



BUDGET ACTION

980 9th Street Suite 240 ~ Sacramento, CA 95814 ~ ph: 916-443-2800 ~ Fax: 916-554-0111 ~ aging@c4a.info

INVESTMENT IN HEALTHY AGING and INDEPENDENCE for CALIFORNIA'S SENIOR POPULATION

A Call to Immediate Action

THE GROWTH & HEALTH COSTS OF THE SENIOR POPULATION

Throughout the United States, seniors over 60 represent the fastest growing age group in the country. California is no exception, with 1,000 Californians turning 65 every day for the next fifteen years. Statewide, the *total population is projected to grow at a rate of 4.7%, however, seniors age 85+ are growing more than twice that fast (9.8%)*. The 65-74 range group is growing even faster, with a 26.5% growth projection¹. Even more significant is the small subset of seniors and people with disabilities that consume by far the greatest portion of health care costs in the state. Recent figures show that a mere 8% of the population consumes 75% of the health care costs, with the vast majority being seniors with chronic conditions². Health Care providers and experts in the field of aging have identified long term services and supports (LTSS) as one of the most effective strategies for reducing existing and future health care costs. An investment now will position the state well for controlling costs in the future and will immediately reduce current costs.

The provision of LTSS has the added benefit of increasing the quality of life of seniors and their family members and caretakers.

Financially, Federal poverty levels fail to measure the economic status of California's older adults. UCLA, the Insight Foundation, and Wider Opportunities for Women have recently created an Elder Economic Security Index (EESI) to measure the true cost of living for a senior in California. The results of this survey are shocking; *47% of all older Californians (age 65+) do not have enough income to meet their basic needs.*

¹ Governor's Budget Summary Demographics 2014-15.

² Central California Alliance for Health Dec. 2014

Achieving the goal of controlling the rising health care costs of our rapidly aging population is not a simple endeavor. This will require a significant and continuing effort on behalf of our communities, our policy makers, public and community-based organizations, and from older adults and their caregivers.

THE OPPORTUNITY FOR IMMEDIATE & COST EFFECTIVE ACTION

The State of California has the opportunity to immediately offset the potentially runaway costs of its aging population by investing in proven strategies to reduce, eliminate and/or delay potential expenses. These investments fall into four categories, including:

- 1) Access to and Coordination of Services;
- 2) Senior Nutrition;
- 3) Caregiving and Family Support, and;
- 4) Elder Abuse Protection.

An initial allocation of \$37 million is expected to save the state over \$135 million annually via reduced hospital admissions, fewer emergency room visits, delaying premature institutionalization, and reduction of elder abuse. Other benefits include reduced pressure on law enforcement, job retention by family members, better coordination of services, and improved access to preventive care and nutrition. Lastly, the investment of these funds will dramatically improve the quality of life for every family that includes a frail or vulnerable senior.

A COORDINATED SYSTEM OF CARE TO IMPLEMENT THESE ACTIONS ALREADY EXISTS

A variety of programs already exist in state statute that can deliver these services almost immediately. The Older Californians Act, Adult Protective Service Programs, Home-delivered Meals organizations, and Area Agencies on Aging are part of an existing network of organizations that provide these services in coordination with one another and other community based organizations. They stand by ready to act immediately on the implementation of these programs.

This call to action describes the types of services and resultant outcomes and savings that can be realized in greater detail in the following five pages.

ACCESS TO AND COORDINATION OF SERVICES

Allocation: **\$14,000,000**

Finding appropriate services and navigating the network of options available to people in need is the first critical piece of keeping frail seniors healthy and living as independently as possible. The key components of access and coordination include the provision of quality Information and Assistance to provide a solid starting point, followed by case management & options counseling once someone avails themselves of help. It's been said that Information and Assistance is the on-ramp to the freeway of Long Term Services & Supports, and that care management represents the rules of the road to keep traffic moving safely to the desired destination.

Cost Analysis: According to the California Association of Health Facilities, in 2012, the reported average cost per patient day for a skilled nursing facility was approximately \$226 (\$82,500 annually). Medicare and private pay costs are usually higher. Proper care management can often delay or completely avert the need for a senior to be placed in a skilled nursing facility. If as few as 100 seniors per month *statewide* (less than two per county) are diverted from placement, the **annual savings exceeds \$95,000,000.**

SENIOR NUTRITION

Allocation: **\$6,000,000**

Without basic nutrition, no individual remains healthy for long, and especially not a frail senior, or one recovering from a recent illness or injury. Quality Nutrition has been identified as an essential component of recovery from hospital stays as well, and without access to healthy nutritious food, readmissions will increase rather than decrease. Three highly successful program models exist for seniors; each one severely compromised by waiting lists and program closures. Augmentation of senior nutrition programs is the cornerstone for healthy aging.

Cost Analysis: Senior nutrition deserves special attention as a strategy to reduce the health and medical needs (and resultant care costs) of older Californians. A study³ that examined the health and nutritional status of seniors found that food-insecure seniors had significantly lower intakes of vital nutrients in their diets when compared to their food-secure counterparts. These food-insecure seniors were 2.33 times more likely to report fair/poor health status and had a higher nutritional risk⁴. Food-insecure seniors are at greater risk for chronic health conditions and experience the following:

³ Feeding America and National Foundation to End Senior Hunger (NFESH). (2014, March). *Spotlight on Senior Health Adverse Health Outcomes of Food Insecure Older Americans*

⁴ Lee JS, Frongillo, Jr. EA. (2001). Nutritional and health consequences are associated with food insecurity among U.S. elderly persons

- 60 percent more likely to experience depression
- 53 percent more likely to report a heart attack
- 52 percent more likely to develop asthma
- 40 percent more likely to report an experience of congestive heart failure

Quality Nutrition increases healthy outcomes for patients released from hospitals. In one study, the readmission rate for patients treated for congestive heart failure was reduced from 26% to 15% when those patients were delivered two meals a day from Meals on Wheels service providers.

In San Diego County, each hospital readmission costs an average of \$13,000. In an 18-month period in San Diego County alone, a comprehensive pilot program, which included provision of meals when needed, prevented 667 readmissions. A very conservative estimate of a statewide effort to reduce food insecurity for at-risk seniors is that it would prevent more than 2,000 hospital readmissions across the State annually. **The result would be a savings well in excess of \$25,000,000.**

A Brown University Study⁵ estimated that every \$25 spent by a state per person over the age of 65 on home-delivered meals, reduces the low-care nursing home population by 1%. With the number of food-insecure seniors projected to increase by 50% when the majority of the Baby Boom Generation reaches age 60, in 2025, it is essential to provide a safety net of preventive nutrition that enables older adults to age well.

CAREGIVING & FAMILY SUPPORT

Allocation: \$7,500,000

The overwhelming majority of personal care given to frail seniors is provided by family members. Often forgotten or taken for granted, these family members deserve and need occasional support for and relief from their efforts. Occasional respite allows the caregiver to maintain their own health and continue their role, and day programs, especially those serving seniors with Alzheimer's Disease or other senior dementia, help family members maintain their own sources of income.

Cost Analysis: An estimated 5 million Californians age 18 and older provide unpaid assistance and support to older people and adults with disabilities who live in the community. **The value of this unpaid labor force is estimated to be at least \$35 billion annually,** nearly double the combined costs of home health care and nursing home care. Investing in programs that support and enable this unpaid labor force to

⁵ The Relationship between Older Americans Act Title III State Expenditures and Prevalence of Low-Care Nursing Home Residents; Kali S. Thomas, PhD, MA and Vincent Mor, PhD, MED

continue to function is a bargain at any cost, and certainly so at \$7.2 million. Not measured is the additional benefit of improving the health of caregivers, reducing the premature aging, depression and anxiety and need for care that is rampant among family members who provide 24/7 care to their beloved spouse or aging parent. Expanding day care and respite assistance programs holds the potential for savings of additional millions as well.

ELDER ABUSE PROTECTION

Allocation: \$9,500,000

The California Long-Term Care (LTC) Ombudsman Program provides advocacy services to protect the health, safety, welfare and rights of residents of skilled nursing facilities and residential care facilities for the elderly. There are 35 local Ombudsman Programs responsible for overseeing nearly 9,000 long-term care facilities representing 293,000 residents. The need for Ombudsmen to visit long-term care facilities or investigate complaints of elder abuse continues to rise, and this oversight a critical piece of protecting our most frail seniors from physical, mental, and financial abuse.

County-based Adult Protective Services (APS) programs respond to reports of abuse and neglect of older adults and dependent adults. The funding for the program was realigned to the counties in 2011. However, funding for training was not realigned. There is a need for standardized statewide training.

The provision of state funding for Ombudsman programs will provide an infrastructure from which volunteers can be recruited, trained, and supported in their efforts, as well as reduce the burden on law enforcement to intervene when no volunteers are available.

A budget allocation of \$5 million for increased and improved training for APS, Public Administrator/Public Guardian/Public Conservator staff and mandated reporters will help in the identification and prevention of elder abuse throughout our state.

Training for APS workers and their partner agencies is woefully underfunded although the need continues to be acute. Currently \$154,000 State General Funds are allocated by the CDSS for statewide APS training, an amount that has remained static for 10 years. Many APS cases are complex and require coordination with other agencies to protect the victims and their assets. In addition, case numbers are rising, with financial abuse cases alone rising 41% between 2009 and 2013 in California (SOC 242 APS Monthly Statistical Report - www.dss.ca.gov).

Although APS and Child Welfare Services (CWS) workers provide similar services in similar situations, APS workers receive only 4 cents of every dollar of state and federally

funded training that is provided to CWS workers (Delagrammatikas, 2007). It is imperative that APS workers receive comprehensive training so that they may provide elder and dependent adult victims of abuse with the same types of essential services and supports that our child abuse victims receive.

Cost Analysis: Elders who experienced abuse, even modest abuse, had a 300% higher risk of death when compared to those who had not been abused. Research has also shown that victims of elder abuse have had significantly higher levels of psychological distress and lower perceived self-efficacy than older adults who have not been victimized.²⁹ In addition, older adults who are victims of violence have additional health care problems that other older adults do not face, including increased bone or joint problems, digestive problems, depression or anxiety, chronic pain, high blood pressure, and heart problems.

The impact of abuse, neglect, and exploitation also has a profound fiscal cost. The direct medical costs associated with violent injuries to older adults are estimated to add over \$5.3 billion to the nation's annual health expenditures³¹, and the annual financial loss by victims of elder financial exploitation is estimated to be \$2.9 billion in 2009, a 12% increase from 2008. With over 10% of the nation's seniors living in California (AoA 2012 Demographic report), it is estimated that California seniors experience over \$500 million in health expenditures and suffer financial losses of nearly \$300 million due to elder abuse per year. Efforts to expand the protection of Volunteer Ombudsman, coupled with expanded training for APS workers, will clearly reduce the frequency of elder abuse throughout the state. At current population growth rates, we can project that the incidence of elder abuse costs will grow as much as \$22,000 every week between now and 2030.

If these efforts reduce existing elder abuse by as little as 2%, savings in health expenditures in California will exceed \$10,000,000, and financial losses will be reduced by \$5,800,000, for a total savings of \$15,800,000. While the saving of nearly \$16,000,000 exceeds the \$9,600,000 investment, the question that must be asked is whether we can afford to tolerate elder abuse at any price?

IMPLEMENTATION STRATEGY

The effectiveness of the programs described in this paper can be increased by the inclusion of budget control language that provides local control of service delivery by block granting the new funds to be allocated to the Older Californians Act. Block granting would assure that local decision makers would be able to use the funding in the area within the Older Californians Act where the greatest need existed, insuring the dollars have the maximum impact on their community.

Block granting would assure that future changes in needs and service delivery models are managed in a manner that assures adequate supports for chosen projects. When difficult decisions have to be made about program expansions and/or reductions, decisions can be made that are driven by local assessment of greatest need and greatest impact. Block granting increases opportunities for state funds to be used as part of collaborative planning efforts of local communities to address the needs of our growing aging population.

Both the ability to provide services and the nature of unmet needs vary widely throughout the state, with rural communities often having very different needs than an inner city. Additionally, the network and makeup of community-based senior service organizations differs tremendously from region to region, from county-to-county, and city-to-city. Block granting the funds would recognize and embrace those differences, and ensure that State funds are allocated in the manner that matches not only the needs of a local community, but also that community's ability to deliver services that meet those needs.

The flexibility of block granting Older Californians Act funds to Area Agencies on Aging will insure effective service delivery, maximize the efficiency of the use of funds, respect existing planning processes, and provide local control and decision-making.

CONCLUSION

California's senior population is growing at a rate five times faster than the rest of the state. Ignoring the impact of that population growth on California's health care system will only make the problem worse than it already is. Investing now in proven programs and strategies will improve the quality of life for our seniors, and have immediate and long term cost benefits, primarily by diverting efforts away from more expensive models of care, such as hospitals, emergency rooms, and skilled nursing facilities.

The Older Californians Act provides an existing structure for the delivery of these support services, **services that will produce \$135 million in savings for a 365% return on a \$37 million investment (less than 15 cents per week per California senior).**

Senator Carol Liu's Select Committee on Aging and Long Term Care also calls for a wide array of actions to stave off a crisis, including a reinvestment in these Older Californians Act programs.

Solutions exist; the time to act is now.