

Boom or Bust?



Aging baby boom generation strains Ohio's finances

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Ohio faces an unprecedented demographic challenge with the aging of the baby boomer generation. A very real threat is that Ohio's Medicaid budget will balloon – and burst. Ohio lawmakers are urged to **increase the state's investment in the home- and community-based wellness infrastructure that is the proven key to unlocking Medicaid savings.**

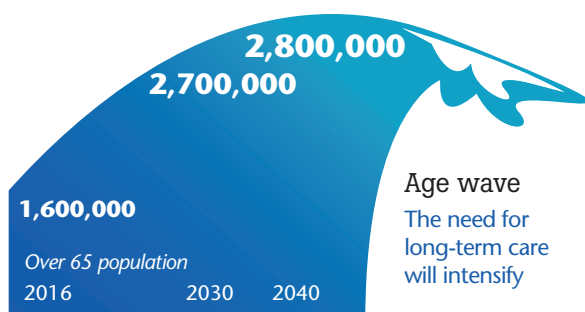
By 2030, adults 65 years and older will make up nearly 25% of Ohio's population, up from 14% today. This dramatic change in life span is a cause for both celebration and concern.

The massive numbers of the "oldest old" will unleash a torrent of Medicaid spending that threatens the state treasury. The burden falls to Medicaid because many individuals deplete their assets to pay for long-term care that Medicare doesn't cover.

Too often, people are compelled to enter costly nursing homes solely because they can wait no longer for a paid caregiver to tend to their needs at home. The PASSPORT rate for home care agencies has not only failed to keep up with the cost of doing business; rates have actually declined. Consequently, more home health agencies will close their doors just as the need for their services escalates.

Medicaid already soaks up 25% of the general revenue budget. When the number of older Ohioans with disabilities doubles by 2040, Medicaid spending could explode by nearly 50%.

Absent meaningful changes, a nearly \$2 billion gap in state revenue would occur, crowding out other spending. **Policy makers must decide: How do we help aging baby boomers without busting the budget?**



Scripps Gerontology Center, Miami University

Supporting alternatives to Medicaid

Ohio policymakers can't stop the aging process, but they can reduce Medicaid spending by investing in long-term care alternatives to Medicaid. Ohio faces a daunting task, if changes are not made now before the oldest cohort of baby boomers needs long-term care services.

To avert a ballooning budget, Ohio must combine Medicaid savings with delayed entry into nursing homes through investments in home- and community-based care.

Gray skies in the forecast

Ohioans are living longer, *but not necessarily better*. These are the economic consequences:

We are sicker and cost more.

- Chronic disease rates and disability are higher among baby boomers than members of the previous generation at the same age; the health ranking for Ohio seniors dropped eight spots from 30th in 2015 to 38th in 2016
- The personal price tag for long-term care is very high, which explains why nearly a third (30%) of older persons are projected to need Medicaid assistance

More of us are hungry and neglected.

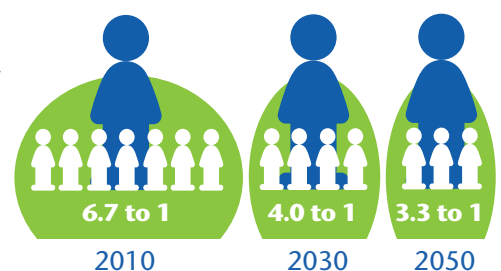
- Ohio has the 10th highest number of seniors at risk of hunger in the nation, the worst state in the Midwest
- At least 105,000 seniors are abused or neglected each year, increasing four-fold the likelihood they will be admitted to a nursing home; one in 10 financial abuse victims will turn to Medicaid

We are relying more on professional caregivers.

- More Ohioans will lack voluntary care because they will not have a family member available or willing to provide it, and due to low wages, the shortage of paid home care workers will worsen
- Unpaid caregivers report physical, emotional and financial stress, and many opt out of full employment

The caregiver gap

By 2050 in Ohio, there will be only 3 potential family caregivers for every person of late old age



AARP Public Policy Institute

The silver lining: Area Agencies on Aging

Over more than two decades, Area Agencies on Aging have increased consumer choice and lowered long-term care costs. Since the inception of PASSPORT in 1992, the rate of people receiving nursing-facility care compared to in-home care has decreased from more than 90% to 52% in 2013. Because the state spends three times more money to care for a person in a nursing home than at home, diversion from institutional care produces substantial savings.

Such basic services, whether funded by Medicaid or not, as home-delivered meals, personal care, medical transportation, and adult day care are all that many seniors need to remain independent in their homes. Even older individuals with severe disability can be assisted through in-home and community services.

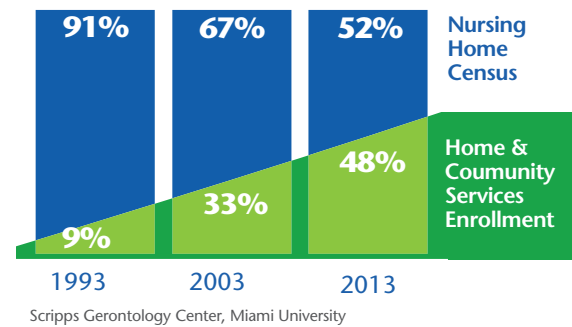
Medicaid savings and delay: A new focus for aging services

Simply maintaining today's long-term care spending balance is not enough to avoid a Medicaid "overdraft." Investing now in Medicaid programs to enable people to age in place will *reduce* Medicaid spending in the long term by *lowering* expenditures on nursing home and hospital care.

As many as a quarter of Medicare recipients spend their total assets on out-of-pocket health care expenses during the last five years of their lives. Once they become impoverished, they become part of the soaring Medicaid enrollment, so delaying Medicaid for even six months can equate to considerable cost savings.

The state is in the third year of a pilot program, called MyCare Ohio, to manage the cost of care for Ohioans who receive both Medicaid and Medicare. But the state will be unable to manage the wave gathering force – not without Medicaid diversion. *The best way to "manage" Medicaid is not to spend it.*

Progress toward a balanced system



Striking the balance between care and cost

Ohio must accelerate the Medicaid "balancing act" through two strategies:

Save money now inside the Medicaid system

- Eliminate wait lists for home care services that force older adults into nursing homes, by increasing PASSPORT rates to enable home care agencies to attract and retain workers.

Capture future savings by delaying Medicaid enrollment

- Restore the Senior Community Services block grant funding to its 2001 peak of \$15 million per year from \$7 million per year, to enable AAAs to serve more Ohioans at home and in the community. These funds augment dwindling Older Americans Act funding for senior nutrition, transportation, home repair and personal care.
- Increase investment in the adult protective services system to reduce physical and financial harm.

Preparation must start now

The only way to avert financial catastrophe is keeping older adults out of the Medicaid system while sustaining their quality of life. Policymakers must make critical decisions now to balance the state budget with the needs of the aging baby boom generation.



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