

Caring for an Aging Nation

The number of Americans 65 and older is expected to nearly double in the next 40 years. Finding a way to provide and pay for the long-term health services they need won't be easy.

By Lydia Zuraw and Carmen Heredia Rodriguez
MAY 28, 2021



Health care for the nation's seniors looms large as the baby-boom generation ages into retirement. President Joe Biden tacitly acknowledged those needs in March with his proposal to spend \$400 billion over the next eight years to improve access to in-home and community-based care.

The swelling population of seniors will far outpace growth in other age groups. That acceleration — and the slower growth in other age groups — could leave many older Americans with less family to rely on for help in their later years. Meanwhile, federal officials estimate that more than half of people turning 65 will need long-term care services at some point. That care is expensive and can be hard to find.

Spending for paid long-term care already runs about \$409 billion a year. Yet that staggering number doesn't begin to reflect the real cost. Experts estimate that 1 in 6 Americans provide billions of dollars' worth of unpaid care to a relative or friend age 50 or older in their home.

A Variety of Services

More than 65,000 paid, regulated service providers cared for 8 million Americans in 2016, according to the most recent federal report. In addition, AARP estimates more than 50 million people provide unpaid care, generally to family members.

Home Health Care

Care that occurs in the home, usually done by an unpaid caregiver or by a health aide, who may be employed by an agency (does not include hospice services).

12,200 home health care agencies

Community Support Services

Supplemental care including services such as adult day care centers and transportation.

4,600 adult day care centers

286,300 adults enrolled in adult day care service centers

Assisted Living/Retirement Communities

Residential facilities that can offer a variety of care levels, including assisted living centers and memory care.

28,900 assisted living and other residential care communities

811,500 residents

Nursing Homes

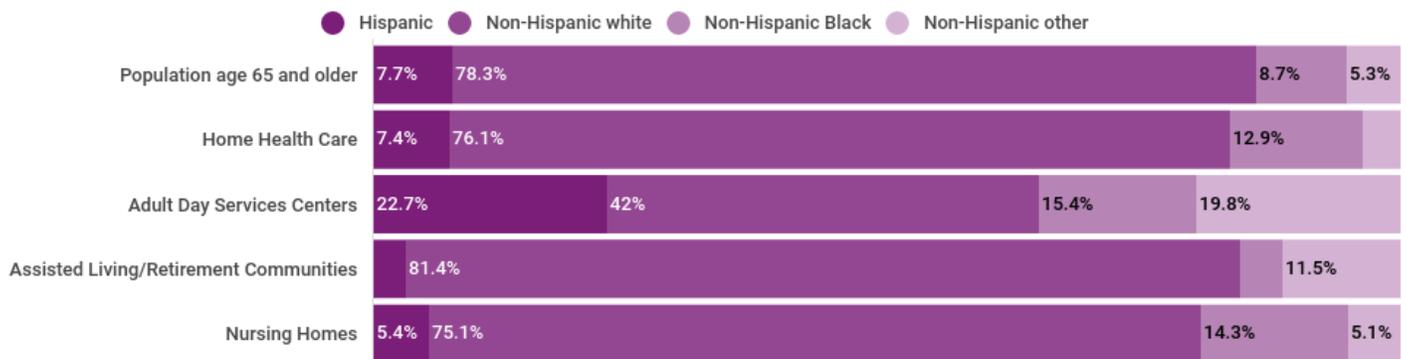
Full-time residential facilities that offer 24-hour supervision and nursing care.

15,600 nursing homes

1.35 million residents

*Note: Data from 2016
Source: National Center for Health Statistics*

The Long-Term Care Services Older Americans Use Varies by Race and Ethnicity

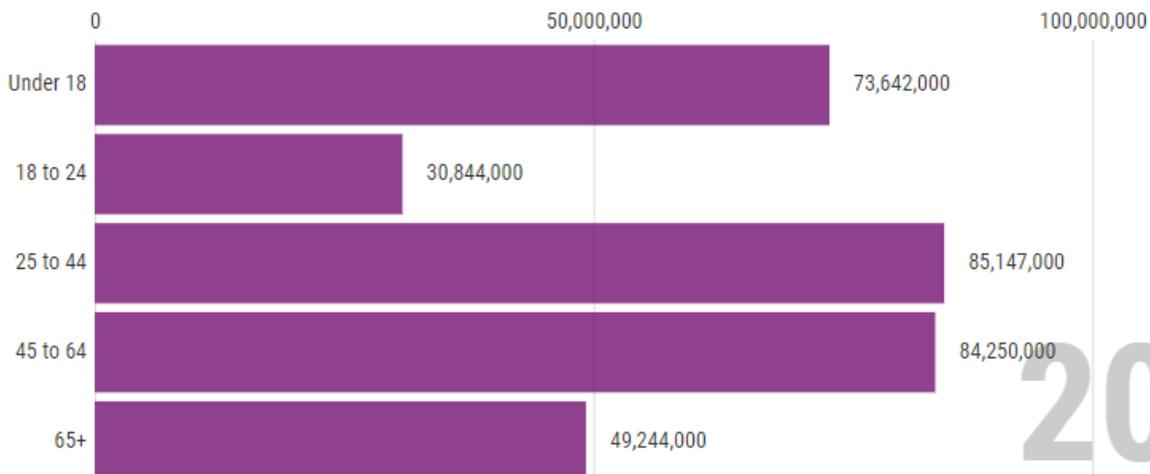


*Note: Data from 2016
Source: National Center for Health Statistics*

Booming Number of Seniors

As baby boomers age, 10,000 people a day pass their 65th birthday. The Census Bureau estimates that more than 94.6 million people will be 65 or older in 2060.

Projected Demographic Changes



2016



Source: U.S. Census Bureau 2017 National Population Projections Tables

From January to June 2018, the percentage of older adults age 85 and over needing help with personal care was more than twice the percentage for adults ages 75-84 and five times the percentage for adults ages 65-74.

4% of 65-74



8% of 75-84



21% of 85+

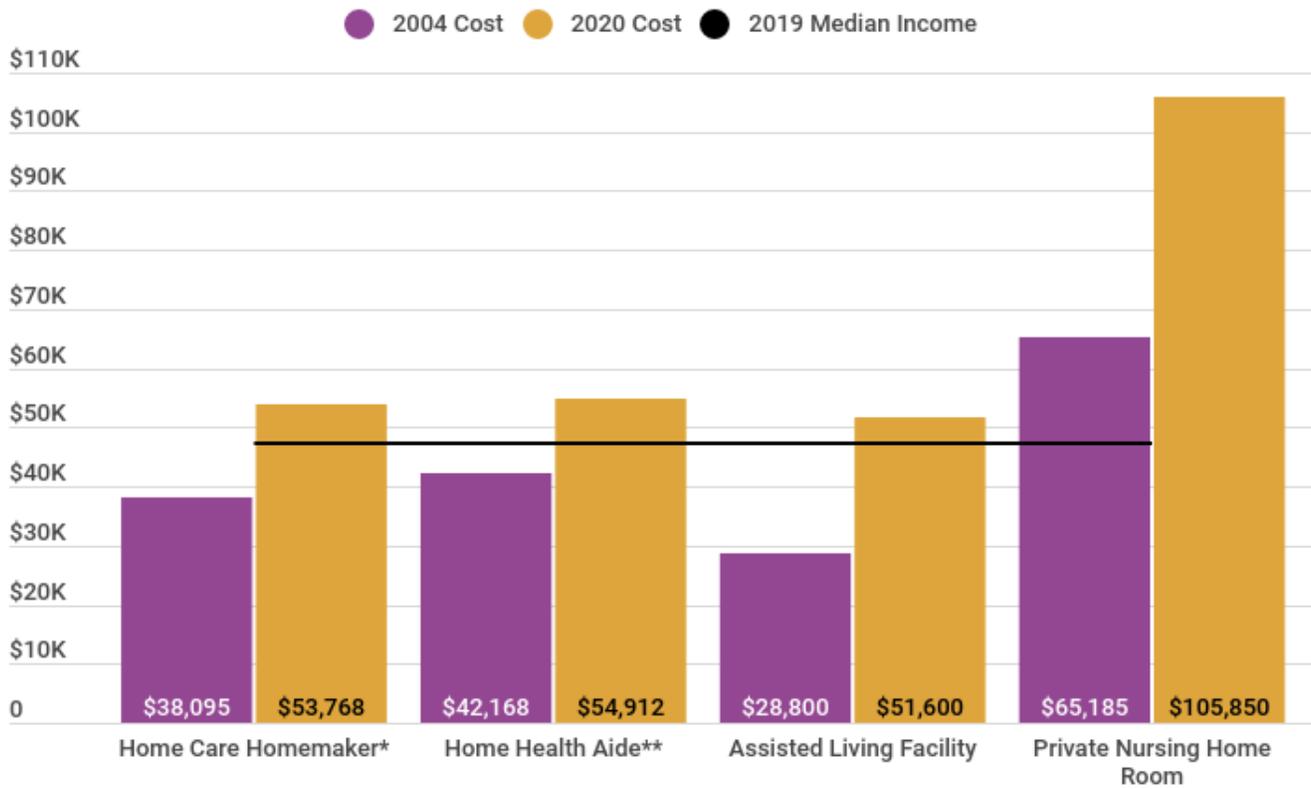


Source: Administration for Community Living's 2019 Profile of Older Americans

The Cost of Long-Term Care Services

From 2004 to 2020, the cost for facility and in-home care services has risen, on average, between 1.88% and 3.8% each year.

The median income for a household in which the head of the household is 65 or older was \$47,357 in 2019.



*Includes assistance with cooking, cleaning, errands

**Includes bathing, dressing and help eating

Sources: Genworth; U.S. Census Bureau

The Physical – And Financial – Burden

56%

of Americans who turn 65 will develop at some point a disability serious enough to require long-term care services, although most will need assistance for less than three years



Source: HHS Office of the Assistant Secretary for Planning and Evaluation



\$138,000

how much an American turning 65 today will incur on future long-term care services, on average

Source: HHS Office of the Assistant Secretary for Planning and Evaluation

50%

of adults 65+ living alone

lack the financial resources to pay for basic needs

23%

of adults 65+ couples



Source: University of Massachusetts-Boston Center for Social and Demographic Research on Aging Gerontology Institute

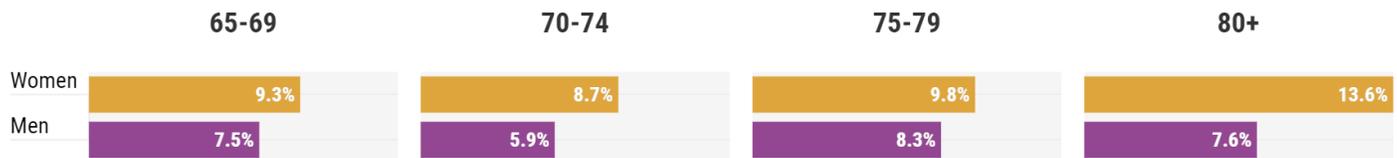


52%

of households headed by a person age 55+ have no retirement savings and more than half of them also don't have any pension or defined benefit plans

Source: U.S. Government Accountability Office

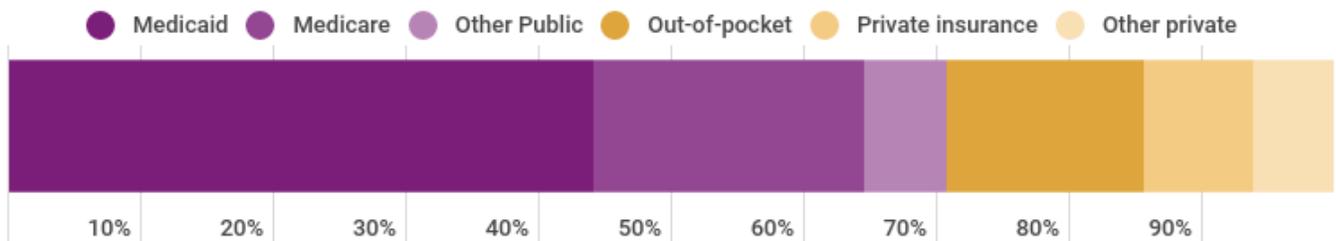
Individuals Age 65 and Older Living in Poverty, 2019



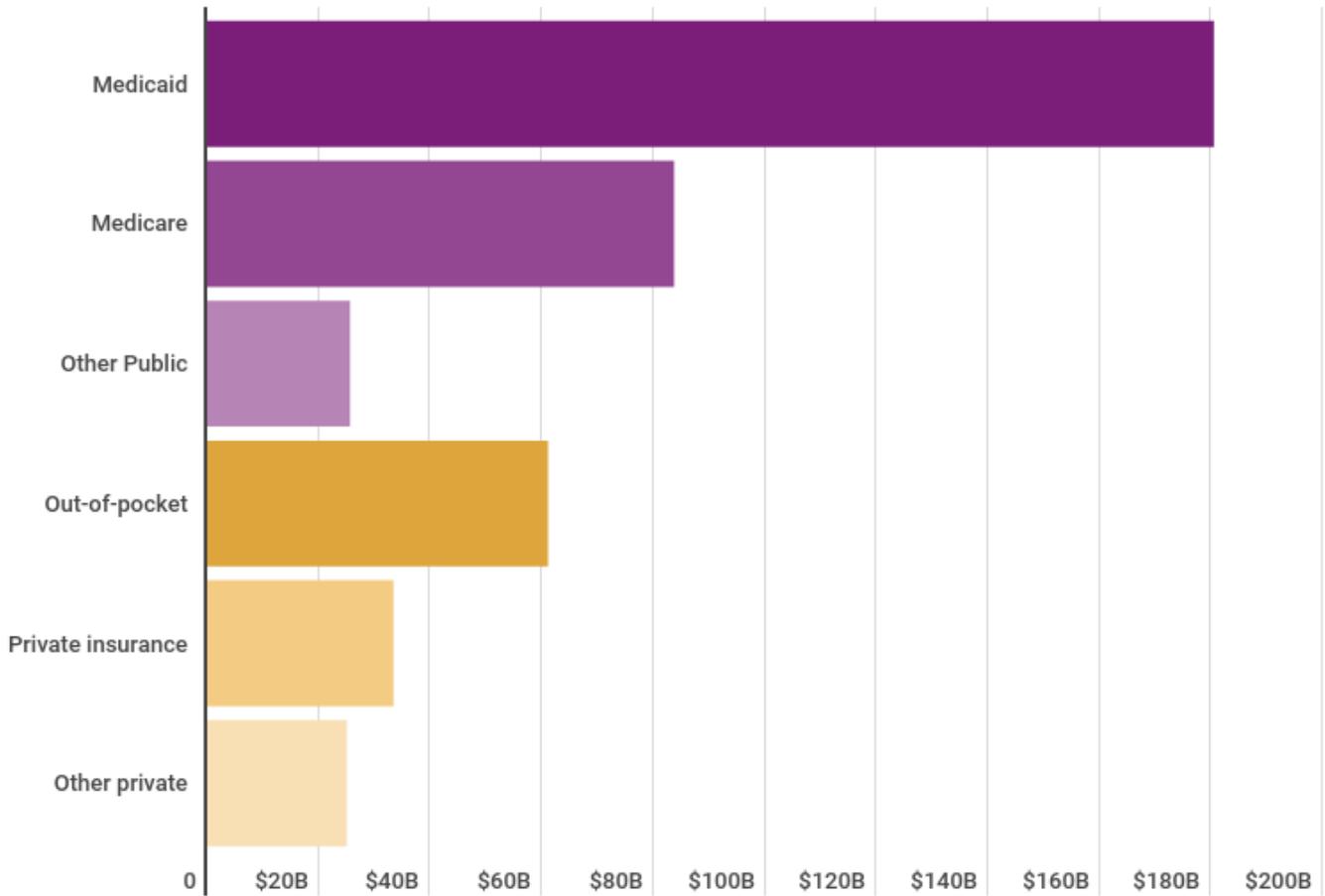
Source: Congressional Research Service

The \$61 Billion Price Tag

Medicaid pays for the majority of long-term care services, but Americans also pay \$61 billion out-of-pocket.



Note: Data from 2018
Source: Congressional Research Service



*Note: Data from 2018
Source: Congressional Research Service*

Medicaid

The federal-state health care insurance program for low-income and disabled Americans is the single-largest payer of long-term and community-based care and some in-home services. To qualify, many families must “spend down,” or reduce the older adult’s income and assets. And waiting lists for in-home care services in many states are long.

Medicare

The federal health insurance program for seniors and certain people with disabilities usually pays for acute care and post-acute, skilled nursing care and home health care services.

Other Public Programs

Other public spending comes from different sources, including states, localities, the Veterans Health Administration and the Children’s Health Insurance Program. Over half of this spending covered long-term care services given at residential care facilities for people with various mental health conditions and developmental disabilities.

Out-of-Pocket

These costs, paid for by individuals, include deductibles and copays for services as well as the direct payments made toward covering long-term care.

Private Insurance

Private health care plans usually cover payments for some limited home health and skilled nursing related to rehabilitation. Long-term care insurance may also help with these costs.

Other Private Funding

These funds generally come from nonprofit philanthropic groups, private individuals or corporations.

This story was produced by KHN (Kaiser Health News), a national newsroom that produces in-depth journalism about health issues. Together with Policy Analysis and Polling, KHN is one of the three major operating programs at KFF (Kaiser Family Foundation). KFF is an endowed nonprofit organization providing information on health issues to the nation.

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