



AGING AND LONG-TERM CARE ISSUES IN OHIO

Ohio Long-Term Care Research Project Report

February 2009

Fast Facts

- Ohio currently spends about \$4.7 billion in Medicaid funds, annually, for long-term care (LTC).
- Long-term care costs for older Ohioans account for 42% of our state's total Medicaid expenditures.
- Ohio's Medicaid costs (state only) comprise about one-quarter of the state's \$52 billion biennium budget.
- Ohio spends approximately 75% of LTC Medicaid funds on institutional care and about 25% on home- and community-based services.
- Ohio's severely disabled older population is expected to double from the current 175,000 to 350,000 by 2035.

Background & Overview

While the upper limit of the human lifespan has remained stable through recorded history, the number – and proportion – of people reaching old age has increased dramatically in the past century or so. For example, in 1900 the average life expectancy for Americans was 47 years, and only 3 million people (4% of the overall U.S. population) were age 65 and older. Today, the average U.S. citizen can expect to live 78 years, and some 37 million Americans are now age 65 and older, comprising almost 13% of the country's total population. As the baby boom generation reaches retirement years in record numbers over the next few decades, more than 70 million Americans – 20% of the U.S. population – are projected to be age 65 and older by the year 2030.

The rise in our aging population has brought about many obvious benefits (e.g., a growing number of people enjoying extended retirement and leisure years, more time with grandchildren and great-grandchildren). But the phenomenon has also been accompanied by economic, societal, and personal challenges, as millions in this country who provide care for aging loved ones will attest. These challenges are increasingly affecting our government, and rising Medicaid costs continue to put a strain on both state and federal budgets. This is particularly the case in Ohio, where persons age 60 and older make up a higher proportion (18.3%) of the state's overall population compared with the national average (17.6%), and the per-person cost for providing LTC is higher than in all but nine states.

Because many of the larger challenges related to providing LTC and other health services for an aging population fall to state and local governments, it is imperative that Ohio's legislators and local policy makers have reliable information about the state's aging population and the health-care system that serves them. This summary report focuses on aging and disability in Ohio as well as on utilization and costs of LTC for older Ohioans. Projections indicate that our current system of paying for and providing long-term care to older Ohioans, if left unaltered, will place an unsustainable burden on our state's budget.

Ohio's Aging Population

Ohio, like many Northern and Midwestern states, is losing a portion of its young adult population to its Southern and Southwestern counterparts, and has one of the largest older populations in the country.

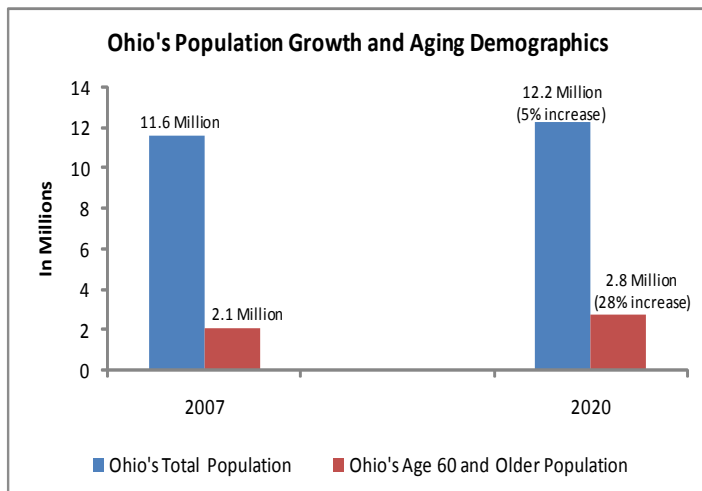
Only California, Florida, New York, Pennsylvania, and Texas have more people age 60 and older. Currently, 2.1 million Ohioans are age 60 and older, constituting 18.3% of the state's overall population.

By 2020, Ohio's age 60-plus population is expected to grow by 28%, from 2.1 million in 2007 to over 2.8 million (see Figure 1). This means that older Ohioans will account for an even larger percentage of the state's total population, which is expected to increase by just 5% during that same time period. This rapid growth of Ohio's older population will place more pressure on the state budget.

There are considerable differences in the proportion of older Ohioans living in the state's 88 counties, with rural counties such as Jefferson comprised of 25% age 60 and older, and suburban counties such as Delaware comprised of as few as 12% age 60 and older.

Also, it is interesting to note that older Ohioans are predominantly female (58%), white (90%), married (58%) and/or living with others (68%).

Figure 1



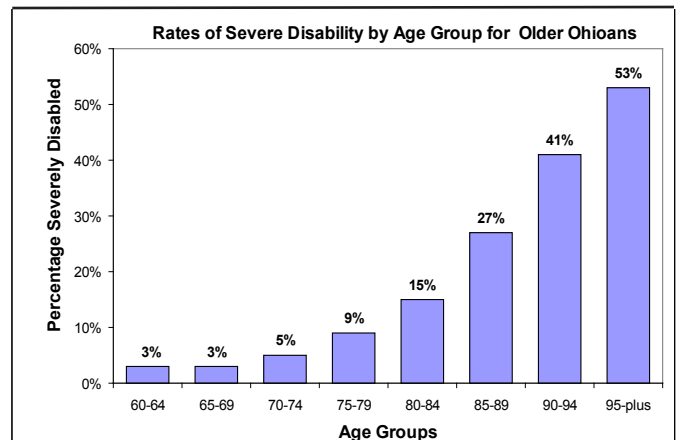
Disability Demographics

As may be expected, disability rates increase with age. For example, more than half of Ohioans age 95 and older have a severe disability, whereas only 3% of older Ohioans age 60 to 64 have a severe disability.

From age 70 on, the rise in disability is steady, with transitions in severe disability rates occurring most notably after age 85. In fact, the severe disability rate in Ohio nearly doubles between age categories 80 to 84 and 85 to 89, from 15% to 27%, respectively (see Figure 2).

The substantial increase in the number of older Ohioans in the decades to come is projected to result in an accompanying increase in the number of persons with moderate and severe disabilities in our state.

Figure 2



Between the years 2007 and 2020, the number of persons in Ohio with severe disabilities – those most likely to need LTC services – is expected to grow by about 13%, from approximately 309,000 to 348,000. Altogether, Ohio may expect an additional 18,500 persons needing publicly funded LTC services by the year 2020.

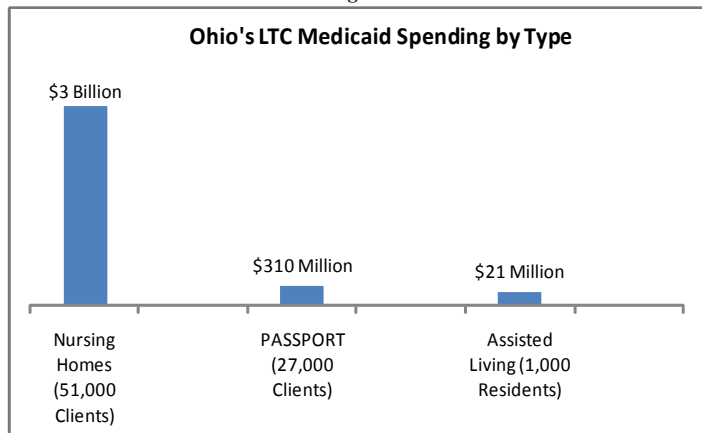
This increase in Ohio's severely disabled population, along with ever-rising health-care costs, is expected to dramatically increase the state's Medicaid costs, as well as Medicaid's proportion of the state's overall budget.

Long-Term Care

Long-term care is a set of services provided to people who have physical and/or cognitive limitations lasting three months or longer. The term is most often used regarding older persons needing assistance with routine activities of daily living, such as preparing meals, bathing, dressing and other types of personal care. These services are provided in one's own home as well as in facilities, such as nursing homes or assisted living residences. A large portion of Ohio's LTC costs, including expenditures for about two-thirds of nursing home residents, is covered by Medicaid. Additionally, Medicaid covers Ohioans receiving home care through the state's PASSPORT program, as well as a small portion of the state's assisted living residents.

Approximately 78,800 older Ohioans currently reside in Ohio's 972 nursing homes, and about 51,000 of them are covered by Medicaid (see Figure 3). Medicaid costs for

Figure 3



nursing home care are about \$59,000, per-resident, per-year. PASSPORT, now in its 25th year of operation, provides in-home and community-based services (e.g., home-delivered meals, personal care, transportation) to a daily census of about 27,000 older Medicaid recipients with impairments severe enough to qualify them for a nursing home-level of care. Medicaid-waiver costs for the average PASSPORT client (services only), per-year, are about \$13,375. Additionally, approximately 18,000 older Ohioans live in the state's 540 residential care and assisted living facilities. Close to 1,000 of them are covered by Medicaid funds through a new waiver (serving up to 1,800 clients). Medicaid (services only) costs for the average Medicaid-funded assisted living resident in Ohio are roughly \$21,000 per-resident, per-year.

Medicaid

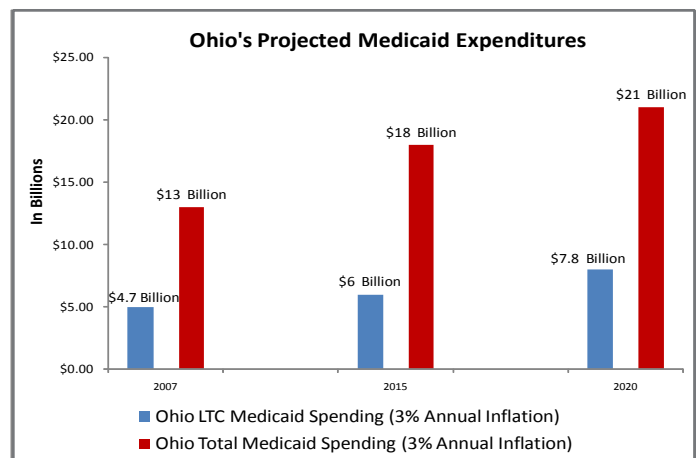
Medicaid is a combined state-federal program offering health-care benefits to the country's low-income population. Annual Medicaid expenditures in this country are approximately \$335 billion.

Roughly one-quarter of Ohio's \$52 billion biennium state budget goes to cover the Medicaid expenditures of close to 2 million Ohioans. Approximately 42% of our state's overall yearly Medicaid budget is allocated specifically for long-term care. Of that amount, about 75% goes for nursing home and other institutional care and roughly 25% to in-home and community-based services.

Ohio's Medicaid costs have far outpaced general inflation in the past decade – and even general health-care costs, which rise at about 8% a year – increasing by 11.5% , annually, between 2000 and 2006.

Given the expected increase of severely impaired older Ohioans in the years to come, even modest inflation projections point to a significant jump in state Medicaid expenses (see Figure 4). For example, a 3% annual inflation rate – combined with an expected 13% increase in the number of severely disabled older Ohioans – translates to a projected 66% rise in state Medicaid LTC costs by 2020, from the current \$4.7 billion to \$7.8 billion.

Figure 4





AGING AND LONG-TERM CARE ISSUES IN OHIO

Ohio Long-Term Care Research Project Report

February 2009

Policy Implications

Projections indicate Ohio's severely disabled older population will increase by 13% to 220,000 in the next decade, and double to over 350,000 by 2035. These numbers suggest that the current system of providing and paying for LTC will be unsustainable in the future. Given Ohio's state budget pressure and our rapidly aging population, it is critical that Ohio's legislators and other policy makers act now to begin crafting a cost-efficient, consumer-friendly, long-term solution to our state's long-term care concerns. The first wave of baby boomers will reach traditional retirement age in 2011. We will need policies in Ohio that:

- ensure that Ohioans can choose the long-term care setting that best meets their individual needs, whenever feasible.
- support families struggling to provide care and assistance to older loved ones at home.
- ensure that the state has enough workers to provide LTC services.
- incorporate cost-efficient best practices in LTC from other states.
- improve the quality of LTC.
- facilitate the integration of acute care and LTC to expand and improve the continuity of care offered to older Ohioans.
- encourage more people to plan ahead for their own (and their families') LTC needs.

References

Mehdizadeh, Shahla. (April 2008). *Disability in Ohio: Current and future demand for services*. Oxford, OH: Scripps Gerontology Center.

Mehdizadeh, Shahla. (June 2007). *PASSPORT cost neutrality*. Oxford, OH: Scripps Gerontology Center.

Mehdizadeh, Shahla, et al. (April 2007). *The changing face of long-term care: Ohio's experience 1993-2005*. Oxford, OH: Scripps Gerontology Center.

Mehdizadeh, Shahla, Nelson, I., & Applebaum, R. (February 2006). *Nursing home use in Ohio: Who stays, who pays*. Oxford, OH: Scripps Gerontology Center.

Applebaum R. and Kart, C. (August 2006). *Aging & long-term care issues in Ohio* (Ohio LTC Research Project). Oxford, OH: Scripps Gerontology Center.

www.scrippsaging.org scripps@muohio.edu (513) 529-2914
396 Upham Hall, Miami University, Oxford, Ohio 45056

This report was prepared by Bob Applebaum, Mike Payne and Jane Straker and is based on previous work by the Ohio Long-Term Care Project Research team. The report is funded as part of a grant to the Ohio LTC Research Project from the Ohio General Assembly through the Ohio Board of Regents. To download additional copies of this report, please go to:
http://www.units.muohio.edu/scripps/research/publications/LTC_Summary.html

For other Scripps reports and publications, go to:
<http://www.scripps.muohio.edu/scripps/research/publications.html>