

# OREGONIANS LIVING LONGER AND BETTER— AT A COST

Jessie F. Richardson Foundation

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# LIVING LONGER...AND OFTEN BETTER

Oregon, along with the rest of the world, has seen a steady rise in life expectancy as citizens reap the benefits of advanced health care and implementation of public health measures. Today, in the United States and Oregon, a person 65 years old can expect to live an average of 19 more years. By 2050, that number is projected to increase by approximately 21 additional years.

Will this “longevity bonus” be the valued gift of life, with meaning, well-being and engagement? Or will these extended years be dominated by disability, dependency and lack of purpose? The answer will be influenced by the intersection of personal health and well-being, and the larger community’s response to emerging opportunities and challenges of an aging society. As President Kennedy said in 1963, we have “added years to life. The challenge now is to add life to years.”

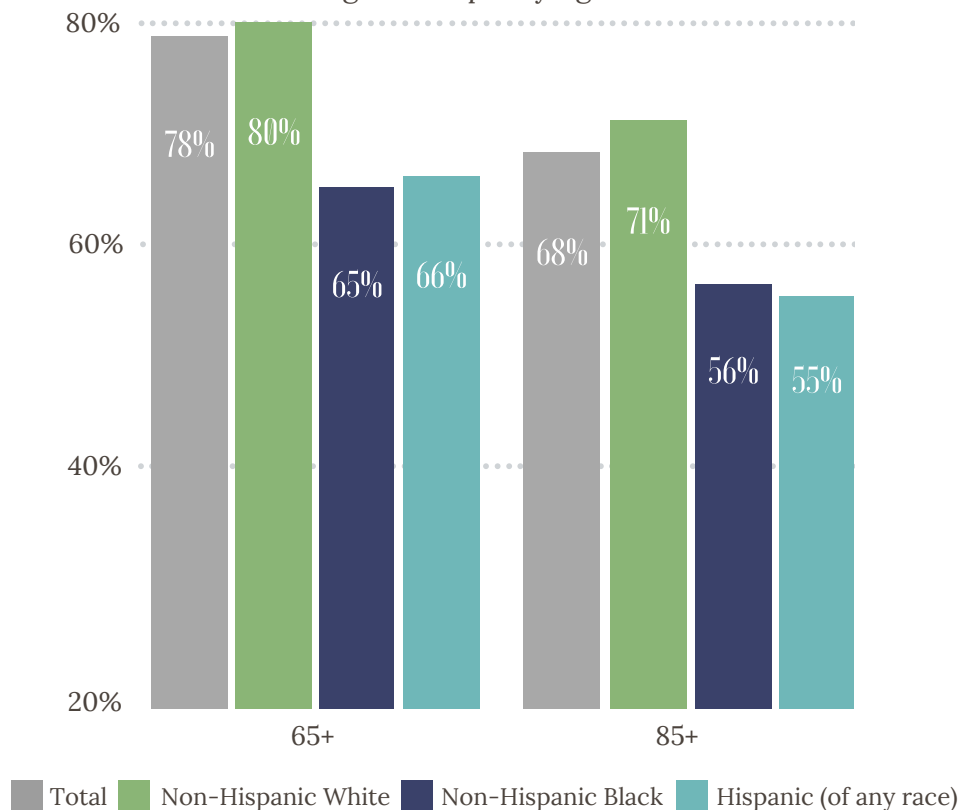
If the story of the first half of the 20th century was eradicating or curing acute diseases, then the story of the last 50 years has been the success in alleviating and managing chronic illnesses, such as heart disease, hypertension, diabetes and cancer, for which there may not be a complete “cure.” However, advances in medications and medical interventions means a larger portion of adults now live decades with chronic diagnoses. Add on the benefits of healthier lifestyles (think the decline in smoking) and, by most estimates, life expectancy will increase by nearly one month per year over the next several decades.

## MANAGING FOR BETTER HEALTH

Successful management of chronic illnesses not only means they are less likely to lead to premature death, but it broadly offers more opportunities for fulfilling lives. Most older adults now rate their health as good to excellent (though significant racial disparities exist here). Although 56% of Oregonians 65+ identify themselves as having one or more chronic diseases such as high blood pressure or arthritis, they report that they are still able to continue to live healthy and independent lives.

## How's Your Health? % Who Say Good to Excellent<sup>1</sup>

Percentage of People by Age and Race



# ...THEN THE CHALLENGES OF LATER YEARS

The fact remains that many chronic diseases persist. They are manageable, yes. Curable, not always. So even with the best management of illnesses, for most people, the later years tend to get more complicated. Eventually, the majority of persons reach a stage of life when their functional capacity becomes an issue. For Oregonians 65+, 4 to 5 years of their 19 years of life expectancy will likely be challenging; a time when medicine and social policy are constrained in terms of what they can do.

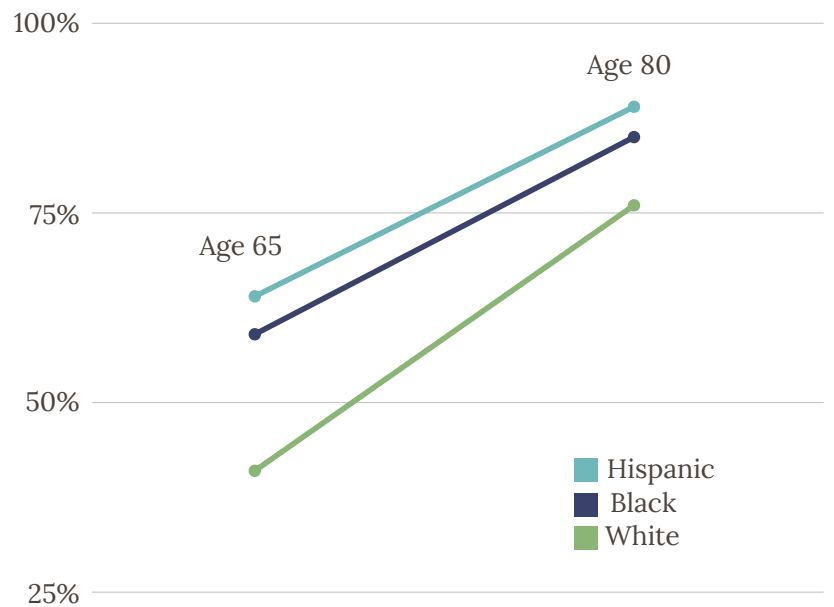


What do these “challenged” years look like? Five significant developments weave together, each complicating the others.

## I. FUNCTIONAL LIMITATIONS

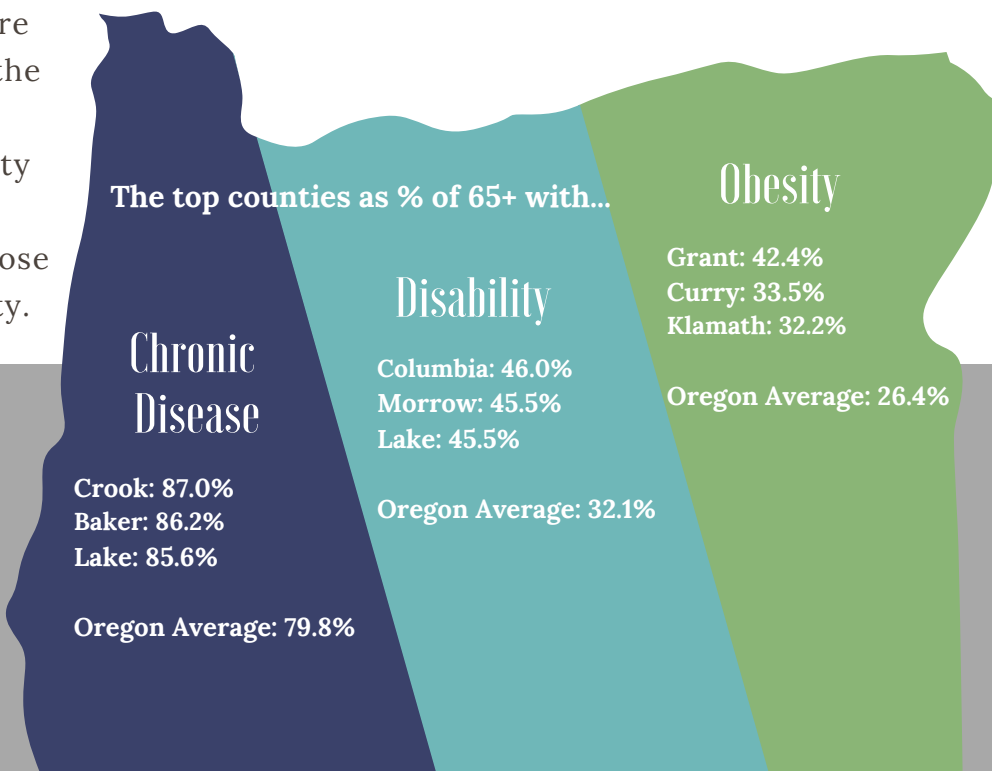
Limitations, especially mobility issues, mean older adults have more trouble getting around the home and community. Personal care becomes harder to manage (these limitations are defined as disabilities). According to the Health and Retirement Study, 41% of adults 65-79 have at least one disability related to mobility, self-care or household activity, whereas 71% of those 80 and over have at least one disability.

## % Households with Disabilities<sup>2</sup>



## RURAL OREGON BEARS THE BRUNT<sup>3</sup>

Chronic illnesses are inequitably distributed between rural and urban regions. Data from the Oregon Health Authority suggests rural Oregonians face poorer health as they age.



## 2. COGNITIVE DECLINES

Challenges related to dementia and other cognitive impairments rise and can contribute to a loss of identity, psychological autonomy and a sense of control. And the loss of physical function complicates cognitive loss.

## 3. SOCIAL CONNECTIONS REDUCED

Isolation tends to increase as friends and partners pass, and is compounded by where seniors live—the suburbs and rural settings. Issues of isolation and loneliness are now recognized to have a measurable negative impact on longevity and quality of life. Loneliness and isolation increase odds of premature mortality by 26%—about the same effect as chronic obesity.

## 4. HEALTH CARE COSTS RISE

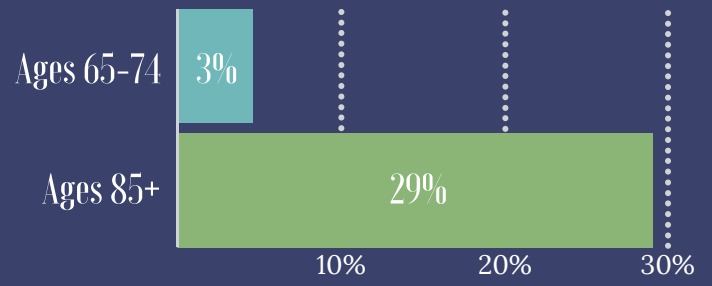
Per capita medical costs rise dramatically with age. As the physical and mental changes are combined with progressively complicated chronic illnesses, they often lead to acute medical care such as hospitalizations, ambulance trips and costly medications.

Unfortunately, as they plan for retirement, many Americans falsely assume that Medicare or Medicaid will meet all of their health expenses. The reality, however, is that gaps in coverage, premiums for Medicare and supplemental insurance, a range of deductibles, co-pays (to say nothing about things Medicare does not cover such as vision, hearing and dental care) mean many older adults are spending more than they planned on staying healthy.

How much? The experts estimate that in 2018 the average older household should expect to spend \$280,000 out-of-pocket dollars for medical care costs over their 65+ years. And these expenses do not include long-term care costs.

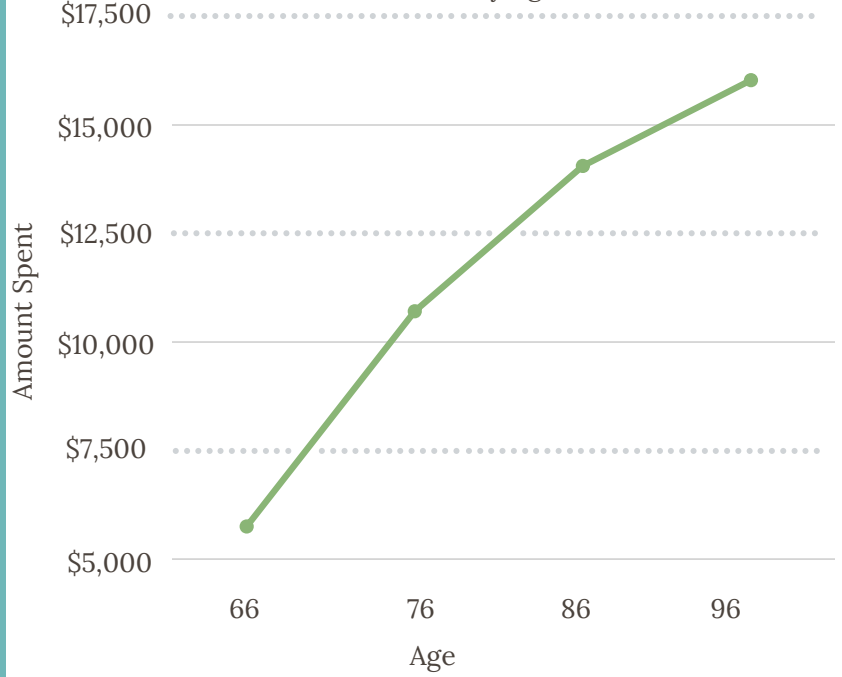
## Dementia Increases With Age<sup>4</sup>

And out-of-pocket costs are estimated to be \$5,000+ per year more than those who have normal cognitive functioning.



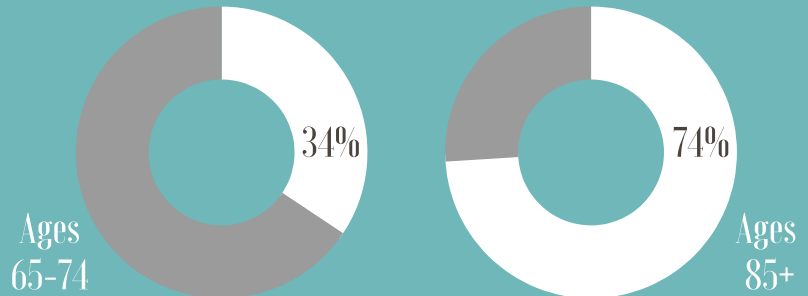
## Costs Rise Steeply with Age<sup>5</sup>

Medicare Per Capita Spending for Traditional Medicare Beneficiaries by Age



## Out-of-Pocket Spending is Up, too<sup>6</sup>

As a Share of Average Per Capita Social Security Income



# 5. LONG-TERM CARE = \$\$\$

It is estimated that 70% of adults will need some form of long-term care in later life. The Joint Center for Housing Studies reports that the duration of this care will average 3 years. A person can expect that 2 of these years will be at home where 50% of elder care is provided by family and friends alongside limited paid caregiving. When that becomes untenable, care will likely be provided in more formal long-term care settings such as assisted living and nursing homes.

Medicare is not designed to cover most of long-term care. Medicare payments are dependent on specific diagnoses and are often limited. In Oregon in 2018, this meant 15% of resident days in nursing facilities were paid for by Medicare. For families without long-term care insurance, paying for nursing home care will be an out-of-pocket expense—at least until their resources are depleted and they qualify for Medicaid. This eventuality is widespread: in 2018, 60% of resident days in Oregon’s nursing facilities were paid by Medicaid.



## WHEN YOU HAVE TO PAY PRIVATELY<sup>7</sup>

Assisted Living.....	\$55,000
Home Health Aide * .....	\$59,000
Homemaker Services ** .....	\$58,000
Nursing Home Care (private room).....	\$120,000

If an individual does not qualify for Medicaid or if they have used their allowable Medicare, they must pay for long-term care out-of-pocket. What will this cost? Here are the median annual costs in Oregon from Genworth Cost of Care Survey 2018.

\* Based on 44 hours of personal care per week  
\*\* Based on 44 hours help with household tasks such as cleaning, cooking, errands per week

# HERE'S WHERE WE ARE

The long-term age wave is upon us. The good news is that most older adults report good to excellent health. At the same time these years also carry the prospect of increased chronic illnesses and disability challenges. We are also coming to understand that these can be compounded by cognitive loss, isolation, loneliness and lack of purpose.

With the increase in longevity and chronic illnesses, it is estimated that nearly 70% of older adults will need long-term care in later life, with most of that care provided outside of licensed settings. The reality of this care is dependent on the support of family and volunteers, as well as the availability and affordability of more formal services.

The costs and payment for this care can be complex. While payer programs, including Medicare and Medicaid among others are present, eligibility requirements and availability of the services compound the financial challenges of out-of-pocket costs for many older adults.

## WHAT'S NEXT?

Longer lives and, for the great majority of persons, healthier aging (despite chronic illnesses and disability) are now part of the life cycle. This is a gift of an additional generation of life that was not available to many of our forebearers. This inheritance challenges us to ensure that the quality and opportunities of extended lives match the promise and privilege inherent in the “longevity bonus.”



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Both Marvin and Keren are nationally recognized experts in aging and care systems development for older adults.

### About the Jessie F. Richardson Foundation:

JFRF has tackled issues impacting older adults living in poverty for more than 15 years with a focus on housing, services and sustainability. We succeed in achieving our mission by investing in long-term partnerships to build capacity in local communities. Our goal is to help bridge the gap for older adults, families and communities as we support strategies to address the changing face of aging in Oregon and beyond.

### References for Graphics:

1. "Older Americans 2016: Key Indicators of Well-Being," Federal Interagency Forum on Aging-Related Statistics
2. "Projections and Implications for Housing a Growing Population: Older Households 2015-2035," Joint Center for Housing Studies
3. "Healthy Aging Among Oregon Adults 65+ by country, 2012-2015," Oregon Health Authority
4. "Older Americans 2016: Key Indicators of Well-Being," Federal Interagency Forum on Aging-Related Statistics
5. "Medicare Per Capita Spending By Age And Service: New Data Highlights Oldest Beneficiaries," Health Affairs
6. "Medicare Beneficiaries' Out-of-Pocket Health Care Spending as a Share of Income Now and Projections for the Future," Kaiser Family Fndn.
7. "Cost of Care Survey 2018," Genworth Financial, Inc.

**Links and sources for this whitepaper can be found at [www.jfrfoundation.org/whitepapersources](http://www.jfrfoundation.org/whitepapersources)**