

# Older adult services

*Trends and issues, a Wilder Foundation  
discussion paper*

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# Key Foundation facts

In the next 25 years, the number of Minnesotans over age 65 is expected to double. Thus, we can expect the demand for community-based services for the elderly to continue to increase during the next 5 to 10 years and beyond. The total number of persons served by Wilder's Community Services for the Elderly (CSE) group has grown by 67 percent over the last 10 years. The percentage of disabled adults under age 60 served by Wilder has more than doubled during this same time period. Home Health has been a significant growth area for the Foundation. The number of Home Health clients served in fiscal year 2005 represents a 61 percent increase over the number served in 1995.

Changes in funding streams and eligibility requirements have affected Wilder's elderly clients and which seniors Wilder serves. For example, Wilder has seen a drop in the number of Elderly Waiver referrals to its assisted living programs since those seniors who are eligible for Elderly Waiver (EW) were passively enrolled in non-governmental health plans by the State of Minnesota.

Wilder is currently developing a business plan for a Center of Excellence for Healthy Aging. The Center is intended to be a state-of-the-art facility for caregivers, older adults with cognitive impairment, frailty, or physical disability.

Finally, in addition to direct services to the elderly, the Foundation is also involved in research related to community-based elder care options. Wilder Research has received a contract from the Metropolitan Area Agency on Aging to study possible means for strengthening quasi-formal older adult service programs including block nurse programs, faith-based initiatives, and other volunteer-rich services. Wilder's CSE and Research staff will convene Ramsey County and state-level service providers and intermediaries in fall of 2006 to review the findings of this study to discuss future prospects for community-based services.

# Older adult services

This annual update is designed to give an overview of current trends and issues that affect the delivery of services to older adults, especially in the Wilder Foundation's service area.<sup>1</sup> It is intended to support Wilder's efforts to plan and implement services and to identify areas where additional research or leadership activities may be useful. It is also hoped that this document will be useful to those who partner with Wilder in the planning or delivery of services as well as those who provide other services that make it possible for older or disabled adults to continue living in home or community settings.

The primary goal of this document is to promote healthy aging and independence through knowledge, understanding, and compassionate service. First, we review key demographic trends related to the elderly population in the East Metro. Second, we describe how community-based services are funded, including recent changes in Elderly Waiver, Alternative Care, and other Medical Assistance and Medicare options. Third, we describe recent and upcoming policy changes and considerations that may affect funding and service alternatives for elder care. Finally, we review statewide and national initiatives focusing on long-term care and community-based care options.

## *Key demographic trends*

The population shift toward increasing numbers of older adults continues as the first wave of baby boomers enters retirement age. Along with this shift, the lower birth rates of subsequent generations are drastically changing the shape of the population pyramid. In the next 25 years, the number of Minnesotans over age 65 will double, rising to 1.4 million. By the year 2030, those over 65 will represent one-fifth of the state's population.

As this trend plays out nationally, one result will be fewer younger workers to support the social security system. This will also result in increasing concern about the stability of benefits for future retirees. In the short run, the group of adults over 85 will grow each year for the next 20 years and place significant demands on both institutional and community-based long-term care services.

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<sup>1</sup> Ramsey, Washington, Anoka, and Dakota Counties.

## **Local context<sup>2</sup>**

Critical ways in which the older adult population is changing in Saint Paul and Ramsey County include the following:

- The proportion of racial and ethnic minority older adults is growing. Furthermore, the 2000 Census showed substantial differences in the proportion of racial and ethnic minority older adults living in poverty compared with their White counterparts. Nearly all of the racial and ethnic minority older adults living in poverty in Ramsey County live in Saint Paul, with the exception of 5 percent of Asian/Pacific Islander females and 34 percent of females of Hispanic origin.
- Older adult households are more affluent than in the past. Approximately three-quarters of the older adult households in Ramsey County have incomes above the low-income threshold of \$15,000 per year. Research shows that older adults purchase local goods and services and can contribute substantially to the local economy through business revenue and job creation. The majority of older adults who are not frail and who have discretionary income represent a substantial asset if they choose to remain in their community. This suggests that Ramsey County and Saint Paul (along with organizations like Wilder Foundation) would benefit from assessing the availability of meaningful activities including both paid and volunteer work for older adults as well as cultural and educational opportunities that match the interests of the populations who live here.
- In the future, a greater number of older adults may live alone, based on increasing life expectancy and greater numbers of middle aged adults living alone. In Ramsey County, 32 percent of older adults age 65 and older live alone. Although unchanged from 1990, according to the Minnesota State Demographer, baby boomers have an average of two children and 18 percent are childless. Having fewer children or being childless increases the likelihood that baby boomers will live alone as they get older. By 2030, nearly half of the older adult households are expected to be single-person households resulting in the doubling of the number of older adults living alone. The expected increase in the number of older adults, especially women, living alone without family caregivers is likely to exert additional pressure on formal services.

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<sup>2</sup> This summary of local context was prepared by Cara Bailey.

## **Working**

It is likely that a significant portion, perhaps the majority of future retirees, will return to work after retirement. Today, approximately seven million retirees have taken new jobs and account for 10 percent of the over 40 labor force.<sup>3</sup> Recent survey results show that this proportion will likely grow as baby boomers, many of whom have meager savings, enter retirement anxious about their ability to make ends meet without supplemental earnings. This trend may also be spurred by a shrinking pool of well-educated and seasoned workers.

## **Caregiving**

An increased interest in family and informal caregiving is reflected in the growing number of programs designed to educate and support family caregivers and reduce the stress of serving in this role. Many baby boomers in particular now find themselves as caregivers to their aging parents and sometimes provide care for one or more grandchildren as well. A new report on emerging trends and practices in family caregiver support was recently prepared by the National Center on Caregiving and the Family Caregiver Alliance for the American Association of Retired Person's Public Policy Institute. The study, which included a national care giving survey, literature review, and key informant interviews with key leaders in the field, identified three emerging trends:

- First, states and nonprofit organizations are refining their assessment strategies to include not only assessments of the frail elder or adult with disabilities, but also the family caregiver as well. The value of this type of assessment is gaining increased attention and there is general agreement that significant efforts need to be made in order to strengthen the support that sustains caregiving families and to focus attention on the quality of care in home settings. There is also increased focus on the concept of a single and universal assessment tool for program clients that includes family caregivers.
- Second, the emergence and growth of consumer-directed care options specifically for family caregivers is seen as a particularly effective strategy. It is clear that family members assume a wide variety of roles in consumer-directed programs including information-gatherer, care coordinator, system representative, surrogate decision-maker, and sometimes the paid care provider. Programs vary in terms of how much choice and control are given to families to manage care but most include some form of respite care. Other supplemental services such as assistive devices or home modifications have allowed families to purchase whatever goods or services are

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<sup>3</sup> Working in Retirement, Bright Work Partners, LLC, August 2005.

necessary to meet the needs of the people for whom they provide care. However, there are some concerns about the increased potential for fraud and abuse using consumer-directed care options.

- Third, in many locations state and local agencies on aging are pursuing new system change strategies through partnerships with health care practitioners. Significant benefits may be gained if primary care physicians become involved in the identification of those who are serving as caregivers and help them access information and services that can reduce adverse effects of caregiving and may potentially delay institutionalization of the recipient. Again, this is a women's issue because 90 percent of long-term care in Minnesota is provided by individual caregivers, 65 percent of whom are women.

The State of Minnesota, through the Department of Human Services, has recognized the monetary value that family caregiving and other forms of informal services represents to the state. In fact, the State has calculated that for every 1 percent decline in informal care giving the State spends \$30 million more in public funding for long-term care<sup>4</sup>. The State of Minnesota has commissioned Wilder Research (through the Metropolitan Area Agency on Aging) to conduct a study on how best to support community- and family-based services including caregiver support in order to reduce the rate of expansion of long-term care costs. (This study began March 1, 2006, and will be completed by November 1, 2006.)

### ***How community-based services are funded***

Two primary funding sources for community-based services in Minnesota include Alternative Care and Elderly Waiver. In 2005 there were 7,557 people enrolled in Alternative Care and 17,124 enrolled in Elderly Waiver statewide. Minnesota Senior Care Plus and Minnesota Senior Health Options provide funding for elder care via federal dollars passed through the state's Medical Assistance and Medicare programs.

#### **Alternative Care**

The Alternative Care program is a state-funded cost-sharing program that provides home- and community-based services for people age 65 and older. The primary intent of the program is to prevent or delay a transition to a nursing facility. To be eligible for this program, a person age 65 and older must be assessed and be in need of nursing home care. In addition, the person would have to have income and assets that are inadequate to fund a nursing facility for more than 135 days. The total cost of services received under

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<sup>4</sup> Source: Loren Coleman, Transformation 2010, January 5, 2006.

the Alternative Care grant must be less than three-quarters of what would be paid under the Medicaid system for a senior with a similar level of disease or disability. Finally, a person must choose to receive community-based services instead of going to a nursing home and must be willing to pay the assessed monthly fee for that service. In 2005, the Alternative Care program spent a total of \$55.9 million in Minnesota. The sliding fee schedule used by the program requires a fee payment by some enrollees of up to 30 percent of the monthly service cost.

The 2005 legislature enacted new policy changes related to Alternative Care which eliminated the previously imposed State recovery provisions (liens on individual's property or assets) while further tightening the eligibility criteria and eliminating coverage for Alternative Care recipients in assisted living and adult foster care services. The goal of these changes was to reduce overall program expenditures and to refocus the state-funded programs on in-home services and supports. By June 2005, approximately one-third of all Alternative Care recipients were affected by these changes. Most of this group (about 75%) used their own funds to pay privately for their services. But because they are very low income, these individuals spent down their remaining funds quickly and became eligible for the Elderly Waiver program. Another 12 percent substituted what might be called "a la carte" services for the remaining benefits in order to stay in their assisted living settings. Of the remaining group (about 12%) most were admitted to long-term care nursing facilities. This change had a dramatic effect on the number of seniors participating. Monthly participation in the Alternative Care program dropped from 7,100 in June of 2003 to 3,400 by January of 2006. A benefit for the state was that those who were admitted to nursing homes and qualified for Medical Assistance had their services paid for partially by federal dollars.

### **Elderly Waiver**

The Elderly Waiver program funds home- and community-based services for people age 65 and older who are eligible for Medical Assistance because they are poor and require a level of care commensurate with nursing home services. The Elderly Waiver program has historically been administered by counties, but many EW recipients have now been passively enrolled in Minnesota Senior Health Options, administered since January 1, 2006, by private managed care plans.

### **Minnesota Senior Care Plus**

Historically, older adults with very low incomes (those who were eligible for Medicaid) were automatically enrolled in Minnesota's Prepaid Medical Assistance Program (PMAP) but in 2003 the state legislature added a new managed care waiver for basic services called Minnesota Senior Care Plus which included basic Medicaid services as

well as home- and community-based services included in the Elderly Waiver package and up to 180 days of care in a nursing home. In June 2005, all of the PMAP enrolled seniors statewide were transferred to Minnesota Senior Care Plus. There are now 83 Minnesota counties (including Ramsey) participating in this program.

### **Minnesota Senior Health Options**

In 2004, the Federal Centers for Medicare and Medicaid services (CMS) approved the Minnesota Senior Health Options (MSHO) program. MSHO is a voluntary alternative program for older adults who are eligible for both Medicare and Medicaid. In January 2006, all of the MSHO plans and participants were transitioned into a special needs plan that allows MSHO to provide Medicare Part D benefits to enrollees. The enrollment of seniors into this program is accelerating. Today, 61 percent of all Elderly Waiver clients are receiving Elderly Waiver services through managed care and 39 percent are receiving these services through fee-for-service programs managed by the counties. This has allowed the state to reduce costs by having the federal government pay 100 percent of the drug costs for MSHO enrollees.

### ***Pressure for a policy shift toward community-based care***

As the State of Minnesota considers the future impact of a growing older adult population, several advocacy groups have emerged. One group (of which Wilder is a part) is the Minnesota Leadership Council on Aging. It is made up of service and membership organizations seeking to re-balance the distribution of public service dollars that are used for long-term care. The current ratio of \$75 spent on institutional care for every \$25 spent on community-based care is thought by many to be out of balance. The ratio being sought is closer to 50/50 or even 40/60 with the hope that up to 60 percent of current and future resources would go to community-based care. Legislation setting such goals has been introduced in the 2006 Minnesota Legislature.

Another important item introduced in the 2006 legislative session concerns the definition of assisted living and what programs will be qualified to use that name. According to the Minnesota Department of Human Services, assisted living beds now outnumber nursing home beds in the state (approximately 40,000 compared to 37,000) and the number of assisted living facilities now exceeds 1000 (exact counts are not available). One element that is likely to define assisted living services in the future is the availability of at least one staff person who is available and awake around the clock every day. Wilder's assisted living services meet this and other expectations of the proposed legislation. Wilder is one of only four providers in the Twin Cities that delivers these services in public housing facilities to very low income older and disabled adults.



## *Minnesota Dialogues on Aging*

In 2005, the Minnesota Department of Human Services initiated a project entitled Transform 2010. Conducted in partnership with the Board on Aging and the Department of Health, the purpose of the project is to engage a broad spectrum of Minnesota residents in dialogs about our changing population. The overall goal is to transform the state's policies, practices, and infrastructures in ways that best respond to the needs of Minnesota's aging population. By January 2006, 11 regional meetings had been convened and more than 1,000 Minnesotans had participated in the discussions. (Future discussions are planned with American Indians as well as other ethnic minorities and immigrant groups).

The key issues identified in these meetings include the following:

1. Many individuals are not financially prepared for retirement and old age.
2. The cost of long-term care will overwhelm individuals and the public safety net unless major changes occur.
3. Our society does not place enough emphasis on preventing health problems and disabilities in the first place.
4. Changes in families and family structures are reducing families' ability to provide care for older relatives.
5. Most of Minnesota's 2,600 communities are not adequately prepared for major increases in the proportion of their residents who are elderly, and more work is needed to provide all of them good places to grow old.
6. The state's health and long-term care systems are not prepared to provide the type and amount of integrated and quality care needed by a dramatically larger and older population.
7. A significant proportion of the state's current long-term care workforce is nearing retirement and action is needed to recruit and retain replacements for these workers.
8. Minnesota's long-term care reform efforts must be intensified so that a broader menu of options is available when baby boomers begin to use long-term care.
9. Housing is more than shelter for older persons and we need to think more creatively about the options baby boomers will prefer as they age.

10. The large population of baby boomers represents a critical human resource for the state over the next 25 years.

Some of the recommendations that came out of these regional meetings relate to the enhancement of existing programs such as improving the information available to individuals regarding financing options for long-term care and more information on the benefits of healthy living. Other suggestions represented new initiatives such as the establishment of local caregiver resource centers throughout Minnesota communities and new models for providing care for older adults in home settings including co-op models or virtual assisted living programs. Wilder's newest effort to develop a state-of-the-art facility for older adults and their caregivers is consistent with the needs identified in these dialogues.

### ***2005 White House Conference on Aging***

The shifting demographics of the American population were evident in the early 1950s and caused President Harry Truman to initiate a National Conference on Aging. The purpose of the conference was to assess challenges posed by the growing population of older Americans. The event served as an exploratory forum for addressing the issues faced by older adults. Since that time there have been White House conferences on aging in 1961, 1971, 1981, 1995, and 2005.

The 2005 conference was concluded in December with the selection of 50 top resolutions and follow-up for working groups to develop strategies for implementing the resolutions. Based on the votes of delegates, the top resolutions promoted the following:

1. Reauthorization of the Older Americans Act within the first half of 2006.
2. Development of a coordinated, comprehensive long-term care strategy by supporting both public and private sector initiatives to address financing, choice, quality, service delivery, and the paid and unpaid workforce.
3. Insuring that older Americans have transportation options to retain mobility and independence.
4. Strengthening and improving the Medicare and Medicaid programs.
5. Supporting geriatric education for all health care professionals. That includes improved recognition, assessment, and treatment of mental illness and depression among older adults. (These dollars were removed from President Bush's 2006 budget proposal.)
6. Promoting innovative, non-institutional, long-term care services.

7. Supporting activities that provide an adequate number of health care personnel who are skilled, culturally competent, and proficient at geriatric care.
8. Improving the state and local integration of service delivery systems.

### ***Changing policies and resources: Impact on service providers***

Wilder's assisted living management staff notes that there has been a decrease in the number of referrals for MSHO clients enrolled in certain health plans. Some managed care systems have stated that they do not feel they can afford assisted living services for their clients given the single flat rate they are paid for community-dwelling nursing home-eligible clients. This brings up a broader issue of the potential implications of privatization of care for poor elderly community residents. Specifically, as government increasingly seeks to have private entities provide managed care for poor older clients, they also seek to reduce risk for the government and spread that risk among third-party-payers and health plans. One way of managing that risk is to reimburse health providers at a single rate for a given class or category of service recipient. When that rate is thought to be inadequate for certain levels of services, it is likely to affect a health plan's willingness to purchase these services for low-income clients. This component of what is often called "devolution" has the potential to reduce the quality of care for low-income seniors through the reduction of reimbursements to service providers from private third-party-payers. This will likely affect the long-term viability of some Wilder services for any poor older adult clients with significant service needs.

# Items for future discussion and planning

The following represent key points for future discussion and debate among Wilder staff, stakeholders, and Foundation partners who provide services to older adults in Ramsey County:

## **Near term concerns for Wilder (five year horizon)**

1. Replacement of our existing workforce with quality workers. Can we keep up?
2. Increasing demands for family caregivers to support older adults in their household or extended family and the types of support services they will need.
3. The geographic shift to the suburbs and the question of what types of housing preferences older adults will have in both urban and suburban settings.
4. The development of good quality programs and day-help services for those with memory loss or impairment.
5. The increasing diversity of the population the Foundation serves and the importance of improving cultural competency of staff.
6. The fast-paced growth of managed care and the potential for de facto rationing of services for the poor.
7. The engagement of younger retirees in activities beneficial to the community and to vital aging.

## **Longer term concerns for Wilder (5 to 15 year horizon)**

1. The burgeoning number of older adults and especially that portion of older adults age 85 and older.
2. The extent to which many who are getting closer to retirement are financially unprepared.
3. The values of an aging population and the potential impacts on the allocation of assets (e.g., voting for school bonding issues and other services that directly benefit younger community members).
4. The increasing dependency ratio and the overall burden that will be placed on younger cohorts in the future.
5. The overall impact on the healthcare system and the costs that will be incurred for the care of the older adult population.

6. The extent to which older adults will be valued and looked upon as a critical human resource.

## **Recommendations**

Wilder Foundation may want to consider its role (as an advocate for low-income elderly in the East Metro as well as in its research capacity) in supporting and facilitating training of new nurses and other healthcare professionals, and especially focusing on increasing the proportion of healthcare professionals from diverse backgrounds. For example, the Foundation might consider providing opportunities and incentives for diverse individuals seeking employment with the Foundation to receive professional healthcare training while employed with the Foundation, perhaps by partnering with schools and other academic institutions to increase training and learning opportunities.

The Foundation could also examine ways of supporting caregivers through advocacy, training, community-based services, and/or financial resources. It appears that caregivers benefit most from services and financial support that permit the most autonomy and flexibility possible.

Another area in which the Foundation may want to consider expanding its programming is in the area of opportunities for civic participation and community engagement among recent retirees. Specifically, the Foundation could act as a convener or facilitator for seniors to help them become more involved in advocacy, direct care giving, and other community volunteering opportunities.

Currently, the Foundation serves the elderly population in primarily community-based settings. Based on demographic projections, the group of extremely frail seniors who are age 85 and older is expected to increase rapidly during the next 10 to 25 years. Therefore, Wilder should consider its role in serving this sub-group of the elderly population. At the very least, the Foundation should develop a plan for: a) how to provide increasingly skilled care to seniors in the community, and b) how to ease the transition for our elderly clients who must move into long-term care settings when they can no longer safely live in the community.

Finally, it is clear that Wilder Foundation is already participating in several activities that should be continued and/or expanded during the next 5 to 10 years to address the needs of the community. For example, the Foundation's memory care programs and the proposed Center for Healthy Aging address many direct service needs in the community. Wilder may also need to consider ways of increasing its flexibility in terms of how service options are provided (e.g., by extending the hours of home care services).

In addition, Wilder Research's work with the Metropolitan Area Agency on Aging is likely to inform local and state-level policies and practices. This and other research related to the elderly population should be communicated to policy-makers, direct services providers, and the broader community through media releases, public and private meetings, and Foundation events, tours, fundraising campaigns, and publications.