

Will it Break the Bank?

A Reality Check About the Costs of Care in Later Life

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Aging Stats

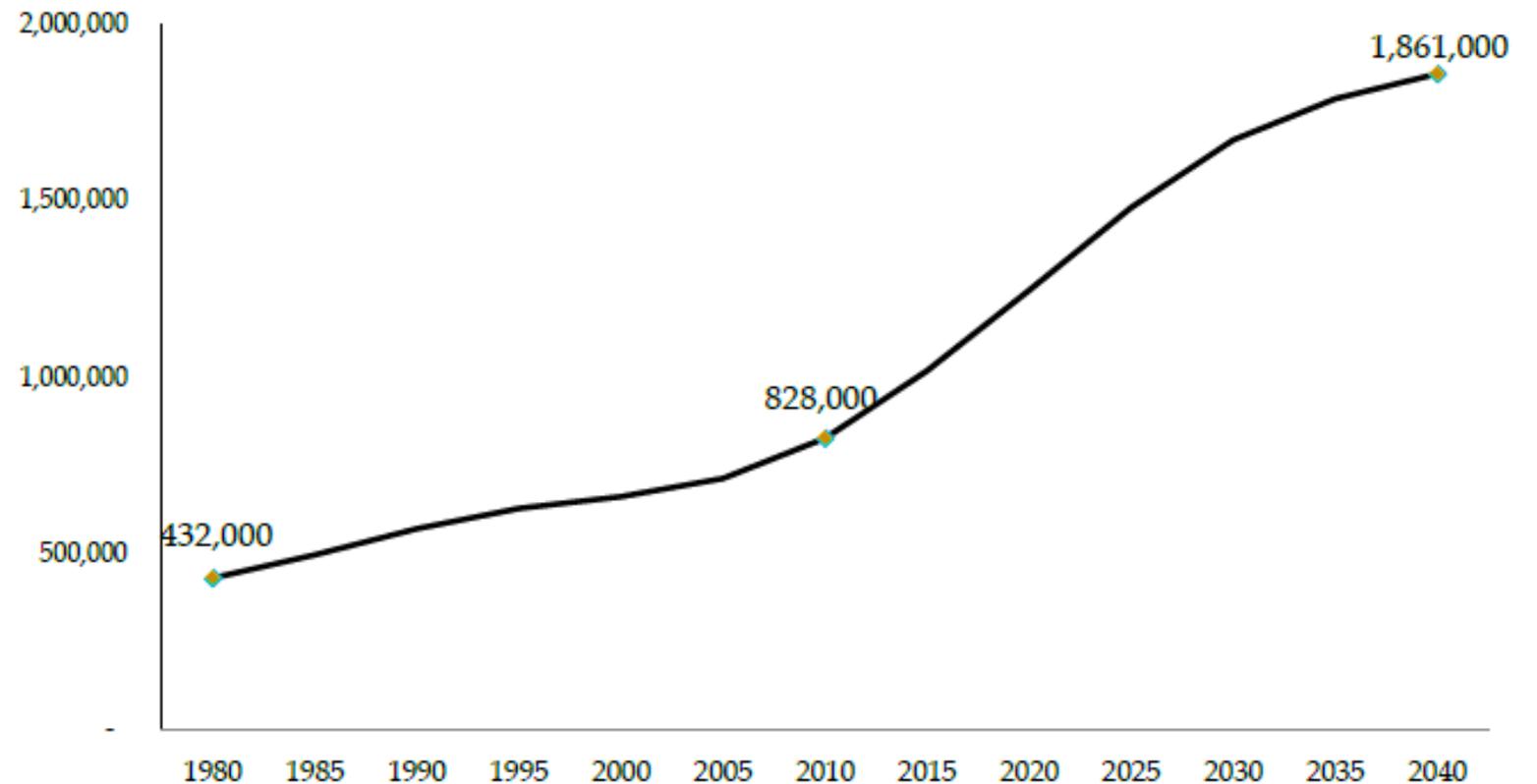
Nationally:

- 10,000 people/day turn age 65.
- In 2018 over 5 million Americans were living with Alzheimer's
- In 2018, the direct costs of caring for those with Alzheimer's cost an estimated \$277 billion
- In 2050, direct costs for Alz is expected to rise to \$1.1 trillion

US Census Bureau
www.alz.org/facts



Washington Population
(65 and over)



**Office of Financial Management
November 2012 Population Forecast*



By the year 2035:

1 out of 3 American households will be headed by someone who is 65 years old or older.

Older adults will outnumber children.

- *This is the first generation of middle-aged couples to have more parents than children.*
- *Most families are unprepared for a caregiving role.*
- *Families need to anticipate and plan for aging and the caregiving years.*

Sources:

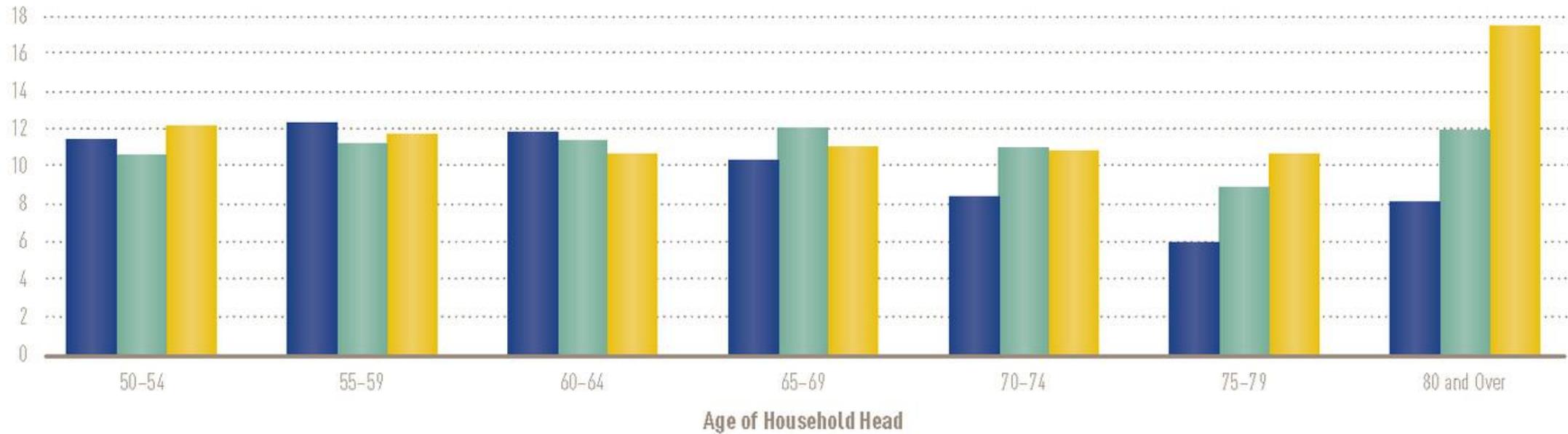
Joint Center for Housing Studies of Harvard University

U.S. Census Bureau's 2017 National Population Projections

Who will care for older people?

Over the Next 20 Years, Households in Their 80s Will Be the Fastest-Growing Age Group

Households (Millions)



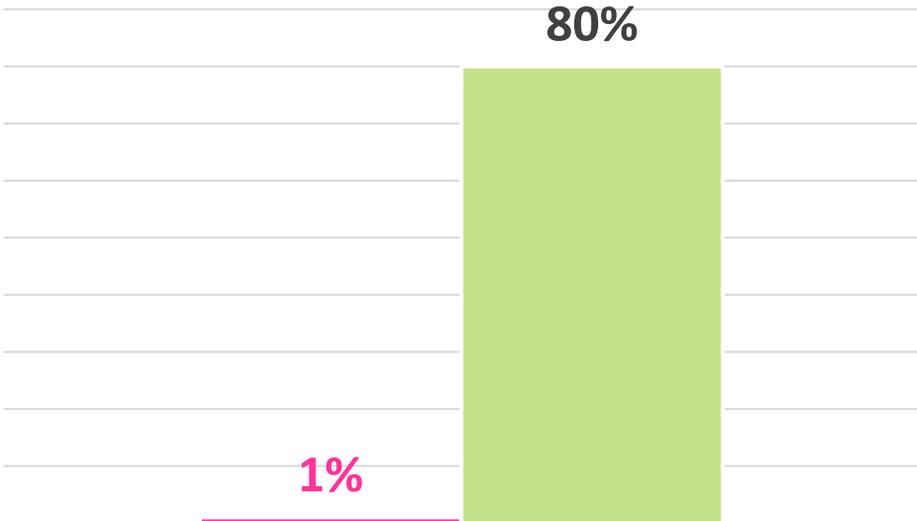
● 2018 ● 2028 ● 2038

Source: 2018 JCHS Household Projections.



Projected growth of caregiver population compared to growth of age 80+ population (2010-2030)

- Those age 80+ (who are most likely to need care) will **grow** by nearly **80%**.
- Those in the prime caregiving ages of 45-64 will **grow** by only **1%** from 2010 to 2030.



	Percent
■ Caregivers 45-65	1%
■ Older Adults 80+	80%

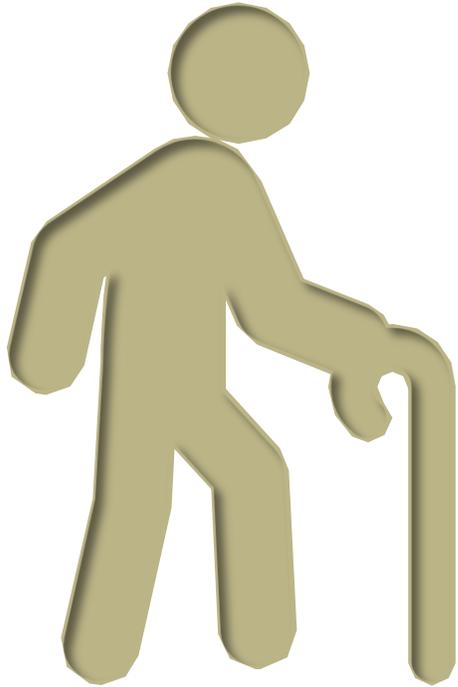
■ Caregivers 45-65 ■ Older Adults 80+

Mack, Katherine and Thompson, Lee with Robert Friedland, Data Profiles, Family Caregivers of Older Persons: Adult Children. The Center on an Aging Society, Georgetown University. May 2001.

People need support and care
as they age!

70% of people over age 65 will become

- Cognitively impaired and/or
- Unable to complete at least two "activities of daily living"--including dressing, bathing, or eating--over his or her lifetime.



One in nine women aged
80-84 were childless.

2010



2030

One in every six women
aged 80-90 will be childless.

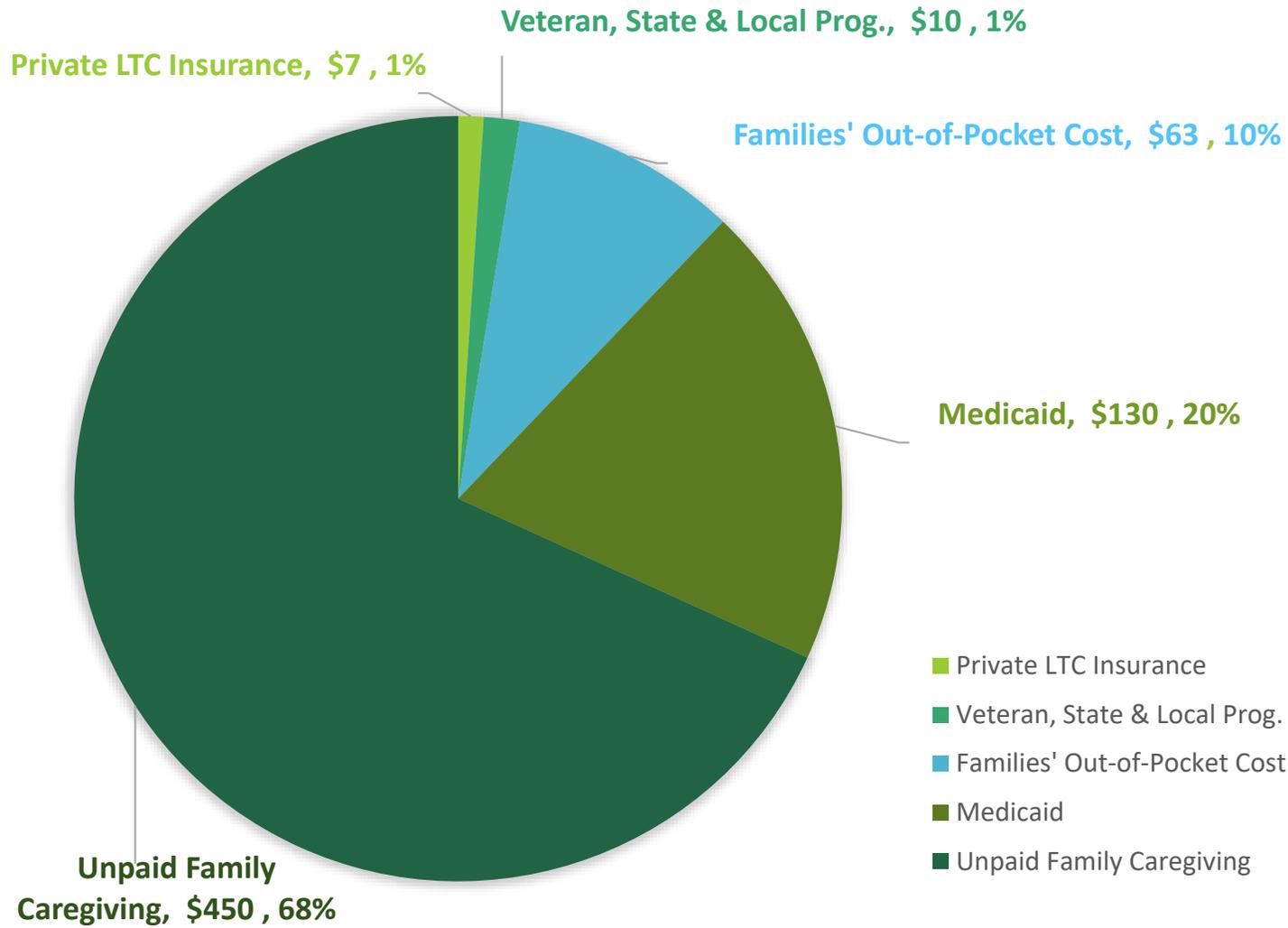


Family caregivers on the decline



LTC Funding Nationally in Billions

TOTAL: \$725 B Annually



2014 Scan Foundation

<https://www.thescanfoundation.org/infographic-state-long-term-care-financing-long-term-care-spending-united-states>

How long will LTC services be needed?



- About three (3) years
 - **Women: 3.7 years**
 - **Men: 2.2 years**
- Twenty percent (20%) of will need care for longer than five (5) years.

National Clearinghouse LTC Information: http://www.longtermcare.gov/LTC/Main_Site/Index.aspx



Cost of Long-Term Care 2018

Service in Seattle Metro Area	Monthly Average Cost 2018	Annual Average Cost 2018
Home Care (44 hours/week) Cost range: \$28-\$45/hour	\$6,092	\$73,104
Home Care* (2 live-in caregivers: 12 hr. shifts) Awake caregivers due to client's nighttime needs.	\$24,820	\$297,840
Home Care* (live-in 24 hr. shifts) Caregivers must have 5 hours of continuous sleep time.	\$12,775	\$153,300
Adult Day Program (5 days/week)	\$1,317	\$15,804
Assisted Living (one bedroom - base rate – does not include any care, just room & board)	\$5,750	\$69,000
Nursing Home (semi-private)	\$9,243	\$110,916
Nursing Home (private)	\$10,494	\$125,928
Adult Family Home*	\$8,500	\$102,000

Genworth Financial - Cost of Care Survey 2018

* Independent evaluation, not part of the Genworth Study

Average Lengths of Stay



CCRC: 77 months
(~ 6 years)

Buy in fee: \$100 K - \$2 M
Rent: \$2- \$5 K/month



Assisted Living: 22 months
(~2 years)

Community: \$2 - \$90 K
Care & Rent: \$4 K - \$15 K



Memory Care: 17 months
(~1.5 years)

Community: \$2 - \$90 K
Care & Rent: \$7 - \$20K

Life Expectancy Compression: The impact of moving into a long-term care facility on length of life
February 12, 2013 / Chris Orestis / <http://tinyurl.com/guffj93>
Entrance, Care & Rent Costs – Independent analysis for Seattle area by Aging Wisdom



From 2004 - 2018

- Costs have risen on average from 1.5% to 3.8% per year.
- Some costs are double the U.S. inflation rate.

Genworth Cost of Care Survey 2004-2018

Rising costs for consumers

- Exploding demand due to aging population
- Low unemployment = labor shortages
- Competition for workers
- Employee retention challenges
- Rising wages
- Changing regulations
- Higher, more complex care needs of consumers increases cost of delivering care

What drives
our options
and choices
as we age?



Financial resources



Health status & level of care needed



Availability of caregivers & level of family caregiver burden



Desire for socialization



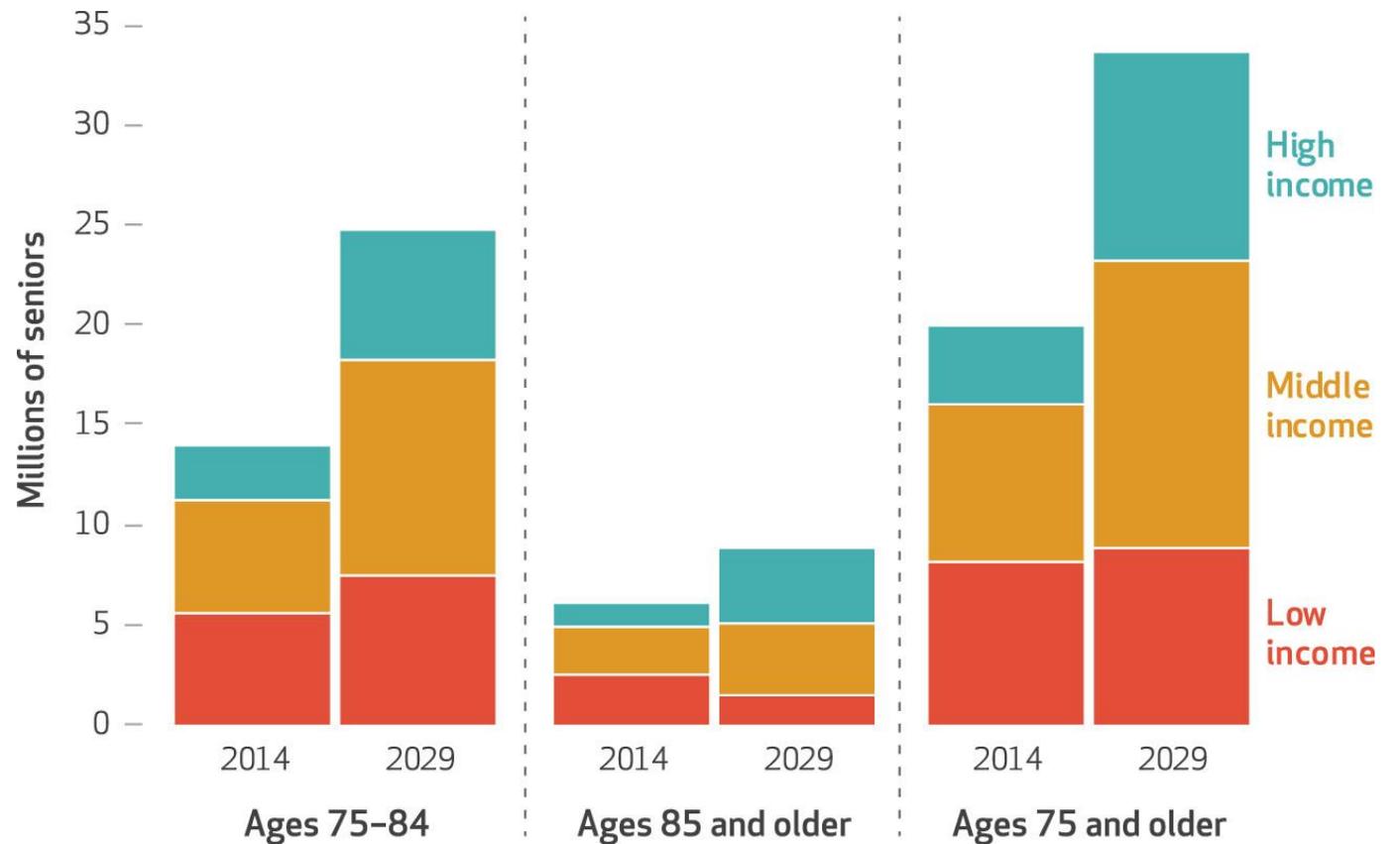
Pre-planning (home & community accessibility, savings, long-term care insurance, estate plan...)

An estimated 54% of middle-income older adults will not have adequate financial resources to pay for long-term care.



The Forgotten Middle

Middle income: \$24,450–\$95,051



The Forgotten Middle: Many Middle-Income Seniors Will Have Insufficient Resources For Housing And Health Care. Person, C. F., et al . April 24, 2019. <https://doi.org/10.1377/hlthaff.2018.05233>



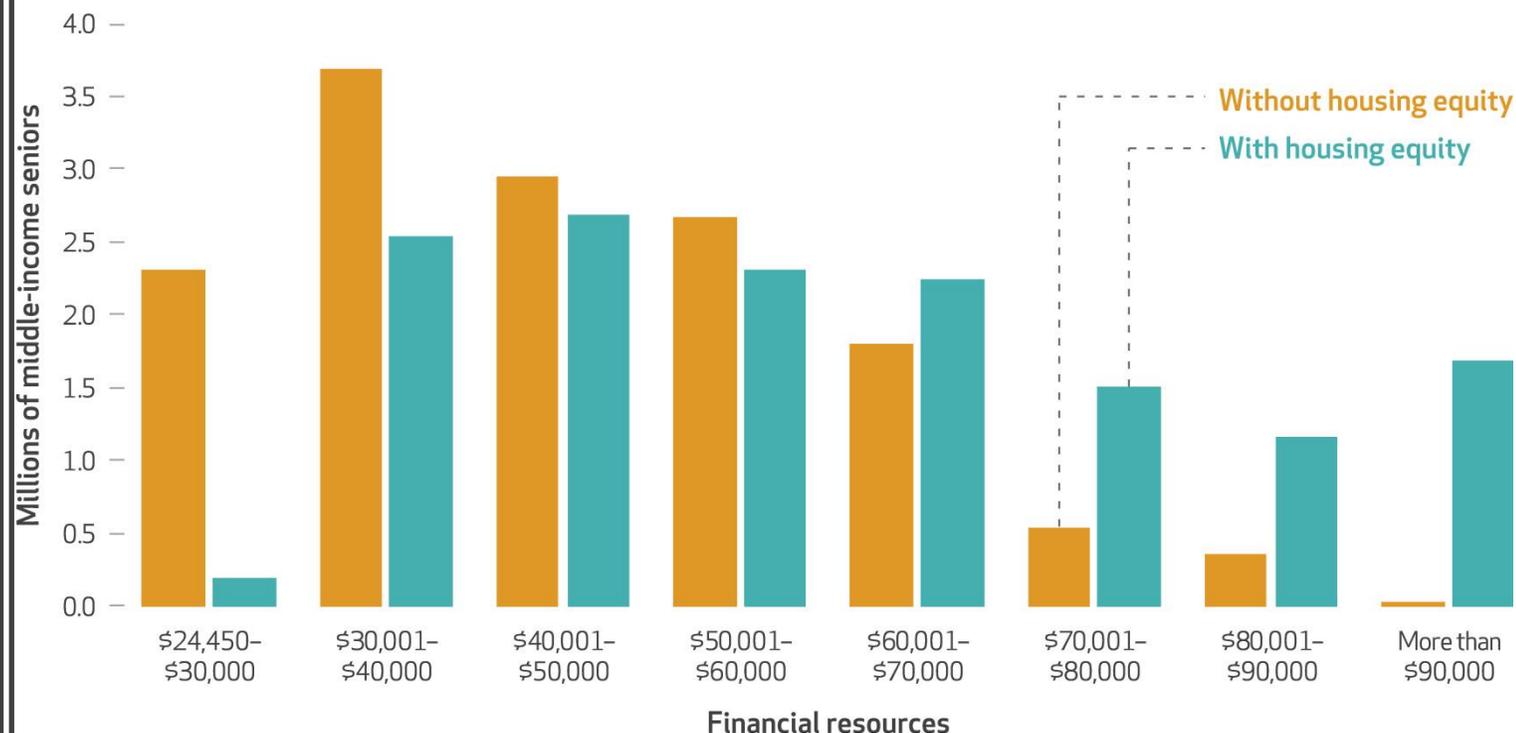
The Forgotten Middle

Projected financial resources of middle-income seniors in 2029, by resource level

Many middle-income older adults will lack the financial resources to pay for private housing options as they exist today.

“In 2029, 11.6 million (81 percent) middle-income seniors without equity in housing will have annual income and annuitized assets of \$60,000 or less.”

(Parsons et al, 2019)



The Forgotten Middle: Many Middle-Income Seniors Will Have Insufficient Resources For Housing And Health Care. Person, C. F., et al . April 24, 2019. <https://doi.org/10.1377/hlthaff.2018.05233>

Washington's Long-Term Care Act 2019



WA passed the LTC Act in April 2019;
signed by governor into law
May 13, 2019

Expected to save \$3.9 billion in state
Medicaid costs by 2052

Covers respite care, in-home caregiving
(including family caregivers), nursing
home, assisted living facility, home
modifications, and other expenses.

Premiums start Jan 2022

Employee funded deduction of 0.58% of
wages (~\$18/month for those making
\$37K)

Lifetime maximum benefit:
\$36,500/person, indexed to inflation
(in 30 years benefit ~ \$88K)

Available Jan 2025 for those who need
help with 3 ADLs



Impact of Debt on Caregivers & Care Recipients

- Sixty eight percent (68%) of families headed by people aged 55+ are burdened by debt.
- Older adults in financial distress will likely need to turn to children, family, and friends for support and caregiving.

The Employee Benefit Research Institute

Moderate - High Financial Strain

- **36%** of all caregivers feel a moderate to high level of financial pressure

Those who feel high financial strain:

- Primary caregivers
- Long-distance caregivers
- Caring for a significantly impaired care recipient

Caregivers are financially strained

Annual Caregiver out of pocket spending



Average amount: \$5,531



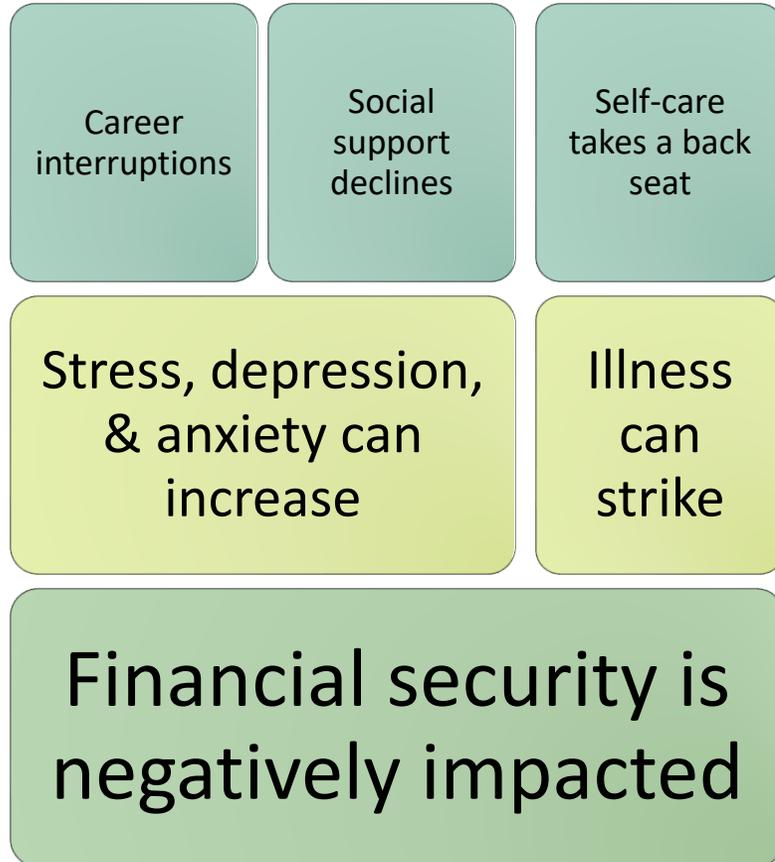
Long-distance caregivers:
\$8,728

Evercare, and National Alliance for Caregiving (NAC). Family caregivers: What they spend, what they sacrifice. Minnetonka, MN: 2007. [July 2, 2015].

http://www.caregiving.org/data/Evercare_NAC_CaregiverCostStudyFINAL20111907.pdf.



Hidden Costs of Caregiving (Financial, Health & Wellbeing)



Men

- Reduced work hours
 - - \$127 K wages
 - - \$38 K Social Security lifetime benefits
- Completely stopped work
 - - \$284 K in wages, pension & SS

Women

- Reduced work hours
 - - \$121 K wages
 - - \$64 K Social Security lifetime benefits
- Completely stopped work
 - - \$324 K in wages, pension & SS

Source: MetLife 2011

Caregiving Impact on Employees



Duration of caregiving: ~4 years



Reduced work hours

Income reductions

Reduced contributions to
401 K & Social Security



Afraid to admit they are a
caregiver due to possible
consequences

Less challenging work

Lower salary & bonuses

Less opportunity to advance



Eighty percent (80%) say caregiving impacts their
work productivity

National Alliance for Caregivers & AARP The Typical Caregiver. (2015)

The Caring Company: How employers can help employees manage their caregiving responsibilities—
while reducing costs and increasing productivity. J.B Fuller & M. Raman. Harvard Business School (2019)

Caregiving Impact on Employers



Estimated cost to U.S. businesses due to caregiving may exceed \$29 - \$33 billion



Hidden Costs: Productivity & Turnover
(1/3 leave to care for an aging adult)



Higher turnover rates for managers & senior leaders

Families Caring for an Aging America. Economic Impact of Family Caregiving (2016)

<https://www.ncbi.nlm.nih.gov/books/NBK396402/>

The Caring Company: How employers can help employees manage their caregiving responsibilities—while reducing costs and increasing productivity. J.B Fuller & M. Raman. Harvard Business School (2019)

What creative
ideas are
there to help?



Naturally Occurring Retirement Communities (NORCs)



Village Models



Co-Housing, Intentional Communities



Multigenerational Housing



Policies & Practices

Tax relief & incentives – caregiving & home modifications
Increase stock of accessible homes, ADU, etc.
Create affordable services & supports



What is your dream solution??

Intentional Communities

<https://www.ic.org/community-bookstore/product/aging-gratefully/>

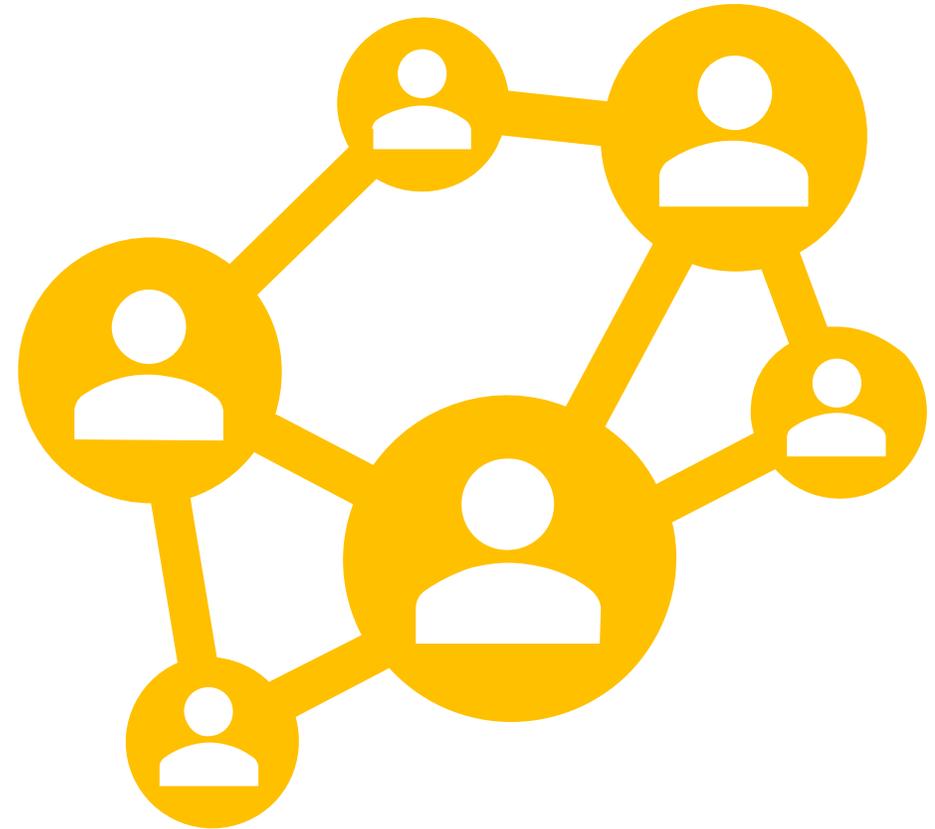


Intentional Communities (Time)

Article:

*Why Americans of All Ages Are Coming
Together in Intentional Communities:*

<https://tinyurl.com/y5my8cra>



<https://time.com/intentional-communities/> (4 minutes)



Questions...