Long-Term Care in Massachusetts: Facts at a Glance

Massachusetts has a lengthy history of supporting the long-term care needs of elders and people with disabilities across the lifespan. The Patrick Administration's long-term care policy is *community first*, an approach that emphasizes maximizing independence in home and community settings while assuring access to needed institutional care. This fact sheet provides a snapshot of the current state of long-term care supports (LTS) in the Commonwealth, including information about the populations who use LTS, projected changes in the demand for and cost of these services, and trends in utilization and payer mix. Data in this arena is unevenly available across populations and service components. To the extent possible, population-based and relevant national indicators are used. The fact sheet and additional qualifying information about data sources and supporting research documents can be found at www.mass.gov/hhs/communityfirst.

Executive Office of Health and Human Services

EXECUTIVE OFFICE OF ELDER AFFAIRS
Promoting Your Independence

POPULATION PROFILES

People who need LTS include elders and people with disabilities who require assistance with self-care and independent living.

- Although people who need LTS have diverse needs, most require assistance with one or more Activities of Daily Living (ADLs) or Instrumental Activities of Daily Living (IADLs). ADLs are fundamental self-care tasks, including eating, bathing, dressing, using the toilet, getting in and out of bed and getting around the home. IADLs are additional activities necessary for independence, including meal preparation, managing medications, managing money, using the telephone, and shopping for groceries.[1]

LTS refer to a wide range of goods, services, and other supports to help individuals meet their daily needs and improve the quality of their lives.

- LTS include, among other services, case management, home care, nursing facility care, respite, and personal care assistance. Services may be offered by family, friends, community- and faith-based groups, and formal providers. Such supports may be provided at home, in the community, in facilities, or in other settings.[2]

People who need LTS are represented among all age groups. They include elders and children and adults with disabilities, including those with disabling chronic conditions.

- In 2007, 13.3% (approximately 859,000 individuals) of Massachusetts' total population of 6.45 million was 65 years and older.[3]
- For non-institutionalized individuals between the ages of 16 and 64, 11% (more than 470,000 individuals) report having a disability. For those over the age of 65, 36% (close to 300,000 individuals) report having a disability.[4] (See Figure 1.)

1 Rogers, S., & Komisar, H. (2003) *Who Needs Long-Term Care?* Washington, DC: Georgetown University Long-Term Care Financing Project. Retrieved from http://ltc.georgetown.edu/pdfs/whois.pdf

2 Massachusetts Executive Office of Health and Human Services and Massachusetts Executive Office of Elder Affairs (2003). *Transforming Long-Term Supports in Massachusetts*. Boston, MA: Author.

3 U.S. Census Bureau (2008). *Table 16. Resident Population by Age and State: 2007*. Washington, DC: Author. Retrieved from http://www.census.gov/popest/states/asrh/SC-EST2007-02.html

4 Data from American Community Survey (2007ACS) Public Use Microdata Sample (PUMS).

– Individuals needing assistance with activities of daily living (self-care disabilities) comprise between roughly 14-18% of the population with disabilities under age 65 and nearly 25% of the population with disabilities over the age of 65.[5] (See Figure 1.)

Figure 1: People with Disabilities in Massachusetts, by Age Group

Ages	Total Non-Institutional Population 5 Years and Older	With Any Disability*	With a Self-Care Disability**	Self-Care as % of Any Disability	Any Disability as % of Total Population
5 - 20	1,349,334	97,561	13,360	13.7%	7.2%
21 - 44	2,120,128	162,042	21,983	13.6%	7.6%
45 - 64	1,708,314	275,909	50,187	18.2%	16.2%
65+	812,382	294,374	72,544	24.6%	36.2%
All 5 and Older	5,990,158	829,886	158,074	19.0%	13.9%

Source: American Community Survey.

* "Any disability" refers to an individual self-reporting any of 6 types of disabilities, as defined by the ACS survey.
** "Self-care disability" refers to an individual reporting difficulty with dressing, bathing, or getting around because of a physical, mental, or emotional condition lasting 6 months or more.

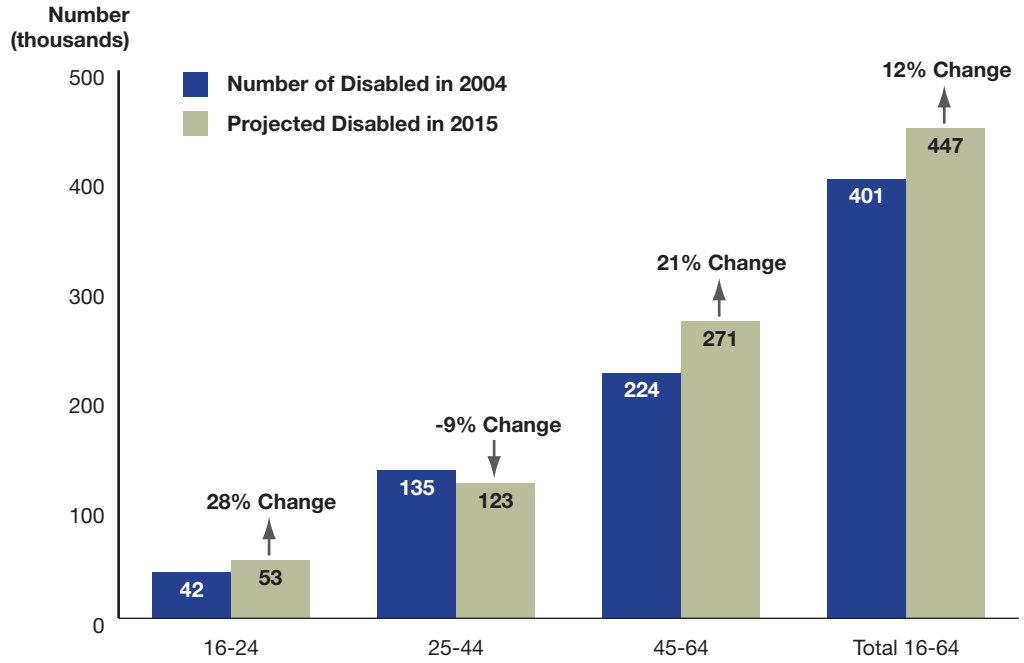
The number of people in Massachusetts who need LTS is projected to grow significantly.

- The total population of individuals with disabilities between the ages of 16 and 64 is expected to grow by 12% (approximately 46,000 individuals) between 2004 and 2015; subsets of this population are expected to grow by over 20%.[6] (See Figure 2.)

5 Ibid.

6 Northeastern University Center for Labor Market Studies. (2006) *The Adult Disabled Population (16-74) in Massachusetts: Its Size and Demographic/Socioeconomic Composition in 2003-2004.* Boston, MA: Author. Retrieved from www.clms.neu.edu/publication/documents/first_mrc_report_in_2006.pdf.

Figure 2: Comparisons of the 2004 Actual and 2015 Projected Number of Disabled 16-64 Year Old Persons in Massachusetts (in 1000s)

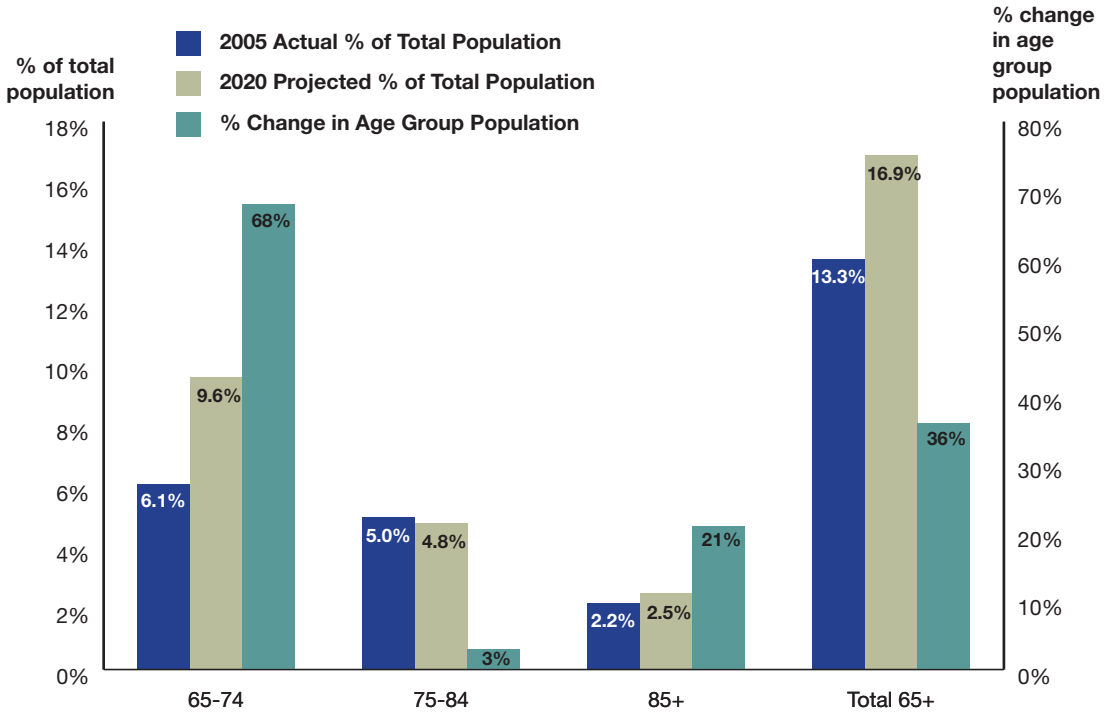


Source: Northeastern University Center for Labor Market Studies.

- The population of individuals ages 65 and older is expected to grow by 36% between 2005 and 2020.[7] (See Figure 3.)

7 Houser, A.N., Fox-Grage, W., & Gibson, M.J. (2006). *Across the States, Profiles of Long-Term Care and Independent Living, Massachusetts.* Washington, DC: AARP Public Policy Institute. Retrieved from assets.aarp.org/rgcenter/health/d18763_2006_ats.pdf

Figure 3: Comparisons of the 2005 Actual and 2020 Projected Number of 65-85+ Year Old Persons in Massachusetts



Source: AARP Public Policy Institute.

SERVICE UTILIZATION

Nursing facilities in Massachusetts provide a significant amount of long-term care, particularly for elders.

- In 2007, nursing facility revenue in Massachusetts totaled $3.7 billion; nearly 70% was funded by Medicaid, 14% was funded by Medicare and 17% was funded by private or other payers.[8]
- In 2008, 78% of all Massachusetts nursing facility residents (41,581) were 75 years or older; 49% were 85 years or older.[9]

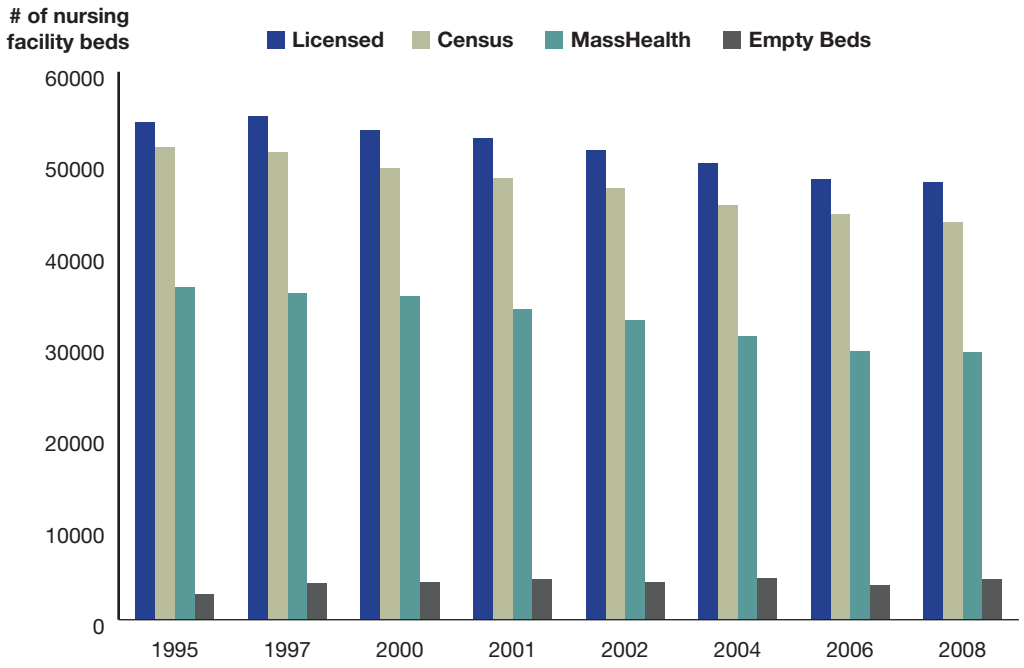
8 MassHealth Office of Long-Term Care. Boston, MA.

9 Ibid.

Over the past decade, nursing home utilization and length of stay have decreased.

- Although the number of admissions to and discharges from nursing facilities increased approximately 60% from 1995 to 2002 (from 67,000 to over 107,000),[10] nursing facility bed availability and average census have decreased, reflecting declining length of stays (See Figure 4.)[11]

Figure 4: Comparison of Massachusetts Licensed Nursing Facility Beds to Census (All Payers), 1995-2008



Source: MassHealth Office of Long-Term Care.

Almost half of all MassHealth nursing facility residents stay less than one year; but 20% have extremely long lengths of stay.

- In 2008, 46% of MassHealth lengths of stay were one year or less, while 33% were between 1-4 years and 21% were more than 4 years.[12]
- This distribution skews the average length of stay for MassHealth nursing facility residents, which was 2.41 years, or 881 days, in 2008. In contrast, the average length of stay for

10 Massachusetts Extended Care Federation (predecessor to the Massachusetts Senior Care Association) (2005). *The Changing Face of Long-Term Care.* Newton Lower Falls, MA: Author.

11 MassHealth Office of Long-Term Care. Boston, MA.

12 Ibid.

Medicare residents of nursing facilities is 26.5 days, reflecting Medicare's acuity and time limits for coverage.[13]

Most people who use LTS prefer to receive services in the community rather than in a nursing facility, and this desire becomes more prevalent as age increases.

- 75% of individuals age 45 to 54, and 83% of individuals age 55 to 64 *strongly agree* or *somewhat agree* that they wish to remain in their current homes as long as possible; 92% of individuals age 65 to 74 and nearly all (95%) individuals age 75 and over want to do so.[14]
- Among elder and disabled MassHealth members living in the community, as well as among those who are not MassHealth members, there is a desire for more access to home and community-based supports. The ability of elders and people with disabilities to choose community over institutional care is affected by the availability of community options.[15]

Increasing numbers of Massachusetts elders and people with disabilities receive community-based LTS through MassHealth and through discretionary programs administered by state agencies.[16]

- Approximately 130,000 elders receive services in the community through the Executive Office of Elder Affairs (EOEA) and approximately 100,000 individuals with disabilities receive community services through the Department of Developmental Services (DDS, formerly the Department of Mental Retardation), the Department of Mental Health (DMH), the Massachusetts Rehabilitation Commission (MRC), the Massachusetts Commission for the Blind (MCB), and the Massachusetts Commission for the Deaf and Hard of Hearing (MCDHH).[17] Another 30,000 children receive early intervention community-based supports through the Department of Public Health.
- Community-based services funded through MassHealth have shown significant increased participation rates over the last decade. The PCA program has more than doubled its participants over the last ten years; in the last five years both Group and Adult Foster Care and Adult Day Health have increased participants by more than a third.

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13 Ibid.

14 Bayer, A. & Harper, L. (2000). *Fixing to Stay: A National Survey on Housing and Home Modification Issues Research Report.* Washington, DC: AARP. Retrieved from assets.aarp.org/rgcenter/il/home_mod.pdf

15 Commonwealth of Massachusetts, *The Community First Olmstead Plan* (2008). Boston, MA: Author. Retrieved from www.mass.gov/Eeohhs2/docs/press_release_docs/080912_comm_living_options.pdf

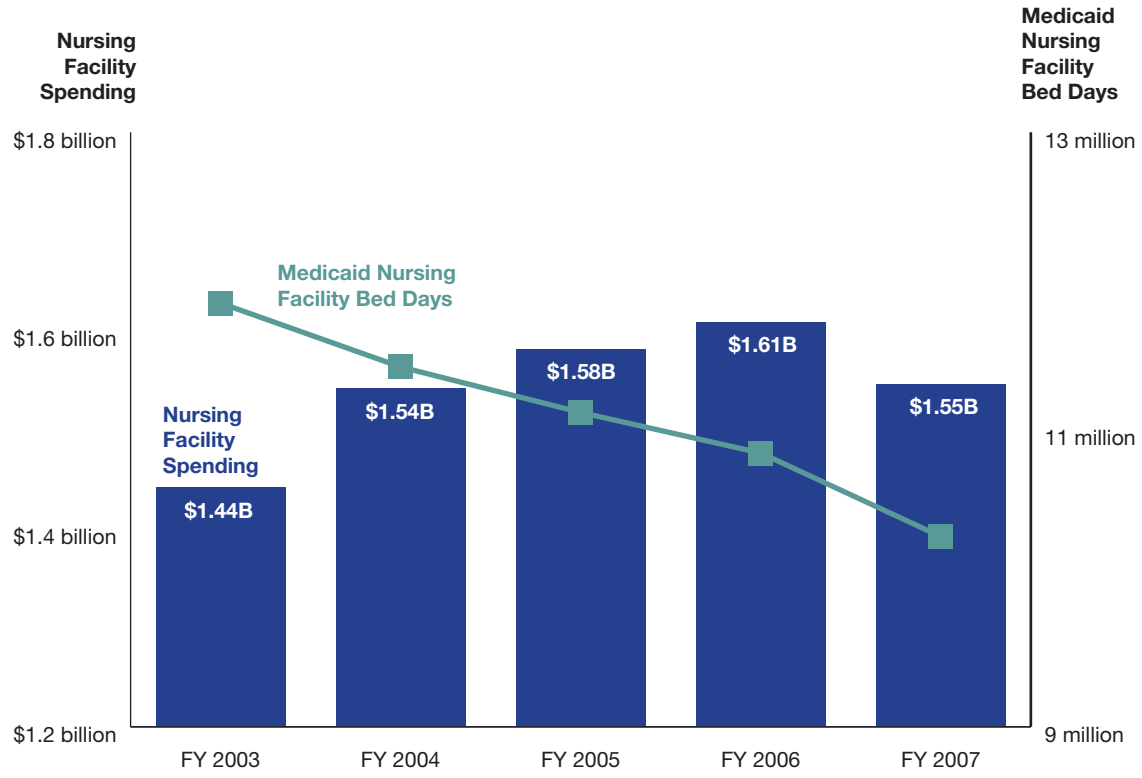
16 Massachusetts Executive Office of Health and Human Services and Massachusetts Executive Office of Elder Affairs. Boston, MA.

17 This number does not include individuals in MRC vocational rehabilitation programs or individuals receiving ASL interpreter or CART referral services.

SPENDING & PAYERS

- **MassHealth nursing facility utilization (in paid days) has declined steadily between FY 2003 and FY 2007, while nursing facility spending has increased.[18] (See Figure 5.)**

Figure 5: MassHealth Nursing Facility Utilization and Spending, SFYs 2003-2007



Source: MassHealth Office of Long-Term Care.

- This nursing facility spending increase is due primarily to mandated payment rate increases, rather than acuity, which increased only slightly in FY 2007.[19]

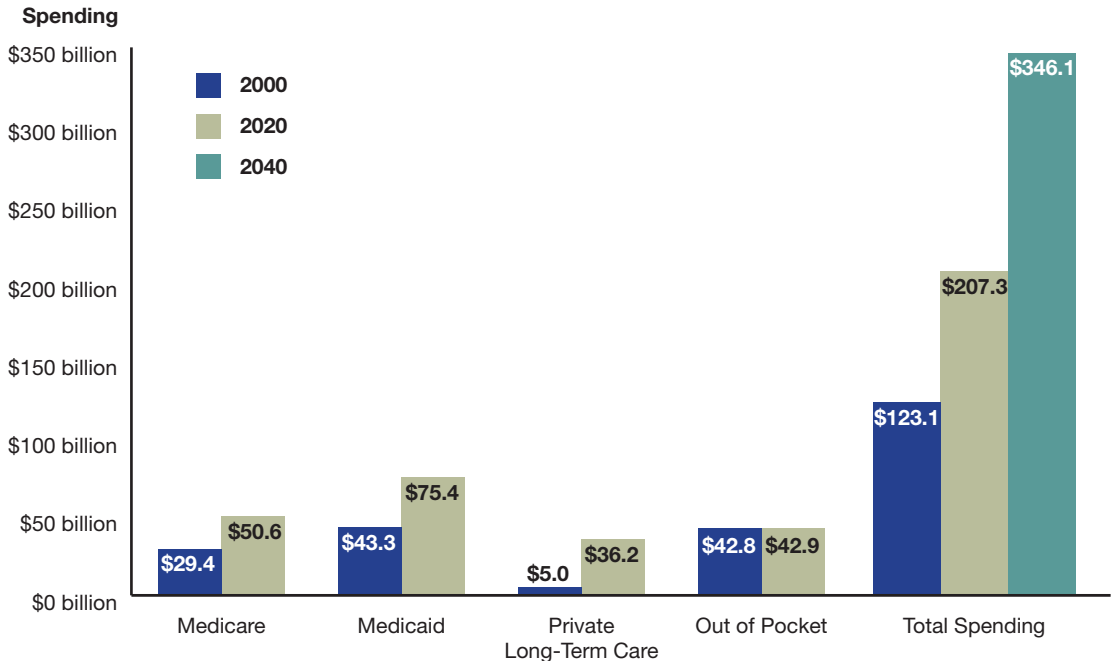
18 MassHealth Office of Long-Term Care. Boston, MA.

19 Ibid.

As the population ages, national spending on LTS for elders is expected to increase significantly.

- Although both Medicaid and Medicare likely will pay for the majority of LTS in the next decade, national estimates assume a growing role for private insurance.[20] (See Figure 6.)

Figure 6: Projected National Spending on Long-Term Care Expenditures for the Elderly, 2000, 2020, 2040 (in 2000 dollars)



Source: Congressional Budget Office.

Note: comparable figures on spending for non-elderly individuals with disabilities are not currently available.

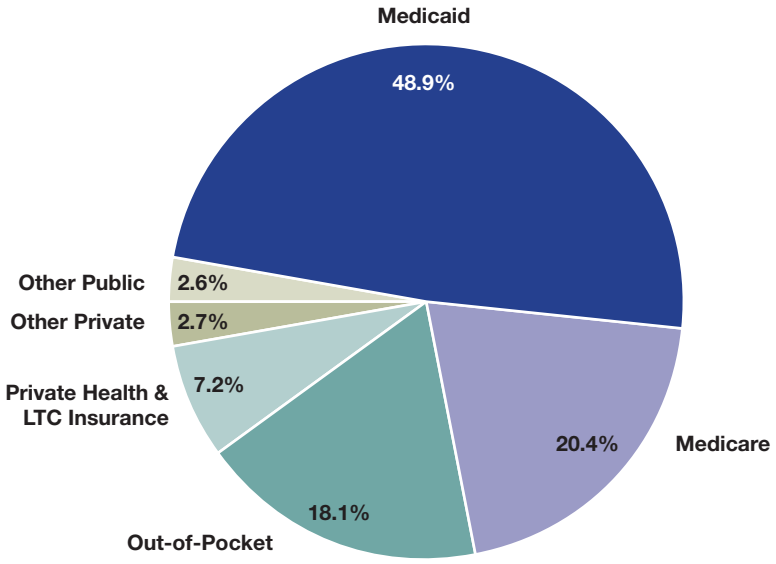
Nationally, long-term care is paid through several funding sources.

- Medicaid is the primary payer of LTS for elders and individuals with disabilities, paying for nearly half of the $206.6 billion in national spending on LTS in 2005.[21] (See Figure 7.)

20 Congressional Budget Office (1999). *CBO Memorandum: Projections of Expenditures for Long-Term Care Services for the Elderly.* Washington, DC: Author. Retrieved from www.cbo.gov/ftpdocs/11xx/doc1123/ltcare.pdf

21 Komisar H.L. & Thompson, L.S. (2007). *Fact Sheet: National Spending for Long-Term Care*. Washington, DC: Georgetown University Long-Term Care Financing Project. Retrieved from http://www.ltc.georgetown.edu/pdfs/natspendfeb07.pdf

Figure 7: National Spending for Long-Term Care, by Payer (2005)



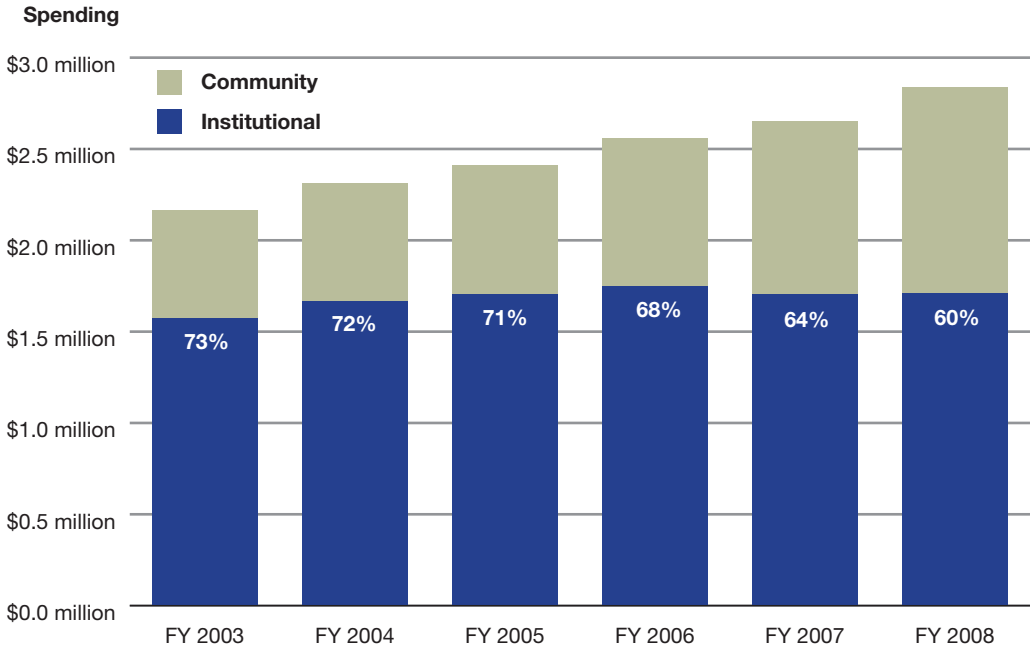
Source: Georgetown University Long-Term Care Financing Project.

In Massachusetts, MassHealth spent an estimated $2.8 billion on LTS for elders and individuals with disabilities in 2008, with increasing expenditures in community settings.[22]

- As of August 2008, MassHealth enrollees include approximately 25,000 children with disabilities, 203,000 adults under the age of 65 with disabilities, and 107,000 seniors. Many of these individuals use LTS in both institutional and community settings.
- The proportion of MassHealth nursing facility spending to total MassHealth LTS spending has declined steadily from 73% in FY 2003 to 60% in FY 2008. (See Figure 8.)

22 MassHealth Budget Office. Boston, MA. These expenditures do *not* include the millions of dollars in community services and supports that are paid through the Commonwealth's four home- and community-based Waiver programs.

Figure 8: MassHealth Nursing Facility Spending as a Percent of Total MassHealth Long-Term Care Spending (in millions)[23]



Source: MassHealth Budget Office.

- The majority (76%) of MassHealth institutional spending is for individuals ages 65 and over, while the majority (69%) of MassHealth community spending is for individuals up to age 65 (0-64).[24]

State agencies in Massachusetts provided an additional $2 billion in LTS for elders and individuals with disabilities in 2008.[25]

- This includes spending by EOEA, DDS, DMH, MRC, MCB, and MCDHH, both fully state-funded and federally-matched spending through home- and community-based waiver programs and other mechanisms.

23 MassHealth Budget Office. Boston, MA. Institutional spending includes nursing facility and inpatient chronic/rehabilitation hospital. Community spending includes Programs of All-Inclusive Care for the Elderly (PACE), personal care attendants, home health agency, private duty nursing, adult foster care/group, adult day health, day habilitation, hospice care, prosthetics/orthotics, outpatient chronic/rehabilitation hospital, durable medical equipment/oxygen, Senior Care Options capitation, therapies, and Early Intervention (a program for children).

24 MassHealth Budget Office. Boston, MA.

25 Massachusetts Executive Office of Health and Human Services and Massachusetts Executive Office of Elder Affairs. Boston, MA.

Medicare provides limited coverage of nursing home and home care services for elders and a small number of individuals with disabilities.

- Nearly one-third of the Medicare population has some physical or cognitive limitation that makes it difficult for them to perform certain activities of daily living.[26]
- Roughly 10% ($32.8 billion) of the $329 billion in total Medicare spending in 2005 was for skilled nursing facilities (6%) and home health aides (4%).[27]
- In Massachusetts, Medicare pays for 14.5% of the *public* funds spent on nursing facility care.[28]
- In Massachusetts in 2006:
  - 79,594 Medicare beneficiaries were admitted to nursing facilities, for a total of 2.1 million days of care covered,[29]
  - 92,000 individuals received Medicare home health services, with an average of 34 visits per person (one less than the national average),[30] and
  - 18,509 individuals received Medicare hospice services for 1,112,649 days of covered care.[31]

Private Long-Term Care Insurance is a small but growing part of the funding for LTS.

- Long-term care insurance policies pay for both nursing home and home- and community-based services, subject to the provisions of an individual's policy.[32]

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26 O'Brien, E. (2007). *Fact Sheet: Medicare and Long Term Care*. Washington, DC: Georgetown University Long-Term Care Financing Project. Retrieved from http://www.ltc.georgetown.edu/pdfs/medicare0207.pdf

27 Ibid.

28 Massachusetts Division of Health Care Finance and Policy. Boston, MA.

29 Kaiser Family Foundation: State Health Facts. *Massachusetts: Covered Admissions and Covered Days of Care for Skilled Nursing Facility Services Used by Medicare Beneficiaries, 2006.* Retrieved from http://www.statehealthfacts.org/profileind.jsp?ind=337&cat=6&rgn=23

30 Kaiser Family Foundation: State Health Facts. *Massachusetts: Total Persons Served and Visits for Medicare Home Health Services, 2006.* Retrieved from http://www.statehealthfacts.org/profileind.jsp?ind=340&cat=6&rgn=23

31 Kaiser Family Foundation: State Health Facts. *Massachusetts: Number of Hospices, Number of Persons Served, and Covered Days of Care for Hospice Services Used by Medicare Beneficiaries, 2006.* Retrieved from http://www.statehealthfacts.org/profileind.jsp?ind=338&cat=6&rgn=23

32 Generally, policies include a deductible and/or an elimination period, during which an individual will have to pay for LTC services him/herself. Most policies also have a limit on the amount of coverage they will provide, which can be either a total amount for the policy (lifetime maximum benefit), and a set amount per day (daily maximum benefit).

- In 2004, there were 136,287 people in Massachusetts insured through a long-term care insurance policy, which is more than twice as many as were insured in 1998 (65,928).[33]
  - The average annual premium for a group plan was $744.91 and for an individual plan was $2,287.33.[34]
  - The average age of the individual policyholder in 2004 was 61.9 years, a four-year decrease from the average of 65.7 years in 1998. Similarly, the average age for a group policy was 47.7 years, versus 55.5 years in 1998.[35]

Out-of-pocket and other private spending can be a significant burden on those who do not have access to other LTS funding sources.

- Out-of-pocket spending often is overlooked since individuals and families do not report it to any formal entity. This spending includes paying neighbors or other individuals for care in the home or community, paying formal providers for services, and paying for care in nursing facilities.
- About 6 percent of people who turned age 65 in 2005 can be expected to incur out-of-pocket expenditures of $100,000 or more over their remaining lifetimes, and about 12 percent will likely have expenditures from $25,000 to $100,000.[36]
- Caregivers to persons age 50 or older reported spending an average of $5,531 out-of-pocket in 2007. Long-distance caregivers had the highest annual expenses ($8,728), compared to co-resident caregivers ($5,885) and those who cared for someone nearby ($4,570).[37]

Informal Care—unpaid care provided by families, friends, and neighbors—makes up the largest percentage of the spending on LTS.

- Informal care has been valued at about $375 billion nationally in 2008, up from $350 billion in 2006, making it the largest single source of LTS.
  - The economic value of caregiving exceeded total Medicaid [LTC] spending in all states, and was more than three times as high in 36 states. Compared with Medicaid home-

33 Massachusetts Division of Insurance (2005). *2005 Long-Term Care Insurance Survey Results: Administrative Summary.* Boston, MA: Author. Retrieved from http://www.mass.gov/Eoca/docs/doi/Consumer/LTCare_Report/LTC_Admin_2005.pdf

34 Ibid.

35 Ibid.

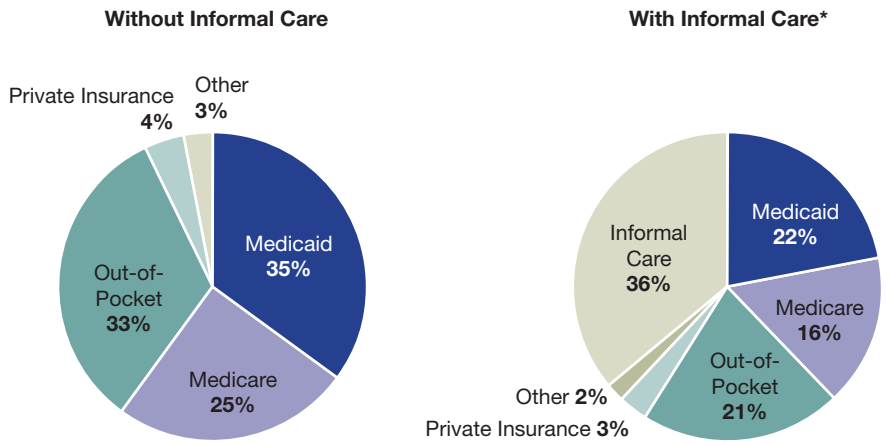
36 O'Shaughnessy, C.V. (2008). *Long-Term Care: Consumers, Services, and Financing.* Washington, DC: National Health Policy Forum, George Washington University. Retrieved from http://www.partnershipsforolderadults.org/content/public/resourcecenter/Basics_LTC_11-28-08.pdf.

37 Houser, A.N. & Gibson, M.J. (2008). *Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update.* Washington, DC: AARP Public Policy Institute. Page 3. Retrieved from http://assets.aarp.org/rgcenter/il/i13_caregiving.pdf.

and community-based service spending, the economic value of family caregiving was at least three times as high in all states, and more than 10 times as high in 19 states.[38]

- In 2004, informal unpaid caregivers provided the majority of LTS for elders.[39] (See Figure 9.)

Figure 9: Estimated Percentage of Share of Spending for Long-Term Care for the Elderly, 2004



Source: Congressional Budget Office.

* Values are calculated on the basis of how much such care would cost if it were provided through formal means. Estimates are from Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, Administration on Aging, *Informal Caregiving: Compassion in Action* (June 1998), inflated to 2004 dollars.

Note: comparable figures on spending for non-elderly individuals with disabilities are not currently available.

- In 2007, 34 million family caregivers provided care at any given point in time, and about 52 million provided care at some time during the year.[40]
- The costs of caregiving include not only direct out-of-pocket costs (see above section on out-of-pocket spending) and physical and mental health effects/costs, but also economic insecurity due to changes in work patterns.
  - More than one-third (37%) of caregivers to persons age 50 and older reported quitting their job or reducing their work hours in 2007.[41]

38 Ibid.

39 Hagen, S. (2004). *Estimated Percentage Shares of Spending on Long-Term Care for the Elderly, 2004*. Washington, DC: Congressional Budget Office. Page 3. Retrieved from https://www.cbo.gov/doc.cfm?index=5400

40 Houser, A.N. & Gibson, M.J. (2008). *Valuing the Invaluable: The Economic Value of Family Caregiving, 2008 Update.* Washington, DC: AARP Public Policy Institute. Page 3. Retrieved from http://assets.aarp.org/rgcenter/il/i13_caregiving.pdf

41 Ibid.

– Midlife women in the labor force who begin caregiving are more likely to leave the labor force entirely than to reduce their hours.[42]

- In Massachusetts, approximately 700,000-1,000,000 people provide informal care, which was projected to be worth about $8.8 billion in 2007.[43]

This document was prepared with assistance from the University of Massachusetts Medical School, Commonwealth Medicine and the Massachusetts Medicaid Policy Institute.

42 Pavalko, E.K. & Henderson, K.A. (2006). Combining Care Work and Paid Work: Do Workplace Policies Make a Difference? *Research on Aging,* 28(3): 359-374.

43 Houser, A.N. & Gibson, M.J. (2007). *Valuing the Invaluable: Caregivers and the Economic Value of Caregiving, by State, 2006.* Washington, DC: AARP Public Policy Institute. Retrieved from http://assets.aarp.org/rgcenter/il/fs140_caregiving.pdf