

Executive Summary

The Graying of Oregon: A Crisis in the Making

Between now and 2030, Oregon and the country will experience an unprecedented shift in the age of our population. Currently, the state is 10th in the nation in the number of people over the age of 65 and is projected to rank fourth in 10 years.¹ Due to the aging of the “Baby Boom” generation, the number of Oregonians over the age of 65 is projected to more than double from nearly 440,000 in 2000 to 1,029,000 by 2030. Those age 65 and older will compose 20 percent of Oregon’s total population. By the year 2030, the median age is expected to be 42.² This unparalleled increase in the elderly population presents several pressing challenges for the state including:

- A significant increase in the demand for long-term care services
- An enormous potential increase in costs to the state and individuals
- A severe shortage of a trained health and long-term care workforce, and
- The need to identify the necessary public/private resources to pay for future long-term care services

As we age, our chances of needing some form of long-term care during our lifetime increases. Individuals 65 to 74 years of age have a 17 percent chance of needing long-term care. This increases to a 28 percent chance of needing long-term care for those individuals aged 75-84 years. By the time individuals reach 85 years of age or older, their likelihood of requiring some form of long-term care increases to nearly 50 percent.³ Such an increase in the need for long-term care is especially alarming when combined with the anticipated doubling of the 85-plus age cohort by 2030. The number of

¹ Barry Donenfeld, “The Economic Downturn and Its Impact on Seniors: Stretching Limited Dollars in Medicaid, Health and Senior Services,” Testimony before the Senate Special Committee on Aging, March 14, 2002, 7.

² Margaret B. Neal, Clara C. Pratt and Edward Schafer, *Aging Oregonians: Trends & Projections, 1993*, 1-5.

³ Source: Nat’l Center for Health Statistics, Health Interview Survey, as cited in the Senior Health Insurance Benefits Assistants (SHIBA) A Volunteer Training Program Manual, Oregon Department of Consumer and Business Services, 2002, 7.

younger individuals with disabilities is also expected to increase, further swelling the ranks of individuals needing some form of long-term care.

Furthermore, the availability of long-term care workers is expected to decrease. According to the Oregon Employment Department, the pool of potential entry-level workers (women 25-44) is projected to decline by 1.4 percent during the next six years, which could severely impact the availability of long-term care workers. Since women comprise over 75 percent of the health and long-term care workforce, such a decline will negatively impact the availability of care for the increasing numbers of elders and people with disabilities.⁴ In Oregon, the projected job growth for registered nurses in the next ten years is 10.4 percent, or nearly 3,700. Unfortunately we expect to lose nearly 7,000 nurses due to a severe nursing shortage.⁵ “Nationally, the Department of Health and Human Services expects the shortage of registered nurses to double to 12 percent by 2010 and 29 percent by 2020 because a small growth in the nursing workforce will be overwhelmed by a 40 percent growth in demand.”⁶

The average cost of private-pay nursing facility care in Oregon in 2002 is \$55,000 annually. Nationally it's a little less, but is expected to rise to \$190,600 annually by 2030.⁷ The average cost of in-home care nationally is \$20,000 and is expected to rise to \$68,000 by 2030.⁸ In Oregon, Medicaid is the largest payer (63 percent) of nursing facility care, and also pays for community-based long-term care for low-income consumers. As a result, it is anticipated that general fund expenditures for long-term care could triple by 2020.⁹ Furthermore, healthcare costs are expected to continue to climb, reaching 17 percent of our Gross Domestic Product by 2011.¹⁰

⁴ Oregon Employment Department, Labor Market Information, Healthcare Occupational and Industry Demographics.

⁵ Source: NWHF Report, “Projected Decline in RNs due to Retirement, Projected Growth in RN Positions, and Effect of Doubling RN Graduation Rate Beginning 2005,” 2001 and the Oregon Employment Department.

⁶ *Older Americans Report*, Volume 26, Number 30, August 2, 2002, 242.

⁷ Lynn N. Wallis, “Long-Term Health Care Industry—In Crisis?” *Oregon Labor Trends*, Oregon Employment Department, August 2002, 2-4.

⁸ The Federal Long Term Care Insurance Program Brochure, FED00048(0502).

⁹ Oregon Department of Human Services, Office of Finance and Policy Analysis, “Long Range Caseload Estimates for the Medicaid Long-Term Care Program of Seniors and People with Disabilities,” June 2002.

¹⁰ Richard Bringewatt, “Be Aware of Chronic Care,” *State Government News*, August 2002, 28.

Oregon's Long-Term Care Medicaid Caseload by Care Setting

In-Home Care Services Clients – 14,556
Nursing Facility Clients - 5,782
Adult Foster Care Clients - 5,399
Assisted Living Facility Clients - 3,662
Residential Care Facility Clients - 1,867

(July 2002 – Source: SPD Data Sheets)

Unless we can make changes now to prepare for the future, the burgeoning elder population combined with increasing health and long-term care costs and decreasing health and long-term care workforces, portends a future lacking in care and services for our most vulnerable citizens. This report is a first step in the planning and preparation for our state's future service needs for seniors and people with disabilities.

Key Issues Facing the State

The Task Force identified numerous key issues facing the State as the result of the elder age explosion. Some of those issues included:

Outcome-Based Decision Making

- Lack of empirical data and evaluation that demonstrates services and programs provide beneficial outcomes such as quality of life and cost effectiveness

Personal Responsibility

- The need for a balance between personal and state responsibility

Bounded Choice

- Choice versus cost, the need for affordable choices within certain financial and outcome boundaries tied to assessed impairments

Integration of Services and Funding

- The high cost of liability insurance for providers
- The need for increased wages and benefits for long-term and health care workers
- The need for greater coordination between various funding and service delivery mechanisms to reduce fragmentation in the system
- The increasing demands for services during severe fiscal shortfalls
- The increasing costs for long-term and acute care services, including prescription drugs, with no stable funding source
- The need for a continuum of long-term care and acute care services in an integrated system with multiple points of entry

Information and Education

- Need for proactive education, information and incentives to enhance financial literacy and personal responsibility in retirement and long-term care planning
- The lack of statewide and community-based prevention and chronic disease management programs and community environments and infrastructures that encourage healthy lifestyles

Caregiver and Workforce Support

- More support for family and unpaid caregivers is needed
- The scarcity of health and long-term care workers

Safety Net

- The necessity of preserving a safety net for those unable to pay for their long-term care and acute care
- The lack of health care and long-term care available in rural areas

System Diversity

- The lack of culturally competent services and programs
- The need for the expansion of a continuum of long-term care housing, care and service options
- The continued need to expand person-directed or consumer-directed care and independent choices

Vision

The Task Force developed an overall vision statement for the future of long-term care services in Oregon, along with a description of whom the system will serve.

We envision that Oregon will transform services and programs for elders and persons with disabilities into an integrated, seamless system that promotes and/or supports each individual's abilities to successfully respond to life changes and care needs.

Focus of the Task Force

The future retirement of the baby-boom population will create an unprecedented demand for long-term care services. This demand will necessitate a prioritization of both the populations served and the services provided in our long-term care programs.

The task force envisions that statewide long-term care programs will serve all Oregonians with information and education regarding long-term care options and costs, plus the necessary financial and retirement planning.

Additionally, Oregonians at risk of needing care and unpaid caregivers (such as family, friends or community) will receive education, screening and assessments, and support to maximize independence.

Oregon's long-term care programs must also provide direct service to certain people within the senior and people with disabilities populations. Statewide long-term care programs must prioritize finite resources to serve Oregonians with the greatest physical, psychosocial and financial needs. Individuals receiving services should receive those services within certain defined financial boundaries while acting as partners in making decisions regarding the care and services they receive.

Overarching Recommendations

The Task Force has concluded that a cultural shift is needed in Oregon in order to successfully position ourselves to meet the needs and challenges of an aging population. All Oregonians, regardless of their incomes, must begin to take personal responsibility for making healthy behavior choices and for planning and preparing for their future retirement and possible long-term care needs. Public and private collaborations and policies must assist in creating this cultural shift. The Task Force further recognizes the need for a public policy of:

- Planned and sustainable growth of the housing, care and service systems,
- Financing achieved in a public-private partnership and collaboration that emphasizes personal responsibility, and

- A commitment to educate and promote a need for personal responsibility with a balance between personal and state responsibility, independent decision-making and informed choice.

As such, the Task Force has developed a comprehensive list of goals, strategies and actions to guide the state in moving forward. A more detailed list can be found on pages 29 through 77. However, the following is a list of eight overarching recommendations identified by the Task Force members as those items that require attention and implementation within the next year to begin laying the foundation for the future.

Outcome-Based Decision Making

- ◆ **Develop measures for the different care settings to determine whether services achieve desired outcomes, promote quality of life and are cost-effective.**

First Action Steps:

1. Direct DHS to collect data and use empirically based decision-making.
 - a. Conduct a comprehensive, independent evaluation of the outcome and quality assurance measurements currently used to evaluate the long-term care system.
2. Develop consumer-oriented satisfaction measures that include personal dignity, independence, autonomy, security and functional status.
3. Require outcome measures in the development of new programs and services.
4. Utilize empirical data to change regulatory requirements to focus on outcomes for consumers.

Timeline: Begin data collection November 2002

Lead: Department of Human Services, Seniors and People with Disabilities, Finance and Policy Analysis, Health Services, in conjunction with area agencies on aging, private foundations, Department of Higher Education, and service providers.

Personal Responsibility

- ◆ **Encourage personal responsibility by educating Oregonians on the need to engage in healthy lifestyles and planning for retirement and future long-term care needs.**

First Action Steps:

Financial and Tax Incentives

1. Evaluate effectiveness of state long-term care insurance tax credit; recommend appropriate changes.
2. Work with private and public employers and advocacy groups to help employees plan for retirement including offering long-term care insurance.
3. Educate individuals about long-term care and the likely need for insurance. Develop and distribute materials explaining the advantages and disadvantages of long-term care insurance.

4. Create and implement a professional certification for agents who sell long-term care insurance. Require that agents complete continuing professional education work related to aging issues to retain certification.
5. Develop and distribute information explaining the pros and cons of using a reverse mortgage to help finance elder years and/or long-term care.

Healthy Lifestyles and Education

1. Create a report card for elder- and disability-ready communities.
2. Develop state recognition and award programs for worksites that promote “healthy policies.”
3. Educate policy makers about the demographic trends and expectations that government will deliver programs when and how the public wants them, and the difference between the costs and revenues.
4. Develop and disseminate information regarding health and wellness via state and local public health agencies. Use widespread education techniques to promote health, such as television ads, billboards, radio, signs on public vehicles, etc.

Timeline: Begin planning January 2003

Lead: Department of Human Services, Seniors and People with Disabilities and Health Services and Department of Consumer and Business Services, Insurance Division, Legislative Assembly, Governor’s Office, private sector financial service providers and related associations.

Bounded Choice

- ◆ **Provide choices for long-term care within certain financial boundaries for those who are eligible for Medicaid.**

First Action Steps:

1. Convene a stakeholders’ workgroup to report its recommendations about service packages and cost ranges to the Governor and the Legislative Assembly. The recommendation should address any differences between packages and ranges for seniors and people with disabilities.
2. Pursue changes in federal regulations and/or waivers to allow clients to be offered services within boundaries.
3. Appoint a workgroup of long-term care providers, advocates and public sector representatives and workforce representatives that:
 - a) explores issues around subsidization of the public sector by private sector;
 - b) develops recommendations for criteria upon which to base rates that meet both consumer needs and provider costs;
 - c) develops reimbursement strategies that include empirically measured quality outcomes; and
 - d) explores regulations that inadvertently increase provider costs.
4. Complete an analysis of:

- a) the different costs of doing business in different regions of the state;
 - b) cost differences in operation of facilities of different sizes and types;
 - c) Develop and implement a methodology for reimbursement to long-term care facilities that factors in improvements and maintenance of physical plant and technology that relate to the integrity, accessibility and functioning of the basic structure; and
 - d) current wage and benefit levels for direct-care staff across long-term care settings.
5. Develop and implement a long-term care assessment tool as the basis of the rate setting process that recognizes consumer needs based on medical acuity, activities of daily living assistance and psychosocial conditions.
6. Develop models that adjust rates in ways that recognize both different consumer needs and different cost structures, and that encourage quality outcomes.

Timeline: Begin developing November 2002

Lead: Department of Human Services, Seniors and People with Disabilities and Finance and Policy Analysis, Legislative Assembly, Governor's Office, public sector providers and workforce representatives.

Integration of Services and Funding

- ◆ **Integrate acute and long-term care services and financing streams. Provide a continuum of services, information and funding.**

First Action Steps

1. Work with the Congressional delegation to promote regional parity of Medicare payments.
2. Revise the Medicare definition of homebound to ensure that access to Medicare home services is more flexible.
3. Revise the federal and state rules concerning the use of Medicaid and Medicare funds making them more flexible so that the use of these funds is not site specific.

Timeline: Begin planning July 2003

Lead: Department of Human Services, Seniors and People with Disabilities, Finance and Policy Analysis, and Health Services

Information and Education

- ◆ **Provide information and education on long-term care needs, services and planning to all Oregonians.**

First Action Steps:

1. Conduct a public action campaign to inform the public about the serious consequences of falls, fall prevention and safety hazards in the home.
2. Develop projections of future needs and system capacity.
3. Expand education of consumers and families on the benefits and risks associated with various long-term care options, including the choice of living in a less restrictive environment or the risks involved in transitions.
4. Educate people about technologies such as remote wireless and other “smart home” technology related to health and prevention to extend the time people can live safely in their own homes.

Timeline: Begin development July 2003

Lead: Department of Human Services, Seniors and People with Disabilities and Department of Consumer and Business Services

Caregiver and Workforce Support

- ◆ **Increase system capacity by developing the acute and long-term care workforce and providing family and informal caregiver supports.**

First Action Steps:

1. Increase and expand enrollment capacity of licensed nurses at both the community college and baccalaureate levels.
2. Medicaid reimbursement rates should be adequate to provide competitive wages and benefits for long-term care, in-home and health workers.
3. Continue to develop and expand Older Americans Act Family Caregiver Support Programs.
4. Encourage and provide incentives to businesses to establish flexible schedules, programs and benefits to support family care giving.

Timeline: 2003 Legislative Session

Lead: Department of Human Services, Seniors and People with Disabilities and Health Services, Department of Higher Education, Board of Nursing, Governor's Office, Legislative Assembly, Oregon Health Science University, community colleges, and relevant provider organizations

Safety Net

- ◆ **Maintain a safety net for those who cannot afford to pay for their care.**

First Action Steps

1. Encourage the Congressional delegation to support financing strategies to add prescription drugs and long-term care benefits to Medicare.
2. Change health insurance practices to provide multi-year policies that include incentives to invest in prevention and reduce administrative costs.
3. Adopt stronger Medicaid eligibility requirements for valuation of major assets such as homes and automobiles.

Timeline: Begin July 2003

Lead: Governor's Office, Legislative Assembly, Department of Human Services and Department of Consumer and Business Services

System Diversity

- ◆ **The long-term and acute care systems must reflect cultural, regional, gender and disability differences.**

First Action Steps:

1. Dialogue with representatives of cultural and ethnic communities to identify discrete needs and service strategies within those communities.
2. Take the result of the needs assessment and assist those communities to establish culturally competent programs and services.
3. Develop a workforce that is culturally sensitive and responsive to age, disability, race, gender and ethnicity.
4. **Develop programs to encourage diversity in recruitment of care providers.**

Timeline: Begin July 2003

Lead: Department of Human Services