The Silver Tsunami
How Will Aging Baby Boomers Change Long-Term Care?

Including:
- Handling Challenges in the LTC Continuum
- Looking Back at the 2011-12 Legislative Session
- Critics of LTC Tort Reform Should Double Check Their Facts
Over the past 65 years, members of the “Baby Boom” generation have changed virtually everything they have come in contact with. From Woodstock to Wall Street – the social, cultural and economic forces wrought by the population explosion born during the years from 1946 to 1964 has shaped American culture in ways that will be analyzed and debated for generations.

Now, as these estimated 77.6 million Americans move toward requiring long-term care, economists, care providers, the press and the public wonder how the “silver tsunami” of aging Boomers will change long-term care. Will the existing long-term care provider workforce be able to meet the increased need? What new forms will long-term care take as a result of Boomer generation advocacy? How will skilled nursing and assisted living facilities change as a result of the involvement of Boomers?

“As Boomers approach age 65, and enter the next phase of life, they are already hard at work transforming options for senior living,” said Matt Thornhill, Founder & President of the Boomer Project, a consulting firm that specializes in marketing to Boomers. “They have already changed many aspects of society as they’ve moved through various ages and life stages.”

Boomers Care For Their Aging Parents
2011 was the first year in which Boomers turned 65, and the first sense of how Boomers will change long-term care is being increasingly discovered as more and more of them make arrangements for the long-term care of their own parents. As they go on-line to research the long-term care options for Mom and Dad, Boomers are forming perceptions of the ways in which they would like to receive care as they grow older.

Going through the process of visiting facilities with their parents, comparing different options on the Internet, helping them navigate the Medicare and Medicaid bureaucracy, all while helping to address their parents’ on-going health issues will permanently shape their attitudes about how they will approach their own long-term care.

“As a result of those experiences they are going to form very personal and perceptual impressions of what skilled nursing care means to them,” Thornhill said. “Ultimately, Boomers want to know, ‘What’s in this for me?’”

Greg Crist is vice president for public affairs at the American Health Care Association (AHCA), the nation’s largest nursing home association,
of which WHCA/WiCAL is a state affiliate. Crist said that nursing and assisted living facilities are ready to meet the needs of their residents from everything from creature comforts to clinical components because the long-term care provider community has evolved to meet changing needs, preferences and expectations.

“(Baby Boomers) are a culture that grew up on Superman and the Lone Ranger. They have seen computers go from the size of buildings to a size that can fit in the palm of your hand. … Whether you're talking about the quality of the coffee that's available, all the way through the quality of their health care, this is a generation that has come to expect a lot out of their long-term care options,” Crist said.

However, as expectations have increased, so have costs and acuity rates, all while Medicare and Medicaid reimbursement rates have put the squeeze on the long-term care provider community.

“The acuity and level of services that we offer goes far beyond what they were 25 years ago,” Crist said. “In today's strained budgets, 65 percent of our residents rely on Medicaid … and the demand for services will only increase arithmetically.”

The Cost Crunch
Richard Rau, CEO of Clement Manor in Milwaukee, has seen the squeeze that Medicaid reimbursement rates have placed on his 166-bed skilled-nursing facility and many other LTC facilities across Wisconsin over the course of the 40 years that he has worked in long-term care. While providers have always lost money on Medicaid, they have been able to cover their costs with private-pay residents and adequate Medicare reimbursement. After the significant changes to Medicare reimbursement rates in 2011, one wonders if that will continue.

On one hand, Rau said that as the Boomers have become more involved in their parents’ care, there has been an increase in requests for private rooms and other amenities. On the other, the Center for Medicare and Medicaid Services slashed the Medicare reimbursement rates to skilled nursing facilities through the Prospective Payment System changes, which went into effect in October 2011, cutting reimbursement rates on average more than 12 percent in Wisconsin facilities.

Rau and many members of the long-term care provider community have long advocated for a return to the use of the “Boren amendment,” a federal law that directly linked Medicaid nursing home rates with minimum federal and state quality of care standards, which was in place from 1980-1997.

As part of the Omnibus Reconciliation Act of 1980, the “Boren amendment” required that Medicaid nursing home rates be “reasonable and adequate to meet the costs which must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with applicable state and federal laws, regulations, and quality and safety standards.”

“There must be some connection between the cost of care and the amount of reimbursement available through federal government programs like Medicare and Medicaid, which so many Americans have come to depend on,” Rau said.

Aging In Place
The Journal of Housing for the Elderly states that aging in place is “not having to move from one’s present residence in order to secure necessary support services in response to changing needs.” And as federal, state and local governments work to trim costs, and the frail, elderly, and disabled populations try to maintain independence, aging in place has surged in popularity in recent years.

“More than nine out of 10 say that even with a debilitating illness, they plan to live at home. This plan is often referred to as ‘aging in place,’” Thornhill said.

In previous generations, the frail and elderly would routinely move in with their children, or receive care from a spouse. While millions of frail and elderly people receive care through this traditional model, and millions more will continue to receive care through this model, because Boomers didn’t have as many children, and 1 out 3 boomers is not married, more Boomers are expected to need long-term care services.

In Wisconsin, the advent of the Family Care program was intended to offer elderly and disabled people a variety of alternatives to assist them in staying their homes so as to maintain their independence, sustain their connection to existing family and community-based care-giving networks and limit the cost of care. However, the explosion in the cost of Family Care led Wisconsin Governor Scott Walker’s administration to
impose caps on the program last year, which are expected to be lifted before the end of the legislation session.

In January, the Wisconsin Department of Health Services launched a website outlining initiatives that DHS is proposing to achieve sustainability in the state's long-term care programs.

The DHS proposals include the following recommendations (among others):

- Helping people remain in their own homes for as long as possible;
- Ensuring utilization of informal and less intensive supports in the community to help individuals and their caregivers remain healthy and safe at home without the need for more comprehensive long-term care supports and services;
- Ensuring that individuals receive the level of self-directed support services they request by strengthening program integrity and accountability.

"We reviewed Family Care's level of cost effectiveness and spending, and surveyed individuals on the waiting list about the needs they have," said DHS Secretary Dennis Smith in a press release announcing the launch. "We also worked extensively with consumers, advocates and partners to develop reforms that ensure Wisconsin's long-term care programs are sustainable.... Nationally, Medicaid is the largest payment source for long-term care. When federal matching funds for Medicaid declined significantly a year ago, Governor Walker and the Legislature committed $1.2 billion in new state funds to help meet those fiscal challenges. Even with those additional funds, the state's long-term care programs must be reformed, because population growth and changing demographics will increase demand, leaving the long-term care programs at risk. Wisconsin's population age 65 or older will double by 2035."

In order to make aging in place a sustainable option, advocacy groups including the American Association of Retired Persons point to the need for greater availability of transportation options to make it feasible for frail and elderly to live independently.

"The great majority of older adults have a strong desire to live in their own homes and communities," stated a December 2011 AARP Report entitled, Aging in Place: A State Survey of Livability Policies and Practices. "However, unsupportive community design, unaffordable and inaccessible housing, and a lack of access to needed services can thwart this desire. Starting in 2011, growth of the older American population will accelerate, in part because the leading edge of the baby boomer generation will reach age 65."

**Changing Needs**

As a result of the market research, focus group interviews and data analysis conducted by the Boomer Project, Thornhill said his organization has isolated five primary ways in which the Boomer generation will change health care:

1. Seniors will live with “healthier” old age, as prescription medications offer people a greater ability to manage several chronic health conditions simultaneously.
2. The transformation of health care delivery models will continue in the direction of a more patient-centered care model.
3. The location and composition of health care models will continue to dramatically evolve with existing infrastructure being retrofitted to accommodate modern sensibilities, new development projects created around community-based, rather than “institutional” models, and skilled nursing facilities partnering with adult day care companies to provide in-home care.
4. The role of age segregation vs. intergenerational dynamics is going to change. In some cases, Thornhill said that smaller group homes are encouraging greater interaction with many generations in the configuration of the development of a LTC facility or campus.
5. There are expected to be substantial changes in perceptions of death and dying. As a result of changes in intergenerational living and people establishing connections with their children and grandchildren, seniors are becoming less desperate about extending their final years of life, Thornhill said. “It was only in the last 50 or 60 years that people became obsessed with extending the last couple of years of life and we see that changing,” Thornhill added.

With the advent of pharmaceutical medications that have reduced diseases from death sentences some years ago, to chronic health conditions, Crist said another series of problems will arise.

“While Americans are living longer, they’re not necessarily living healthier,” said Crist, who points to conditions like obesity and wonders how that will affect the quality of life of aging Boomers.

**Workforce Issues**

In a recent jobs report, the U.S. Bureau of Labor Statistics (BLS) projected that the health care and social assistance sector will gain the most new jobs – 5.6 million of the 20.5 million new jobs the agency predicts will be created between...
2010 and 2020. Studies show Americans aged 65 and older are expected to represent 19 percent of the population by 2030 – a jump from 12.4 percent in the year 2000.

“The need for more health care workers over the course of the next 20 years is undeniable,” said Dennis Winters, Chief of the Wisconsin Department of Workforce Development Office of Economic Advisors. “Under normal circumstances, the issue would characteristically remedy itself. However, the next 20 years will be far from normal due to the demographic skewing brought about by the aging Baby Boomers.”

Rau said during his career in long-term care, he has consistently seen a direct correlation between economic conditions and the quality of the long-term care provider workforce.

“You can talk about the aging population, but you also have to talk about the aging workforce as well,” Rau said emphasizing the importance of training and recruiting qualified personnel to staff long-term care facilities in order to meet the growing need. “I have always said that the toughest job in a nursing facility is that of the nursing assistant.”

Crist said while AHCA is comfortable with the availability of staff in general positions in skilled nursing such as directors of nursing, licensed practical nurses and registered nurses, however, he has more long-term concerns regarding attracting physicians and other highly skilled practitioners to the field.

“We’re creating jobs … (The long-term care provider community) created 60,000 jobs in this sector in 2011,” Crist said. “But the number of gerontologists and geriatricians is more concerning. … You have to get them interested in a field by sixth grade.”

The Future of Nursing Homes

Despite efforts to limit the growth of costs by expanding in-home care options and the changing configurations of the traditional nursing home model, long-term care experts agree that in the coming years it will become increasingly difficult for skilled nursing facilities to meet the demands of an aging population.

According to Medicare.gov: “In 2011, about nine million men and women over the age of 65 will need long-term care. By 2020, 12 million older Americans will need long-term care. Most will be cared for at home; family and friends are the sole caregivers for 70 percent of the elderly. A study by the U.S. Department of Health and Human Services says that people who reach age 65 will likely have a 40 percent chance of entering a nursing home. About 10 percent of the people who enter a nursing home will stay there five years or more.”

“The medical model of a nursing home is getting to be an endangered species,” said Rau, who points to initiatives like the Green House Project, which is an innovative model for residential long-term care that involves a total rethinking of the philosophy of care, architecture, and organizational structure normally associated with long-term care.

In recent years there has been a movement toward greater flexibility in the settings in which frail, elderly and disabled people receive care. With the increasing specialization of services, Rau said the traditional model of the nursing home is becoming less and less prevalent.

Moreover, with an increasing need for rehabilitation services and the changing models through which people receive end-of-life care, “The long-term care system is going to be dramatically different five years from now,” Rau said.

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