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*Long-term care is but one of the challenges an aging population poses.*

*Americans are aging healthier.*

*Rising numbers of older citizens will almost certainly increase numbers of nursing home residents.*

*A survey of current and coming Kentucky retirees offers insight into future needs.*

*Most expect to rely heavily on Medicare which provides limited long-term care coverage.*

## Anticipating Future Needs for Long-Term Care

Contact Michal Smith-Mello or Amy L. Watts at 502-564-2851 or at: michal.smith-mello@lrc.state.ky.us or amy.watts@lrc.state.ky.us

The aging of the population poses many challenges, not the least of which is anticipating ways of providing quality long-term care for those who will need it. Unprecedented growth in the older U.S. population is expected between 2010 and 2030 when Baby Boomers begin retiring. Kentucky's pre-retirement-age population grew significantly between 1990 and 2000; the number of Kentuckians ages 45-54, for example, increased 46%.<sup>1</sup> By 2020, Kentucky's 65 and older citizens are expected to comprise nearly 17% of the population.<sup>2</sup> Though medical advances, healthier lifestyles, and higher incomes will no doubt alter the aging process, the sheer numbers of older people combined with increased longevity will inevitably increase demand for long-term care.

Recent changes in the profile of nursing home residents show that individuals are coming to these facilities at a later age and in poorer health, suggesting healthier aging and more alternative levels of care. According to the Centers for Disease Control and Prevention (CDCP), residents 85 or older increased from 45% to 51% between 1985 and 1997, and the average length of stay declined 123 days. However, the needs of nursing home residents became more acute. More required assistance with daily living activities, such as bathing, eating, and walking.<sup>3</sup> Similarly, a National Academy of Sciences study finds that the percent of those 65 and older with a chronic disability declined between 1982 and 1999, from 26% to 20%, and those living in nursing homes declined from 6.2% to 3.4%.<sup>4</sup>

Nevertheless, if current nursing home utilization rates continue, the CDCP predicts that the number of nursing home residents will roughly double by 2030.<sup>5</sup> The cost of nursing home care is rising at an even faster pace. Now averaging \$37,500 a year here, the cost is expected to double over the next 10 years.<sup>6</sup> Thus, anticipating the needs of this population, creating alternative, lower-cost modes of care, and promoting healthier old age are key to meeting the challenge of long-term care for frail elders of the future.

"Planning for the Future," a 2000 survey developed jointly by the Kentucky Long-Term Policy Research Center and the University of Kentucky (UK) Sanders-Brown Center on Aging offers insight into the future scope of need in Kentucky and the expectations of current and coming retirees. Conducted by the UK Survey Research Center, the survey offers information on the employment, income, health status, and opinions of those 45 and older.<sup>7</sup>

First, we find that respondents rely or plan to rely heavily on Medicare for health care in retirement; 76% say it is or will be a major source of health care (see Table 1). If Medicare provisions remain unchanged, this portends fiscal strain on state Medicaid budgets, as Medicare provides limited coverage of nursing home care, and employer-provided health care, which 43% of respondents say is or will be a major source of their health care in retirement, may not provide long-term care coverage.

More often, families turn to the partly state-financed and fiscally troubled Medicaid program for coverage of long-term care. In 1997, 68% of U.S. nursing home residents

**TABLE 1**  
 Current and Anticipated Sources of Health Care in Retirement for Kentuckians Ages 45 and Older, 2000

	Major Source	Minor Source	Not a Source
Employer Provided	43%	10%	47%
Medicare	76	16	8
Medicaid	33	15	53
Medicare Supplement	47	25	28
Support from Children or Family	1	4	95
Charitable Foundations	1	2	97
Long-Term Care Insurance	9	7	84
Other	17	3	79

Source: Kentucky Long-Term Policy Research Center, UK Sanders-Brown Center on Aging, UK Survey Research Center

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*Long-term care insurance could reduce public costs.*

were dependent upon Medicaid to finance at least some of their care.<sup>8</sup> In 1998, U.S. Medicaid spending for nursing home care was four times that for Medicare; spending in Kentucky was nearly five times higher, according to the federal Health Care Financing Authority (HCFA). Between 1980 and 1998, Medicaid spending for nursing home care increased an average of 8.6% a year in Kentucky and 8.9% nationally.<sup>9</sup> While persons 65 and older comprise just 13% of state Medicaid recipients, expenditures for nursing home care alone, exclusive of a range of other medical expenditures for nursing home residents, consumed 18% of 1999-2000 Medicaid spending.<sup>10</sup>

It is noteworthy that 9% of our survey respondents said long-term care insurance is or will be a major source of health care. These respondents may not actually own such insurance policies, and their numbers may be somewhat high due to the overrepresentation of higher income Kentuckians in our sample. Nationally, only an estimated 4% of Americans 35 and older carry long-term care insurance policies,<sup>11</sup>

which could substantially reduce reliance on Medicaid. However, consumer advocates caution that long-term care insurance is not for everyone. It is not advised for those who have substantial savings or for those who will be eligible for Medicaid soon after entering a nursing home.

As shown in Table 2, significant and nearly equal majorities of both groups, however, believe government support for medical care for elders is *very important*, suggesting that policymakers can anticipate sustained pressure to preserve and even expand benefits. However, they express

minimal confidence in the future of the very program on which most plan to rely heavily. Only 17% of retirees and 9% of not-yet-retired Baby Boomers are *very confident* that even current levels of Medicare benefits will be sustained. About 70% of both retirees and nonretirees also say government support is important in providing long-term care for older people. A majority of both present and future retirees believe financial need should determine who receives long-term benefits.

As Table 3 shows, nearly equal percentages of retired and soon-to-be retired Kentuckians say government support for long-term care is important, and most indicate that it is *very important*. Few respondents, regardless of retirement status or age, indicate it is *not very important*.

Further, responses from our survey of current and future retirees shows that a significant percentage of Kentuckians think family and government support *combined* should be mainly responsible for the care of frail elders. While many believe that children (28%) or other family (5%) of frail elders should be mainly responsible for their care, a far larger percentage (42%) said that a combination of public and private support should shoulder responsibility for frail elders. Thus, policymakers may need to explore ways of supplementing family care of frail elders to avoid unnecessary institutionalization, permit more elders to remain at home longer, and, in all likelihood, reduce public costs. New Hampshire and other states are anticipating the rising need for long-term care by extending tax credits to families shouldering the burden of this substantial cost. But tax credits are of little or no benefit to lower income families acting as caretakers of frail elders. Denmark, which already has a significant older population, took a more radical approach, reducing its nursing home population 27% between 1982 and 1996 by providing municipally based universal home care through nurses and trained aides.<sup>12</sup>

Finally, Kentucky's current and coming retirees report poorer health, which may portend greater need for long-term care here. Among respondents, 34% report being in fair or poor health compared to 22% nationally. The disparity is even greater among current smokers, 41% and 26% respectively.<sup>13</sup> Given the future possibility of larger numbers of frail elders here, promotion of healthy aging and lower cost alternatives to institutional care could be key to our fiscal capacity to meet the needs of aging citizens.

<sup>1,2</sup> Kentucky State Data Center; <sup>3</sup> Sahyoun et al., *The Changing Profile of Nursing Home Residents: 1985-1997*, Centers for Disease Control and Prevention (CDCP), March 2001; <sup>4</sup> "Elderly: Chronic Disabilities Decline 'Sharply,'" National Journal Group, *American Health Line*, 8 May 2001; <sup>5</sup> CDCP; <sup>6</sup> Division of Long-Term Care, Kentucky Medicaid Services; United Seniors Health Cooperative, Washington, D.C.; <sup>7</sup> For a full description of the survey sample and method, see the technical note at <http://www.kltprc.net/policynotes/pn4techinfo.htm>; <sup>8</sup> Wiener and Stevenson, *Long-Term Care for the Elderly: Profiles of 13 States* (Washington, DC: Urban Institute, 1998); <sup>9</sup> Office of the Actuary, HCFA, "1998 State Estimates—Medicaid—Nursing Home Care"; <sup>10</sup> Department for Medicaid Services, Cabinet for Health Services (CHS); <sup>11</sup> American Council of Life Insurance, "Long-Term Care Insurance: An Undiscovered Necessity" <www.acli.com/public/media/pubs/lte\_undisc.htm>; <sup>12</sup> The Commonwealth Fund at www.comwf.org/annrpt/1999/president99.asp>; <sup>13</sup> Kentucky Behavioral Risk Surveillance System, CHS.

**TABLE 2**  
Attitudes About Government's Role in Health Care,  
by Retirement Status, Kentuckians Ages 45 and Older, 2000

	Retired	Not Retired
I think government support is very important in providing medical care to older people.	87%	86%
I am very confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today.	17	9
I strongly agree that financial need should be used to determine how much government support older people receive for long-term care.	54	53

Source: Kentucky Long-Term Policy Research Center, UK Sanders-Brown Center on Aging, UK Survey Research Center

**TABLE 3**  
Importance of Government Support for Long-Term  
Care, by Retirement Status and Age Group

	Very Important	Somewhat Important	Not Very Important
Retired	69%	25%	6%
Not Retired	70	26	4
Ages 45-54	73	23	4
Ages 55-64	66	29	4
Ages 65-75	70	25	6
Ages 75 and Older	68	24	7

Source: Kentucky Long-Term Policy Research Center, UK Sanders-Brown Center on Aging, UK Survey Research Center

**TABLE 4**  
When older people become frail  
and unable to care for themselves,  
who do you think should be mainly  
responsible for their care?

Families & Government	42%
Their Children	28
Government	19
Other	7
Other Family Members	5

Source: Kentucky Long-Term Policy Research Center, UK Sanders-Brown Center on Aging, UK Survey Research Center