



**DISABILITY IN OHIO: CURRENT AND FUTURE  
DEMAND FOR SERVICES**

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April 2008

**Purpose:**

In this brief, we estimate the number of Ohioans with a disability in 2007 by age, type, and severity, and project the size of the population with a disability through 2020. In addition, we examine the types of assistance that individuals who experience chronic disability receive. The brief explores the public and private costs of providing long-term care services and supports, today and in the future.

**Background:**

Recent census reports indicate that Ohio's larger cities are losing population, and the state as a whole is experiencing slow population growth. But, even when a state experiences outmigration, the most vulnerable people, the old and the disabled, tend to stay in place.

- In this report we estimate the proportion of Ohio's population experiencing disability in 2007 and project the size of the population with disability through 2020 (when the oldest members of the baby boom generation will be 75 years old).
- Next, we determine the proportion of the population with severe disability relying on formal long-term care providers, and explore the role of Medicaid and other public programs in paying for these services.
- Assuming the population with severe disability continues to use long-term care services at the same rate and intensity in the next 13 years as this population did in 2007, we examine the capacity of the state's long-term care system to meet the increased demand in the absence of any change in infrastructure, and the costs associated with these increases.

**Findings:**

The total population of Ohio is estimated to increase from 11.6 million in 2007 to 12.2 million in 2020, an increase of 5.1% (see Table 1). Almost 1.1 million Ohioans have a chronic disability, and of those individuals 308,500 are considered to be severely disabled. The majority of the population with severe disability have physical and/or cognitive limitations and this group will grow by 15% between 2007 and 2020, compared to a 13% growth in the overall number of people with severe disability.

Year	Total Population	Physical and/ or Cognitive	Intellectual and/ or Developmental	Mental Illness	Total Population with Severe Disability
<b>2005</b>	11,464,045	178,241	36,597	89,673	304,511
<b>2007</b>	11,584,158	181,220	36,899	90,454	308,573
<b>2010</b>	11,764,330	185,672	37,352	91,626	314,650
<b>2015</b>	11,960,871	195,507	37,875	96,037	329,419
<b>2020</b>	12,177,862	208,154	38,485	101,490	348,129

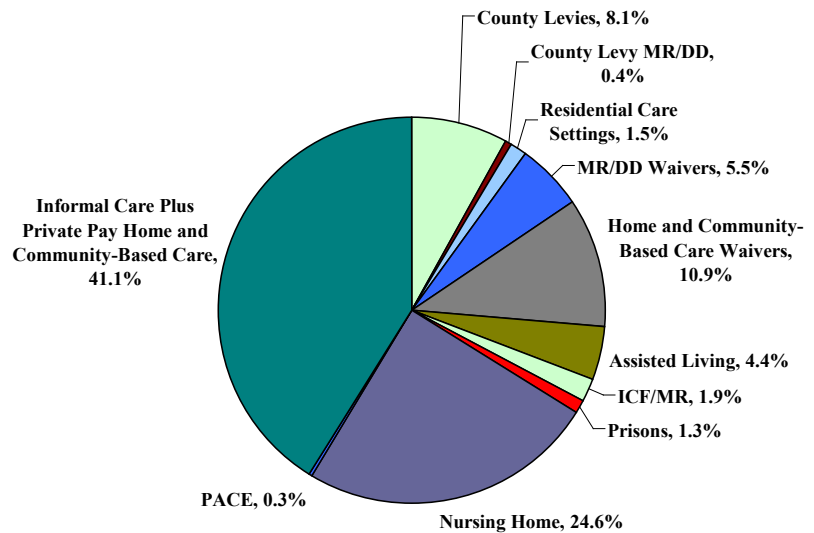
## Who Provides Care for the Population with Severe Disability?

In 2007, of the 308,500 Ohioans with severe disability, 41% received informal assistance from family and friends or purchased care through the provider system, as shown in Figure 1.

- About one quarter received care in nursing homes and an additional 1.9% received services in ICF/MR settings.
- Almost 17% received services through Medicaid home- and community-based waiver programs including a small number in Ohio's Program of All Inclusive Care for the Elderly (PACE).
- 8.5% of the severely disabled population received services from county tax levies, which are most often designed for the population aged 60 and over.
- The remaining population with severe disability is served in residential settings including private assisted living (4.4%), the state's residential care services and support programs (1.5%), and prisons (1.3%).

In projecting the future needs for long-term care we are assuming that this pattern of formal and informal utilization will continue in the next 13 years.

**Figure 1**  
**Estimated Proportion of Ohio's Population with Severe Disability in Different Long-Term Care Settings, 2007**



## What Will Long-Term Care Use Patterns Look Like in 2020 if Nothing Changes?

If Ohioans in need of formal long-term care services have the same choices and preferences for care in the next 13 years as their predecessors did in 2007 — and if Medicaid eligibility criteria stay the same — then, between 2007 and 2020, there will be an increase of about 18,500 individuals who will need formal long-term care paid for by public sources.

Under this scenario, by 2020 there will be:

- An increased average daily census of 11,250 in nursing homes; 7,500 of these people will rely on Medicaid to pay for their care.
- An additional 6,000 individuals will rely on one of the Medicaid home- and community-based services waiver programs;
- Almost 3,770 more people using county levy programs; and
- 518 more prison inmates with physical and/or cognitive disability or mental illness.

The only long-term care providers in Ohio that could meet the future demands without any expansion in infrastructure are the nursing home and residential care facilities that were operating at 86.4% and 76.9% of their capacity in 2005, respectively. Even though these long-term care institutions will have the capacity to accommodate the demand, they too will have staffing challenges.

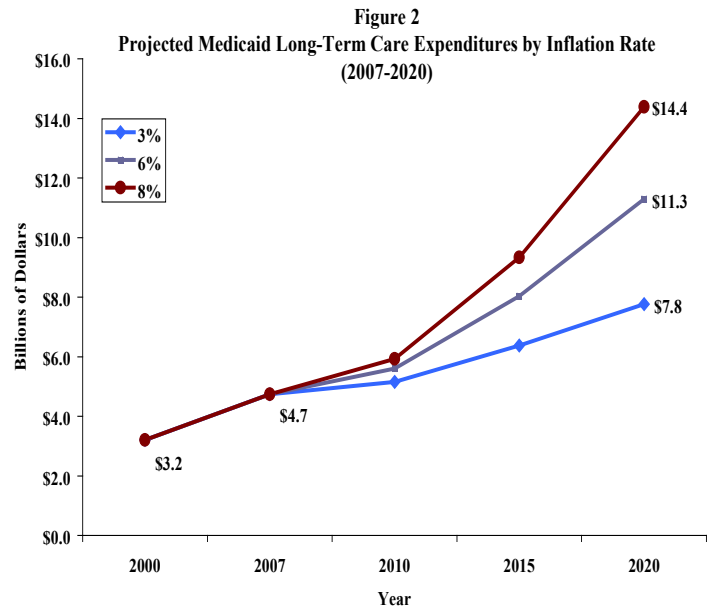
## Predicting Future Medicaid Expenditures

Future long-term care expenditures are dependent on the increase in the number of people served and on the growth in the cost (inflation) of long-term care services. Since 2000, overall health care costs in Ohio have grown between 7% and 8% annually. To show the impact of the inflation rate on Medicaid expenditures we modeled our projections on two growth rates: 3% and 8%.

- An increase of 7,500 Medicaid residents in the nursing home daily census will increase the total Medicaid nursing home bill by \$381 million based solely on that increased census; but, a 3% inflation rate increases the total Medicaid share of nursing home expenditures another \$1.4 billion, making the 2020 total nursing home bill \$1.8 billion higher than in 2007.

## Predicting Future Medicaid Expenditures (cont'd)

- With a 3% inflation rate the total Medicaid cost of long-term care services for Ohio's severely disabled population will increase from \$4.7 billion in 2007 to \$7.8 billion in 2020, an increase of 64%; 52.4% of this increase is due to inflation and 11.6% is due to the increased number of individuals who will need care.
- If Ohio's Medicaid long-term care expenditures increase at an inflation rate of 8%, Medicaid long term-care costs would increase from \$4.7 billion in 2007 to \$14.4 billion in 2020, see Figure 2.
- The estimated future long-term care expenditures necessary to meet the needs of Ohio's aged and disabled population are a function of the increase in the price of long-term care services, more so than the increase in the number of people needing services.



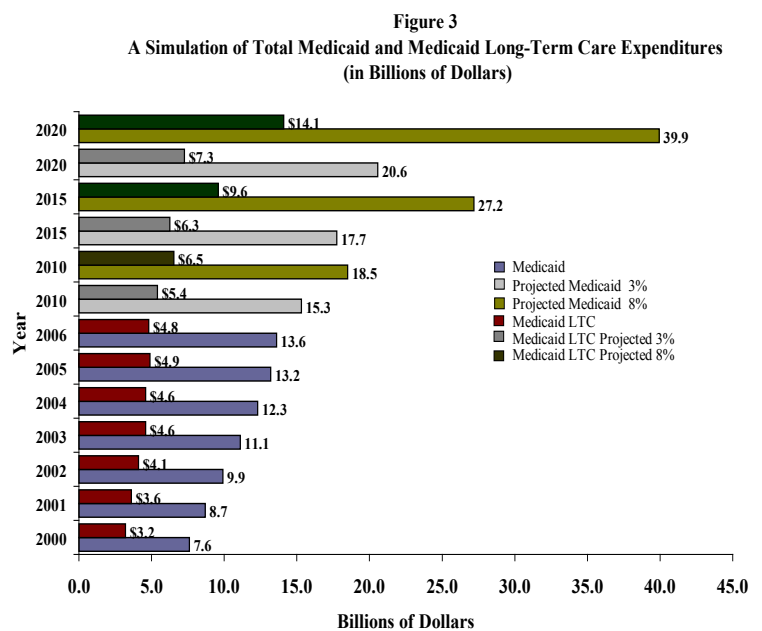
## Medicaid Long-Term Care Expenditures as a Component of Total Medicaid

In the previous approach, described above, we predicted future Medicaid long-term care expenditures by counting the number of people with severe disabilities and calculating their care needs and the cost of that care. In this approach we take the current total Medicaid and Medicaid long-term care expenditures and increase them at an annual rate of 3% and 8% to show the impact of inflation in both total Medicaid and Medicaid long-term care expenditures (See Figure 3).

- On average, between 2000 and 2006, long-term care expenditures accounted for 39% of the total Medicaid budget from all sources (federal, state, and local). During the same time period, in response to the increasing number of people with long-term care needs and the increasing cost of services, the long-term care portion of the Medicaid budget grew by 7.5% annually.

Over the next 13 years:

- A 3% annual increase in the cost of health & long-term care services will increase total Medicaid expenditures to \$20.6 billion and Medicaid long-term care expenditures to \$7.3 billion in 2020.
- An 8% annual increase will push the total Medicaid expenditures toward \$40 billion, while the Medicaid long-term care component will reach more than \$14 billion.



By comparing the two approaches, we learned that compared to cost increases, the impact of the increase in the number of people with disability is relatively small.



## DISABILITY IN OHIO: CURRENT AND FUTURE DEMAND FOR SERVICES

### State Share of Medicaid Expenditures and Ohio's Budget

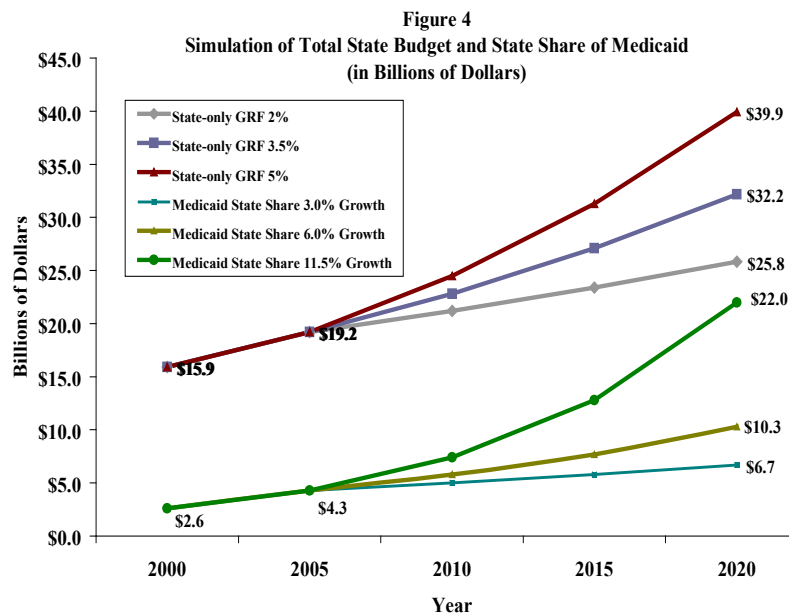
In this section we examine Medicaid expenditures<sup>1</sup> in the context of the overall state budget. Currently 24% of Ohio's General Revenue Funds (GRF) are allocated to the Medicaid program. Two factors affect our estimates for how this proportion can change in the future— growth in Medicaid expenditures and growth of the overall budget.

Ohio has been facing an increase in the number of people enrolled in its Medicaid program and an increase in the price of health care services. The state's Medicaid expenditures have been growing faster than the overall budget: from \$2.6 billion in 2000 to \$4.4 billion in 2006 (an annual growth rate of 11.5%). To study the impact of increases in Medicaid expenditures on Ohio's budget we have examined several annual budget growth rates, ranging from 2%, similar to the most recent budget increases, to a high of 5%, more comparable to the budget expansions of the 1990s; along with annual Medicaid long-term care growth rates ranging from 3% to 11.5% (See Figure 4).

- If the state budget grows at the annual rate of 2% and the Medicaid budget at the rate of 3% for the next 13 years, then by the year 2020 Medicaid would consume 26% of the total state-only GRF.

<sup>1</sup>Excluding federal and local share of Medicaid dollars.

- If, on the other hand, state economic conditions improve, and the state budget grows at the rate of 5%, and Medicaid at 6% annually (still lower than the 6.7% annual projected inflation rate for health care services) the Medicaid share would be about 25% of the state budget by the year 2020.
- However, if Medicaid grows at 11.5% annually, as it did between 2000-2006, then the Medicaid program would consume 68% of total state GRF if the state budget grows at 3.5%, and would consume 55% of GRF if the budget grows at 5% annually.



### Policy Implications:

The number of Ohioans who rely on publicly financed long-term care services and supports has been growing. If Ohio maintains the status quo, we project that by 2020 there will be 18,500 more individuals needing such care. If these Ohioans use formal long-term care services at the same rate as their predecessors did in 2007, there will be an increased demand for services in every facet of the long-term care industry. Some segments of this industry, such as nursing homes, residential care facilities, and ICFs/MR currently have excess capacity; others will have to be expanded legislatively to successfully respond to the anticipated increased need.

The size of Ohio's population with severe disability will increase by 13% during the next 13 years. If Ohio's recent record of health care and long-term care inflation continues, the price of health and long-term care services will grow at a rate of almost 7% annually. It is the cumulative effect of this increase (141%) over 13 years that should compel the state to explore alternatives to long-term care services and supports, which is not so influenced by inflation. With 40% of the overall Medicaid budget allocated to long-term care today, Ohio will need innovative strategies to address tomorrow's long-term care challenges.

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This study was funded by the Ohio Long-Term Care Research Project through the support of the Ohio Board of Regents.