OVERVIEW

WE FACE THE LARGEST POPULATION OF SENIORS IN AMERICAN HISTORY
THE DEMAND FOR SENIOR CARE IS GROWING

Minnesota is a care leader

#1 in Choice of Setting and Provider¹
#2 Overall²
#3 in Quality of Life and Quality Care³

89% of Minnesotans agree that people over age 65 have a RIGHT to receive care and basic housing⁴
86% of Minnesotans agree that the STATE should help fund support services for seniors who cannot afford to pay⁵

OUR CHALLENGES

SENIORS ARE LIVING LONGER than previous generations

...and many rely on GOVERNMENT ASSISTANCE to pay for care

GROWING DEMAND FOR CARE is quickly outpacing the supply of PROFESSIONAL CAREGIVERS and availability of AFFORDABLE HOUSING

THE SOLUTION

STABLE FUNDING IS KEY to invest in our workforce and prepare for the dramatic increase in the demand for senior care.

SUSTAINABLE NURSING HOME FUNDING
EXPAND ACCESS FOR SENIORS WHO NEED SERVICES CLOSER TO HOME
STRENGTHEN SUPPORT FOR OUR WORKERS
We will need additional services and more caregivers to support them in the future.

While the state is projected to see an 8.6% growth in overall population, its senior population will soar by 56% by 2030.\(^7\)

The number of people 65 and older will grow 72% by 2040.\(^8\)

By 2030, there will be 20,000 fewer K-12 students and 455,000 more seniors.\(^3\)

An estimated 48% of people over the age of 55 have nothing saved; among people aged 50-64, the average savings is $135,000 but $108,000 in debt.\(^3\)

Depending on the care a senior is receiving, they may need to receive home care services or reside in assisted living.

There is very little support for low-income seniors to pay for housing.

55% of people in nursing homes rely on medical assistance.\(^9\)

22% of people in assisted living rely on government assistance.\(^10\)

Only 2% of Americans have long-term care insurance to help defray the cost of care.\(^11\)

56% of people in nursing homes rely on medical assistance.

70% of people 65+ will need some type of long-term care.\(^6\)

By 2030, 70% of people 65+ will need some type of long-term care.\(^6\)

One of every four Minnesota adults will be over the age of 65 by 2030.\(^8\)

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## Options for Senior Care

### Examples of Care Offered

- **Independent Living**: Non-medical assistance with meals or chores.
- **Home Care Adult Day Services**: Assistance with certain personal care, therapy, activities, some medical services.
- **Assisted Living**: Medical and non-medical assistance.
- **Memory Care**: Medical and non-medical assistance.
- **Nursing Home**: Skilled nursing medical care.
- **Hospice**: End-of-life medical care.

### Location of Care Provided

- **Own home or rented apartment**
- **Lives at home, but receives services either in home or away from home**
- **Rented apartment at assisted living community**
- **Most settings**
- **Nursing home**
- **All settings**

### Estimated Monthly Cost Range

- **Independent Living**: $1,200-$6,000
- **Home Care Adult Day Services**: $1,800-$6,000
- **Assisted Living**: $3,800-$5,000
- **Memory Care**: $8,000-$11,000
- **Nursing Home**: $10,000-$11,000
- **Hospice**: $3,500-$6,000

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**Cost of Care and Level of Regulation**

- **Independent Living**
- **Home Care Adult Day Services**
- **Assisted Living**
- **Memory Care**
- **Nursing Home**

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Differences in how senior care is funded depends on WHO is getting care and WHAT services are needed and desired.

The State of MN sets the daily rate charged by nursing homes for all patients.

Counties assess individuals to determine the level of funding individuals receive to obtain services at home or in assisted living, in lower cost settings.

Minnesota’s Rate Equalization law prohibits nursing homes from charging private pay residents higher daily rates than residents whose care is paid for by Medical Assistance.

Funding is not keeping up with the growing demand for senior care services.
After years of inadequate funding, the adoption of VBR in 2015 is stabilizing nursing home funding to ensure that state aid payments to nursing homes are based on the actual cost of care, including wages and benefits, and quality outcomes.

**Value Based Reimbursement (VBR)**

Nursing homes submit reports to DHS that demonstrate the cost of care provided to patients in the last year. DHS audits the reports, then DHS reimburses nursing homes up to 24 months later based on the audited actual care-related costs up to the state-determined limit. VBR rewards good performance by allowing more opportunity for investment in caregiver wages and employee benefits, while limiting growth in administrative costs.

**Here’s how VBR works:**

- Nursing homes care for residents and accrue costs by employing nurses, paying rent, purchasing food, etc.
- Nursing homes file a cost report with DHS detailing actual costs during the previous Oct-Sept year.
- DHS sends nursing home “notice of rates” for the upcoming rate year. Rates are calculated using the February cost report. New reimbursement rates take effect.

**VBR reduces the shortfall between Medicaid Reimbursement and Allowable Medicaid Costs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicaid Underfunding per Patient Day</th>
<th>Percent of Allowable Medicaid Costs Covered by Rates in Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 (Actual)</td>
<td>$33.13</td>
<td>84.3%</td>
</tr>
<tr>
<td>2015 (Actual)</td>
<td>$35.42</td>
<td>83.6%</td>
</tr>
<tr>
<td>ESTIMATED 2018</td>
<td>$33.13</td>
<td>97.4%</td>
</tr>
</tbody>
</table>

**Salaries, Benefits and Payroll Taxes Comprise 64.6% of Nursing Facility Costs**
GOVERNMENT ASSISTANCE IS PROVIDED TO INDIVIDUALS FOR ASSISTED LIVING AND HOME AND COMMUNITY BASED SERVICES THROUGH A PAYMENT PROGRAM CALLED ELDERLY WAIVER

ELDERLY WAIVER

WHO QUALIFIES?

- **Seniors age 65 or older** who are financially eligible for Medical Assistance
- And who **need nursing home level of care** as determined by the person-centered long-term care assessment process at the county level

WHAT’S THE BENEFIT?

- Allows seniors choice of services in a non-nursing home setting, including assisted living, home care, adult day services, transportation, chores, and other services
- Helps people live in their homes or a community setting and avoid more costly care

Elderly Waiver aid does not cover housing costs.

Elderly Waiver Program saves the State of MN money

![Graph showing Medicaid recipients over years]

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CAREGIVERS

CAREGIVING IS A PROFESSION AND DEMAND EXCEEDS SUPPLY

Taking care of elderly patients requires skills, expertise and compassion.

HEALTH CARE

OVER 100,000 PEOPLE WORK EACH DAY TO PROVIDE QUALITY CARE AND SUPPORT FOR MINNESOTA SENIORS

PERSONAL CARE

Caregivers play an important role in ensuring safety and quality care.

HOUSEHOLD CHORES AND TRANSPORTATION

COMPANIONSHIP

Over the next decade, we will need an ADDITIONAL 25,000 CAREGIVERS to meet the demands of the rising number of seniors living in Minnesota.

Minnesota experienced a net loss of 1,231 NURSING ASSISTANTS IN 2018.

4,000 NURSING HOME ADMISSIONS were denied in 2017 due to staff shortages and our inability to meet the growing demand for care.

INVESTMENTS IN SENIOR CARE will enable us to attract people to the caregiving workforce through better salaries, benefits and incentives for workers.
What is Face Aging MN?

Face Aging MN is a statewide campaign to raise awareness about the issues that accompany the reality of a rapidly aging society.

Our goal is to create a conversation about aging that engages families, community leaders, caregivers and legislators; a conversation that ultimately leads to a shift in society’s view of aging from a burden that we manage to a responsibility that we embrace.

We have the ability — and the responsibility — to work together as Minnesotans to address the needs of our rapidly aging society. Face Aging MN is Minnesota’s voice to raise awareness and embrace this change.

faceagingmn.org