

## Joint Legislative Audit and Review Commission

# Impact of an Aging Population on State Agency Services

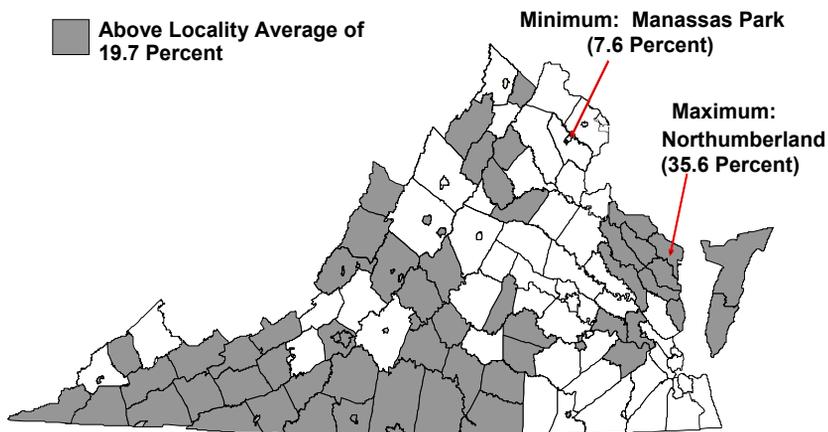
Joint Commission on Health Care

October 17, 2007

## Scope and Content of the Study

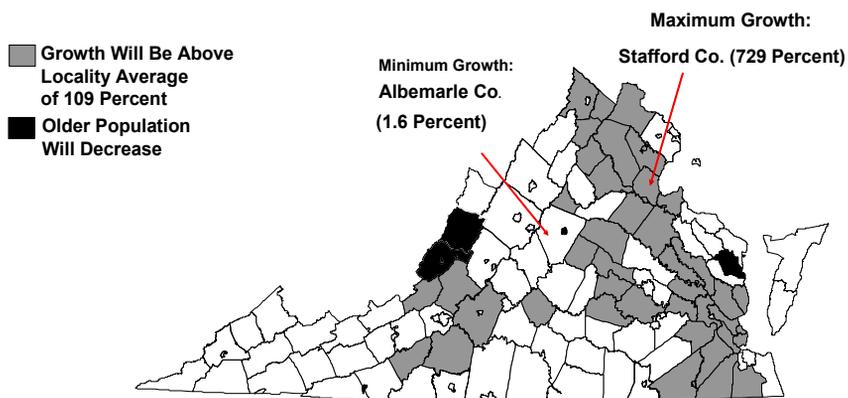
- The impact that an aging population will have upon State agencies in future years will ultimately be determined by State policymakers
- In most cases, increases in service provision are not inevitable, but instead rest upon policy choices
  - What is the role of the State in ensuring a minimum safety net?
  - What minimum quality of life for older Virginians is considered to be desirable, necessary, or affordable?
- Certain factors may affect extent of demand
  - Disability rates, availability of federal funds or caregivers, ability of retirees to pay for long-term care and other costs

## Older Persons as Percentage of Population (2004)



Source: JLARC staff analysis of U.S. Census Bureau Annual Estimates of the Population for Counties of Virginia.

## Projected Growth of Older Population, 2000 – 2030



Source: JLARC staff analysis of data compiled by VDA from Final Population Projections prepared by VEC.

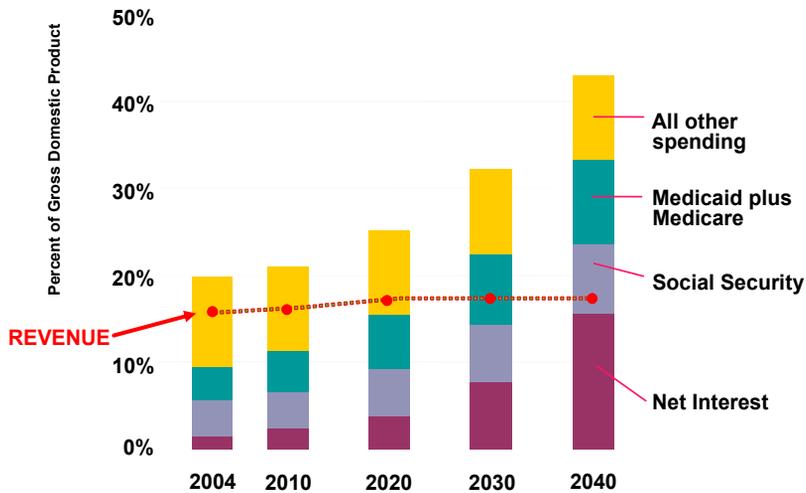
## Future Trends In Overall Disability Rates Are Not Well Understood

- Nationally, disability rates among older Americans have been decreasing for many years
- Published studies disagree about future trends of overall disability rates
- Certain factors, particularly those reported among baby boomers, may increase future disability rates
  - Number of Virginians with Alzheimer’s Disease is expected to increase, which may impact spending
  - Obesity is reported to persist into later life and increase health care costs. More baby boomers are obese than today’s older Virginians

## Trends Suggest Some Retirees May Not Be Able To Pay for Health Care

- Trends that may affect ability of persons to pay for health care and other services include:
  - Decreasing availability of private-sector pensions and retiree health care benefits
  - Some baby boomers may have less income in retirement than today’s retirees
- If these trends continue, State and local agencies may face increased service demands
  - However, projected decreases in poverty rates suggest that eligibility rates for Medicaid may decrease

## Federal Spending After 2015 Is Described as "Unsustainable"



## Future Availability of Caregivers Could Affect Extent of Impact on Agencies

- Informal, unpaid caregivers provide most of the care to older persons, and may mitigate need for publicly funded services
- Future availability may be affected by trends in workforce participation and family structure
- State support could increase future caregiver availability, but there is unmet demand for current State-supported services
  - State funding for Caregivers Grant has been inconsistent
  - Statewide capacity for adult day care centers is 2,406

## Adult Day Care Is Not Available Statewide

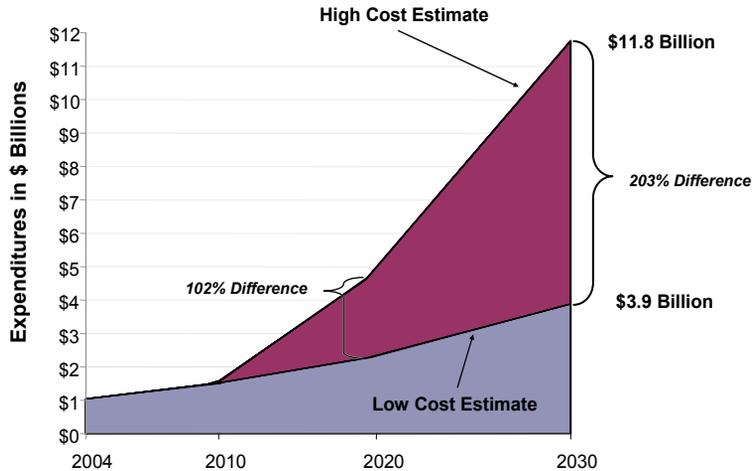


Source: JLARC staff analysis of DSS data on licensed adult day care facilities as of June 2004

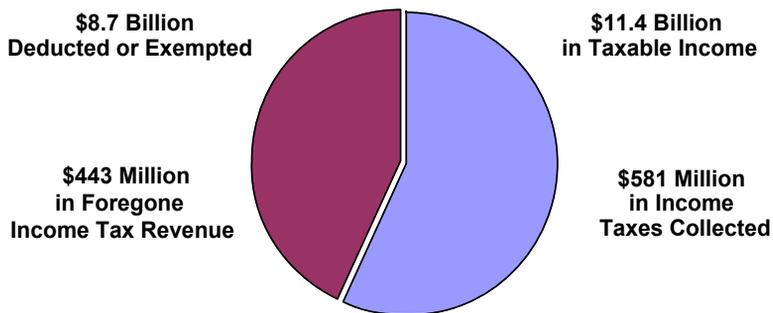
## Projections Indicate Shortage of Nurses and Other Health Care Workers

- Virginia studies indicate aging population will contribute to projected shortage of nurses
  - PriceWaterhouseCoopers reports current shortage of 2,763 health care workers in northern Virginia
  - State Council of Higher Education for Virginia reports shortage of 22,600 registered nurses in Virginia by 2020
- Schools report inability to train all qualified applicants
  - Difficulty recruiting and retaining nursing faculty
  - Limited number of clinical sites
  - Inadequate student aid

## Medicaid Costs Are Projected To Increase



## Older Taxpayers May Affect Annual Income Tax Revenues (Age 65 and Older)



- In addition to impact on income tax collections, sales and use taxes may also be impacted because spending decreases with age

Source: Virginia Department of Taxation, Tax Year 2002

## Local Agency Staff Report Shortages of Medicaid-Funded Nursing Home Beds

- Seventy-nine percent of Medicaid nursing home expenditures are for persons age 65 and older
- Projections indicate total Medicaid nursing home expenditures will increase
- Local agency staff report shortages, although 91 percent of nursing home beds are Medicaid certified
- Certain factors may impede access
  - Nursing homes are reportedly unwilling to accept clients with behavioral problems or complex needs
  - Nursing homes reportedly prefer higher-paying clients



## Shortage of Auxiliary Grant Beds in Assisted Living Is Reported

- Assisted living facilities provide care to people who need residential care but who do not qualify for nursing home admission
- Assisted living facilities that accept the auxiliary grant agree to charge no more than the auxiliary grant rate
  - About 44 percent of auxiliary grant recipients are age 65 and older, and expenditures in FY 2004 were about \$8 million
- Some areas lack auxiliary grant beds
  - This is reported to impact certain localities due to increased demand for other local agency services



## **Mental Health, Mental Retardation, and Substance Abuse Services**

- Community services boards (CSB) report that their reliance on Medicaid results in restrictions on who is served
- Nursing homes report that Medicaid rate limits hiring of staff needed for residents with behavioral problems
- State mental health hospitals, and mental retardation training centers, affected by a lack of private & community-based services
- Lack of community providers of MH, MR, and SA services with geriatric training



## **Mental Health, Mental Retardation, and Substance Abuse Services (continued)**

- Mental health (MH): Persons with behavioral problems due to dementia are typically not eligible to receive publicly funded MH services. Other public services are not designed to meet their needs
- Mental retardation (MR): The lifespan of persons with MR is increasing. Lack of appropriate supportive services in the community may result in institutionalization
- Substance abuse (SA): Medicaid just began to pay for some SA services, but the number of older Virginians who need SA services may increase



## **Mental Health, Mental Retardation, and Substance Abuse Services (continued)**

- Medicaid projections do not account for likely impact of increasing life expectancy among persons with MR, or the aging of their informal caregivers
- Extent of existing unmet need for MH, MR, and SA services may be greater for today's older Virginians because of self-reliance and stigma
  - Baby boomers may be more willing to demand services



## **Increasing Demand for Home and Community-Based Services May Further Strain "Patchwork" System**

- Funding constraints are reported to limit the amount of services provided to recipients
- Extent of education and outreach efforts are limited
  - Local agency staff report not wanting to increase demand for services they cannot provide
- Data indicate services are not provided to some eligible older Virginians
  - 90 of the 120 local DSS agencies report unmet demand. Waiting lists for companion care exceed ten months in 18 localities, and exceed 12 months in another 36 localities
  - Local DSS and AAA staff also report rationing services by providing lesser amounts than seniors require



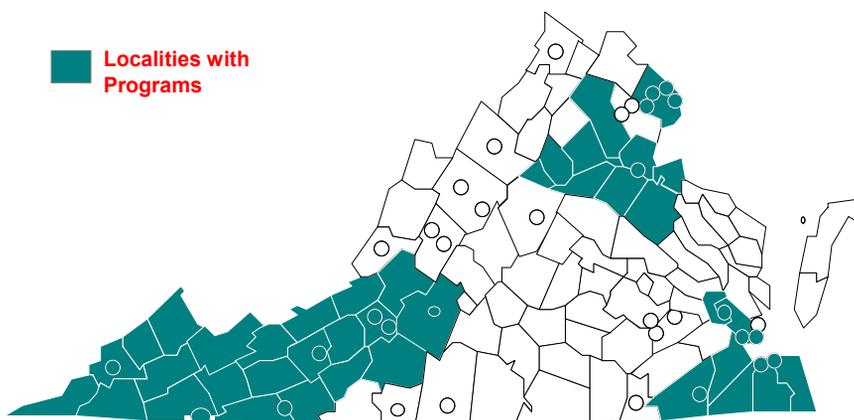
## Availability of Case Management May Need to Increase

- Local pre-admission screening (PAS) teams report many persons seek Medicaid long-term care services after a crisis
  - PAS teams are not required to assist persons find a Medicaid provider
  - Some local PAS teams provide non-mandated case management
- Some AAAs also provide case management or “care coordination”
- If demand for home and community-based services increases, use of case management or similar programs may need to increase

## Services for Vulnerable Older Virginians Are Limited

- Local DSS staff report that funding limitations restrict their ability to provide adult protective services
  - State DSS staff report funding is sufficient for investigations
  - LDSS staff report inability to provide services to address abuse or neglect after an investigation. Waiting lists for other DSS services appear to exacerbate this situation
- Long-Term Care Ombudsman program responds to complaints about quality of long-term care services
  - Current staffing level is below 1:2,000 level established in statute
  - Very few calls are from non-institutional clients, but increasing demand for home and community-based services could increase demand for this service as well

## Public Guardianship Programs Are Not Available Statewide



VPGCP serves 213 people, but unmet demand is estimated to be about 2,000

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## For More Information

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