



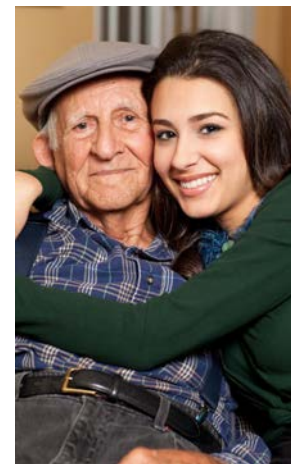
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# Research Report

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## Taking Care of Our Seniors

An Assessment of Utah's Aging Services



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**The mission of Utah Foundation** is to promote a thriving economy, a well-prepared workforce, and a high quality of life for Utahns by performing thorough, well-supported research that helps policymakers, business and community leaders, and citizens better understand complex issues and providing practical, well-reasoned recommendations for policy change.

# Taking Care of Our Seniors

## An Assessment of Utah's Aging Services

The oldest Baby Boomers turn seventy this year. Though Utah is known as a young state, older adults represent more than ten percent of the population, and their numbers are increasing rapidly. Though there have been initiatives in the past, there is currently no state plan to address the needs of the growing senior population.

This report describes some of the most critical services that the state's twelve Area Agencies on Aging offer to seniors, including nutrition programs, caregiver services, and transportation. The report analyzes these services and anticipates future funding needs required to meet the projected changes in this demographic. Utah Foundation estimates that in order to keep pace with population growth the Area Agencies on Aging will need additional funds ranging between \$366,999 and \$548,422 every year until 2030 for a total between \$5.9 and \$8.8 million. This additional funding would help AAA directors with their economic planning, but it could also save Utah taxpayers money in the long run.

### FINDINGS

- **Utah's senior population is growing rapidly. By 2030 Utah's senior population will make up more than 13% of the state.**
- **The vast majority of seniors want to age in place. Aging services make it more likely that seniors will be able to stay in their own homes.**
- **More than 10% of Utah seniors rely on nutrition programs like senior center meals and Meals on Wheels.**
- **There are 336,000 caregivers in Utah who provide 90% of the care for seniors. Less than 1% of caregivers use state or local support services.**
- **Every county in the state has a waiting list for caregiver respite services because these services are inadequately funded.**
- **Transportation services for seniors are scarce, especially in rural areas of the state, which impedes senior mobility and independence.**
- **State programs like Alternatives that provide services such as household chores and personal care are critical for helping vulnerable seniors remain at home instead of entering residential facilities.**

### State Funding Needed by Aging Services through 2030

<b>FY 2014 state funds</b>	\$12,782,184
<b>Additional state funds needed to 2030, annually</b>	
Low-end projection	366,999
High-end projection	548,122
<b>Additional state funds needed by 2030, total</b>	
Low-end projection	5,871,982
High-end projection	\$8,769,954

This report was written by Utah Foundation Research Analyst Melissa Proctor. Additional assistance was provided by Research Director Shawn Teigen. Dan Bammes, Utah Foundation's Communications Director, can be reached for comments at (801) 355-1400 extension 5 or by email at dan@utahfoundation.org.

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Note: Projection amounts in 2014 dollars and not adjusted for inflation.  
Source: Utah Department of Human Services, Utah Foundation calculations

## INTRODUCTION

It is a misperception that Medicare and Medicaid meet all the needs of vulnerable Utah seniors. These programs are primarily used for medical expenses. This report looks beyond Medicare and Medicaid toward non-medical services that support Utah seniors in their desire to age in place.

In 2015 the Older Americans Act (OAA) turns fifty. The OAA was designed to promote the dignity of older adults by providing services and supports that enable seniors to remain independent and engaged within their communities.

To facilitate these goals, the OAA established the Aging Network and the Area Agencies on Aging (AAAs) that exist in nearly every community in the United States. In Utah there are 12 AAAs that contract with the state's Division of Aging and Adult Services to support a range of home and community-based programs including Meals on Wheels, caregiver support, transportation, personal care assistance, legal services, elder abuse prevention, senior center support, and more.

Despite the essential nature of these programs, funding for the federal OAA programs and the state-specific programs in Utah has not kept pace either with inflation or the rapidly growing senior population. The Aging Medicaid Waiver program received a one-time allocation of \$200,000 for fiscal year (FY) 2016, but most of the other programs are struggling to even meet current needs.

In 2015 the federal government began to address this by reauthorizing the Older Americans Act in order to utilize the delivery of evidence-based programs, streamline administration of services, and improve coordination between programs at the federal, state, and local levels. However, the federal government is not providing additional funding to support these goals. Approximately 22% of the total Aging Services funding is federal, 42% is local, 7% is from senior contributions, and 29% is from the state. While Utah is a major contributor, it has not yet addressed the state's expanding senior population in any systematic way.

*"I'm tired of Baby Boomers being compared to an epidemic or a tsunami. We are not a natural disaster. We have to put permanent, sustainable solutions in place to meet the needs now and in the future."*

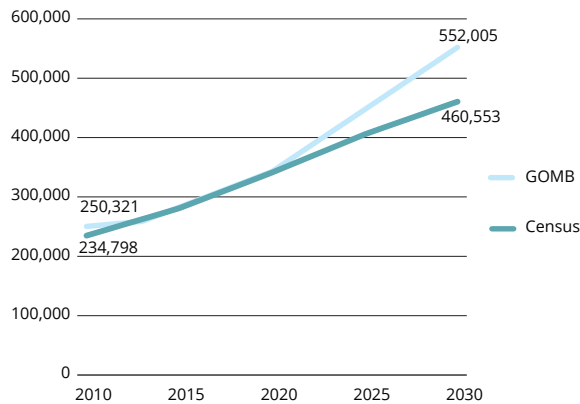
*- Becky Kapp, Director of Salt Lake County Aging Services.*

## DEMOGRAPHIC CHANGES

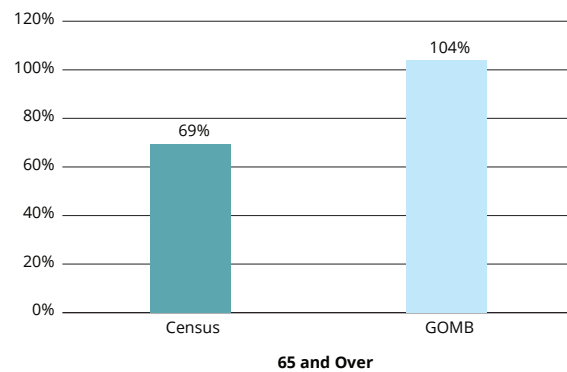
People tend to think of Utah as a young and healthy state, but the senior population is growing fast. Figure 1 shows the projected growth of seniors in Utah over the next fifteen years using two different sources of data. Though the numbers from the Utah Governor's Office of Management and Budget are higher than the numbers from the U.S. Census, both data sets show that the senior population is increasing at a faster rate than the total population.

In 2015 the percent of the Utah population over sixty-five is 10.1%. In five years these seniors will represent 11.4% of the state. By 2030 they will represent 13.2% of the state.<sup>1</sup> The oldest Baby Boomers turned sixty-five in 2011. That cohort is now nearing seventy years old, and starting to appear at senior centers across the state according to the directors of Area Agencies on Aging.

There is no long-term strategic plan for the growing population of seniors in Utah. In 2005 the University of Utah's Center for Public Policy and Administration published "The Utah Aging Initiative" that discussed projected demographics and the impact of the so-called "senior boom." That same year the Utah Legislature

**Figure 1: Utah's 65 and Over Population Projections**

Sources: Utah Governor's Office of Management and Budget (GOMB), U.S. Census Bureau.

**Figure 2: Projected Increase for Utah's Population 65 and Over, 2014-2030**

Sources: Utah Governor's Office of Management and Budget (GOMB), U.S. Census Bureau.

created the Commission on Aging to increase understanding of the needs of Utah's aging population. In 2006, Governor Jon Huntsman initiated the Utah 2030 project to encourage state agencies to design plans to address the best ways of serving the growing senior population, but no programs were implemented as a result.<sup>2</sup> Since then, there has been no comprehensive state-wide analysis of the issue.

## NUTRITION PROGRAMS

Good nutrition is the foundation of independent living. Providing healthy meals, both home-delivered and at senior centers, is the highest service priority for the counties and Area Agencies on Aging. More than 90% of seniors who receive Meals on Wheels say the program enables them to continue living at home.<sup>3</sup> Data show that seniors overwhelmingly prefer to stay in their own homes so services like Meals on Wheels that help them to do so are extremely popular and widely supported.<sup>4</sup> An estimated 112,000 volunteer hours valued at \$2.5 million are contributed every year to operate meal programs.<sup>5</sup> Nineteen percent of the funding for nutrition programs in Utah comes from seniors themselves through their own contributions.

In FY 2013 the AAAs delivered 1,190,514 meals to 9,743 seniors.<sup>6</sup> To be eligible for a home-delivered meal, a senior must be sixty years of age or older and homebound, which means they must be unable to leave the house without assistance.<sup>7</sup> Meals on Wheels serves the most vulnerable seniors. The typical Meals on Wheels recipient is a low-income 80 year old woman who lives alone. It is not just the destitute who face food insecurity, however. More than 50% of seniors who are at risk of hunger have incomes above the poverty line.<sup>8</sup> As many as 57,475 seniors in Utah are struggling with hunger.<sup>9</sup> While Meals on Wheels assists approximately 3% of seniors, for 72% of those who participate in the program the meal delivered was their primary meal of the day.<sup>10</sup>



Meals on Wheels provides more than just a meal, however. Drivers and volunteers are in a position to monitor the changing health and daily needs of seniors, some of whom are home alone. For 55% of recipients, the driver who delivers their meal is the only person they see all day. In a 2014 survey, 82% of recipients said that knowing someone would be delivering a meal helped them feel safe at home. If there is a medical emergency the drivers and volunteers can call 911 and stay with the senior until help arrives.<sup>11</sup> Though most counties currently do not have waiting lists for Meals on Wheels, without increased spending the program will not be able to keep up with the growth of the senior population. AAA directors estimate that there will be waiting lists for Meals on Wheels in the next two or three years without increased funding.

Congregate meals represent another critical component of the senior nutrition program. If a senior needs a meal, but is not homebound, he or she can receive a meal at a senior center. In FY 2013, 777,379 congregate meals were served to 23,102 clients.<sup>12</sup> Even though many seniors rely on these meals, twenty-nine lunch serving days have been eliminated at senior centers throughout the state in the last five years. There are many senior centers that are only open two or three days a week. Increased funding would allow more centers to remain open through the week and serve more meals to needy seniors.

### The Economics of Nutrition Programs

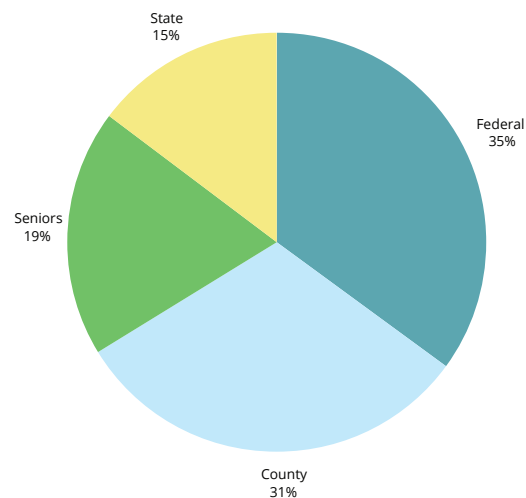
In FY 2014 the AAA's statewide budget for nutrition programs was \$14,596,991. The state provided \$2,082,174, or 14.3% of the total, which is the smallest amount of any of the revenue streams.<sup>13</sup> As much as 31% of the funding for senior meals comes from local counties. A county that has a small tax base, even if it generously supports aging services, has a harder time making up the difference.

Meanwhile, the Budget Control Act of 2011 imposed cuts in discretionary spending through sequestration until 2021. These cuts resulted in dramatic federal reductions of aging programs, 35% of which are funded with federal dollars.<sup>14</sup> Due to budget shortfalls, some eligible seniors were unable to receive OAA services in many states.

Seniors in Utah were luckier than most because of budgetary practices of the Division of Aging and Adult Services, according to Scott McBeth, Mountainland Director of Aging and Family Services. Due to the unpredictability of funding amounts and the timing of the allocations from the federal government to the state, the Division of Aging and Adult Services kept a reserve. Funds were allocated to local area agencies based on funding that the Division had already received from the federal government. This practice allowed Area Agencies on Aging to manage service levels and budgets without terminating services to seniors in the middle of a budget year.

The Utah Legislature allocated \$350,000 of one-time funding in FY 2016 for nutrition programming and used the Division's reserves for an additional \$150,000, bringing the total for FY 2016 to \$500,000. Because those Division reserves have been depleted, AAA directors are concerned about insufficient funding for basic services moving forward as the senior population grows.

Figure 3: Senior Meal Program Funding Sources



Source: Division of Aging and Adult Services.

Utah's senior population is set to increase between 69% and 103% by 2030. In order to keep up with the growth in population, the state budget of \$2,082,200 for nutrition programs would need to increase between \$1,447,129 and \$2,161,324 by 2030 if the percentage of seniors who rely on Meals on Wheels and congregate meals does not change.

In relation to nutrition programs, Carrie Schonlaw, director of the Five-County Area Agency on Aging, explains the need for ongoing funding. "It means you're not worried about cutting people off prematurely. It would help me to balance the budget every year instead of never being sure."

Ongoing funding would help AAA directors with their economic planning, but it could also save Utah taxpayers money in the long run. Studies show that states that invest more in home-delivered meals have lower rates of seniors in facilities-based care. Utah has been identified as one of 25 states that would realize Medicaid savings.<sup>15</sup> For every \$1 invested in Meals on Wheels, up to \$50 could be saved in Medicaid spending.<sup>16</sup>

Nutrition programs like Meals on Wheels help vulnerable seniors stay out of facilities-based care. On the low end, skilled nursing facilities cost \$60,000 per year in Utah. The state must match federal Medicaid funds at 29.68%. Rounding slightly, that means that the federal government pays 70% and Utah pays 30% for Medicaid eligible seniors to stay in skilled nursing facilities. Utah would thus be responsible for at least \$18,000 per person annually for every Medicaid eligible senior that could not stay in his or her own home and ended up in facilities-based care because supportive services were lacking. Nutrition programs like Meals on Wheels and congregate meals are not only responsive to the obligation society has to take care of seniors, they also represent fiscally sound policy.

## CAREGIVERS

Who are caregivers? According to the AARP, the typical caregiver in Utah is a working married mother with some college in her fifties. Some are still parenting teenagers while also taking care of an aging parent. These caregivers, who are mostly women, have been dubbed the "sandwich generation" because they are sandwiched between two generations, both of which need active caretaking.

### Caregiver Wellbeing

The academic literature often refers to family caregivers as the "hidden patients."<sup>17</sup> A repeated theme is the long-term effects that providing care can have on the caregivers' own physical health, emotional wellbeing, social relationships, career trajectory, and retirement security. As might be expected, those who provide care to chronically ill or cognitively impaired loved ones are more likely to suffer these adverse outcomes.<sup>18</sup>

#### Caregivers typically perform the following types of senior support:

- Take seniors shopping grocery shopping or do it for them
- Prepare meals
- Perform household chores
- Monitor health
- Manage medications
- Oversee nursing tasks
- Drive seniors to doctors' appointments
- Advocate with professionals and agencies
- Pick up prescriptions
- Pay bills and manage finances
- Assist with personal care like bathing and dressing

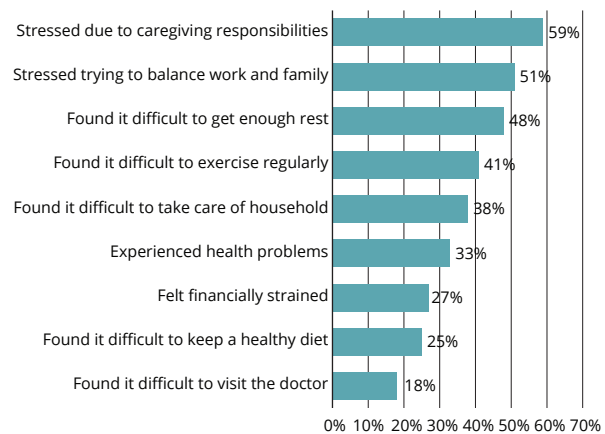
Caregivers have poorer physical health across a number of measures. Up to 35% of caregivers report their own health as fair or poor, while only 10% of non-caregivers of the same age do so.<sup>19</sup> Caregivers are more likely to suffer heart disease, hypertension, stroke, poorer immune function, slower wound healing, sleep problems, and fatigue.<sup>20</sup>

Numerous studies reveal the overall strain that caregivers experience.<sup>21</sup> A 2011 survey shows that almost 70% of caregivers said that caring for an aging family member or close friend was their number one source of stress, eclipsing economic concerns or other family health problems.<sup>22</sup> Caregivers rarely have free time, and as a result they are often socially isolated, with 52% reporting that caregiving responsibilities have taken them away from their friends or other family members.<sup>23</sup> Caregivers also report much higher levels of mental health problems. Between 40 and 70% of caregivers of seniors have clinically significant symptoms of depression, and up to 50% of them meet the diagnostic criteria for major depression.<sup>24</sup>

### Caregiver Support Services

Support services available to caregivers include information, classes and training, support groups, counseling, and respite care. Of these services, 60% of caretakers request more information, but 54% of Utah caretakers list respite care as the most needed support. Respite care includes a range of services, including adult daycare so the caregiver can take a few hours away from full-time caregiving. Many of Utah's AAA directors suggest that respite care provides the greatest opportunity for impact. High levels of caregiver stress from physical exhaustion and financial hardship is a strong predictor of facilities-based care admittance. Caregiver support services that reduce caregiver stress, especially respite care, reduce the admission rate to skilled nursing facilities.<sup>25</sup>

**Figure 4: Experience of Utah Caregivers, 45 and Older**



Source: AARP 2014 Survey of Utah Caregivers.

### Caregivers Pay a Significant Price

According to a 2015 AARP study, 336,000 Utahns are caregivers. They provide 313 million hours of care, valued at \$4.2 billion annually. Unpaid caregivers are meeting 90% of the long-term care needs for Utah seniors, and 65% of them have been caregivers for three to ten years.<sup>26</sup> Caregivers often consider their work rewarding, but it is time-consuming. On average, caregivers spend 18 hours per week providing care. More than 60% of caregivers are also working an average of 34.7 hours at full- or part-time jobs.<sup>27</sup> Women taking care of aging parents comprise 59% of caregivers, and are those most likely to use caregiver services.<sup>28</sup> Other caregivers include senior men and women who are taking care of a frail spouse, but they rarely use caregiver services.<sup>29</sup>

Many caregivers pay a heavy financial price for their caregiving work. Nationally, of those who are employed, 49% take time off, 15% take leaves of absence, 14% take less demanding jobs or reduce hours, 7% receive warnings about performance or attendance, 5% turn down promotions, 4% retire early, and 3% lose job benefits. Fully 6% give up working entirely to meet the demands of caregiving.<sup>30</sup> The financial and professional costs for Utah caregivers are even higher. According to the 2015 AARP Caregiving Survey 59% of Utah caregivers took time off, 27% took leaves of absence, 15% go from working full-time to part-time, and another 15% give up working entirely.<sup>31</sup>

The professional costs of caregiving are paid disproportionately by women. Taking time off, reducing hours, choosing less demanding jobs, and turning down promotions can have long-term career consequences. The ironic result is that caretaking can make women less financially prepared for their own senior years. Not only

can increasing support for caregivers prevent stress and burnout thereby helping them to continue caregiving longer than they could otherwise, but support for caregiving services also allows caregiving women to keep working and advancing professionally.

### Financial Support for Caregiver Services

In some rural areas of Utah, services for caregivers are extremely limited. For example, in the Five-County area (southwestern Utah) there is no local match for caregiving services. Carrie Schonlaw, director of the AAA says “that’s just how the program was set up initially. The counties may be reluctant to start providing funding for caregiving services because of their generous support of the senior center services. Funding is very limited and they have to prioritize how they use their county funds.” These kinds of constraints mean that there are long waiting lists, especially for respite services.

Each county has its own challenges. In the rural communities of the Bear River area, there are very few home healthcare workers. Michelle Benson, the AAA director over these counties, explains that people have to rely on family and friends who can be recruited to perform various tasks, but often need to be compensated. Benson says, “The most frequent call I get is someone asking if she can get paid to care for her mother.”

Although this request might surprise some, Benson explains the economic reality, “These caregivers give 12 hours or more a day. They’ve had to reduce or eliminate their own employment to take care of an aging parent.”<sup>32</sup> It is difficult for some caregivers to find part-time work flexible enough to allow continued caregiving. No program funded by the Division of Aging and Adult Services in Utah pays for 40 hours of care per week, so many caregivers cannot come close to making up lost wages and benefits from full-time work. The maximum caregiving stipend Utah will pay is five hours per day at \$14.84 per hour (gross). That amount does not replace a full-time job, but the nature of caregiving often means that a caregiver cannot typically do both. Additionally, as noted, caregivers are often mothers with children themselves.

*“People don’t want to admit that they often have to choose between caring for their aging mom and working to help feed their own kids.”*

*- Michelle Benson, Director of Bear River Area Agency on Aging*

The risk of increasing either the pay per hour or hours per week for family caregiving is that family members might take advantage of the system by being paid, but not providing good care. But Benson says she has not seen that at all. Out of 150 care recipients, only five caregivers are being compensated. “If we sent a home healthcare provider to do household chores, most agencies would charge \$24 per hour.” Home care agencies have historically failed to pass that income on to the actual home care workers who have notoriously been paid less than minimum wage.<sup>33</sup> Benson continues, “It’s distressing to some seniors to have strangers around. They prefer having a family member do these things.” Benson argues that it makes more economic sense to compensate willing family members at a higher rate or for more hours than to hire an expensive agency to perform caretaking tasks.

Respite care, along with information, is the number one request of Utah caregivers. Almost every county has waiting lists for caregiving services, and the need is greater than the waiting lists reveal. The challenge with caregiving services is making the funds stretch to meet the demand. Caregivers can use up to \$1,500 in services annually, but with small budgets that means few caregivers can be served in the traditional ways. AAA directors have tried innovative approaches to serve more people. “We’re always trying to be creative with the funds we have,” says Paula Price, director of the AAA in Weber. “We provide a twice yearly training for caregivers. Our program



manager teaches caregivers how to fish by helping them create a care plan. We also limit caregiver services to three months so we can help more people.” Even still, the Weber area has a long waiting list for caregiver respite services.

For FY 2014, the total state allocation for all twelve AAAs for caregiver services was \$411,200. In order to keep pace with the projected growth in the senior population, the state allocation for caregiver services would need to increase between \$285,727 and \$426,865 by 2030. These numbers assume no change in future usage rate for these services, and are necessary just to keep up with projected population growth in Utah. Currently, however, there are waiting lists for caregiver services in almost every county.

In August 2015 there were 149 people on waiting lists for Caregiver services. AAA directors are careful to express that this does not represent the unmet need, which they can only estimate. Given that funds are insufficient to accommodate current requests, they do not advertise the program. With a maximum expense per caregiver of \$1,500, the immediate additional need for the Caregivers program is approximately \$200,000. This amount would need to increase over time to keep up with the expected population growth.

Taking care of those who do 90% of the caregiving for vulnerable seniors enables them to continue caregiving, which in turn helps keep seniors in their own homes. It also helps keep seniors out of skilled nursing facilities, which results in a cost savings for the state. The AAAs have determined that caregiver services need to be funded adequately moving forward to account for projected population growth, but they should first be better funded now in order to assist a greater number of caregivers.

### **CarePartners Program**

In Utah County where \$35,000 was allocated this year as a one-time allocation, only twenty-three caregivers in the county could receive respite services on the traditional model. Some AAA directors have tried to address this problem with experimental approaches to respite services.

Scott McBeth, AAA director of the Mountainland area (Utah, Wasatch, and Summit counties), has developed an idea for a respite caregiving program called CarePartners. The program would rely on volunteers to visit seniors, provide companionship and conversation, do chores around the house, or any number of other non-medical tasks that caregivers routinely perform, thereby providing a few hours per week of respite for caregivers. McBeth stresses that the caregiving services budget could be used to fund a volunteer coordinator to recruit, assign, and keep track of volunteers. He has reason to think a program like CarePartners would work because of Utah County’s volunteer base; 50% of Meals on Wheels are delivered by a volunteer army of more than 300 people. McBeth argues that an increase in his caregiving budget of \$50,000 could fund the CarePartners program, which could in turn exponentially multiply the number of caregivers who receive respite care.

The AAAs will be requesting an additional on-going \$250,000 for caregiver services for FY 2017, which would provide a variety of caregiver services including more education, financial support, and respite care for more caregivers. Providing robust support to caregivers helps them to continue to meet the long-term care needs of seniors in their own homes, and reduces taxpayer expenses over time.

## **TRANSPORTATION**

There is little state funding currently provided for transportation services for aging adults. In FY 2015, the state only allocated \$92,200 directly to transportation. In FY 2014, the AAAs provided 282,405 one-way

rides to 4,371 unduplicated riders, which equates to approximately 33 round-trip rides per person.<sup>34</sup> Given that each one-way ride could cost up to \$50, the amount provided by the state does not begin to cover senior transportation needs.<sup>35</sup>

San Juan is the largest county in Utah. “From one side to the other it’s five hours by car,” says Tammy Gallegos who directs the AAA there. After mentioning her concern about the nutrition programs and the fact that none of the four county senior centers serve congregate meals more than two days per week, Tammy turns to what she says is San Juan’s biggest need for the aging population: transportation. “Our budget is very slim. We only have \$20,000 for the year to cover gas, oil, breakdowns, and three full-time case workers traveling back and forth across the county. This includes fuel for all the Meals on Wheels too.”<sup>36</sup> There is no public transit in San Juan.

One might be tempted to dismiss San Juan as anomalous because while it covers the state’s largest geographic area, it has a very small population. However, it is not just the seniors who live in the rugged frontier areas of Utah who are experiencing a transportation crisis. According to McBeth, “Transportation is also the greatest need for seniors in Utah County.”<sup>37</sup>

Utah Transit Authority bus routes are limited in Utah County. Where they do exist, they can be infrequent or difficult to use. McBeth explains, “Getting to the bus stop and then waiting a long time doesn’t work for many seniors. And there are way too many transfers for seniors with mobility issues.” The alternative is the paratransit system, which is curbside service, but most seniors are not eligible.

In Utah County some seniors are assisted with a few rides to the senior center, but not the grocery store, social activities, or fun outings. With the exception of Salt Lake County, this seems to be true across the state.

*“When it comes to transportation services, seniors’ needs are not being met.”*

*– Scott McBeth, Director of Mountainland Aging and Family Services.*



In order for seniors to continue to live independently, and “age in place,” it is critical to address the current transportation constraints in Utah. Due to transportation and housing policies, and the preferences of most Utahns, most Baby Boomers in the state live in the suburbs. As a result, there is a “mobility mismatch” between communities designed for the automobile and a growing population that no longer drives, whether for medical or economic reasons.<sup>38</sup>

Non-drivers who live outside urban centers are four times more likely than drivers to end up in long-term care, not necessarily because they need long-term care services, but because they can no longer function independently without transportation.<sup>39</sup> These services also help seniors avoid social isolation. The most requested service in San Juan is for senior companions, a need directly related to social isolation. Gallegos explains, “Often seniors just need a ride to get them out of the house. Most are shut-ins, and they are lonely.”

A wide-range of accessible and affordable transportation services including volunteer driver programs, taxi vouchers, ride-sharing, and other innovative solutions individualized to the needs of each county are critical to keep seniors connected to their communities.

## **ALTERNATIVES PROGRAM**

Alternatives is a state-funded, non-Medicaid assistance program which funds home and community-based services. Its goal is to allow lower-income seniors who are at risk of facility-based care to remain at home and independent instead of entering assisted living or skilled nursing facilities. There are a wide variety of services available to seniors through the Alternatives program including help with grocery shopping, chore services, home adaptations like grab bars or wheelchair ramps, homemaking, snow removal, and personal care assistance. Alternatives clients are not currently eligible for Medicaid. They are, however, low-income and often frail. Without the assistance provided by the Alternatives program, many of these seniors would end up in residential facilities.

### **The Economics of the Alternatives Program**

The economic argument for adequately funding the Alternatives program is based on simple math. For FY 2014 Utah had 645 Alternatives clients, which represented approximately 0.25% of the senior population over 65 years of age, or one out of every 400 aging adults. Though Alternatives clients do not currently use Medicaid, without the assistance provided by the Alternatives program, they are more likely to end up in expensive, long-term residential facilities where many quickly spend down their savings and become Medicaid eligible. The Utah Assisted Living Association put the annual cost of assisted living in 2014 at \$30,000.<sup>40</sup> Since the state Medicaid match is 30% of the total, it costs Utah \$9,000 for each Medicaid eligible senior in assisted living.

The Alternatives program provides services that enable seniors to age in place at home instead of moving into residential facilities. The maximum annual Alternatives expenditure per person is \$9,000. However, data show that Alternatives clients do not max out their benefits. The average Alternative client uses less than \$6,000 each.<sup>41</sup> Compared to the potential cost of assisted living for a Medicaid eligible senior, the Alternatives program can result in a cost savings to the state over time. In August 2015 there was a waiting list of 517 people for the Alternatives program. The immediate additional need for the Alternatives program is approximately \$3 million, which would need to increase over time.

As indicated previously, data reveal that the senior population in Utah is growing quickly. Projections show that the senior population will be as high as 550,005 by 2030. That kind of rapid demographic growth in the next fifteen years has significant implications for Aging Services like the Alternatives program. If the percent of the population that uses Alternatives continues to be 0.25%, then by 2030, approximately 1,375 seniors could be on the program. In order to meet the needs of these Alternatives clients, the program would need to increase its budget to \$8.25 million in the next 15 years.

The future Medicaid savings from reduced usage of skilled nursing facilities is even higher than assisted living facilities because they cost more. Though it is likely that the cost of skilled nursing facilities will rise, on the stipulation that they will cost the same amount in 15 years as they do today, it would cost the state \$12.36 million if all 1,375 needy seniors who are at-risk of entering facilities did so. If, however, these seniors are supported with services provided by the Alternatives program, and are able to remain in their own homes instead of entering skilled nursing facilities and then becoming Medicaid eligible, the projected cost savings provided by the Alternatives program could be as high as \$4 million for the year 2030. In short, to keep

pace with the expected population growth as the Baby Boomers age, it is important to fund the Alternatives program adequately now and to anticipate rising costs every year.

## INCREASING NEED

In order to keep up with anticipated population growth, congregate meals and Meals and Wheels would need between \$1,447,129 and \$2,161,324 in additional state funding by 2030 (not adjusted for inflation). Caregiver services will need between \$285,784 and \$426,826 in additional state funding by 2030 to keep up with population growth if usage remains constant. However, because there is unmet need for these services right now as reflected in waiting lists, AAAs need more money to offer support like education and respite care to a greater number of caregivers. The Alternatives program would need between \$1,997,361 and \$2,983,108 in additional state funding by 2030.

Assuming usage remains constant, and based on projected population figures, the total required increase for all of the AAA programs is between \$366,999 and \$548,122 every year just to keep up with demographic growth. Depending on the projections used, by 2030 Aging Services will need between \$5.9 million and \$8.8 million in additional state funding.

Due to insufficient resources, the AAAs have determined that senior transportation services must be addressed in a systematic way. The state allocated only \$92,200 directly for transportation in FY 2014. Because the current allocation for transportation is much too small to meet the needs of Utah seniors now, especially in the more rural areas of the state, the current transportation allocation would need to be increased first and then adjusted for population growth.

Transportation is not the only underfunded program. As noted in the report, aging adult services like caregiver services and the Alternatives program have waiting lists in many of the AAAs. Funding of more than \$3.2 million is required now to address this need.

Strong support for the full continuum of Aging Services reflects core Utah values such as long-term planning, sound economic policy, and family responsibility. Generous support for Aging Services also facilitates the dignity, autonomy, and independence of Utah's senior population.

**Figure 5: Increase in State Need Based upon 2014 State Budget and the Population Change of Adults over 65 Years of Age, 2014-2030**

Services	FY 2014 State Funds	Increased State Need	
		Census Projection (69.5%)	GOMB Projection (103.8%)
Nutrition programs	\$2,082,200	\$1,447,129	\$2,161,324
Caregiver programs	411,200	285,784	426,826
Alternatives	2,873,900	1,997,361	2,983,108
Aging Waiver Service	1,557,200	1,082,254	1,616,374
Supportive services	1,524,396	1,059,455	1,582,323
Other programs	332,897		
DAAS administrative costs	517,400		
AAA administrative costs	650,760		
Adult Protective Services	2,832,231		
<b>Total</b>	<b>\$12,782,184</b>	<b>\$5,871,982</b>	<b>\$8,769,954</b>

Note: Projection amounts in 2014 dollars and not adjusted for inflation. Administrative need and "other programs" were not analyzed in this report. Further, Adult Protective Services programming is provided to all adults age 18 and over. Accordingly, these are not included.

Source: Department of Human Services, Utah Foundation calculations.

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