1. Aging Trends in Minnesota
2. Factors Impacting the Need for Long-Term Care (LTC)
3. Costs of LTC and income of older adults in MN
4. Labor force needed to care for aging residents
NUMBER OF MN’S OLDER ADULTS WILL INCREASE SUBSTANTIALLY OVER THE NEXT 20 YEARS

Change in older adults, age 65+ (Thousands)

Sources: U.S. Census Bureau and Minnesota State Demographic Center
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Sources: U.S. Census Bureau and Minnesota State Demographic Center
FOR THE FIRST TIME IN MN HISTORY:
MORE 65+ THAN SCHOOL-AGE BY 2020

Source: U.S. Census Bureau & Minnesota State Demographic Center
Demographic shifts will change demand for public services.

General Fund Expenditures 2014-2015

- K-12 Education 41%
- Health & Human Services 31%
- All other areas 19%
- Higher Education 8%

Within Health & Human Services

- Medical Assistance Expenditures: 25% of GF spending (8.5 billion)
- Medical Assistance Expenditures for the Elderly and Disabled: 16% of GF spending (5.5 billion)
- MA expenditures include basic care, long-term care waivers and long-term institutional care

Sources: Minnesota Management and Budget, February 2013. House Research, Long-Term Care Services for the Elderly, November 2012
WHAT FACTORS IMPACT THE NEED FOR LONG-TERM CARE (LTC)?

- Demographic: Age & Gender
- Health status
- Disability
- Living arrangements
NEED FOR LONG-TERM CARE IS SUBSTANTIAL AFTER AGE 85

Source: Stone, 2000
70% of older adults need long-term care

Estimated Years of Long-Term Care Need After Turning Age 65

- None: 31%
- 1 year or less: 17%
- 1-2 years: 12%
- 2-5 years: 20%
- More than 5 years: 20%

Source: Kemper, Komisar and Alexih, 2006.
Source: Tabulated by the MN State Demographic Center from the Integrated Public Use Microdata Series.
At age 65, the average Minnesotan will live an additional 20 years. 15 of those years will be disability-free, on average.

Source: Centers for Disease Control, 2013
2/3 of adults receiving long-term care are in “fair” or “poor” health.

Percent Reporting Own Health Status as Fair or Poor

- **Adults with Long-Term Care Needs**
  - 18-64: 65%
  - 65+: 66%

- **Other Adults**
  - 18-64: 7%
  - 65+: 21%

Source: Health Policy Institute, George Washington University. 2000 National Health Interview Survey.
2014 Health Outcomes - Minnesota

MN's healthiest counties are concentrated in the south.
AGING BRINGS HIGHER RATES OF DISABILITY

Percent with an independent-living disability by age 2008-2012

Percent with a self-care disability by age 2008-2012

Source: Tabulated by the MN State Demographic Center from the Integrated Public Use Microdata Series. Includes only the civilian, non-institutionalized population.
PREVALENCE OF DISABILITY DECLINING SLOWLY, AGE PATTERN REMAINS

Source: Crimmons, et al 2009. Estimates are for the U.S.
Percent with a disability, 65+ only
By county, 2008-2012

Rates of Disability among Older Adults

Source: mncompass.org
29% of older adults (Age 65+) live alone in Minnesota.

Source: 2008-2012 American Community Survey, U.S. Census Bureau
## Long-Term Care Costs in Minnesota

<table>
<thead>
<tr>
<th>Service</th>
<th>Average</th>
<th>Average</th>
<th>Average</th>
<th>Adult Day Care Daily Rate</th>
<th>Home Health Aide Average Hourly Rate</th>
<th>Homemaker Services Average Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Nursing Home Rate Private Room</td>
<td>$234</td>
<td>$210</td>
<td>$3,316*</td>
<td>$75</td>
<td>$25</td>
<td>$22</td>
</tr>
<tr>
<td>Annual Cost</td>
<td>$85,775/annual</td>
<td>$76,650/annual</td>
<td>$39,792/annual</td>
<td>$27,375/annual Est.</td>
<td>$20,000/annual Est.</td>
<td>$20,000/annual Est.</td>
</tr>
</tbody>
</table>

*Not all-inclusive; additional charges for home care services.

Source: Genworth 2012 Cost of Care Survey, Genworth Financial
WHO PAYS FOR LONG TERM CARE IN MINNESOTA? (2010)

- Medicaid: 35%
- Medicare: 32%
- Out-of-Pocket: 26%
- Private Insurance/Other: 7%

Source: MN Department of Human Services, 2010
OF U.S. ADULTS NEEDING LTC, ONLY 22% RECEIVE FORMAL (PAID) CARE

Distribution of Community Adults Who Need Long-Term Care, by Type of Care Received

- Informal Only: 76%
- Both Formal and Informal: 14%
- Formal Only: 8%
- None: 2%

SOURCE: Health Policy Institute, Georgetown University, analysis of data from the National Health Interview Survey on Disability, Phase II, 1994-1997.
PLANS TO PAY FOR LONG-TERM CARE
MN BABY BOOMERS, 2010

Source: Transform 2010 Survey, Minnesota Department of Human Services
WHAT IS MIDDLE INCOME?

- Difficult to come up with a meaningful number for “middle class” or “middle income”
- The middle 20% of all MN households with a householder age 40+ has income between $44,000 and $68,000
- But there is wide variation, especially when household size is considered

Source: MN State Demographic Center analysis of ipums data, 2007-2011 American Community Survey
MEDIAN HOUSEHOLD INCOME DECLINES WITH AGE

Median household income by age of householder
Minnesota, 2007-2011

- 40-49: $71,912
- 50-59: $69,368
- 60-69: $53,070
- 70-79: $34,456
- 80+: $22,889

Source: MN State Demographic Center analysis of ipums data, 2007-2011 American Community Survey
MEDIAN HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER AND HOUSEHOLD SIZE

Source: MN State Demographic Center analysis of ipums data, 2007-2011 American Community Survey
NATIONALLY, \(\frac{1}{2}\) OF PEOPLE BUYING LONG-TERM CARE INSURANCE HAVE INCOMES OF $75,000+
TWIN CITIES, ROCHESTER
OLDER ADULTS: RELATIVELY HIGH MEDIAN INCOMES

Source: MN Compass
AVAILABILITY OF WORKERS TO CARE FOR AGING POPULATION: DARKER AREAS WILL STRUGGLE MORE

20% = 5 working-age adult for every older adult

33% = 3 working-age adults for every older adult

Source: MN Compass
FOR THE FIRST TIME IN MN HISTORY:
MORE 65+ THAN SCHOOL-AGE BY 2020

Source: U.S. Census Bureau & Minnesota State Demographic Center