



Center for Social Development

GEORGE WARREN BROWN  
SCHOOL OF SOCIAL WORK



Washington University in St. Louis

# Long-Term Care in the United States: Who Pays?

Jennifer C. Greenfield, MSW

Financial Capability Across the Life Course Conference

October 25, 2012



# The LTC “Perfect Storm”

- Baby Boomers are reaching age 65 – at a rate of 10,000 a day until 2030
- Life expectancy for 65 yr olds: 85
- Medical advances extend life, but new treatments come at a cost
- 80% of older adults have at least one chronic condition; 50% have at least two



# Who receives care?

- 10-15 million currently receive LTC
  - 1.5 million in skilled nursing facilities
- Of those living in the community
  - 25% live alone
  - 50% have income < 200% FPL  
(median household income = \$32,000/yr)
- Women more likely to receive LTC
- Diversity of LTC recipients roughly mirrors general population



# Who provides care?

- 45-60 million unpaid caregivers in US
  - 62% of LTC recipients have no paid help
- 60% of caregivers also have paid jobs
  - 40% work full-time
  - 42% have incomes below \$50,000
  - Median household income: \$57,000
- Almost half over age 50
- 66% are women; 70% White
- Roughly 1/3 have children at home



# Who else provides care?

- 3 million employed as direct care workers
- Most employed by for-profit companies
  - 12% self-employed or have private arrangements
- Avg. annual salary: \$17,000
- 47% rely on public benefits (SNAP, Medicaid, etc.)
- 47% White, 30% Af-Am, 16% Latino
- Avg. age: 42



# What does LTC cost?

- \$240 billion spent in US in 2009
- 69% of this paid by public programs
  - 19% paid by families
  - 7% paid by private insurance
- Avg. annual nursing home cost: \$88,000
  - Over \$100,000 in 10 states
  - MO: \$55K; NY: \$123K
- Less than 10% of US has LTC insurance



## Other costs?

- Families provided \$450 billion worth of care in 2010
- Out of pocket expenses can be significant
  - Estimated at \$5,500 to \$12,000 per year
- Important health and mental health impacts
  - Higher rates of mortality and morbidity among caregivers
  - Stress, lack of training, physically demanding tasks are primary challenges



# Longevity as an Economic Liability

- Costs increase with longevity
- Public programs and private households both at risk
  - Medicaid is insurance for most, but requires impoverishment
- Those already more vulnerable to poverty affected disproportionately by LTC
  - Women more likely to need care and to give care
  - Minority populations more likely to have low-wage caregiving jobs
  - Cumulative disadvantage may make some populations less resilient to economic shocks



# Recent Policy Innovations

- Shift from nursing home care to home- and community-based services (HCBS)
  - Also called Consumer-Directed Services
  - Money Follows the Person, Cash & Counseling written into ACA
- Theory is that this will save money and improve consumer satisfaction
- Two big questions remain:
  1. DOES it save money?
  2. SHOULD it save money?



# Recent Policy Innovations

- CLASS Act
  - Written into Affordable Care Act
  - Created a national, voluntary, long-term care insurance program
  - Would have paid \$50/per day when help with 2-3 ADLs was needed
  - Plan scrapped because of actuarial issues
- State LTC Insurance Partnership Program
  - Provides incentives for individuals to purchase private insurance
  - Has had very low uptake



# Where do we go from here?

- LTC is an insurance problem
  - The not-so-small risk of a catastrophic loss
  - The private insurance market has failed
  - Public policy solution not politically feasible
- LTC is a also social justice issue
  - Vulnerable populations affected at same rates
  - Life course cumulative disadvantage may make affects of LTC and caregiving costs worse
  - Vulnerable populations virtually absent from the discussion



# The work ahead

We need to more about:

- Financial impacts of caregiving
- Economic effects of shift to HCBS
- How vulnerable populations are affected by LTC, caregiving, workforce issues
- How various policy solutions would affect consumer behavior
  - Add LTC to Medicare, or expand Medicaid, or make CLASS program mandatory
  - Impose workforce regulations



# References

- Agency for Healthcare Research and Quality (2010). The Characteristics of Long-Term Care Users. Retrieved from <http://www.ahrq.gov/research/ltcusers/ltcuse.htm>
- Centers for Disease Control (2012). Life expectancy at birth, at 65 years of age, and at 75 years of age, by race and sex: United States, selected years 1900-2007. Retrieved from <http://www.cdc.gov/nchs/data/hus/hus10.pdf#022>
- Centers for Medicare and Medicaid Services (2012). Balancing Long-Term Services and Supports. Retrieved from <http://www.medicare.gov/Medicare-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Balancing/Balancing-Long-Term-Services-and-Supports.html>
- Evercare, in collaboration with the National Alliance of Caregivers (2007). Family caregivers: What they spend, what they sacrifice. Minnetonka, MN: Author. Retrieved from [http://www.caregiving.org/data/Evercare\\_NAC\\_CaregiverCostStudyFINAL20111907.pdf](http://www.caregiving.org/data/Evercare_NAC_CaregiverCostStudyFINAL20111907.pdf)
- Feinberg, L., Reinhard, S. C., Houser, A., & Choula, R. (2011). Valuing the Invaluable: 2011 Update. The Growing Contributions and Costs of Family Caregiving. Washington, DC: AARP Public Policy Institute. Retrieved from <http://assets.aarp.org/rgcenter/ppi/ltc/i51-caregiving.pdf>
- Kaiser Family Foundation (2012). Medicaid and long-term care services and supports. Publication #2186-09. Washington, D. C.: Author. Retrieved from <http://www.kff.org/medicaid/upload/2186-09.pdf>



# References (cont'd)

- Kaye, H. S., Harrington, C., & LaPlante, M. P. (2010). Long-term care: Who gets it, who provides it, who pays, and how much? *Health Affairs*, 29(1), 11-21. doi: 10.1377/hlthaff.2009.0535
- National Alliance of Caregivers in collaboration with AARP (NAC/AARP, 2009a). *Caregiving in the U.S. 2009*. Bethesda, MD: Author. Downloaded on July 20, 2010 from [http://www.caregiving.org/data/Caregiving\\_in\\_the\\_US\\_2009\\_full\\_report.pdf](http://www.caregiving.org/data/Caregiving_in_the_US_2009_full_report.pdf)
- Paraprofessional Healthcare Institute (2011). Who are direct-care workers? New York: Author. Retrieved from <http://www.directcareclearinghouse.org/download/NCDCW%20Fact%20Sheet-1.pdf>



# Thanks!

Jennifer Greenfield  
jcgreenfield@wustl.edu

Special thanks for support from:  
The Center for Retirement Research at Boston College  
The John A. Hartford Foundation  
The National Association of Social Workers  
and The Atlantic Philanthropies