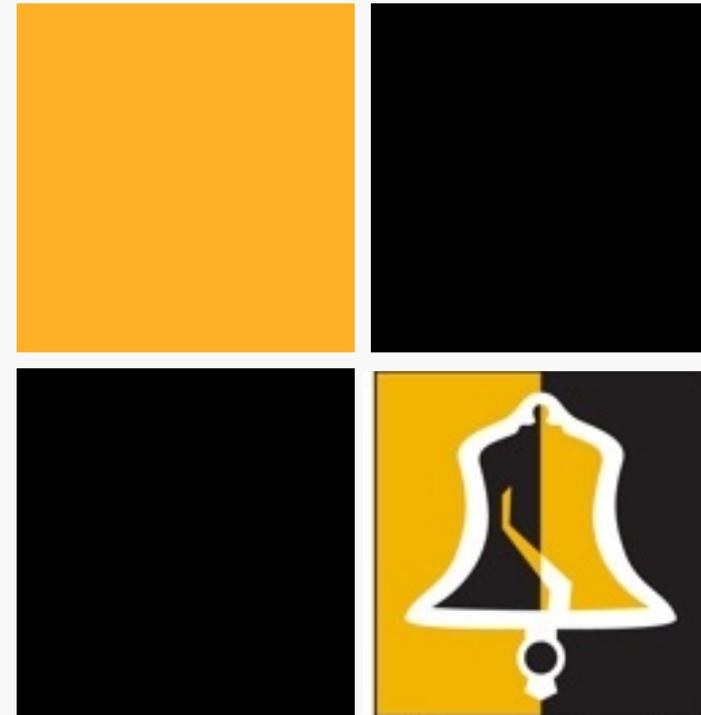


Baby Boomers and 65+: **The Impact of the Demographic Shift**

Bob Semro
Policy Analyst
May 2015

The Bell Policy Center

Research • Advocacy • Opportunity



The Demographic Problem Is Unprecedented in History



Aging in the United States Through 2050

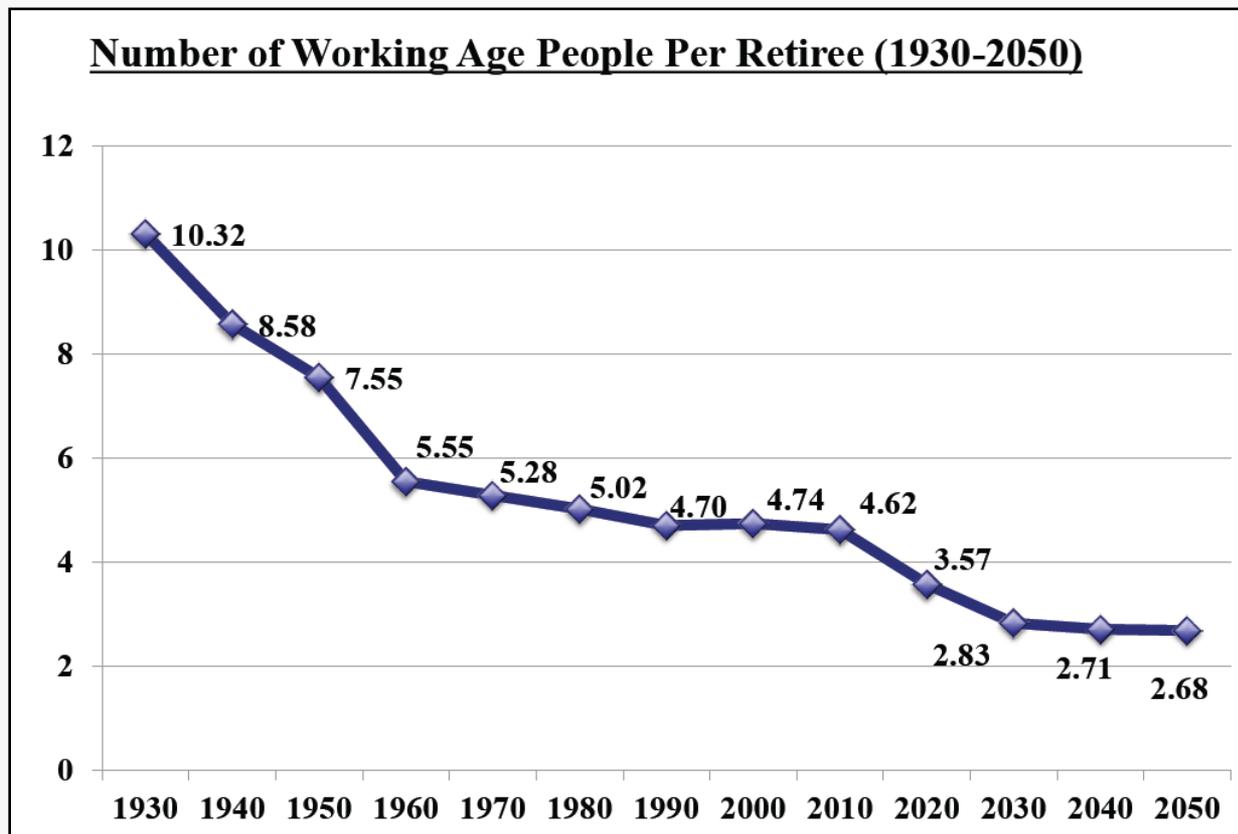
- **The United States**
 - **Today**
 - Almost **48 million Americans** are between the ages of 64 and 84
 - An additional **7 million Americans** are over age 85
 - **By 2030**
 - There will be **74 million Americans** between the ages of 64 and 84
 - Another **9 million Americans** will be over age 85
 - **By 2040**
 - There will be **83 million Americans** over the age of 65
 - Another **15 million Americans** will be over age 85
 - **By 2050**
 - There will be **88 million Americans** over the age of 65
 - Almost **20 million Americans** will be over age 85 (equivalent to the entire population of Florida in 2014)

Source: 2014 US Census Bureau Population Projections <http://www.census.gov/population/projections/data/national/2014/summarytables.html>



U.S. Ratio of Working Age Population to the Elderly

- In 1960 there were 5.6 working-age people per retiree.
- In 2010 there were 4.6 working-age people per retiree.
- In 2030 there will be 2.8 working-age people per retiree.



Colorado 65+ Population through 2030 and 2040

Aging in Colorado over the next twenty years 2010-2030 will be a significant demographic shift impacting several resources and relationships from the labor force to transportation to health care to public finance. The economic, social, and fiscal challenges and opportunities will be relevant to local and state governments as well as to the private sector

- Colorado's 65+ population is projected to increase by **130%** between 2010 and 2030
- By 2030, Colorado's 65+ population will reach **1,270,000 people** (compared to **550,000** in 2010)
- By 2040, Colorado's 65+ population will reach **1,475,000 people** and will represent **19%** of Colorado's total population
- The ratio of workers to non-workers in Colorado will be falling from **68% to 59%** between 2010 and 2040

Source: Elisabeth Garner, State Demography Office, Department of Local Affairs: Presentation to House Health and Environment Committee, March 2012

Source: State Demographer's website: Age and Gender query selected age grouping 65-99 - https://dola.colorado.gov/demog_webapps/pagParameters.jsf

Source: Colorado State Demographer 2014 presentation <http://www.colorado.gov/cs/Satellite/DOLA-Main/CBON/1251593240528>



The Demographic Shift in Colorado Over Age 65

- The “Senior Tsunami” has already begun. In the last 4 years: **well over 134,000** baby boomers (born 1946 – 1964) in Colorado turned age 65.
- Today:
 - **684,000** Coloradans are over age 65
 -

Age Group:	Year:	Area:	Total:	Male:	Females:
65 to 99	2014	State of Colorado	684,521	309,956	374,565

- In 25 years:

Age Group:	Year:	Area:	Total:	Male:	Females:
65 to 99	2030	State of Colorado	1,270,529	576,007	694,522

Source: Colorado State Demographers Office: Population and Gender Calculation : https://dola.colorado.gov/demog_webapps/pagCategory.jsf https://dola.colorado.gov/demog_webapps/pagParameters.jsf

Age Group:	Year:	Area:	Total:	Male:	Females:
65 to 99	2040	State of Colorado	1,475,836	667,693	808,142

The Demographic Shift in Colorado

Age 80 +

Today:

- **163,000** Coloradans are over 80 years of age

Age Group:	Year:	Area:	Total:	Male:	Females:
80 to 99	2014	State of Colorado	163,009	62,917	100,092

In 15 years:

- **341,000** Coloradans will be over 80 years of age, an increase of **109 percent** over today

Age Group:	Year:	Area:	Total:	Male:	Females:
80 to 99	2030	State of Colorado	341,755	139,560	202,195

- Over **511,000** Coloradans will be over age 80, an increase of **214 percent** over today)
- **60 percent** of them will be women

Source: Colorado State Demographers Office: Population and Gender Calculation : https://dola.colorado.gov/demog_webapps/pagCategory.jsf

Age Group:	Year:	Area:	Total:	Male:	Females:
80 to 99	2040	State of Colorado	511,103	208,206	302,896

Statewide Age 65 - 80 Population increase 2014 – 2040

Population (10,000 Increments)	2014	2020	2025	2030	2035	2040
990,000						
980,000						
970,000						
960,000						964733
950,000					953850	
940,000						
930,000				928774		
920,000						
910,000						
900,000						
890,000						
880,000						
870,000						
860,000						
850,000			851,888			
840,000						
830,000						
820,000						
810,000						
800,000						
790,000						
780,000						
770,000						
760,000						
750,000						
740,000						
730,000						
720,000						
710,000		708079				
700,000						
690,000						
680,000						
670,000						
660,000						
650,000						
640,000						
630,000						
620,000						
610,000						
600,000						
590,000						
580,000						
570,000						
560,000						
550,000						
540,000						
530,000						
520,000	521,512					
510,000						
500,000						

Colorado Statewide Demographic Shift Age 65-80

Source: State Demographer query:
https://dola.colorado.gov/demog_webapps/pagParameters.jsf



Statewide Age 80+ Population increase 2014 – 2040

Population (10,000 increments)	2014	2020	2025	2030	2035	2040
520,000						
510,000						511103
500,000						
490,000						
480,000						
470,000						
460,000						
450,000						
440,000						
430,000					433264	
420,000						
410,000						
400,000						
390,000						
380,000						
370,000						
360,000						
350,000						
340,000				341755		
330,000						
320,000						
310,000						
300,000						
290,000						
280,000						
270,000						
260,000						
250,000			250818			
240,000						
230,000						
220,000						
210,000						
200,000						
190,000		197,075				
180,000						
170,000						
160,000	163,009					
150,000						
140,000						
130,000						
120,000						
110,000						
100,000						

Colorado Statewide Demographic Shift Age 80+

Source: State Demographer query:

https://dola.colorado.gov/demog_webapps/pagParameters.jsf



Colorado Statewide Demographic Shift Age 80+ by Gender

Statewide Age 80+ Population increase (Gender) 2014 – 2040

Population	2014 Men	2014 Women	2020 Men	2020 Women	2025 Men	2025 Women	2030 Men	2030 Women	2035 Men	2035 Women	2040 Men	2040 Women
310,000												
300,000												302896
290,000												
280,000												
270,000												
260,000												
250,000										256497		
240,000												
230,000												
220,000												
210,000												
200,000								202196			208207	
190,000												
180,000												
170,000									175767			
160,000												
150,000						149811						
140,000							139560					
130,000												
120,000				118735								
110,000												
100,000		100091			101008							
90,000												
80,000			78341									
70,000												
60,000	62916											
50,000												

Source: State Demographer query: https://dola.colorado.gov/demog_webapps/pagParameters.jsf



Colorado: Growth in 65+ Population by County Urban

Urban County	65+ Population 2010	65+ Population 2040	65+ Population Population Increase
Arapahoe	57,580	168,034	+110,454
Boulder	29,521	85,227	+55,706
Denver	62,132	128,015	+65,883
Douglas	20,343	102,092	+81,749
El Paso	62,051	160,441	+98,390
Jefferson	67,411	156,902	+89,491
Mesa	21,872	42,180	+20,308
Larimer	35,341	87,730	+52,389
Pueblo	24,346	44,942	+20,596
Weld	24,235	81,766	+57,531



Colorado: Growth in 65+ Population by County

Urban

Urban County	% Change in 65+ Population 2010 - 2020	% Change in 65+ Population 2020 - 2030	% Change in 65+ Population 2030 - 20340
Arapahoe	70%	45%	11%
Boulder	74%	45%	7%
Denver	44%	26%	9%
Douglas	115%	72%	13%
El Paso	62%	44%	14%
Jefferson	62%	38%	3%
Mesa	43%	27%	15%
Larimer	62%	36%	14%
Pueblo	40%	24%	15%
Weld	74%	50%	27%



Colorado: Growth in 65+ Population by County Rural

Rural County	% Change in 65+ Population 2010 - 2020	% Change in 65+ Population 2020 - 2030	% Change in 65+ Population 2030 - 20340
Alamosa	55%	31%	19%
Chaffee	51%	18%	9%
Delta	40%	19%	16%
Eagle	169%	68%	24%
Elbert	135%	63%	22%
Garfield	104%	58%	22%
Grand	129%	50%	19%
Gunnison	67%	21%	9%
La Plata	90%	39%	16%
Logan	24%	27%	13%
Montrose	41%	25%	16%
Morgan	20%	28%	18%
Routt	102%	32%	24%
Summit	144%	55%	18%
Teller	77%	19%	13%
Yuma	18%	17%	6%



Colorado 65+ Population Characteristics

2012 Long Term Care Profile of Colorado (AARP)

Income & Poverty	State
Median household income age 65+, 2010	\$37,684
At/below poverty level age 65+, 2010	8.1%
At/below 250% of poverty level age 65+, 2010	37%
Women age 75+ at/below poverty level, 2010	11.1%
Women age 75+ at/below 250% of poverty level, 2010	51%

Disability Rates	Number (1,000s)	Percent
People age 65+ with disabilities, 2010		
Self-care difficulty	38	7.1%
Cognitive difficulty	42	7.9%
Any disability	185	35%

Projection of Total Number of Coloradans Age 65 and Older with Alzheimer's Disease 2014 – 2025 ⁸

Projected Number with Alzheimer's (in thousands) 2014	Projected Number with Alzheimer's (in thousands) 2025	Percentage Change 2014 - 2025
63.0	92.0	46.0%

Source: AARP, Across the States - profiles Of Long-Term Services and Supports, 2012 http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2012/across-the-states-2012-full-report-AARP-ppi-ltc.pdf

Source: Alzheimer's Association, 2014 Alzheimer's Disease, facts and Figures : http://www.alz.org/downloads/Facts_Figures_2014.pdf

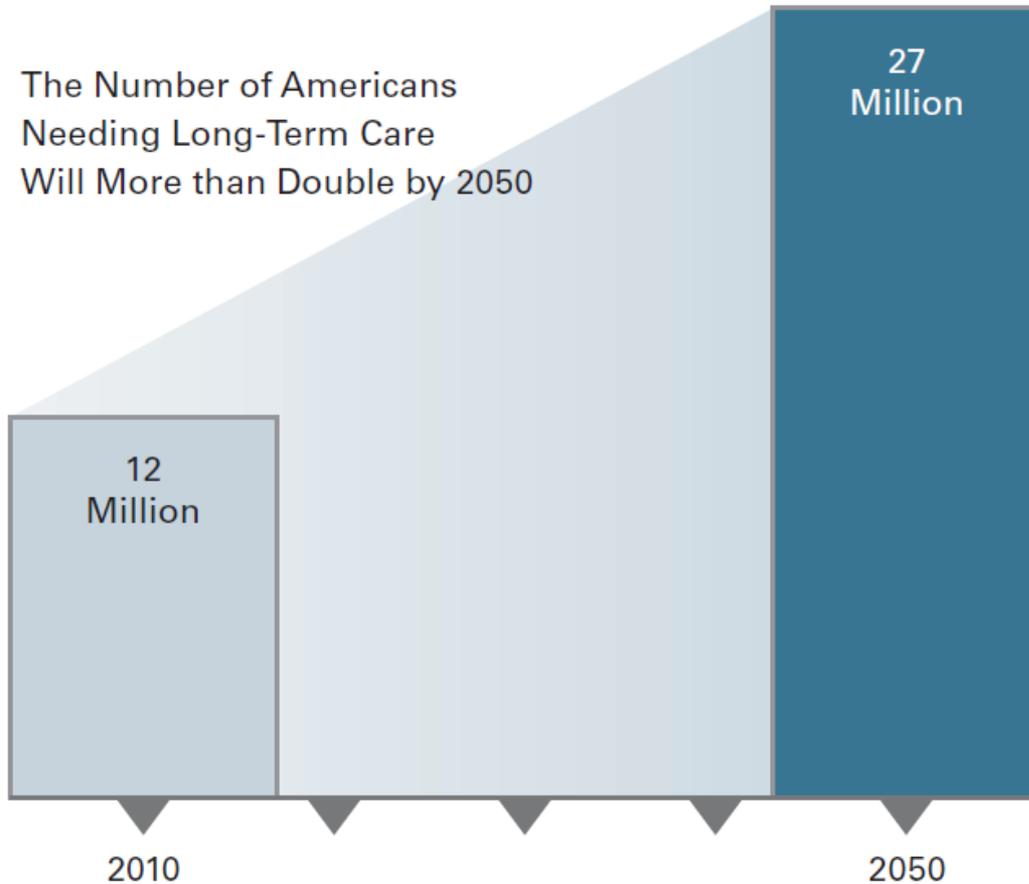


Long Term Care Use In the United States and Colorado



National Long Term Care Usage 2010 - 2050

The Number of Americans
Needing Long-Term Care
Will More than Double by 2050



Source: S. Kaye, C. Harrington, and M. Laplante (2010). Analysis of 2005 SIPP, 2007 NHIS, 2007 ACS, 2004 NHHS, and the 2005–2006 Medical Expenditure Survey

“A more accessible and sustainable Medicaid is needed to assure its continued role in guaranteeing the availability of LTSS for individuals and families with few resources to provide for themselves”

*Long Term Care Commission
Report to Congress: September
18, 2013*

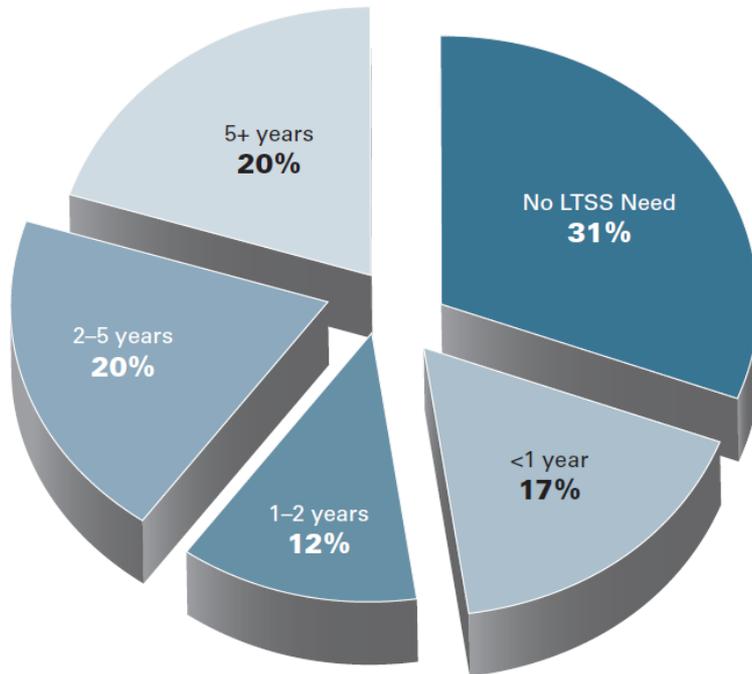
125% growth rate



Long Term Care Usage

- 70 percent of Americans who reach the age of 65 will need some form of long-term care at some point in time in their lives

Duration of Expected Future LTSS Need for Persons Turning 65



Source: Kemper, Komisar and Alecxih, 2005. Outputs of model using March 1993 and March 1994 CPS data

- 20% will require long term care for 2 – 5 years
- 20% will require long term care for more than 5 year



Long Term Care Usage

- 870,000 to 930,000 Coloradans will require long term care by 2030 or beyond
- The average time span for long term care is 3 years.
- Women will need care of a longer period of time, on average 3.7 years
- Men will need less care on average 2.2 years

Source: Colorado Health Institute, Long Term Services and Supports in Colorado Nov. 2011 http://www.coloradohealthinstitute.org/uploads/downloads/Long_Term_Services_and_Supports.pdf

Source: <http://longtermcare.gov/the-basics/how-much-care-will-you-need/>



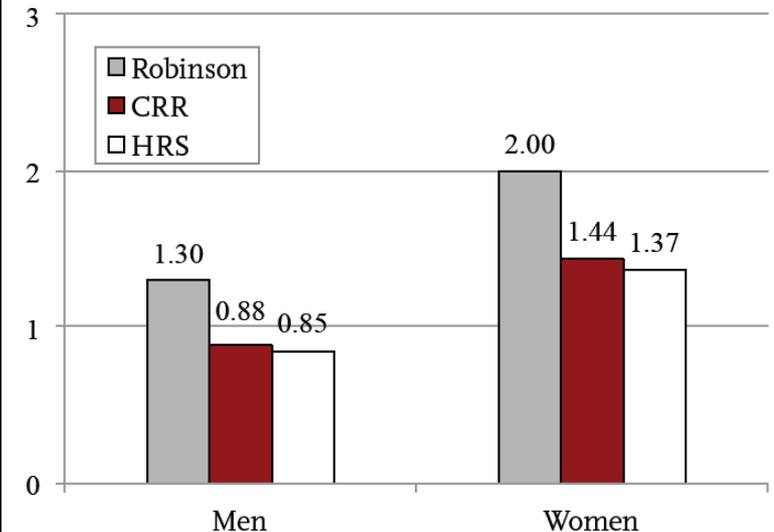
Nursing Home Usage and Duration of Care

FIGURE 1A. PERCENTAGE OF PEOPLE EVER USING NURSING HOME CARE AT OR AFTER AGE 65



Sources: Brown and Finkelstein (2008); and Friedberg et al. (2014).

FIGURE 1B. AVERAGE DURATION OF NURSING HOME CARE, CONDITIONAL ON USING CARE, IN YEARS



Sources: Brown and Finkelstein (2008); and Friedberg et al. (2014).

- Two recent studies from 2014 project that **44% of men and 58 % of women** will use a skilled nursing facility after age 65
- The same studies indicate that nursing home stays average **11 months for the typical single man and 17 months for a single woman**



What Medicare and Medicaid Pay For



Medicare and Medicaid Eligibility

- **Medicare pays for:**

- The first 20 days of nursing home care and a portion of the next 80 days following a hospitalization
- Intermittent home health benefits if clients are: homebound, have skilled care needs, under a physician's care
- 693,000 Coloradans are currently on Medicare 13.4% of the state's population
- 148,000 (21% of total) are below 150% of FPL

- **Medicaid pays for:**

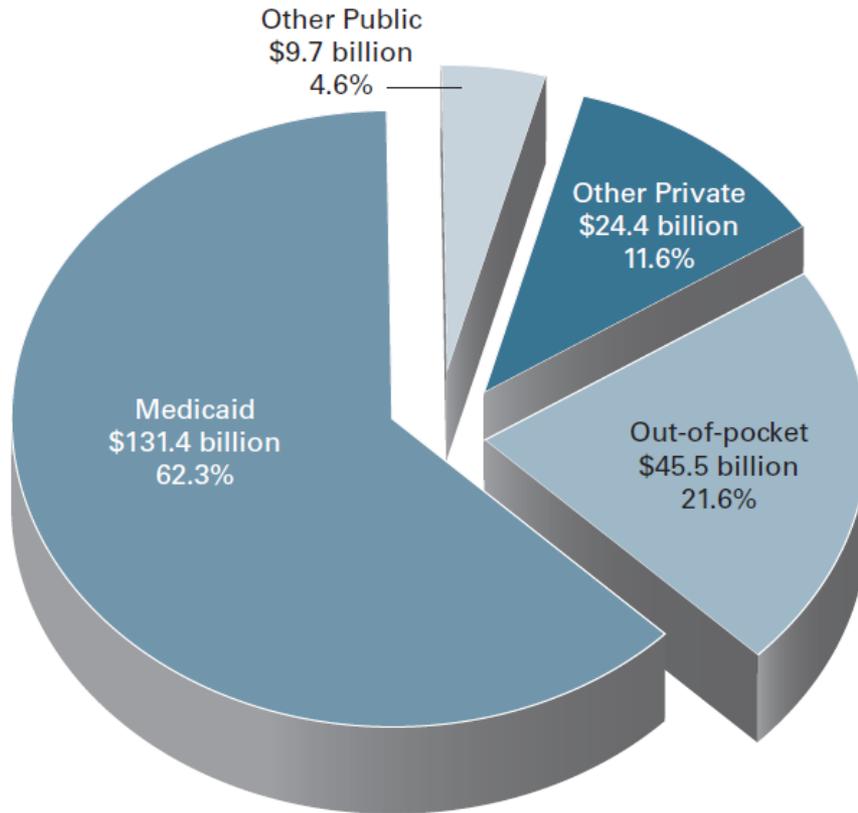
- Institutional and community-based long term support services LTSS for individuals with limited incomes:
 - Up to 300 percent of the Supplemental Security Income (SSI) (\$2,163 per month for an individual in 2014)
 - Limited assets (\$2,000 for an individual or \$4,000 for a couple)
 - Require assistance with (ADLs) (IADLs).

Source: Colorado Health Institute: Long-Term Services and Supports in Colorado, November 2011 updated January 2012



National Financing of Long Term Care

LTSS Expenditures by Source, 2011



Source: National Health Policy Forum, based on data from 2011 National Health Expenditure Accounts

*“Individuals and families rarely have sufficient resources (either savings or private insurance) to pay for an extended period of LTSS. Medicaid provides a critical safety net for those with few resources or who have exhausted nearly all of their resources paying for care. **Nearly two-thirds of the cost of LTSS today is financed by the federal and state governments through the Medicaid program.**”*

Long Term Care Commission Report to Congress: September 18, 2013



Financial Insecurity



American Seniors: Financial Insecurity

- Over 23 million Americans aged 60+ are economically insecure—living at or below 250% of the federal poverty level (FPL)
- Almost 75% of Social Security recipients depend on Social Security for all or most of their monthly income
- Almost 50% of all senior households of color and senior single women households are economically insecure
- 78% of all senior households are financially vulnerable

Senior (In)Security at a Glance

Housing & Home Equity	45% of senior households spend nearly a third of their income on housing. 31% either rent or have no home equity to draw on in tough times.
Healthcare	40% of senior households spend more than 15% of their income on healthcare.
Budget	Nearly 1 in 3 senior households has no money whatsoever left over after meeting essential expenses.
Assets	More than half of all senior households (54%) do not have sufficient financial resources to meet median projected expenses based on their current financial net worth, projected Social Security, and pension incomes.

Only 22% of seniors are secure in the majority of these areas.

Source: National Council on Aging, 2014

Source: Demos and Institute on Assets and Social Policy, Brandeis University, "From Bad to Worse, Senior Economic Insecurity on the Rise" Policy Brief July 2011

Source: Living on Less Brief, 2009, Demos and Brandeis University Institute on Assets and Social Policy: www.iasp.brandeis.org



American Baby Boomers: Financial Insecurity 2011

- According to “Boomer Bust 2011: Still Unprepared and Unaware”, April 2011 survey
 - **People are not preparing for their retirement**
 - 60% of workers say they are currently saving for retirement (down from 65% in 2009)
 - **More workers have no savings at all**
 - National savings rates in 2014 are one half of the savings rate in the 1970s
 - 27% or percent of workers say they have less than \$1,000 in savings (up from 20% in 2009)
 - More than half of workers (54%) report that the total value of savings and investments, excluding the value of their primary home and any defined benefit plans, is less than \$25,000
 - **No clear retirement goals**
 - 54% of workers report that they have not calculated how much money they will need to have saved for a comfortable retirement.

Source: Volunteers of America: “Boomer Bust 2011: Still Unprepared and Unaware”, April 2011

Source: <http://squaredawayblog.bc.edu/squared-away/today%E2%80%99s-savings-rate-half-of-1970s-rate/>



American Baby Boomers: Financial Insecurity 2011

- **Expect to work longer**
 - 66% of workers expect that they will have to work after age 65
- **Problems with the “working longer” strategy**
 - Current employment may not be available
 - Salaries and job opportunities may decline with age for many
 - Physical labor jobs may not be possible
 - Training or skill sets for new jobs
 - Working longer may not compensate for limited savings
 - Caregiving for other family members may limit work opportunities

Source: Volunteers of America: "Boomer Bust 2011: Still Unprepared and Unaware", April 2011



Baby Boomers: Financial Insecurity, ERBI Survey Data 2014

- ERBI (Employee Benefits Research Institute) 2014 Retirement Confidence Survey Data
- Workers
 - 16% of workers **age 45 and older** cite assets of **\$250,000 or more** not including the value of a primary residence or defined benefit plan
 - 48 % of workers **age 45 and older** report having total savings and investments of **less than \$25,000** not including the value of a primary residence or defined benefit plan
- Retirees
 - For retirees in 2014 **with a retirement plan** (IRA, DC or DB plan) **35% report having less than \$25,000 in savings** and investments excluding the value of a primary home.
 - For retirees **without a retirement plan** **87% report having less than \$25,000 in savings** excluding a primary residence.



Baby Boomers: Reasons For Financial Insecurity

- **Personal responsibility**
- **Annual income growth has been relatively stagnant**
 - Inflation adjusted income for middle income boomers has changed very little since 1989
 - For lower income boomers inflation adjusted incomes remained at roughly the level of the late 1970s
- **Work based pensions have been replaced with 401Ks and profit sharing**
 - About 750,000 pensions were terminated b/w 2000 and 2009
 - About 60% of working Coloradans (1.7 million) do not have 401Ks or other defined benefit plans
- **401Ks and other investments were hit hard by the latest recession**
 - A baby boomer in a targeted date 401K you could have lost as much as 25% to 32% of the value of that plan on average, depending on the plan.
 - It may take from 2 to 9 years to recover those losses.
- **Historically low interest rates on savings**



Long Term Care Costs and Trends in Colorado



Long Term Care: National Misconceptions

- About one quarter (24 to 30%) of people over the age of 40 accurately estimate nursing home, assisted living and home health aide costs.
- 58% underestimate the cost of a nursing home
- Over 30% underestimate the cost of assisted living
- 37% think Medicare pays for ongoing care in a nursing home
- 44% think Medicare pays for ongoing home care w/ home health aide

Source: SCAN Foundation and Associated Press NOCR Center for Public Affairs Research: 2013



Genworth Cost of Long Term Care for Colorado 2015

- Colorado Home Care Services average hourly rates:
 - Average hourly rate: \$22 per hour – US average \$20 per hour
 - Annual median rate: \$49,718 – US average \$44,616
 - 5 year growth rate: -4% to 5%

Region	Minimum	Rate Range Median	Maximum	Median Annual Rate ¹	Five-Year Annual Growth ²
USA	\$8	\$20	\$40	\$44,616	2%
Colorado - Whole State	\$13	\$22	\$30	\$49,718	2%
Boulder	\$13	\$23	\$30	\$53,059	3%
Colorado Springs	\$17	\$22	\$25	\$49,192	2%
Denver-Aurora-Lakewood	\$21	\$22	\$29	\$50,336	1%
Fort Collins	\$20	\$24	\$25	\$54,340	4%
Grand Junction	\$20	\$20	\$24	\$45,760	-4%
Greeley	\$20	\$23	\$26	\$52,052	3%
Pueblo	\$15	\$19	\$20	\$43,243	5%
Colorado - Rest of State	\$16	\$23	\$25	\$53,722	4%



Genworth Cost of Long Term Care for Colorado 2015

- **Colorado Home Health Aide Services average hourly rates:**
 - Average hourly rate: \$22 per hour – US average \$20 per hour
 - Annual median rate: \$50,336 – US average \$45,760
 - 5 year growth rate: -4% to 5%

Region	Minimum	Rate Range Median	Maximum	Median Annual Rate ¹	Five-Year Annual Growth ²
USA	\$8	\$20	\$40	\$45,760	1%
Colorado - Whole State	\$13	\$22	\$31	\$50,336	1%
Boulder	\$13	\$23	\$30	\$53,059	1%
Colorado Springs	\$20	\$22	\$31	\$49,718	1%
Denver-Aurora-Lakewood	\$21	\$23	\$29	\$52,578	2%
Fort Collins	\$22	\$24	\$29	\$54,912	4%
Grand Junction	\$20	\$20	\$24	\$45,760	-4%
Greeley	\$21	\$23	\$26	\$53,196	1%
Pueblo	\$15	\$19	\$20	\$43,243	5%
Colorado - Rest of State	\$16	\$23	\$25	\$53,722	2%



Genworth Cost of Long Term Care for Colorado 2015

- **Colorado Assisted Living average monthly rates:**
 - **Average monthly rate:** \$3,750 per month – US average \$3,600 per month
 - **Colorado daily rate:** \$123.29 per day
 - **Annual median rate:** \$45,000 – US average \$43,200
 - **5 year growth rate:** -2% to 8%

Region	Minimum	Rate Range Median	Maximum	Median Annual Rate ¹	Five-Year Annual Growth ²
USA	\$600	\$3,600	\$11,250	\$43,200	2%
Colorado - Whole State	\$2,050	\$3,750	\$8,850	\$45,000	2%
Boulder	\$3,715	\$4,400	\$8,850	\$52,800	2%
Colorado Springs	\$2,205	\$4,425	\$6,385	\$53,100	5%
Denver-Aurora-Lakewood	\$2,300	\$4,250	\$7,564	\$51,000	3%
Fort Collins	\$2,050	\$3,600	\$6,500	\$43,200	1%
Grand Junction	\$2,225	\$3,100	\$6,400	\$37,200	3%
Greeley	\$2,163	\$4,050	\$6,000	\$48,600	8%
Pueblo	\$2,200	\$3,063	\$3,725	\$36,750	-1%
Colorado - Rest of State	\$2,400	\$3,330	\$4,950	\$39,960	-2%



Genworth Cost of Long Term Care for Colorado 2015

- **Colorado Nursing Home Semi-Private average daily rates:**
 - **Average daily rate:** \$230 per day – US average \$220 per day
 - **Colorado monthly rate:** \$6,996 per month
 - **Annual median rate:** \$83,950 – US average \$80,300
 - **5 year growth rate:** 3% to 4%

Region	Minimum	Rate Range Median	Maximum	Median Annual Rate ¹	Five-Year Annual Growth ²
USA	\$90	\$220	\$1,255	\$80,300	4%
Colorado - Whole State	\$173	\$230	\$650	\$83,950	3%
Boulder	\$217	\$260	\$272	\$94,900	4%
Colorado Springs	\$184	\$225	\$274	\$82,125	3%
Denver-Aurora-Lakewood	\$184	\$243	\$650	\$88,695	3%
Fort Collins	\$228	\$238	\$277	\$87,034	4%
Grand Junction	\$205	\$217	\$228	\$79,023	3%
Greeley	\$234	\$237	\$241	\$86,323	4%
Pueblo	\$199	\$215	\$223	\$78,475	3%
Colorado - Rest of State	\$173	\$220	\$260	\$80,300	3%



Genworth Cost of Long Term Care for Colorado 2015

- **Colorado Nursing Home Private average daily rates:**
 - **Average daily rate:** \$256 per day – US average \$250 per day
 - **Colorado monthly rate:** \$7,794 per month
 - **Annual median rate:** \$93,531 – US average \$91,250
 - **5 year growth rate:** 2% to 5%

Region	Minimum	Rate Range Median	Maximum	Median Annual Rate ¹	Five-Year Annual Growth ²
USA	\$101	\$250	\$1,255	\$91,250	4%
Colorado - Whole State	\$179	\$256	\$650	\$93,531	3%
Boulder	\$275	\$292	\$326	\$106,642	3%
Colorado Springs	\$203	\$241	\$319	\$87,965	3%
Denver-Aurora-Lakewood	\$199	\$283	\$650	\$103,295	5%
Fort Collins	\$243	\$259	\$379	\$94,426	3%
Grand Junction	\$215	\$242	\$269	\$88,330	2%
Greeley	\$254	\$269	\$339	\$98,094	4%
Pueblo	\$208	\$248	\$257	\$90,520	4%
Colorado - Rest of State	\$179	\$230	\$389	\$83,768	2%



Private Pay Out of Pocket Costs

- Median annual private pay costs for **home health services**:
 - **Averages 88% of an older person's annual income**, nationally
 - This ranges from 55% to 125% across states
- Nationally, median annual private pay costs for **nursing home services**:
 - **Averages 241% of an older person's annual income**, nationally
 - This ranges from 166% to 444% across states
- **One in four people age 45 and over** are not at all prepared financially should they suddenly require long-term care for an indefinite period

Source: Reinhard S, Kassner E, Houser A, Mollica R. Raising Expectations: A State Scorecard on Long-Term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers. 2011



Family Care Giving



Informal Caregiving and the Availability of Caregivers

- **Unpaid informal care provided by family and friends**

- In 2007, about **540,000 unpaid caregivers** provided personal care and assistance for individual Coloradans
- For every dollar spent on Medicaid, friends and families provided **\$6** of uncompensated care. The fifth highest in the country (2007)

- **A potential decline in the number of caregivers (2013 AARP Study)**

- In Colorado, the number of potential caregivers is projected to drop from 9 potential caregivers for every person in the high-risk years of 80-plus in 2010 to half of that number for every person 80-plus in 2030. By 2050 there are projected to be 2.7 potential caregivers for every person over the age of 80.

Note: The "caregiver support ratio" is the number of potential caregivers aged 45–64 for each person aged 80 and older. The AARP report used this support ratio to estimate the availability of family caregivers during the next few decades

State	Support Ratio, by Year			
	1990	2010	2030	2050
Colorado	8.0	9.3	4.5	2.7

Source: Colorado Health Institute Long term Services and Supports in Colorado, November 2011, page 12 http://www.coloradohealthinstitute.org/uploads/downloads/Long_Term_Services_and_Supports.pdf

Source: AARP Public Policy Institute, The Aging of the Baby Boom and the Growing Care Gap: A Look at Future Declines in the Availability of Family Caregivers

http://www.aarp.org/content/dam/aarp/research/public_policy_institute/lrc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-lrc.pdf



Long Term Care Insurance



Long Term Care Financing: LTC Insurance

● Long Term Care Insurance

- From 2004 to 2012, LTCI insurance premiums increased by 29%
- Poor market penetration - about 10% of Americans between 45 and 62 have purchased LTC insurance. Only 7 out of 313 million Americans have long term care insurance
- In the last 10 years sales to individuals have fallen by two-thirds to 233,000 policies a year
- 10 out of the top 20 individual writers of long-term care insurance have since exited the market over the last five years
- According to LifePlans Inc. (consulting group) only a dozen or so companies still sell meaningful numbers of policies, down from about 100 carriers a decade ago

Source: USA Today, Baby Boomers Struggle to Get Long-Term Care Insurance, March 30, 2012

Source: <http://www.npr.org/2012/05/08/151970188/long-term-care-insurance-who-needs-it>

Source: Morrissey, Janet : Preparing for Long Term Care Any Good Options?, Time Magazine , Feb. 8, 2011

Source: <http://online.wsj.com/news/articles/SB10001424127887323475304578501820197828966>

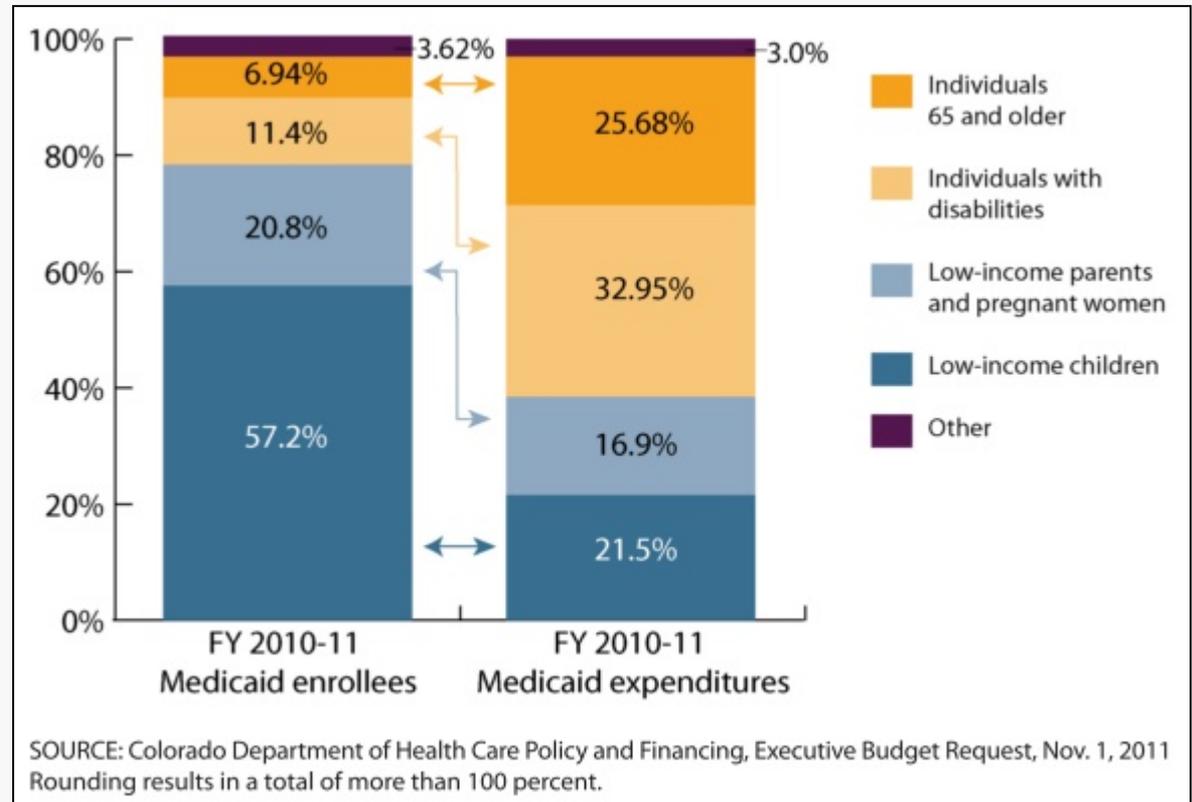


Impact on the State Budget and Economy

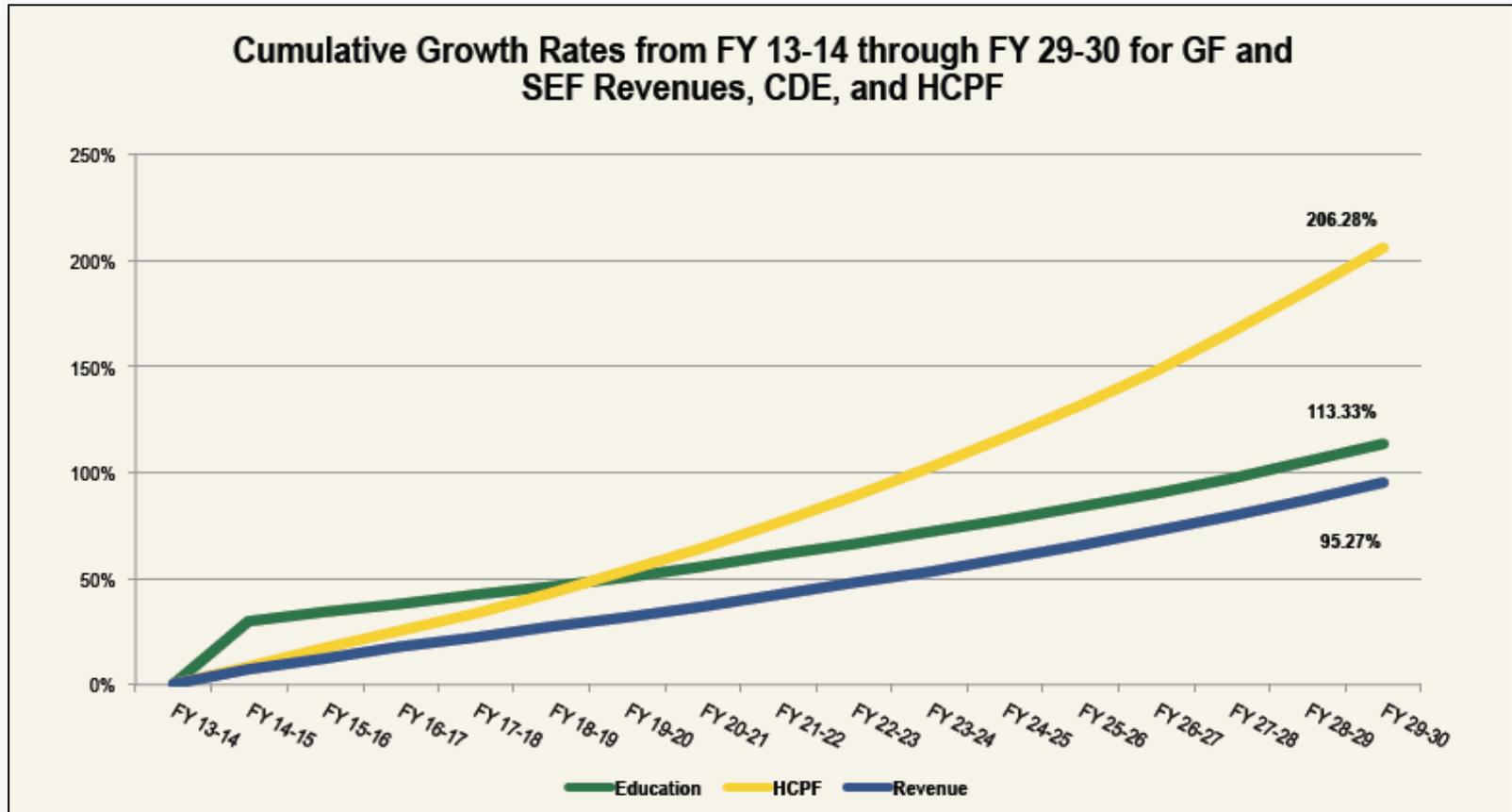


Colorado's General Fund: Medicaid and the 65+ Population

- 7% of Colorado's Medicaid clients are 65 years or older and represent over 25% of the state's Medicaid budget
- Colorado spent about \$1.1 billion in long-term services and supports in 2010-11, about 30% of the total Medicaid medical services costs



Colorado: Medicaid Cost vs. General Fund with ACA Medicaid Expansions



Note: The Congressional Budget Office (CBO) estimates that federal Medicaid spending will increase from \$275 billion in FY 2011 to \$622 billion in FY 2022 (226% increase)

Source: Charlie Brown / Colorado State University, Financing Colorado's Future 2014
 Source: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/March2012Baseline.pdf>



Impact on Revenue and the Colorado Economy

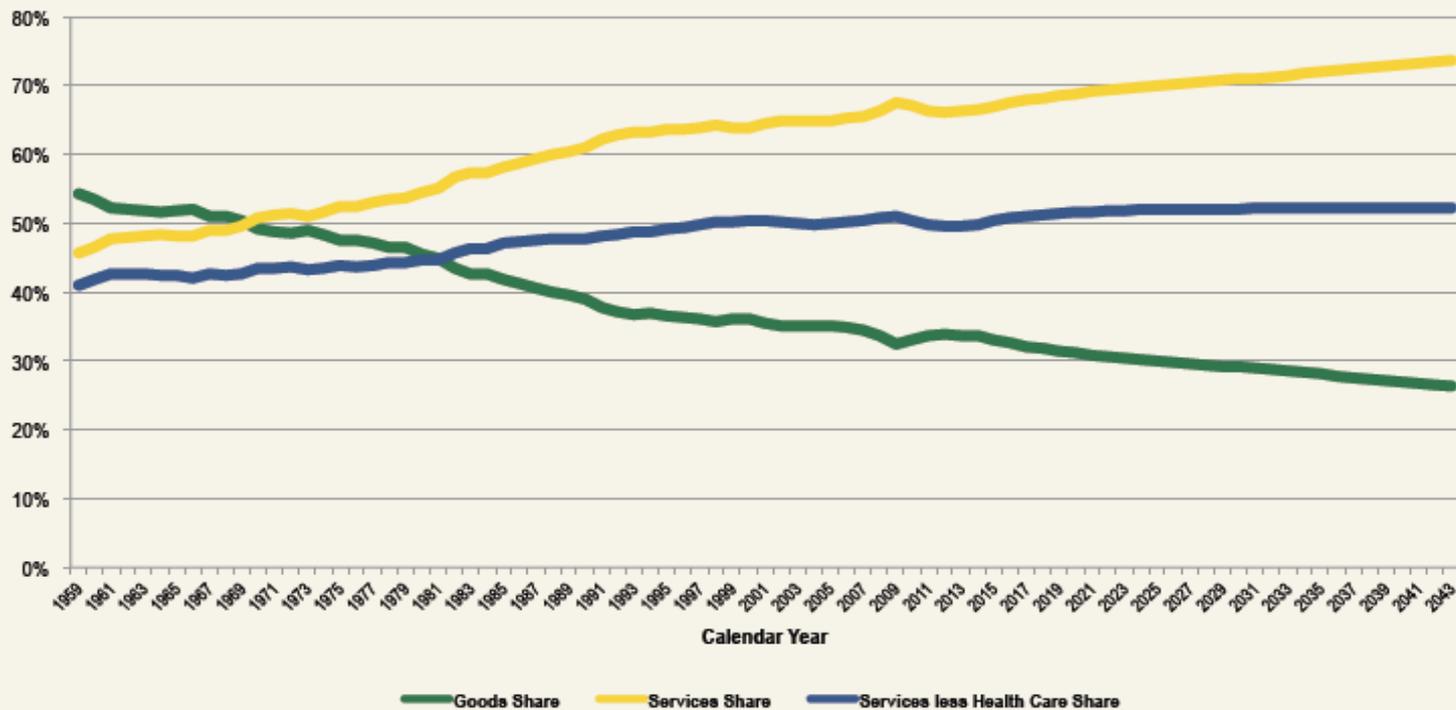
- **The aging demographic will impact the state economy**
 - Boomers represented 37% of the labor force in 2010
 - Approximately 1,000,000 Colorado workers will be aging out of the work force over the next 20 years
- **The historic “Demographic Dividend” for state revenue provided by the Baby Boomer generation will end as they exit the workforce**
 - Past state revenue picture has benefited from boomers at the peak of their earning potential in a strong economy
- **Sales tax revenues will decrease** because consumer buying patterns change as the population ages



Colorado: Consumption of More Services and Fewer Goods

Consumption Will Continue to Shift to Services

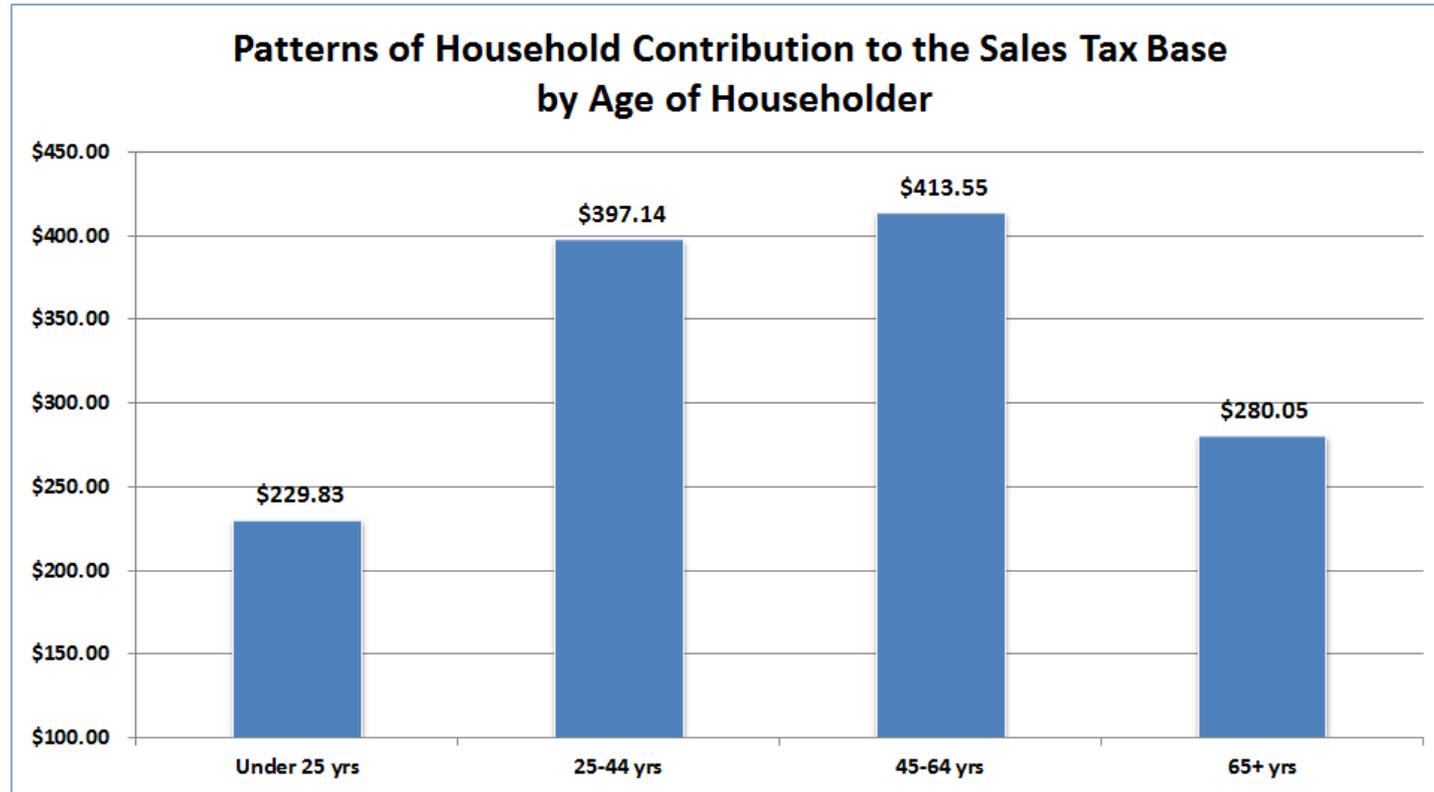
Share of Personal Consumption Expenditures Dedicated to Goods and Services



Source: BLS and Moody's Economy.com



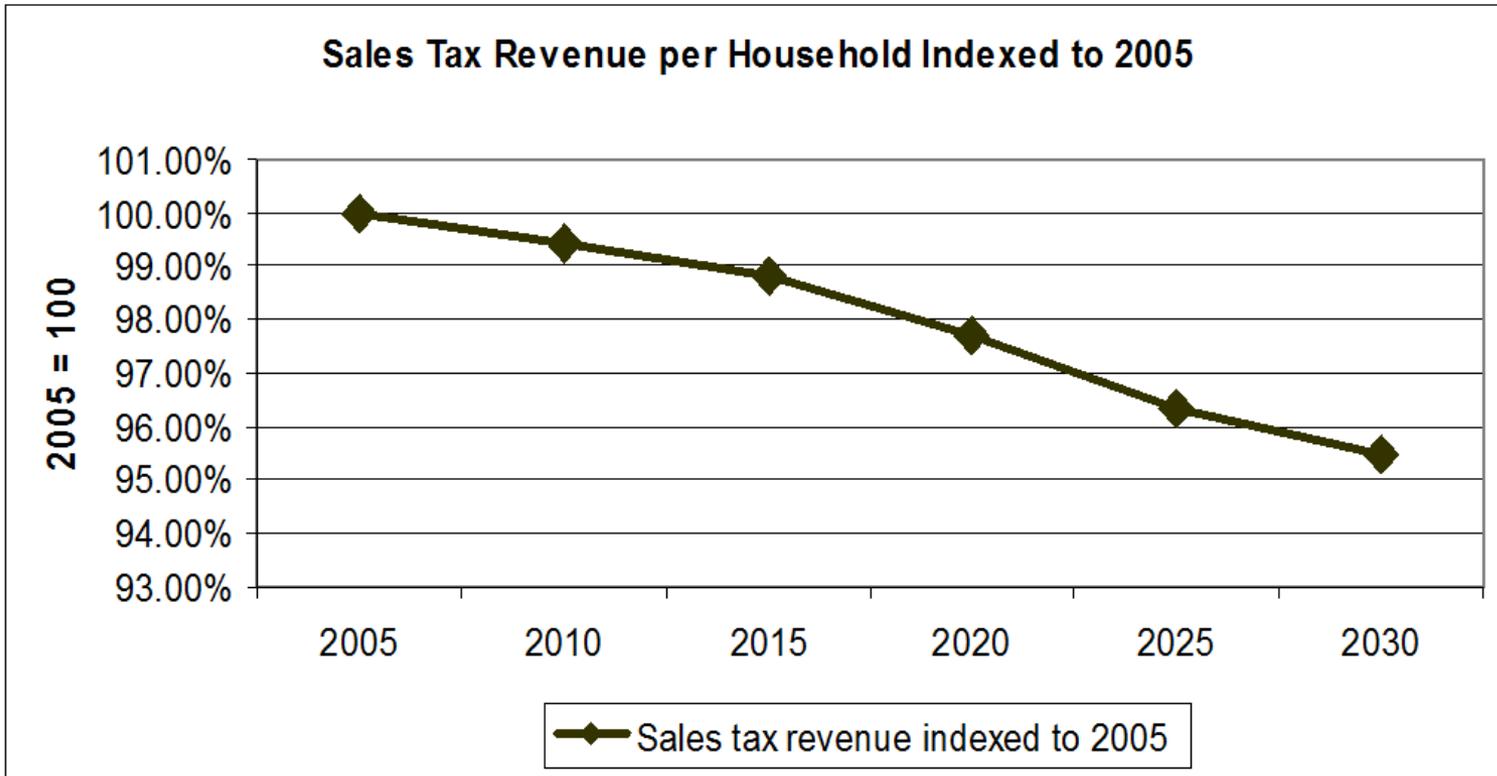
Colorado Sales Taxes: Aging Affects Revenue



From: Center for Colorado's Economic Future
Source: Consumer Expenditure Survey, BLS



National Sales Tax Revenue Projections Through 2030



Source: Phyllis Resnick, Navigating the Economy: Short and Long Term Considerations for Local Government, CGFOA Annual Conference, November 18, 2009.



House Bill 15-1033



HB-1033

- Creates a **strategic planning group** to study issues related to the increasing number of Coloradans age 50 and older.
- The group will consist of 23 voting members to be appointed by the Governor by August 1, 2015. Members will be appointed for four years
- By November 1, 2016, the group must produce and present to the governor and the General Assembly comprehensive data and specific recommendations to develop an action plan on aging in Colorado through the year 2030.
- By November 30, 2016, the group must submit their strategic action plan and issue final recommendations to the Governor, the General Assembly, and any affected state agencies.
- The group will also submit two updates to their strategic action plan, one in 2018 and one in 2020, if sufficient funding is available.
- The bill appropriates \$436,994 over two years to cover the cost of data analysis and the activities of the strategic planning group



- **The Strategic Planning Group**

- Will use existing studies or contract directly with data analysis, modeling and research organizations to determine the following:
 - State wide and regional demographic analysis through the year 2030
 - Impact of the demographic shift on the state economy and workforce
 - Impact of the demographic shift on state and local revenue
 - State spending and budget trends resulting from the demographic shift
 - The financial security of Colorado's boomer population
 - Potential demand and impact on state programs and services resulting from the demographic shift
 - Federal entitlement reform options and resulting impact on federal funding to Colorado
 - Fiscal, financial and quality of care analysis for home, institutional, and community based LTSS options
 - Economic impact of caregiving on families, businesses and the over-all economy



HB-1033

- **A state wide strategic plan on aging**

- Provides greater issue visibility:
 - Better educate Colorado's boomer and senior populations
 - Better inform state and local policy makers, business leaders and organizations about Colorado's aging challenges
 - Better prepare state programs to address future state and federal funding challenges
- Needs to be external to existing state departments – HCPF, CDPHE, or CDHS
- Must incorporate and synthesize the results of previous commissions and study groups
- Needs to make practical recommendations on solutions, public education and funding along with a timeline for implementation
- Must include public and private sector solutions
- Must provide actionable recommendations to policy makers and state departments
- Review and incorporate national initiatives as well as strategic planning developed in other states
- Must be updated as new data is made available



HB-1033

- **Actionable Recommendations must include but are not limited to:**
 - Options to address the long term impact of the demographic shift through 2030
 - Options to address disproportional regional impact of the demographic shift
 - Options to improve financial security and retirement preparation
 - Options to enhance services access
 - Options to improve LTSS service quality and infrastructure in the face of future demand
 - Options to reduce administrative and service costs
 - Administrative and regulatory reforms
 - Private sector LTSS options
 - Options to improve aging in place strategies
 - Options to improve the accessibility and sustainability of affordable housing and transportation
 - Options to improve caregiver support
 - Financial and economic impact of not implementing recommendations
 - Possible legislation and regulatory changes
 - Options for comprehensive public education program



HB-1033

- Options to address health care and LTSS provider shortfalls
- Options to better address the compatible needs of aging and disabled populations
- Options to better reduce elder physical and financial abuse



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Bob Semro

Policy Analyst
Bell Policy Center

The Bell Policy Center
1905 Sherman St.
Suite 900
Denver, CO 80203
Phone: (303) 297-0456