The Tarnishing of the Golden Years: The Economic Ramifications of Ineffective Long-Term Care Policy

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Introduction

Americans are living longer and as more baby boomers begin to retire, there are and will continue to be an unprecedented number of seniors requiring a plethora of services and accommodations. Presently, the United States is ill-equipped to manage the rising costs associated with this vulnerable population. When older individuals cannot afford to pay for home health care services, their spouses and other younger family members often become their informal caregivers. However, many are unprepared for the ensuing emotional and physical burdens of this role.

Relatives attempting to procure financial resources for an older individual must navigate the murky and often unfriendly waters of the health care system, and must become experts on Medicare and Medicaid. Many people are shocked to discover how complex the national health care system is and may become overwhelmed by its flaws and failings. Initially, many individuals falsely believe Medicare will fully subsidize long-term care (LTC) costs. Upon learning otherwise, those with higher incomes may opt to pay out-of-pocket for their own care until they deplete their savings. Consequently, Medicaid becomes the standard means in which many Americans finance exorbitant LTC expenditures. Seniors may gift their homes and other belongings to their adult children or grandchildren to meet Medicaid’s strict eligibility requirements, a common practice referred to as “spending down.” Older Americans must have incomes below the federal poverty line ($11,700 for an individual and assets totaling $2,000 or less) to qualify for Medicaid. To learn more about Medicaid eligibility, visit https://www.medicaid.gov/medicaid-eligibility/index.html.

An estimated 71.5 million people aged 65 years and older, almost twice the number in 2004, will live in the United States by the year 2030. Additionally, the 85 and over population is projected to increase from 4.6 million in 2002 to 9.6 million in 2030. This increase in life expectancy greatly impacts the structure and function of American society. Health policy scholars estimate that 35 percent of all Americans who turned 65 in 2005 will need institutional care. Moreover, individuals over 85, or those most likely to need LTC, will increase from 1.8 percent in 2010 to 4.3 percent in 2050.

This unprecedented and exponential growth rate bleeds into the social and economic landscapes, and highlights the national need for more comprehensive bipartisan policies to meet the needs of older Americans. In 2010, Congress created a voluntary long-term-care insurance program as part of the health care law known as the Community Living Assistance Services and Supports (CLASS) Act, but it was repealed in 2013 after the Obama administration determined it was financially unsustainable. Consequently, the House Speaker and Minority Leader, the Senate Majority and Minority Leaders, and the President created a new 15-member Commission to make LTC support service recommendations to Congress.

Whereas most major industrialized nations have adopted a social insurance model to provide LTC services to meet the needs of their aging citizens, the United States has focused on enhancing private insurance to drive down health care costs. Many individuals, however, cannot afford to buy these pricey plans with high premiums. To date, only about 10% of American seniors have purchased private LTC health insurance. If and when the remaining 90% of this rapidly expanding population group should require LTC services, the options are few and not always satisfactory.

LTC policy remains ineffectively flawed, casting more shadows of doubt as to whether the government, both at the federal and state levels, is presently able to provide adequate funding for services to meet an increasing demand. The majority of older Americans must contend with a complex, unforgiving healthcare system, ill-equipped to deal with the staggering costs of aging.

Many seniors, as well as their caregivers, remain unaware about the nuances of existing services and may have difficulty accessing the benefits they need. Social workers can play a pivotal role by advocating for vulnerable aging Americans and their families. They can educate concerned individuals about what Medicaid and Medicare will and will not pay for, as well as empower caregivers to seek emotional support for the exhausting roles they play.

Defining the LTC Crisis

An estimated 70 percent of Americans over the age of 65 will require LTC for at least three years. Twelve million Americans over the age of 65 are currently in need of long-term services and supports (LTSS). LTSS encompasses any institutional or home-based assistance including bathing, dressing, medication management, and other activities of daily living. By 2050, the number of older individuals utilizing LTSS will more than double and 35 percent of this population group will eventually enter a nursing home. There were 1.4 million people in nursing homes nationally in 2012. Additionally, the 85 years and older population is projected to increase from 4.6 million in 2002 to 9.6 million in 2030. This increase in life expectancy greatly impacts the structure and function of American society. Health policy scholars estimate that 35 percent of all Americans who turned 65 in 2005 will need institutional care. Moreover, individuals over 85, or those most likely to need LTC, will increase from 1.8 percent in 2010 to 4.3 percent in 2050.

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The Olmstead Decision, which mandates states to provide health care services in the least restrictive setting, has initiated a national dialogue about how to fund and deliver appropriate services to seniors. The face of LTC is changing and today's typical nursing home appears vastly different, if not unrecognizable in many regards, than it did even 10 years ago. The amount of time a patient stays in a skilled nursing facility is becoming less as LTC continues to focus on expanding community services. Current LTC no longer implies custodial nursing home stays as it did in previous years. With annual nursing home care averaging about $81,000 yearly as compared with part-time community and home care assistance costing $22,000, it is easy to see why the latter is emphasized, as reflected in policy implementations and funding.

Many Americans falsely believe Medicare will finance LTC costs. Medicare will only cover some LTC services for short durations, such as post-acute care after a hospitalization. Since a large percentage of Americans have not financially planned for LTC, Medicaid has become the primary way to pay for these services. This heavy usage of Medicaid undermines the original purpose of the program as a safety net for the poor and threatens its survival. Medicaid enrollment for dependent elderly continues to surge at unprecedented rates. Since state revenues are growing slower than Medicaid outlays, other national priorities such as higher education are getting squeezed so the United States can finance rising LTC costs.

Caregivers
Informal caregivers, the friends and family assisting older individuals, provide $450 billion of LTSS services yearly, making them the largest service providers for this population. Policymakers project it will be difficult for family caregivers, the backbone of today's system, to continue meeting this huge demand without adequate compensation. Publicly funded consumer-directed services offered under individual state Medicaid plan programs are a promising new development to help seniors stay in their homes and reduce national LTSS costs. Additionally, the 2016 Presidential Budget contains $50 million for caregiving services, including assistance for respite care and transportation. Democratic Presidential candidate Hillary Clinton is proposing a plan to offer a $6,000 tax credit for caregivers helping an elderly parent or grandparent. Additionally, she is seeking to expand Social Security benefits for caregivers.

Generating more student interest in gerontology
With greater numbers of older Americans needing health care and social services than ever before, it is concerning to realize social work and nursing students are eschewing employment positions working with seniors. Research indicates young students prefer to specialize in other health-care sectors that promise more prestige and correlates to a higher pay scale. LTC also has challenges in recruiting employers due to difficult workloads and the negative images associated with nursing home employment.

To meet the needs for this expanding population group, the current trend in many educational programs is to spur student interest in gerontology by offering specific training opportunities within the field. If students have unique opportunities to work in settings providing them with positive clinical experiences geared toward advancing their skill sets in age-sensitive geriatric care, they are more likely to pursue similar employment prospects upon graduation. Nursing students, for example, will likely benefit from participating in training seminars highlighting some of the intricacies of insurance reimbursement, as well as learning how to complete certain sections of the minimum dataset (MDS) that is used in nursing homes to assess activities of daily living, medical needs, and mental status to help develop a comprehensive plan care for seniors. Similarly, social work students can enroll in undergraduate and graduate courses exploring issues relevant to aging individuals, such as death and dying, hospice care, and the complex role of caregiving.

Conclusion
Although people are living longer and requiring more assistance, LTC gets neither the public attention nor the policy focus that it deserves. According to an Associated Press poll, many Americans remain uniformed and unsure of what to do about LTC. Researchers found that 60% of Americans report never having talked to family about their care preferences and 44% of individuals incorrectly assumed that Medicare covers all LTC costs.

According to a March 2010 AgeWave/Harris Interactive survey, Americans said they were more worried about becoming a burden to their family than dying. Furthermore, such individuals maintained that the emotional strain of being elderly and sick was more terrifying than even skyrocketing financial costs. Informal caregivers are providing the majority of LTC services and are in dire need of emotional support and financial compensation for the taxing roles they undertake. Social workers should encourage caretakers to practice self-care and to seek support as needed. While medical breakthroughs are enabling some seniors to live well into their eighties and nineties, doctors are quick to point out that people are not necessarily living longer, but rather taking more time to die. Such pessimistic perspectives should force concerned individuals to reevaluate the current health care system in terms of how this nation is addressing the needs of its fastest growing population. Legislation must address pivotal issues such as the current and future retirement age, the prevalence of seniors in today's workforce, and offering financial incentives for caregivers.

It is increasingly important for social workers to help older Americans understand the basics of Medicare and Medicaid and to assist them with accessing their health care benefits. Since research shows that the majority of Americans are misinformed about the intricacies of what Medicare will or will not cover, social workers must educate seniors and family members to discern the differences between Medicare Parts A, B, C, and D as well as provide them with information about Medicaid, Social Security Supplemental Income, Social Security Disability and any other LTC insurance benefits.

Policymakers should engage the public in conversations about affordable LTC service options, using simple language devoid of complex terminology and acronyms. Since research indicates most people want to age at home with dignity, independence, and choices, perhaps it would be more beneficial for legislators to talk about what people want and what can be achieved, rather than focusing on deficiencies in the system. In doing so, Daschle and Thompson argue that Americans will be more empowered to make smarter financial and health-care decisions earlier in life.

Long-term care reform in the United States, which has thus far focused on expanding private insurance more attractive by offering tax incentives, has not been successful. A new long-term care model that combines social insurance and personal responsibility will likely benefit American society as a whole.

Most people can now expect to live well into their golden years, but only a privileged few will be able to live comfortably, both physically and financially. Unfortunately, many seniors will require health care services they cannot afford. Countless others will remain uninformed about the complexities of the systems they will need to navigate should they become sick or injured. Without knowledge, insight and fortitude, older Americans will stay vulnerable victims as the long-term care crisis continues to mount.
References


