Restructuring Long Term Care: Changing Patterns and Policy Implications

Achieving Higher Ground to Address Future Health Care Needs

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Objectives

- Define long-term care and extent of the problem
- Identify the financing structures and trends in long-term care
- Describe long term care value and quality goals
- Discuss the determinants of long term policy
- Evaluate recommendations and solutions for long-term care policy
Long-term care payment problems fester

We found a solution, Mr. Spent. We've formed a commission to study the issue.
Congressman Adam Schiff
California, 28th District
Framing the Issue

- Current long-term care system is broken
  - About 12 million Americans receive support from LTSS today
  - Existing problems with the organization and financing of the services will only be exacerbated as the Baby Boomer generation ages

- Large projected growth in the number of people with disabilities
  - Largest generation in history growing old
  - Current system not designed to cope with LTC issues
    - Pay for acute care & treatment of short term problems

- People with long-term care needs have high physician, hospital, prescription drug and other acute care costs

- 70% of Americans ages 65 and older rely on some form of long-term services and support (LTSS)
Long Term Care Defined

- Long-term care refers to the services required by people who have functional limitations as a result of or in conjunction with chronic illness or conditions:
  - Assistance and/or Supervision provided a person who has a Physical or Mental Health Disorder/Condition
  - Unable or who cannot any longer function independently
    - Resulting from Injury, Illness, or the Normal Aging Process

- Provides a range of services and supports to meet personal care needs
  - Services and supports over an extended period of time

- Medical care and social support often blurred
LTC: Extent of the Problem

- Aging population
  - Increased demand for LTC services is expected to rise
    - 70% of people who reach age 65 will need LTSS at some point in their lives
    - More people living with multiple chronic conditions

- Among those who need LTC
  - 12M rely upon LTSS
    - By 2050 this is anticipated to increase to 88 M
  - 43% are under the age of 65 (40 M)
  - 2/3 of LTC is paid by Medicaid (40%)
  - Less than 8% of Americans have insurance for LTC

- Federal and state governments spend over $200 billion on long-term care
  - Who will provide and pay for these services and or deliver the care?
(2010), 40 M people age 65 and older accounted for 13% of the U.S. population

- By 2030, this number is expected to jump to 72 M people 19% of the population
- People age 85 and older most likely to need long-term care
  - Projected to grow from 5.5 M in 2010--to 8.7 M in 2030; 19 M by 2050
- As the population ages, the number of people experiencing two or more functional limitations will increase from about 10 M in 2000 to about 21 M in 2040

- Many of these people will require long-term care in their homes and communities or in institutions
Number of Americans Needing Long-Term Care

* The number of Americans aged 65 years and older is growing dramatically. Between 2011 and 2029, 10 thousand Americans will turn 65 every day.¹

48% of Americans 40 Years or Older Say that Almost Everyone Will Need Long-Term Care as They Age, but only 35% have set aside money²


Challenges of the LTC system

- Lack of Affordable Access
- Rising Health Care Costs
  - Repeal of Community Living Services and Support (CLASS) in PPACA
- Concerns regarding Quality of Services Provided
CLASS ACT

- Affordable Care Act of 2010 created the Community Living Assistance Services and Supports (CLASS) Act, a voluntary public long-term care insurance program
- But the Obama administration decided not to implement CLASS in November 2011 after actuaries concluded the program would not be financially self-sustaining
- Congress formally repealed CLASS in January 2013
Financing Structures & Trends

- $50M eligible elderly/disabled are enrolled Medicare beneficiaries
  - LTC outside of scope of services for custodial care
  - Not a funded benefit
  - Covers (48%) of health care costs to enrollees
  - \( \frac{1}{2} \) of beneficiaries assume out-of-pocket expenses for uncovered LTSS
    - In 2012-this accounted for $9.3B (22.4%) for individuals/families
    - Private/public resources $26.1B (11.9%)

- In 2012 total LTC spending was nearly $220M
  - 9.3% of all US personal health care spending ($2.4 trillion)
  - $134.1 B paid by Medicaid
Financing Structures & Trends

- Nursing Homes/HCBS
  - Account for 2/3 (61.3%) of LTC spending

- Lack of LTC benefits/services covered in private insurance in these settings

- Displace individuals financially
  - Exceed finances to provide necessary care required
Cost Comparisons

Nursing Home Care
- $41,724 Assisted Living
- $78,110 Semiprivate room
- $83,585 Private room

Community Based Care
- $18,200 for (5) days of adult day services
- $27,664-$30,576 for (4) hours of homemaker, companion, home health services provided in (7) days per week
Annual Value of Unpaid/Paid Care

Caregivers & Providers

- $450 B (85%) unpaid care to caregivers
- 13% of this amount was paid:
  - Physicians, nurses & therapists (20-30%);
  - Including home health aides, CNAs/personal care aides (70-80%)
Sources Of Care For 12 Million Americans Who Use Long-Term Care Services

Types of Paid Long-Term Care Providers

- 20-30% physicians, nurses, and therapists
- 70-80% home health aides, certified nursing assistants and personal care aides

Unpaid Caregivers
Paid Long-Term Care Providers

NOTES: Estimated annual value of unpaid care in 2009: $450 billion
Sorry...come back when you have spent down most all of your assets.

If only he had purchased long term care insurance.
Medicaid

- Largest 2nd health insurance program
  - Serves low income families
  - Covered $58M beneficiaries in 2012
  - By 2022 anticipated to rise to $18M

- Medicaid health related expenses financed $431.9 billion in 2012
  - Federal spending: $250.5 billion (58%)
  - State $181.4 billion (42%)

- Expenditures in next 10 years projected to increase
  - Average annual rate (7.1%)
  - $853.6 billion by 2022
Medicaid is the Primary Payer of Long-Term Care

Total Long-Term Care Spending, 2011 = $357 billion

NOTE: Total LTSS expenditures include spending on residential care facilities, nursing homes, home health services, and home and community-based waiver services. Expenditures also include spending on ambulance providers. All home and community-based waiver services are attributed to Medicaid.
SOURCE: KCMU estimates based on CMS National Health Expenditure Accounts data for 2011.
LTC Value & Quality Goals

- IOM “Crossing the Quality Chasm” Core domains for health care to better meet patient needs:
  - Safe & Effective
  - Patient-centered
  - Timely & Efficient
  - Equitable

- Need a sustainable approach to LTC policy
  - Innovative and emerging practices to shape the future of the LTC system
    - Interprofessional/intercollaborative care delivery
    - Retaining qualified LTC workforce
    - Early access to care coordination/timely care transitions
    - Expanding Home-based, residential & community services
    - Creative financing efforts
Determinants & Changing Patterns of LTC Policy

- Workforce
- Service Integration
- Financing
Workforce

- Existing workforce shortages & growing demand
  - 1.1 M direct-care workers needed by 2018
  - 7,400 certified geriatricians currently practice; will need 30,000 by 2030 to care for population growth in LTC market
  - High turnover/low wages/limited benefits
  - Lack of skill advancement
  - Minimum training required

- Nursing homes/HBCS little success in attracting qualified applicants

- Workforce planning strategies needed
  - Strengthening/expanding LTC workforce
  - Recruit & retain health providers
  - Adequately train & prepare
Service Integration

- Coordinated care & service delivery connecting components of the health care system
  - Consumer empowerment approach
  - Care coordination for both chronic disease education & home and community-based services (HCBS)
Financing

- Reduce the rate of growth in spending over the long term
  - Greater efficiency in public programs for those who need them
    - Increased reliance on privately funded solutions to constrain the need for publicly funded LTSS
  - Spread risk through insurance, just as the risks of needing health care, disability or retirement income are spread

- Coordinate government regulated but provided by select private long-term care insurers
Workforce, Service Integration & Financing Strategies
Strategies

- Career advancement & incentives
  - Tuition assistance
  - Adequate training & education of direct-care givers

- Greater use of technology
  - telehealth

- Coordinated workforce planning & development
  - Care integration
  - Interprofessional collaborative practice
  - Family Caregivers

- Secure payment structure
  - For both paid and family caregivers
  - Minimize the need of households to rely on public welfare programs
  - Offer lifetime annuities
  - Forced Savings
Financing Strategies

- Lifetime cost spreading is through public insurance where the younger working age generation pays taxes to fund the services of the older generation.

- Individual savings accounts where people of one generation can save each year to ensure adequate resources to afford their own long-term care costs later in life.
  - Form of taxation since the individual has no choice but to save.

- Catastrophic coverage or front-end assistance with home care.
Summary

- Family role (informal care) in care delivery
  - Mechanisms needed to support

- Health resources and workforce strategies to deliver LTC

- Some kind of government insurance program for long-term care, or some kind of private insurance option
  - Private market supply a solution to the aging population’s need for affordable long-term care

- Savings from eliminating inappropriate medical care
  - One-third of all care could be used to finance the expansion of long-term care services
GIVE LTC SOME TLC
References


References


References


References


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References
