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## Long-Term Care: An Opportunity for Innovation

*Elderly services focus on supporting family caregivers and new technologies.*

The U.S. population is aging, and the healthcare delivery system and long-term care services and supports to older adults confront multiple challenges: a fragmented service delivery system, multiple payment mechanisms and a complex policy environment.

Although services for the elderly have been a fixture in U.S. healthcare, they are undergoing significant change and innovation. Examples include an expanding array of services provided for home care, an increased emphasis on supporting family caregivers and the availability of new digital technologies focused on this population.

### The Gray Wave and the Need for Care

According to the U.S. Census Bureau, 2030 will mark an important demographic turning point in U.S. history: By then, all baby boomers will be older than 65 and one in every five residents will be of retirement age. “The aging of baby boomers means that within just a couple decades, older people are projected to outnumber children for the first time in U.S. history,” said Jonathan Vespa, a demographer with the U.S. Census Bureau, in a March 2018 press release. By 2035, there will be 78 million

people 65 years and older compared to 76.4 million under the age of 18, according to the press release.

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This demographic wave will increase patient demands for long-term services and supports. In a 2016 report on improving the financing of long-term care, the Bipartisan Policy Center—a nonprofit organization that promotes bipartisan ideas—wrote, “Regardless of setting, the cost of services can be significant ... For example, in 2014 the average annual cost for a home health aide was approximately \$45,800, the cost for community-based adult day care centers was on average \$16,900 per year, and the average annual cost to live in a nursing facility was approximately \$87,600. In 2013, national spending for formal LTSS (i.e., services from a paid provider) was about \$310 billion, with Medicaid spending accounting for about \$123 billion (40 percent) of that amount. Formal LTSS spending for older Americans (65 years and up) was approximately \$192 billion in 2011.”

### Long-Term Care Challenges

In addition to the operating issues such as workforce shortages and quality improvement, the long-term care industry faces payment policy challenges.

For example, LeadingAge Wisconsin, a statewide membership association of nonprofits that serve the needs of aging adults, reported that in 2013 the deficit between the total cost of providing care to Medicaid residents in Wisconsin facilities and the Medicaid reimbursement facilities received for providing this care exceeded \$330 million. Medicare pays for some services, and its payments for skilled nursing facilities will increase in 2019. However, new financial incentives and penalties driven by an updated value-based purchasing program are accompanying this increase.

The decline in Americans’ ownership of long-term care insurance is exacerbating this financial shortfall. In September 2017, *Forbes* reported, “Only about 89,000 people bought private long-term care insurance in 2016, a nearly 14 percent decline from 2015 ... At the market’s peak in 2002, consumers bought 750,000 traditional policies, eight times what they purchased last year ... Roughly 7 million people currently own traditional policies, a number that has not changed in a decade even as the population of those 55 and older (those most likely to buy or use long-term care insurance) has grown by 30 million.”

According to the American Association for Long-Term Care Insurance, the number of Americans

purchasing traditional long-term care policies dropped from 750,000 in 2000 to 105,000 in 2015.

The Affordable Care Act tried to address this decline in private insurance by establishing the Community Living Assistance Services and Supports Plan, a policy intended to increase the ability of individuals to pay for care through private means. It provided a modest payment of \$50 a day to those who chose to enroll in this government-sponsored LTC insurance. However, given low enrollment in the program and limited premium dollars to support it, Congress did not consider the program financially viable and repealed it in 2013.

### Policy Development

The long-term care industry also faces challenges regarding policy development for long-term care and support services in that it is primarily occurring at the state level. This is due to the predominance of Medicaid funding and the states' role in regulating the delivery of care in these settings. However, national associations have been helpful in supporting the enactment of state policy innovations.

For example, AARP has supported the development and passage of the state-based Caregiver Advise, Record, Enable Act, which supports family caregivers when a patient enters a hospital and provides education on what must be done to provide safe care at home. The CARE Act is now law in 39 states.

Furthermore, LeadingAge is promoting policies to support an integrated service model, which would be implemented by an organized, community-based "hub" of

providers working collaboratively to deliver services and supports to individuals. This model would deliver a comprehensive and coordinated set of services and supports at the community level to address the needs and goals of the whole person. Providers in the hub would be financially incentivized to work together across services and settings, and to employ a person-centered approach to address each person's needs in a comprehensive manner.

The impact of an aging population is beginning to challenge the healthcare system's providers, payers and policymakers. As health systems develop new models to engage this population, it will be important to work with the states in which they operate

to ensure policies can be developed to support adequate financing, high-quality care and innovation in care delivery.

### Home Care: A Variety of Choices

In a March 2017 fact sheet issued by AARP's Public Policy Institute, AARP indicated, "Overwhelmingly, older adults and individuals with disabilities prefer to receive LTSS in their own home or in a community setting." As a result, home healthcare is a rapidly increasing component of the U.S. healthcare system. Zion Market Research projects that the home healthcare industry will generate annual revenue of \$391.41 billion by 2021, growing at a compound annual growth rate of 9.4 percent between 2016 and 2021.



With this rise in the use of home healthcare, alternatives to nursing homes are becoming available. Medicare provides a list of these options, some of which can be covered in part through state programs, as part of its Nursing Home Compare website. These include:

- Community services (meal programs and help with transportation and bill paying)
- Home nursing or attendant care
- Accessory dwelling units (“in-law” apartment added to a home)
- Subsidized senior housing
- Board and care homes (group living arrangements)
- Assisted living facilities
- Continuing care retirement communities (tiered levels of care)
- Respite care (short inpatient stays at nursing homes or hospice care facilities to give home caregivers a break)
- Hospice care

Some states also offer home-based care programs through Medicare and Medicaid’s Programs for All-Inclusive Care for the Elderly, and through Medicaid’s home- and community-based waiver programs.

**Innovation**

The growth of this sector has supported an array of innovations in

both family support and the use of technology. Families provide an immense amount of uncompensated service for home care; AARP estimated the value of this service to be \$470 billion in 2013. AARP also tracks innovations to support families; one example is UnitedHealthcare’s Solutions for Caregivers portal. This website links family caregivers to expert information to help create family care plans, discounts for customized services and access to clinicians with expertise in helping family caregivers.

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Telehealth continues to mature and become more sophisticated for home care. Telehealth systems primarily rely on home monitoring of physiological parameters that link to remote clinicians, according to *HomeCare* magazine. More advanced systems add video to conduct true virtual clinic visits, whereas a third approach to telemedicine is to add a nonphysician visitor to the home in addition to telehealth to build trust and create a richer clinical encounter.

Artificial intelligence also is entering into the continuum of long-term services and support. In 2017, the Front Porch Center for Innovation and Wellbeing—a non-profit program that serves the needs

of communities, including older adults, through innovation—created a pilot project that introduced approximately 50 residents at the Carlsbad By the Sea retirement community near San Diego to Amazon’s digital assistant, Alexa, and then closely observed how their use of it evolved. Among the key findings from the research was that 75 percent of residents used the smart devices daily, and “almost as many said Alexa helped them feel more connected to family, friends and the rest of the community,” according to an article published in *Forbes* in May 2018. When the center first deployed Alexa, residents initially only played music on it and retrieved sports scores. Once study participants were more comfortable with using the device, they started using it to listen to audiobooks, receive reminders to take their medications and control lights and thermostats.

“They’re simple things, but these simple things can have tremendous and dramatic implications for daily living,” said study leader Davis Park, who also is the Front Porch Center for Innovation and Wellbeing’s executive director. “It blew us out of the water at how really excited people were,” Park said. ▲

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