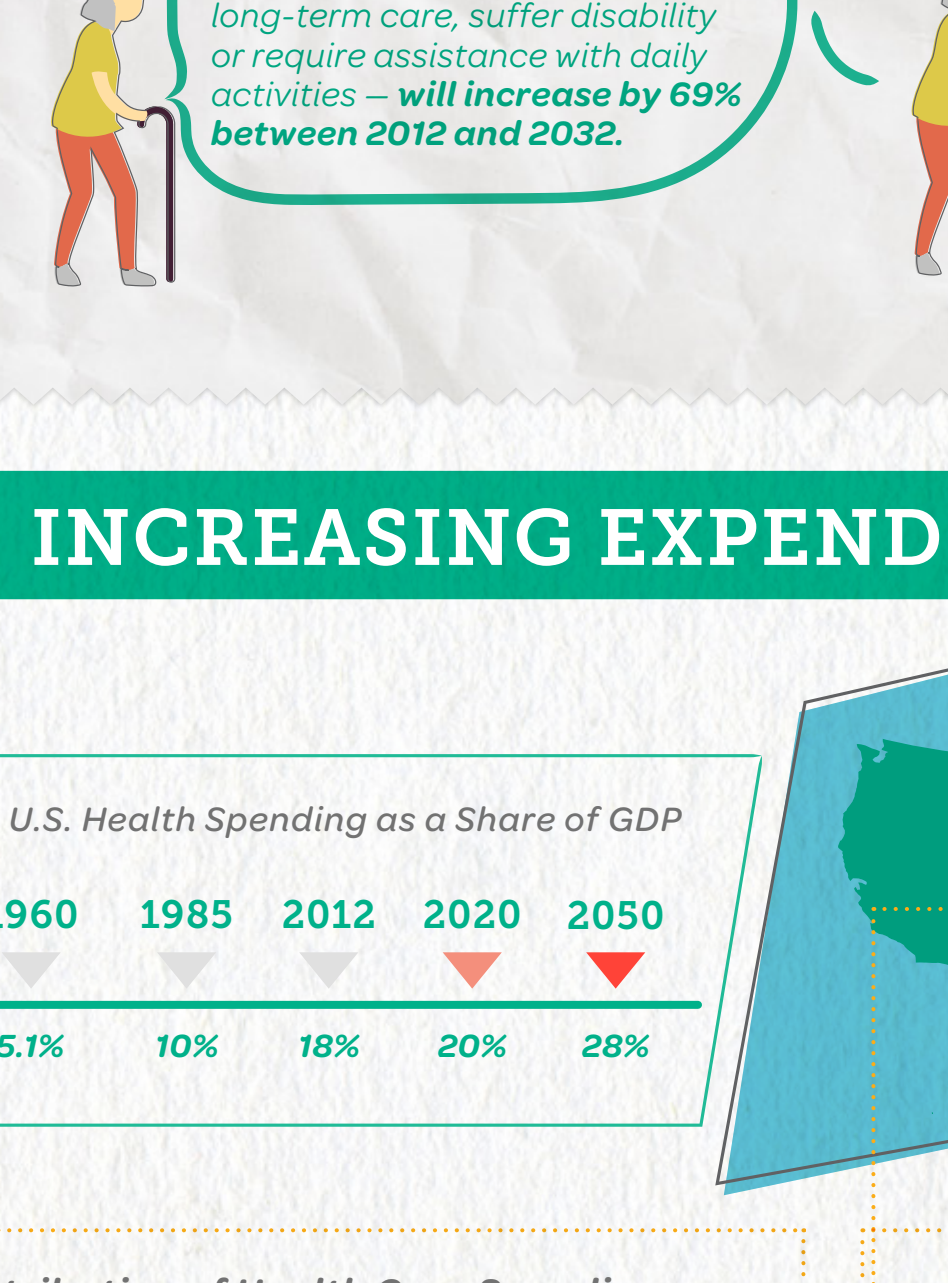


THE COST OF AGING IN AMERICA

As baby boomers age, the sheer number of older adults will be unprecedented in U.S. history. The portion of the population living on fixed incomes with high medical expenses will increase as the proportion of seniors — especially those older than 85 — grows. As a result, the health care system and federal programs such as Medicare and Social Security will come under increasing financial strain.

In 2010, there were already 40.3 million people aged 65 and older — 12 times the number in 1900.

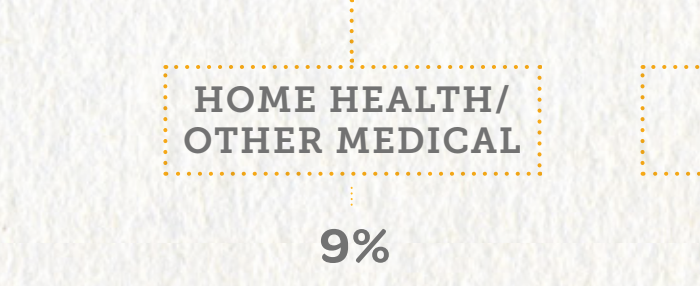


AARP reports that the 85 and older population — those most likely to require expensive long-term care, suffer disability or require assistance with daily activities — will increase by 69% between 2012 and 2032.

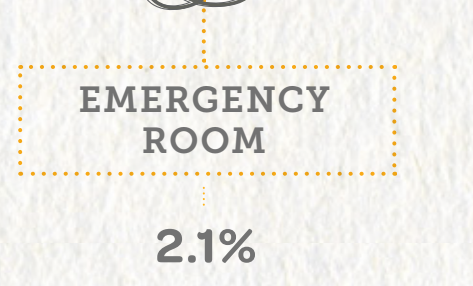
Between 2012 and 2050, the number will triple, increasing by **224%**.

INCREASING EXPENDITURE RATES

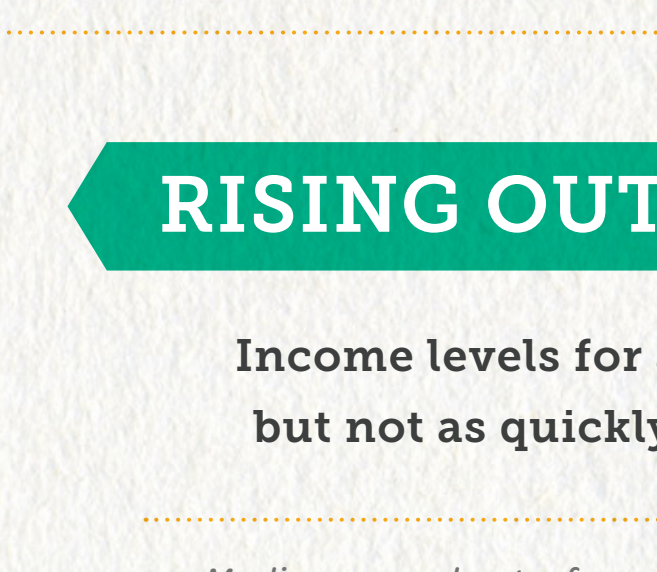
U.S. Health Spending as a Share of GDP



U.S. Health Spending as a Share of GDP



Distribution of Health Care Spending for Aging Americans by Payer



In 2012, 49.5 million people (16% of the entire U.S. population) were covered by Medicare — roughly 10 million more than in 1999.



In 2013, Social Security and Medicare together accounted for 41% of federal expenditures.

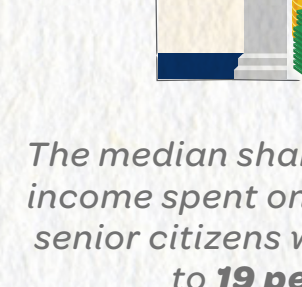


According to the 2014 Annual Report, neither "can sustain projected long-run programs in full under currently scheduled financing."

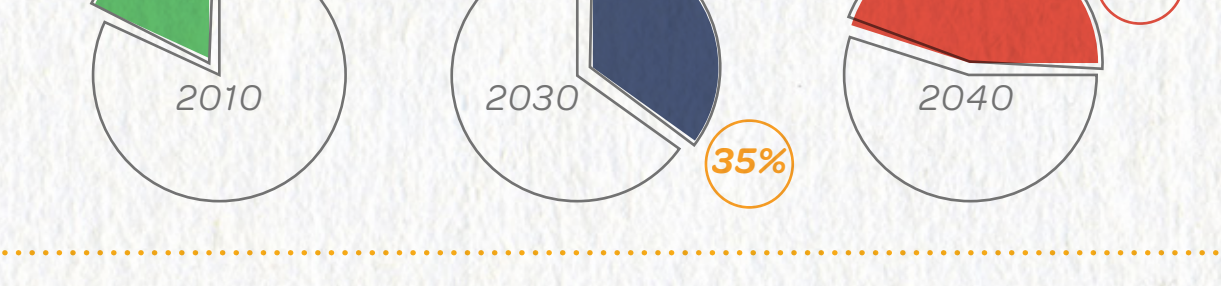
Average health care expenses for those 65 and older



Average expenses for those under age 65



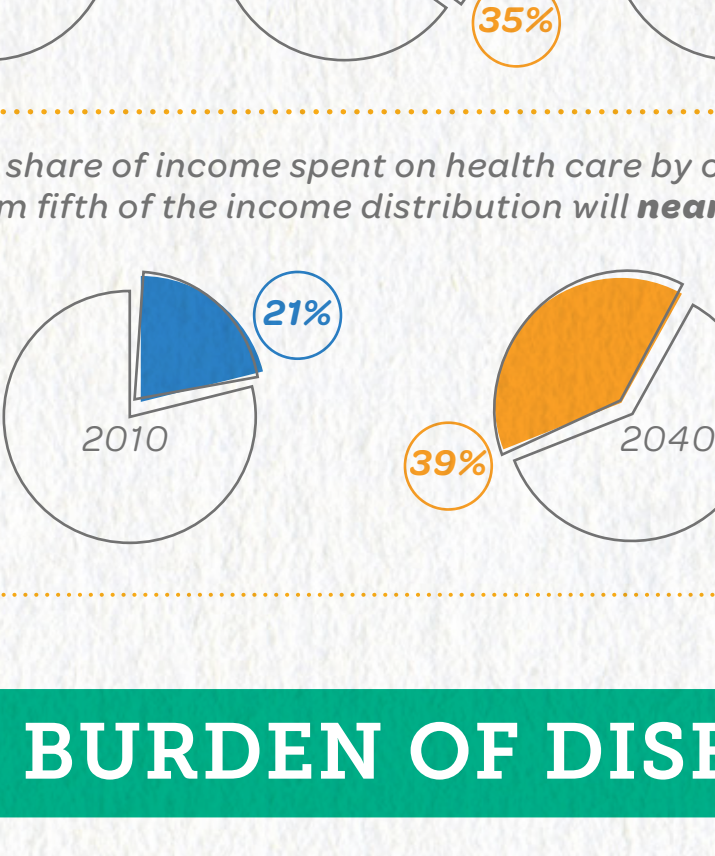
Distribution of Health Care Spending for Aging Americans by Type of Service



RISE OUT-OF-POCKET COSTS

Income levels for aging Americans are increasing, but not as quickly as their medical bills. By 2040:

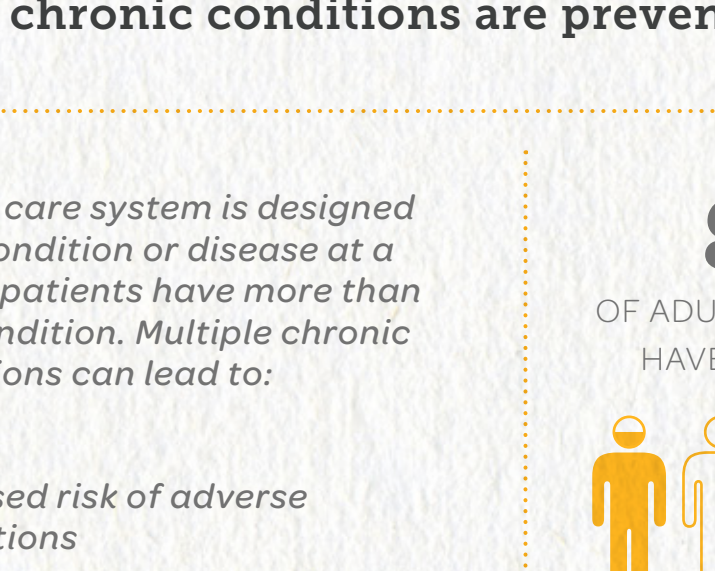
Median annual out-of-pocket costs for Americans age 65 will nearly double:



Almost half of all adults age 65 and older will spend more than 1/5 of their household income on health care:



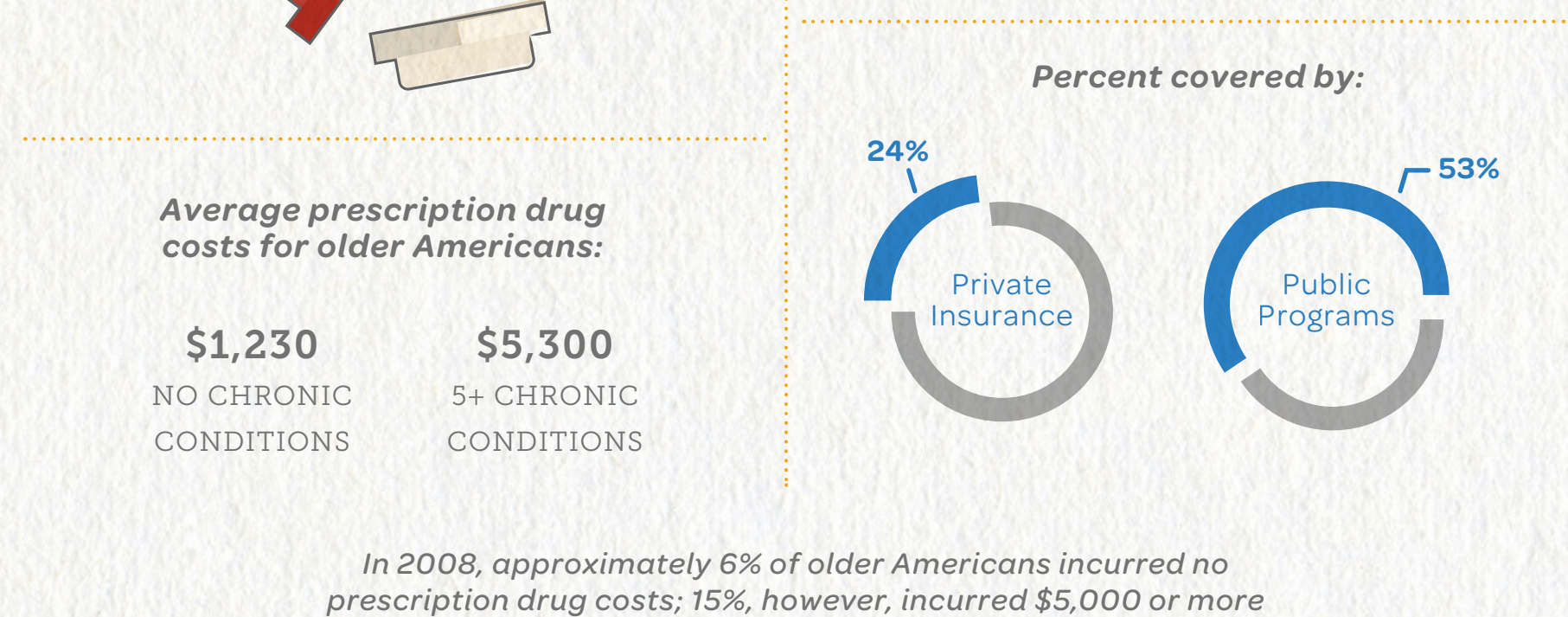
The median share of income spent on health care by older adults in the bottom fifth of the income distribution will **nearly double**:



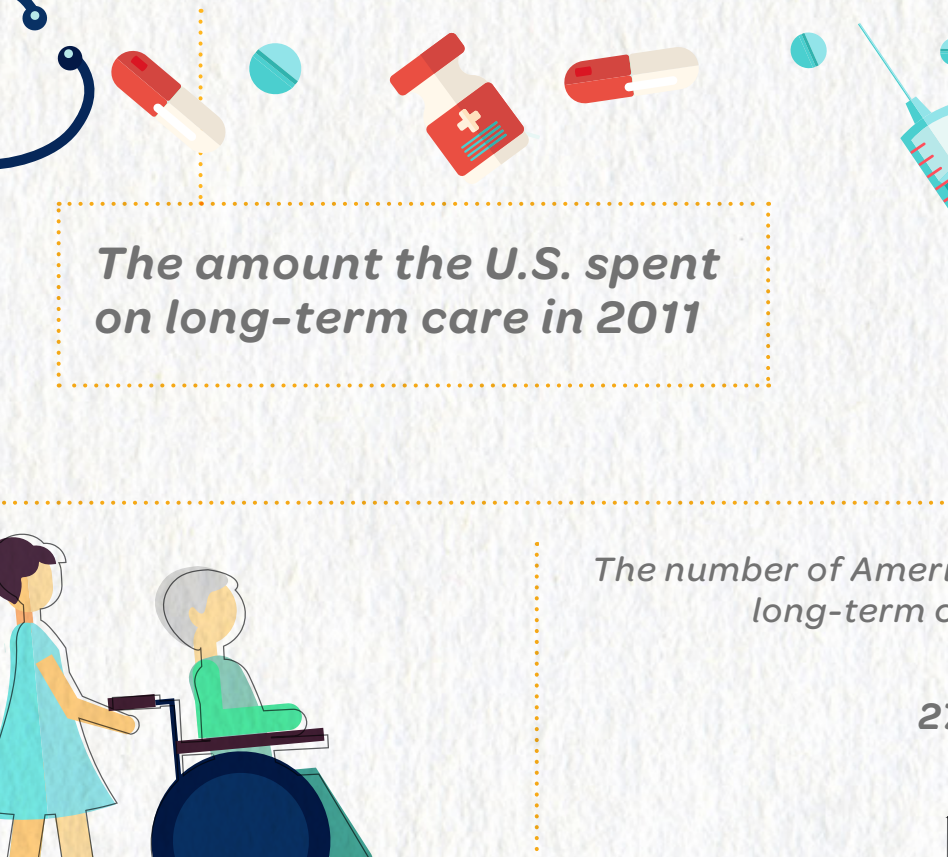
THE BURDEN OF DISEASE

In the U.S. and other parts of the world, the main causes of death have shifted from infectious diseases — such as pneumonia, smallpox and tuberculosis — to chronic diseases such as cancer and heart disease.

Top 5 Causes of Death Among 65 and Over (2010)



THE IMPACT OF CHRONIC CONDITIONS



Chronic conditions like diabetes are expected to become as or more prevalent than acute health care problems — and many chronic conditions are preventable.

The U.S. health care system is designed to treat one condition or disease at a time, but many patients have more than one chronic condition. Multiple chronic conditions can lead to:

- An increased risk of adverse drug reactions
- Conflicting health advice
- Unnecessary and duplicative tests
- Preventable hospitalizations

JUST **9.3%** OF ADULTS WITH DIABETES HAVE ONLY DIABETES.



THE ROLE OF PRESCRIPTION DRUG COSTS

Though out-of-pocket prescription drug costs for older Americans have decreased since the Medicare Prescription Drug Plan (Part D) was introduced in 2006, these costs still vary widely from person to person.

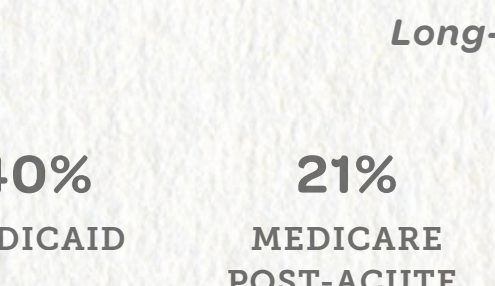
Average prescription costs per person:



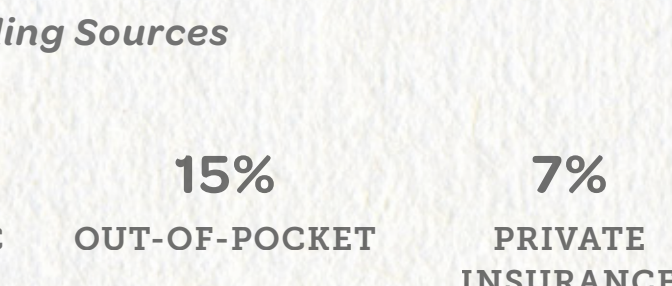
Percent paid out-of-pocket by older Americans:



Average prescription drug costs for older Americans:

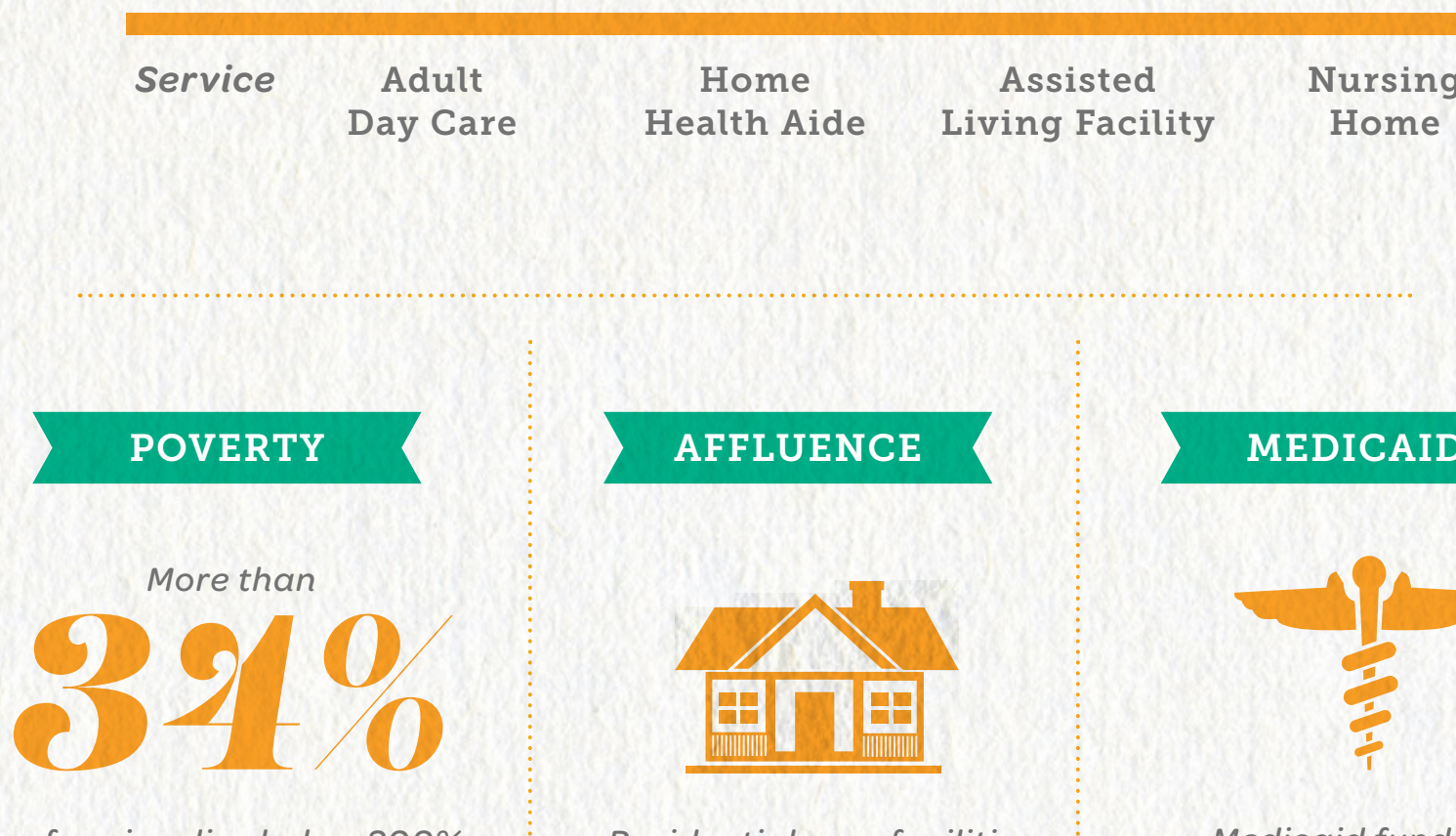


Percent covered by:



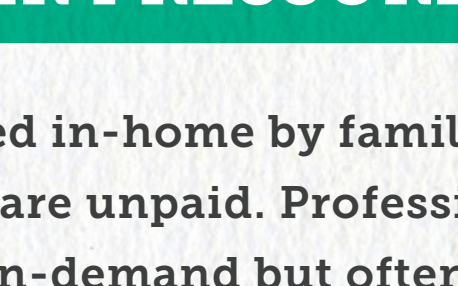
In 2008, approximately 6% of older Americans incurred no prescription drug costs, 15% however, incurred \$5,000 or more in prescription drug costs that year.

THE GROWING DEMAND FOR LONG-TERM CARE



70% of those over 65 will need long-term care at some point in their lives.

The number of Americans needing long-term care:



More than 90% of aging Americans want to remain in their homes as long as possible. As a result, the number of those entering skilled nursing facilities has decreased. However, even the costs associated with in-home care can be prohibitive for many patients and their families.

From 2013 to 2014, the median annual national cost of...



An assisted living facility room increased 1.45% to \$42,000.

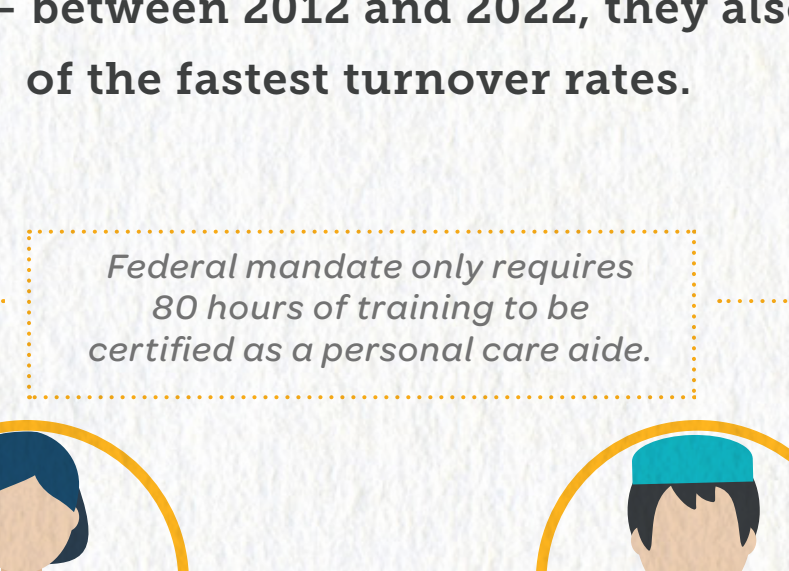
A home health aide for long-term care increased 1.59% to \$45,188.

A homemaker (employed to handle basic tasks like shopping, cooking, cleaning and doctor appointment transport) increased by 4.11% to \$43,472.

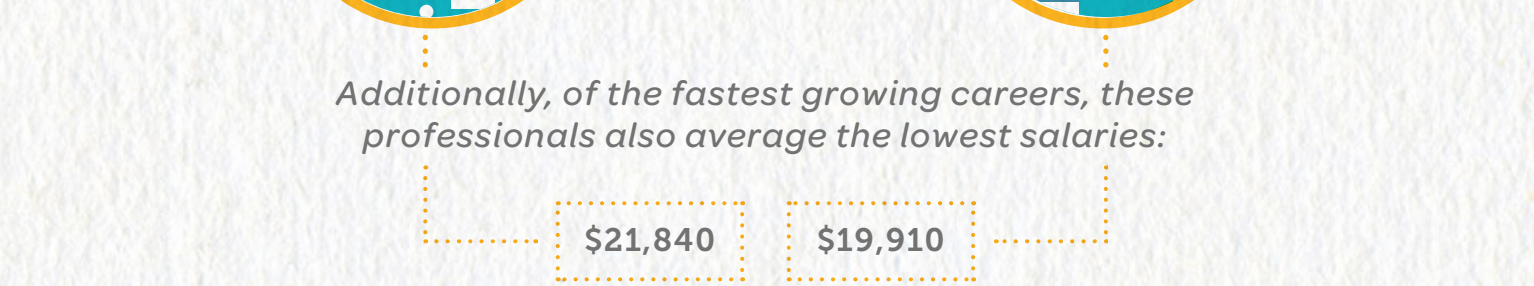
In 2009 Family Caregivers Provided **\$150 BILLION** Worth of Unpaid Care

That's almost 4 times Medicaid long-term services and supports spending (\$119 billion) and nearly seven times what people paid privately (\$67 billion).

Percent of aging population residing in skilled nursing facilities:



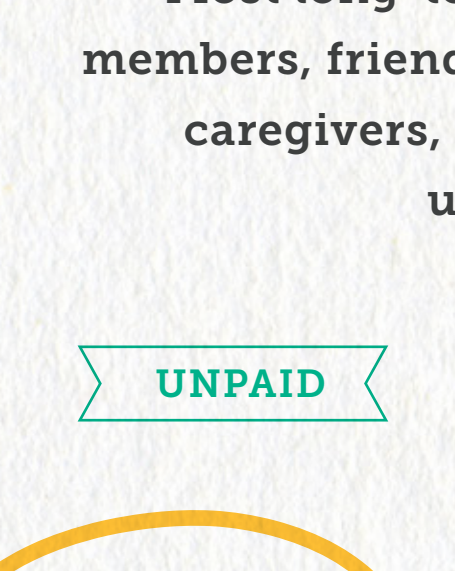
Long-Term Care Funding Sources



Average Annual Care Costs by Type of Service

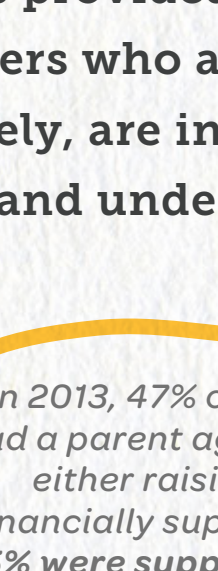


POVERTY



of seniors live below 200% of poverty (\$22,002 for individuals who are 65 or older), meaning that many families quickly exhaust their assets and must rely on Medicaid to support their long-term care needs.

AFFLUENCE



Residential care facilities tend to provide care for affluent populations. Residents in assisted living facilities usually self-pay.

MEDICAID



Medicaid funds for long-term care have shifted away from nursing homes. However, funding for home- and community-based services has increased from 13% of total funding in 1990 to 43% in 2007.

CAREGIVERS UNDER PRESSURE

Most long-term care is provided in-home by family members, friends and others who are unpaid. Professional caregivers, alternatively, are in-demand but often underpaid and undertrained.

UNPAID

In 2013, 21% of middle-aged adults had provided financial assistance to a parent age 65 or older in the past year.

In 2013, 47% of middle-aged adults had a parent age 65 or older and were either raising a young child or financially supporting a grown child; 15% were supporting both an elderly parent and a child.

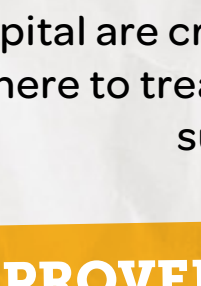
In 2010, there were 4.5 working-age people to support each older person; if you account for those who were also supporting young people, then there were only 1.5 working-age people to support each dependent.

PAID

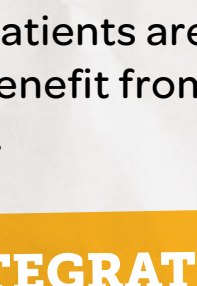
Though careers as personal care aides and home health aides are projected to nearly double — 49% and 48%, respectively — between 2012 and 2022, they also have one of the fastest turnover rates.

Federal mandate only requires 80 hours of training to be certified as a personal care aide.

HOME HEALTH AIDE



PERSONAL CARE AIDE



Additionally, of the fastest growing careers, these professionals also average the lowest salaries:

COUNTERACTING RISING HEALTH CARE COSTS

INVESTING IN DIRECT-CARE PROVIDERS TO IMPROVE CHRONIC DISEASE MANAGEMENT:

The Brookings Institute suggests that "training models that better prepare this workforce are critical — particularly those that promote integrated care and improve chronic care and general geriatric capacity."

INTEGRATED LIFE AND CARE MODELS:

Resources and organizations that help continue care and provide resources outside the walls of a doctor's office or hospital are crucial to ensuring that patients are able to adhere to treatment regimens and benefit from the support of a community.

IMPROVED HEALTH IT INTEGRATION AND COMMUNICATION:

Interoperability for providers to access aging patients' medical records.

INCREASED END-OF-LIFE EDUCATION:

Encouraging patients, friends and loved ones to have a frank discussion about end-of-life care can help families better understand how to prepare, both emotionally and financially, for the death of a loved one.

SOURCES

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