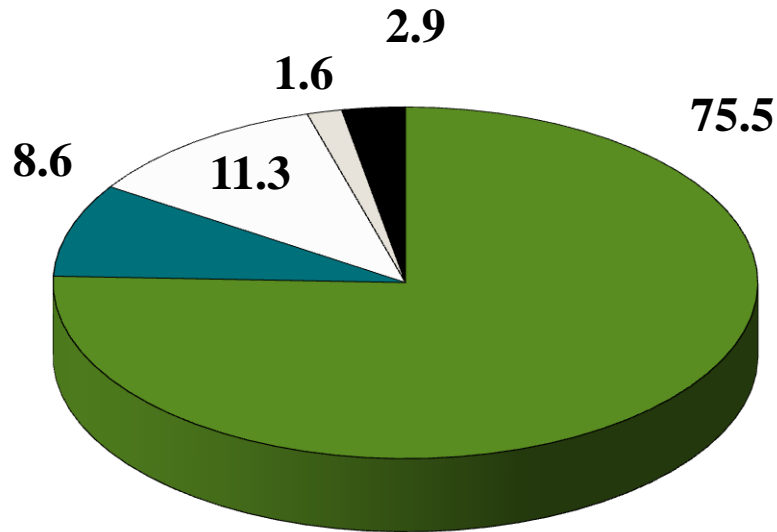
Source: Minnesota Department of Human Services, Spending Forecast, November 2013



# Nursing Home Costs Without The Elderly Waiver Program Elderly Waiver Program Saved State Up To \$275 Million in 2010

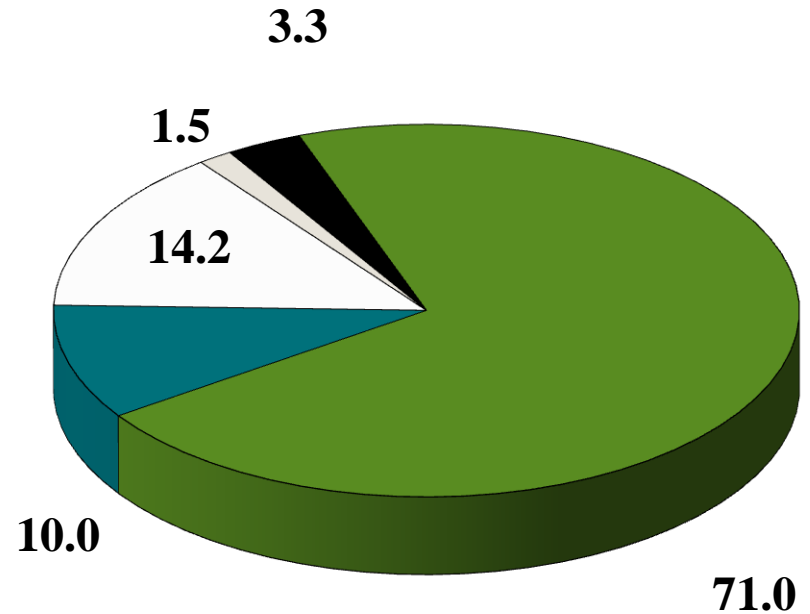


# Minnesota Hospital Discharges More Likely to Receive Formal Care than Decade Ago



2001

- To Home (no follow up)
- Home with Home Care
- Care Center
- Died
- Other



2011

- To Home (no follow up)
- Home with Home Care
- Care Center
- Died
- Other

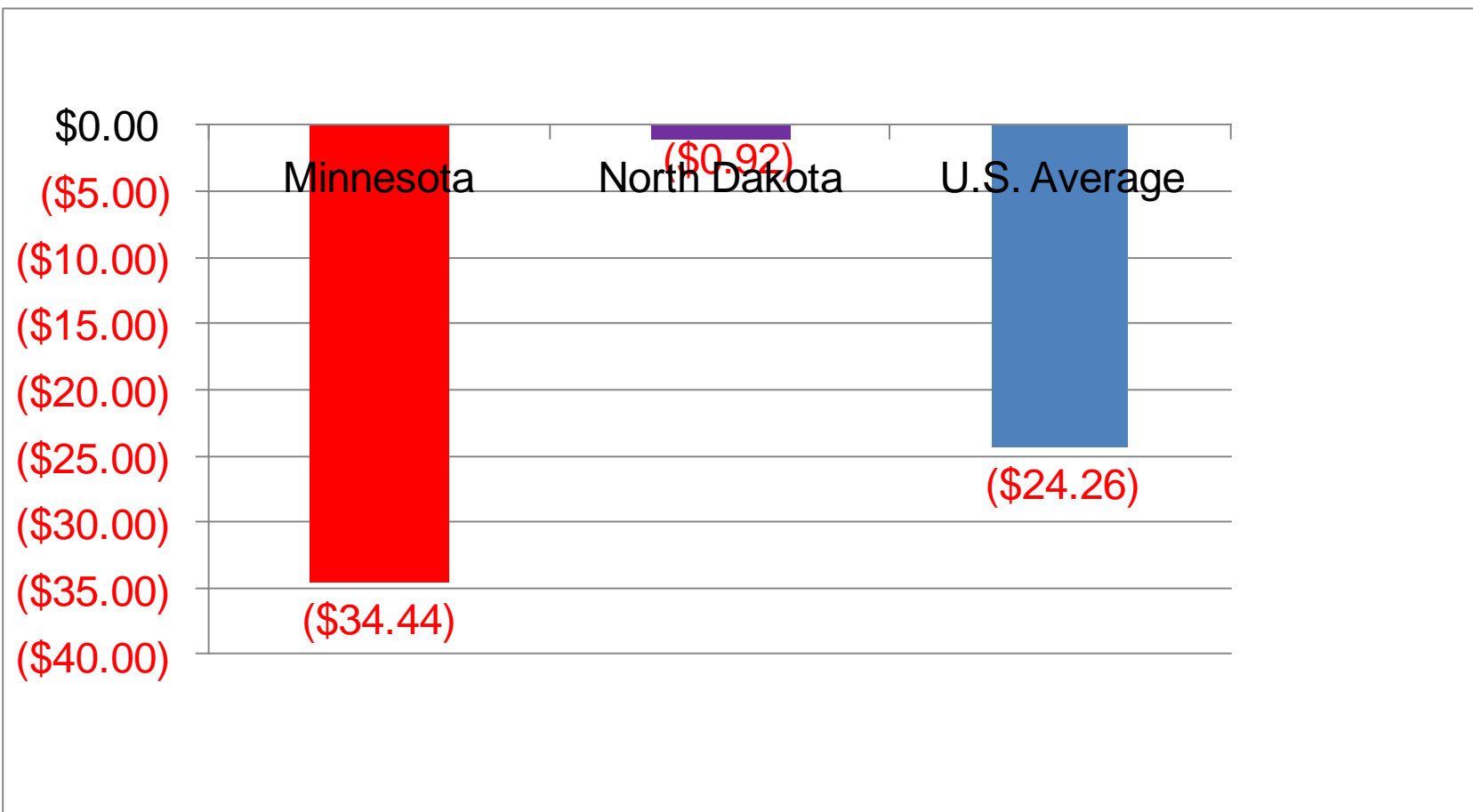
# The Changing Marketplace: Implications

- Significant decline in number of care center beds over time coupled with substantial increase in alternatives, shift toward other services likely to continue
- Care centers serving many more short stay residents so decline in bed supply may continue even with growth in older adult population
- As development of HWS continues, there may be a declining occupancy and the closure of projects in areas with an excessive number of units

# Chronic Underfunding

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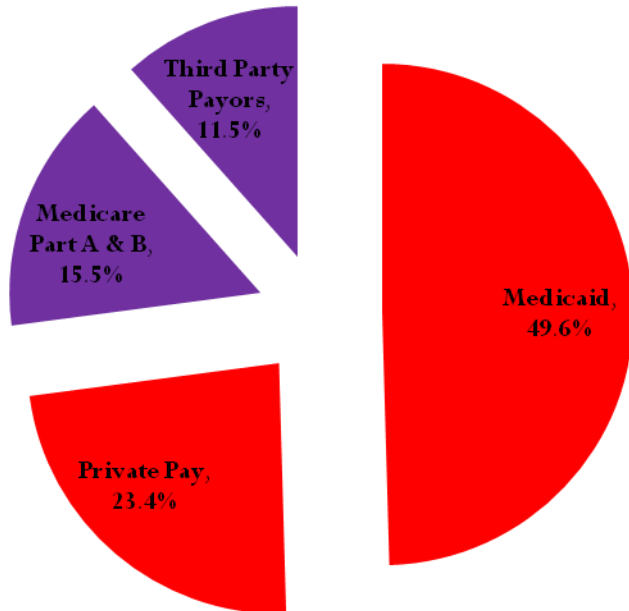
# Projected 2013 Shortfall Between Medicaid Reimbursement and Allowable Medicaid Costs Minnesota vs. North Dakota



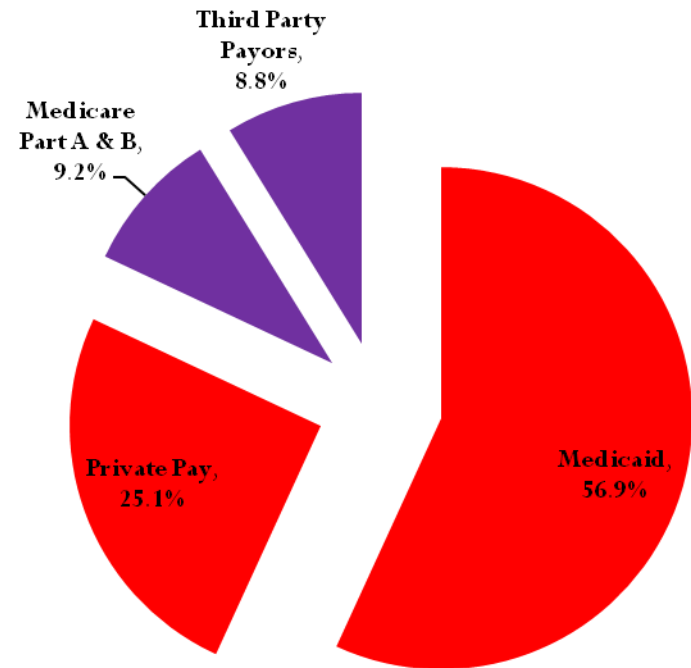
# Paid Days and Percent of Revenue

Over 89% of Revenue Controlled by State and Federal Governments

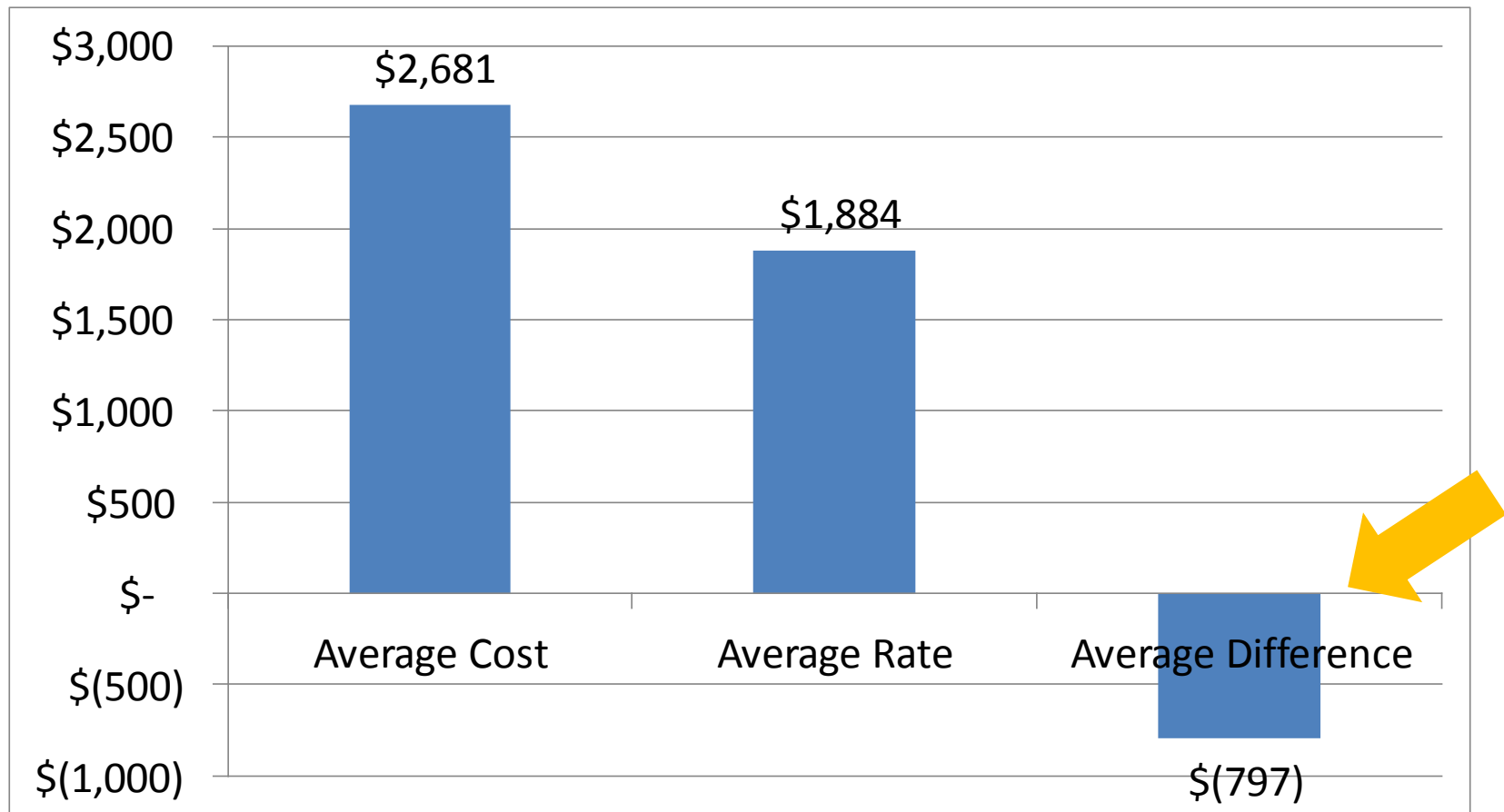
## Nursing Facility Revenue by Percentage



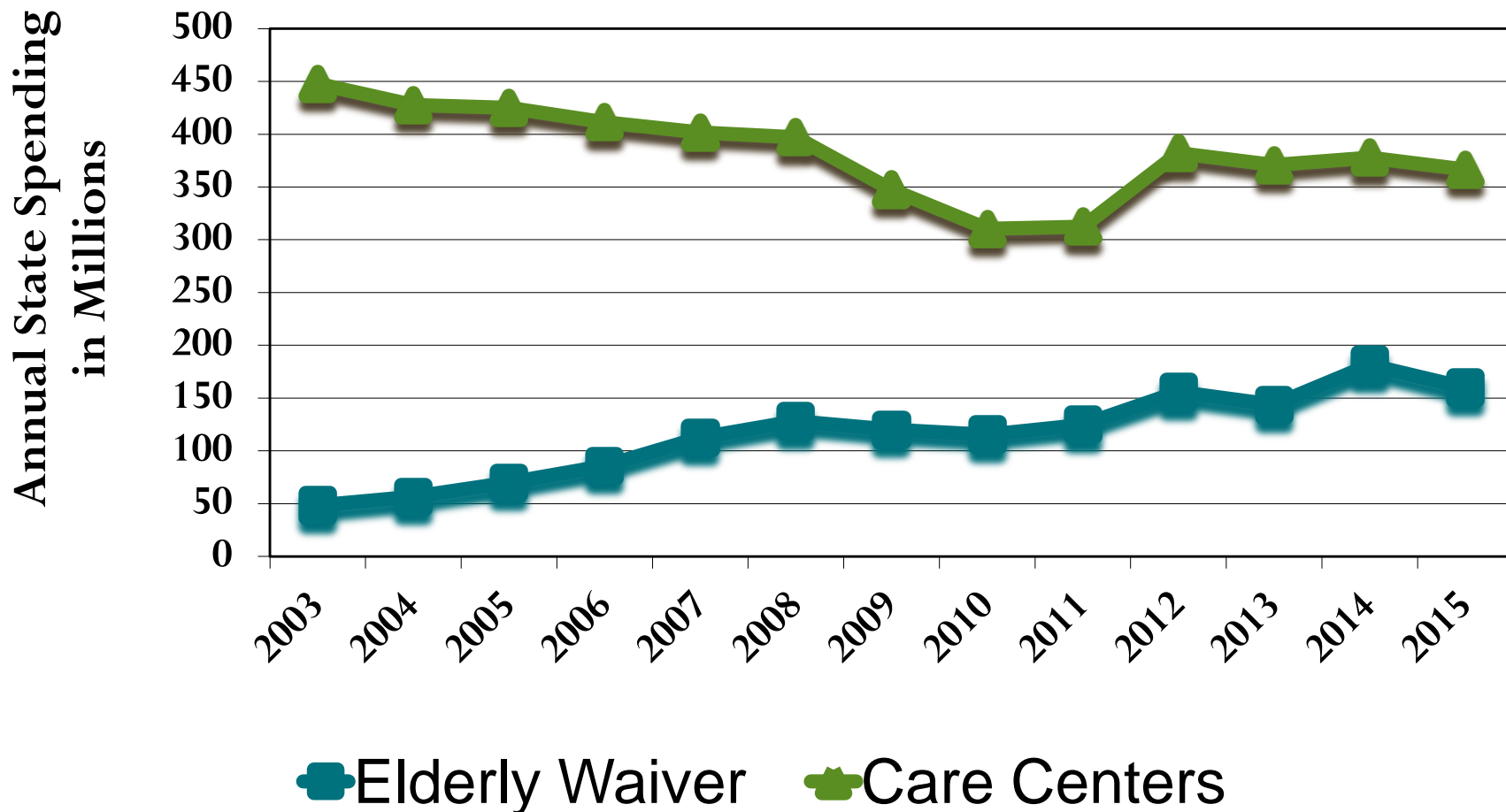
## Nursing Facility Paid Days by Percentage



# Statewide Monthly Average EW Rate is more than 40% Short of Average Cost of Providing Services



# Elderly Waiver and Care Center Spending both Projected to Flatten in Near Term





# Government Funding Implications

- Chronically inadequate funding for long term care services and supports has held state spending for long term care, but it has resulted in care center closures and a workforce shortage in some areas of the state
- While the marketplace has shifted to provide more less-expensive home and community based options, low reimbursement rates for these services has reduced access to these services for low-income Minnesotans

# Contact Us

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