

Caring for Our Aging Citizens
The Louisiana Perspective

Testimony of
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Special Committee on Aging
Senator John Breaux, Louisiana, Chairman

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I. Introduction

Senator Breaux and members of the Committee, thank you for inviting me to testify about issues facing older citizens in Louisiana, and the challenges before our State in meeting the changing needs of today's aging population.

As the head of the agency most responsible for setting health care policy and administering services in Louisiana, let me begin by briefing you about the overall state of health care in Louisiana. During the administration of Governor Mike Foster, the State of Louisiana has made significant strides toward improving health care for the citizens of the State. The first, and perhaps most important step, was to establish a solid base of financing in order to provide and enhance the health care services needed in Louisiana.

This was accomplished in the first year of this Administration when we had to balance our budget with one billion dollars less in federal funding than the previous year ... 1996. We have now stabilized our budget, while at the same time we focused our resources on programs and services that provide the most appropriate care and the best health outcomes to those we serve.

Since then, the thrust of our efforts have been to decrease the rate of uninsured children in Louisiana, and improve and increase services for our citizens with disabilities. In both of these cases we have been successful – we have created one of the nation's best Children's Health Insurance Program (LaCHIP) and we have made more community-based services available to people with disabilities.

Most recently, we have developed a comprehensive plan to *Fix the State's broken health care system* by increasing access to primary care to improve health outcomes. This is important because almost all health care in Louisiana centers around institutions ... including services for the elderly ... while the health care delivery system has moved increasingly to out-patient and community-based settings as a result of technological advances and financing changes.

But, the focus today is long-term care, and the challenges we face in Louisiana in order to develop a comprehensive continuum of long-term care for the citizens of our state.

I am pleased to be here today to testify about the state-of-the-state of long-term care in Louisiana, the steps we are taking to improve the system, the challenges we face, and make recommendations that we believe are necessary to help states such as Louisiana.

II. Profile of Louisiana's Population (Age and Income)

Let me describe Louisiana. Our state is not unlike many other poor states, particularly southern states that have a high percentage of people who are eligible for Medicaid. But, our population is aging much like the rest of the country. People over age 65 represent 11.6 percent of our total population, compared to 12.4 percent nationally. Our elderly population is also growing at a rate currently a little less than the national average – 10.2 percent compared to 12 percent.

But, it is anticipated that this rate will accelerate so that by the year 2020, the elderly population will increase by nearly 60 percent (over 300,000 more people).

The income levels of our citizens is an area where we see significant differences between Louisiana and many other states. By almost all measures, Louisiana's elderly are among the poorest and most vulnerable in the country. According to federal statistics, the percentage of older people with incomes below the poverty level is second highest in the nation.

The difference between Louisiana and the national average for poverty rates for seniors is almost double – 24.1 percent in Louisiana versus 12.8 percent nationally (Census 1990). And, we do not expect this statistic to get better. In fact, it is just the opposite – as our population ages, the number of those people living in poverty is expected to increase. This is also true for elderly people with disabilities.

What does this mean?

- First, we have a high proportion of people who are eligible for Medicaid. Louisiana is third in the number of elderly citizens receiving Medicaid (17.3 percent in Louisiana versus 11.1 percent nationally.)
- We have a high proportion of our elderly citizens who live alone.
- We have the second highest potential demand for publicly-funded long-term care.

Profile of Age Characteristics for the United States and Louisiana

Age Group	US Total						Louisiana				
	1990	2000	2020 (Est.)	Percent Change		2020 (Est.)	1990	2000	2020 (Est.)	Percent Change	
				1990 - 2000	2000-2020					1990 - 2000	2000-2020
Total population	248,709,873	281,421,906	324,927,000	13.2%	15.5%	4,991,235	4,468,976	4,991,235	5.9%	11.7%	
60 to 64 years	10,616,167	10,805,447	20,696,000	1.8%	91.5%	313,418	170,287	313,418	-0.4%	84.1%	
65 to 74 years	18,106,558	18,390,986	31,462,000	1.6%	71.1%	489,171	282,925	489,171	2.9%	72.9%	
75 to 84 years	10,055,108	12,361,180	15,508,000	22.9%	25.5%	238,428	175,328	238,428	16.6%	36.0%	
85 years and over	3,080,165	4,239,587	6,764,000	37.6%	59.5%	94,002	58,676	94,002	34.5%	60.2%	
60 years and over	41,857,998	45,797,200	74,430,000	9.4%	62.5%	1,135,019	687,216	1,135,019	7.4%	65.2%	
65 years and over	31,241,831	34,991,753	53,734,000	12.0%	53.6%	821,601	516,929	821,601	10.2%	58.9%	
75 years and over	13,135,273	16,600,767	22,272,000	26.4%	34.2%	332,430	234,004	332,430	20.6%	42.1%	

Source:

<http://www.census.gov/population/www/projections/natdet-D1A.html>

http://www.census.gov/population/www/projections/st_yrby5.html

<http://www.census.gov/Press-Release/www/2001/sumfile1.html>

Table DP-1. Profile of General Demographic Characteristics for the United States: 2000 and 1999)

III. The Changing Demographics

In less than 15 years, the Baby Boomers born between 1946 and 1964 will age into the status of senior citizens. As this incredible volume of Louisiana residents join the ranks of the elderly, the working population needed to support this fast growing older group will, instead, be declining.

When compared to other states, Louisiana is not gaining population at the same rate. In fact, for our younger, educated citizens who are seeking opportunities outside the state, the population is getting smaller. They are leaving to attend colleges in other states, with the likelihood that they will not return, or they are leaving for better paying jobs in other states once they complete their education.

Changes in the modern family structure will also have an impact. No longer is the two-parent, two-child family the norm. Census 2000 statistics show that single-parent families are rivaling the traditional parent family in Louisiana. As they age, these single parents who do not have family supports in place will face greater reliance on publicly-funded health care. Also, the increasing “never-married” population will not have the traditional family supports.

Research suggests that the two most important resources for Baby Boomers to take into their later years are income and education. But in Louisiana, these are scarce resources. Compared to Baby Boomers nationwide, that same group in Louisiana has lower household incomes and lower education levels.

When these facts are combined with the outward migration of an able-bodied, well-educated workforce, the increased life expectancy, high poverty rates, expenses associated with aging, increased health care costs and other factors, Louisiana is facing a critical future when it comes to caring for our older citizens.

IV. Louisiana’s Health Status

Compared to the rest of the nation, Louisiana continues to rank near the bottom for most key health indicators. Adjusted for age, we rank first in the death rates for diabetes and cancer, and we rank in the top 10 for other chronic diseases such as heart and cerebrovascular diseases.

As I mentioned earlier, over the past six years, we have taken some significant steps to address these poor health statistics, but these long-term strategies ... especially those targeted to our children ... will take time to show results.

There are a number of factors that contribute to our poor health status. Of course, our high poverty rate is the key factor. Other factors include:

- A continued lack of access to primary care – 6th to worst in the nation.
- A high rate of uninsured people – 4th highest.

- The fourth highest rate of people who rely on public insurance (Medicare and Medicaid).
- Very poor lifestyle factors: high rates of smoking and obesity, poor diets, poor rates of exercise.
- And, we're ranked 44th in the percent of people covered by private insurance.

V. Current Long-Term Care Resources

The current state of long-term care in Louisiana revolves around nursing homes. Although other options exist, such as assisted living facilities, home and community-based services (waivers) and home health care, Louisiana still relies on nursing homes to almost the near exclusion of other options.

According to the Administration on Aging, overall, Louisiana has a rating of “below average” for its progress toward a Home and Community-Based Services system.

“Louisiana has a very high public demand on long-term care services. The state has the second highest number of nursing home beds per 1000 age 85+ in the nation; however, nursing home occupancy levels and resident acuity levels are both very low.”

Although we are making progress in this area, the above statement is true. In Louisiana, older residents who might only need intermediate care have few options other than admission to a nursing home.

In the Medicaid program, nursing home expenditures account for nearly \$500 million yearly. Until it was recently eclipsed by the pharmacy program, for years this consumed the greatest portion of all Medicaid spending in Louisiana. As the chart below indicates, nursing home expenditures greatly exceed spending for all other community-based services for the elderly combined.

Medicaid Spending on the Elderly and MR/DD Clients
(as reported March 2001)

Category	1992/93		1995/96		1999/00		2000/01 *	
	Spending (in millions)	People Served						
Private ICF/MRs (group homes)	\$166 million	N/A	\$159.5	3,786	\$169.9	3,602	\$175.1	3,627
Nursing Homes	\$500.4	N/A	503.4	26,206	491.9	25,197	\$490.9	24,621
DHH Long-Term Care Facilities	\$14.5	442	\$17.7	436	\$19.7	424	\$19.6	394
State MR/DD Centers	N/A	N/A	\$140.9	1,982	\$172.2	1,737	\$157.2	1,710
MR/DD Waiver	\$8.02	N/A	\$39.4	1,900	\$93.7	3,495	\$128.5	4,251
Elderly Waiver	0	0	\$2.5	156	\$4.08	366	\$4.9	679
Adult Day Waiver	\$1.3	N/A	\$1.4	217	\$2.23	328	\$2.4	500
PCA Waiver	N/A	N/A	\$1.5	115	\$1.8	113	\$1.8	121

* projected for end of FY 2000/01

Although we have made small strides in providing more home and community-based care for our senior citizens, Louisiana still lags behind most other states. According to a study done by researchers at the University of California for the Health Care Financing Administration (1997 data):

- Louisiana ranks 49th of the 50 states in using home and community-based care services. But, since that time, we have expanded our use of the program for people with disabilities. We still need to provide more of these same opportunities to our aging citizens.
- Louisiana spent \$109 per capita on nursing home expenditures versus only \$1.33 per capita on community-based services.
- In 1995/96, we served 26,206 people in nursing homes but only 488 in the community.

Because of this over-reliance on nursing home care, there is an oversupply of nursing home beds while there are people who must wait years for community-based services.

Assisted living for Medicaid patients is still on the drawing board. Although we have developed an assisted living pilot project, budget deficits in the Medicaid program did not allow this

program to be implemented.

Also, changes at the federal level resulting from the Balanced Budget Act have greatly reduced the number of home health agencies operating in Louisiana. Home health is a vital component of the continuum of care for elderly citizens who do not want to utilize a nursing home when they get older and need some assistance in daily living activities.

VI. Future Needs and Demands for Long-Term Care

For many elderly citizens, nursing homes have been the only option in Louisiana. And because there has not been a hue and cry from the elderly community, elected officials and policymakers have been slow to seek out and fund alternatives. This is about to change. Baby boomers represent a generation of people who are used to having choices when they are seeking services and getting what they want, even if they have to create it themselves. They are likely to continue demanding choices so that they can remain independent as long as possible.

This fact is readily apparent in the private pay arena where assisted living facilities are springing up like fire ant mounds after a good Louisiana rain. Although they are expensive, there is a great demand among those who are able to afford it.

But for lower income Louisianians ... for most Louisianians ... these are not options.

In addition, we anticipate demand for private rooms in nursing facilities, assistance in the home, transportation for the elderly who live in rural communities and foster care for the elderly.

VII. Recommendations

The challenge for Louisiana, as well as for the rest of the nation, is to get ready, and get ready quick, in order to meet the needs of our aging citizens. We have been preparing to serve those needs by expanding choices for our elderly citizens, but progress has been slow. To some degree, we are getting ready. The Supreme Court's Olmstead decision has motivated states to make community-based services not only a choice, but a reality. While Olmstead will quicken the pace of progress it will not provide easy solutions for a state like ours.

Here are some examples of the progress we are making:

- Just this past Legislative Session, lawmakers approved a measure that requires advocates, policymakers, and health care providers to work together to plan for enhancing community-based alternatives and end Louisiana's institutional bias.
- We were also successful in getting help from Senator Breaux for additional federal funding that has allowed us to expand community-based services for the

- elderly. Over the next 12 months, our slots for community-based services will increase by 600 slots to a total of almost 1300 slots.
- Our BluePrint for Health plan to improve our public health care system is designed to decrease the institutional bias in Louisiana. When fully implemented, we will have a healthier population that has greater access to primary care, and to more community-based services.
 - We are examining the federal Program for All-Inclusive Care for the Elderly (PACE) that provides some community-based services and nursing home alternatives. Unfortunately, this program that pools Medicare and Medicaid funds relies on a managed care model, but Louisiana does not have much managed care penetration.
 - We have applied for a Real Choice Systems Change grant that will allow us to accomplish the planning necessary to adapt Louisiana's long-term care system to the needs of the future by enhancing the infrastructure for community-based services.
 - We must seek to ensure adequate rates to nursing facilities and other long term care providers to ensure that quality care is provided – whether in institutions or in community settings.
 - We must encourage and create incentives for nursing facilities to diversify the services they provide to include other long term care services (subacute, assisted living, adult day health, etc.), thereby reducing excess capacity while increasing choice.
 - We must work to build a continuum of quality long term care services that provides options to the elderly appropriate to their needs and desires – nursing facilities, assisted living facilities, adult day health care, in-home care as well as provide relief to family caregivers.
 - We must seek the funding, and then begin to implement the recommendations of the Medicaid Assisted Living Task Force.

Meaningful change will also require federal intervention. Both Medicare and Medicaid were implemented in 1965, and for most intents and purposes have not changed significantly over the past 35 years. And, as I have pointed out, Medicare and Medicaid are designed on the medical model or institutional standard of care that is quickly becoming outdated.

Both Medicare and Medicaid must be restructured to conform to the changing health care needs

of our citizens, as well as to conform with the changing demographics of society ... more elders living alone, lower birth rates that mean we'll have fewer able-bodied adults to support the aging population, more one-parent families with fewer children.

Should such a comprehensive restructuring take place, I would urge Committee members to see to it that changes are coordinated to occur within both programs. Attempting to reform only Medicare will result in significant and costly impacts to Medicaid, and therefore, to the budgets of all 50 states. Reform must be programmatic as well as fiscal to ensure the solvency of the Medicare Trust Fund while also maintaining the mission of providing care for our most vulnerable citizens.

Let me give you a few examples: Within the Medicare program, there is no option for non-medical services; therefore, the onus for community services falls upon the Medicaid program. And, because there is not a Medicare a prescription drug benefit, states and state Medicaid programs shoulder this burden.

With respect to the Olmstead decision, there is no role or responsibility born by Medicare ... with once again, the states shouldering the load.

Congress' reauthorization of the Older Americans Act last year will help tremendously in the efforts to address the needs of aging baby boomers. Additional assistance for the states in the form of enhanced match rates for long-term care and other community-based services not covered by Medicare would also be helpful. Just as has been done with children's health insurance, these enhanced match rates will make it more attractive for states to enact early and meaningful change in how they provide long-term care, especially community-based options. By providing such federal assistance, there are potential cost savings because people can choose to delay entry into institutional care.

Other recommendations include:

- Additional funding for research, planning and alternative policy for long term care services across the entire continuum of long term care.
- Provide tax credits for caregivers, and for long-term care savings accounts or the purchase of long-term care insurance.
- Support for workforce development initiatives that will assist in recruiting, training and retaining workers to provide long-term care services (such as nursing staff, personal care attendants, and others).
- Modification of Social Security earned income limits to permit the elderly to work

to meet their own needs.

- Reforms targeted at long-term care insurance (greater uniformity in benefits, greater affordability including subsidies for low and moderate income families, greater access through employers).
- Encourage affordable housing options, including paying room and board for nursing home alternatives.

VIII. Summary

In conclusion, just as you and other members of Congress recognize the importance of reforming the Medicare program to meet the needs of our senior citizens, I would urge a more comprehensive look at the entire continuum of long-term care for seniors.

Louisiana's baby boomers have grown up with the concept of choice – choices in how they choose doctors, choices in what day care they use or where they send their children to school. To turn around and deny them choices when it comes to long-term care is counter to the way they have lived their entire lives.

These same individuals also desire to be in control. They do not want to give up their life savings just to become eligible for payment for nursing home care. Instead they want to work as partners with their families and medical professionals to determine their needs and how those needs can best be met.

Freedom. Control. Choice. Three simple concepts ... none of which are found in today's publicly-assisted long-term care programs. Yet, these concepts should form the basis for systemic and fundamental reform. Now is the time for a working partnership between the states and the federal government to design a long-term system of care that meets the needs of today's baby boomers – tomorrow's seniors.