

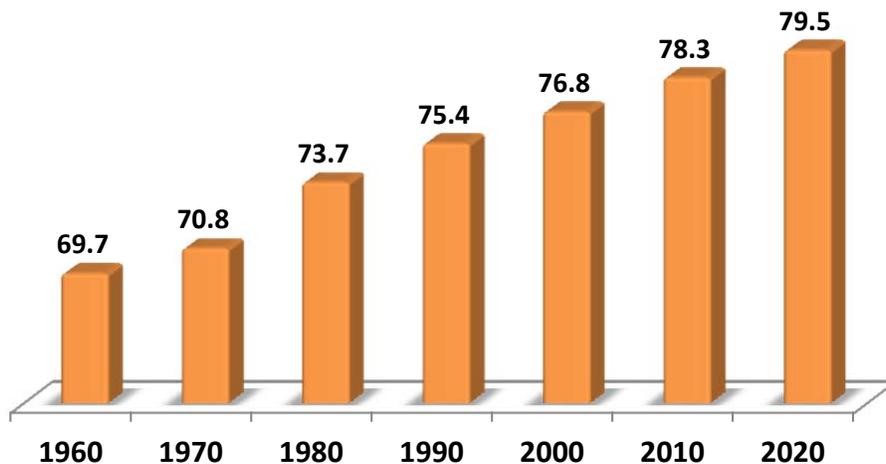
## THE AGING POPULATION'S INCREASING NEED FOR HOME AND COMMUNITY BASED SERVICES

During the next two decades, the need for Home and Community Based Services (HCBS) for seniors will become more critical, primarily due to an increase in the older population. Studies suggest that HCBS are preferred by consumers and are less costly than the alternative of nursing home placement. Because of limited federal and state funding, many states have created waiting lists for persons needing the services.

The baby boom generation will have a longer life expectancy than the previous generations. In addition, as life expectancies rise, the need for assistive service will increase. As a result of increased longevity, there will be more people 60 and over who need help with self-care and independent living difficulties.

As shown in Chart 1, in 1960 life expectancy for the United States was 69.7 years and has risen consistently over the past six decades. In 2010, life expectancy was 78.3 years, an increase of 8.6 years. In 2020, life expectancy is projected to increase to 79.5 years.

**Chart 1: Life Expectancy in Years**  
U.S., 1960-2020



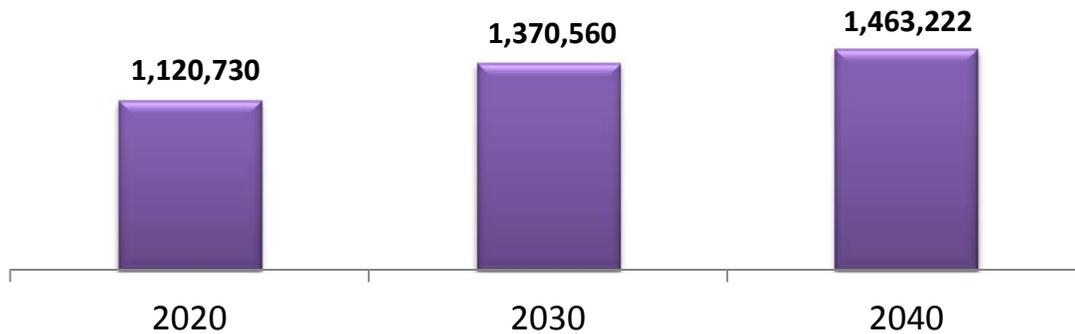
Source: [http://www.census.gov/compendia/statab/cats/births\\_deaths\\_marriages\\_divorces/life\\_expectancy.html](http://www.census.gov/compendia/statab/cats/births_deaths_marriages_divorces/life_expectancy.html)

The U.S. Census Bureau projects that the number of persons 60 and over will increase from 13% of the population in 2010 to 20% of the population by 2050, from the current 40.3million to 88 million.

### Tennessee's Aging Population

The University of Tennessee Center for Business and Economic Research projects that the number of Tennesseans age 60 and over will increase by 28% between 2020 and 2040. As the population ages, so will the need for various forms of long-term care. National data indicates that as many as 14% of persons age 60 and over will need assistance with activities for daily living such as bathing, dressing and housekeeping during their life span. As shown in Chart 2, Tennessee's population of persons age 60 and over is projected to increase by 30.5% between 2020 and 2040.

**Chart 2: Projected Population 60 Years of Age and Over**  
Tennessee 2020, 2030, 2040

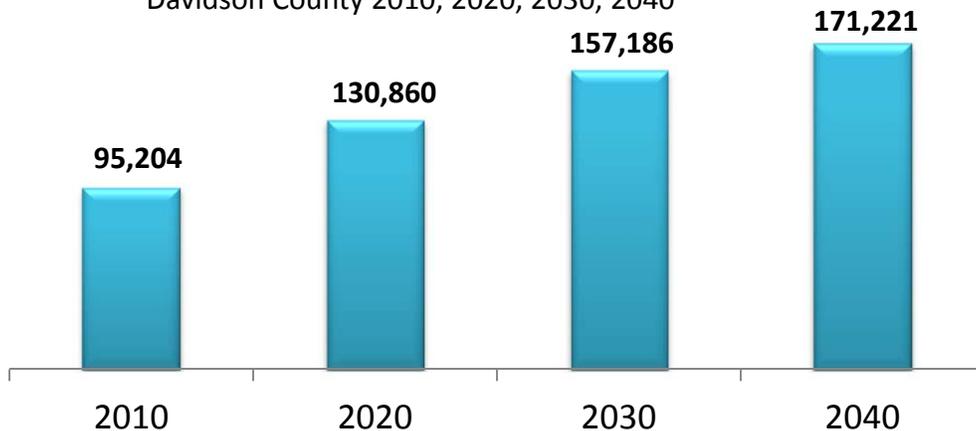


Source: <http://cber.bus.utk.edu/>

### Davidson County's Aging Population

Between 2010 and 2040, Davidson's County population of persons 60 and over is projected to increase almost 80%, from 95,204 to 171,221. As shown in Chart 3, Davidson County's population of persons aged 60 and over will increase by over 76,000 seniors between 2010 and 2040, with many needing increased HCBS services as they age.

**Chart 3: Projected Population 60 Years and Over**  
Davidson County 2010, 2020, 2030, 2040



<http://cber.bus.utk.edu/>

### Increasing need for Home and Community Based Services

According to the National Clearinghouse for Long Term Care, about 70% of persons age 65 and over will need some form of long-term care in their lifetime. Few people have planned for long-term care (less than 3% of the population has long-term care insurance). The majority of low-income persons will rely on government programs such as Medicaid and state programs to provide home and community based services to remain living in their communities. Others will depend on family members and other support networks to meet their long-term care needs. Expensive skilled nursing facilities will be the least affordable and least desirable option for those who lack such support systems. In addition, low-income seniors and persons with a disability may encounter long waiting list to receive home and community based services.

Age, gender, lifestyle, health status, financial resources and housing are factors that contribute to long-term care services for seniors. Adequate/safe housing influences decisions about long-term care options. Seniors with financial resources have more options with their long-term care needs. Women tend to live longer than men, increasing the need for long-term care do. Chronic health problems increase the need for long-term care. However, persons who lead an active lifestyle are healthier thus decreasing the need for long-term care.

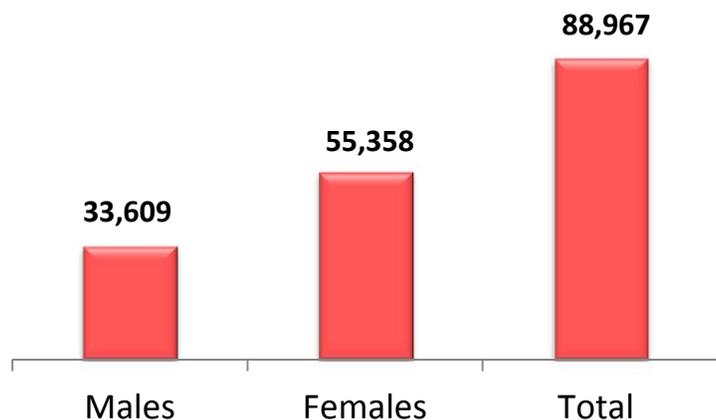
[http://www.longtermcare.gov/LTC/Main\\_Site/Planning/Index.aspx](http://www.longtermcare.gov/LTC/Main_Site/Planning/Index.aspx)

### Self-Care and Independent Living Difficulties

Persons with self-help and independent living needs rely on Home and Community Based Services to avoid unnecessary and costly nursing home placement. Chart 4 indicates that in 2010 over 88,000 Tennesseans age 60 and over needed assistance with self-help activities according to the US Census Bureau.

**Chart 4: Number with Self-Care Difficulties**  
Tennessee, By Gender, 2010

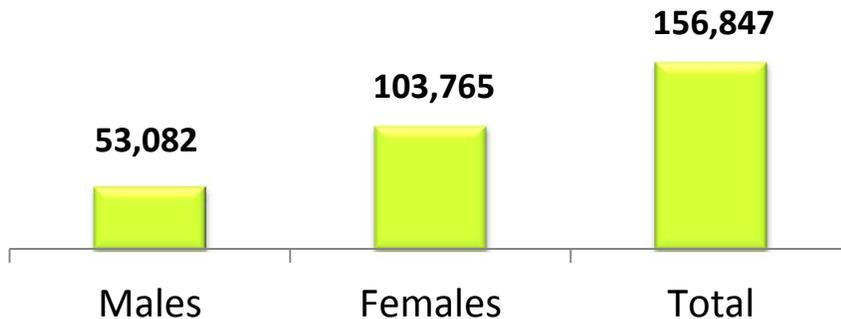
*Self-help needs include assistance with bathing, dressing, nutrition and homemaker services.*



Source: U.S. Census Bureau 2010

Chart 5 shows that in 2010, 156,847 persons in Tennessee age 60 and over have independent living difficulties. With the increase in the number of the baby boom generation, these numbers are expected to rise over the next several years increasing the need for home and community based services.

**Chart 5: Number with Independent Living Difficulties**  
Tennessee, By Gender, 2010



*Independent living needs typically include medication management, toileting transfers, getting in/out of bed and mobility.*

Source: U.S. Census Bureau 2010

### **Waiting Lists**

Tennessee and other states have more persons needing HCBS than funding allows. These states use waiting lists to determine who receives services when funds are limited. Waiting lists are typical for state funded HCBS. In Tennessee state funds are used for the Options program. The Options program differs from Medicaid services in that there is no spend down requirement and the state establishes type and frequency of services an enrollee receives. According to the local Area Agency on Aging and Disability current waiting lists are two to three years long.

The waiting list is long for a variety of factors, such as insufficient funding, shortage of trained personnel, low reimbursement rates and a lack of providers. A lack of providers is especially true in rural areas. The Greater Nashville Regional Council Area Agency on Aging and Disability indicates that in 2010, the waiting list for the Options program included 594 new referrals and that number has increased to 723 in 2011. According to the local Area Agency on Aging, seniors and persons with disabilities receive services for long periods of time and only leave the program through nursing home placement or death. The Tennessee wait list includes 1,200-1,400 people needing Home and Community Based Services. With the aging of the Baby Boom Generation and longer life expectancies, the waiting list for persons to receive HCBS is expected to increase dramatically.

### **Rebalancing Long-Term Care Funding**

Medicaid has been the primary source of funding for long-term care services for low-income seniors and persons with a disability. For several years, the majority of

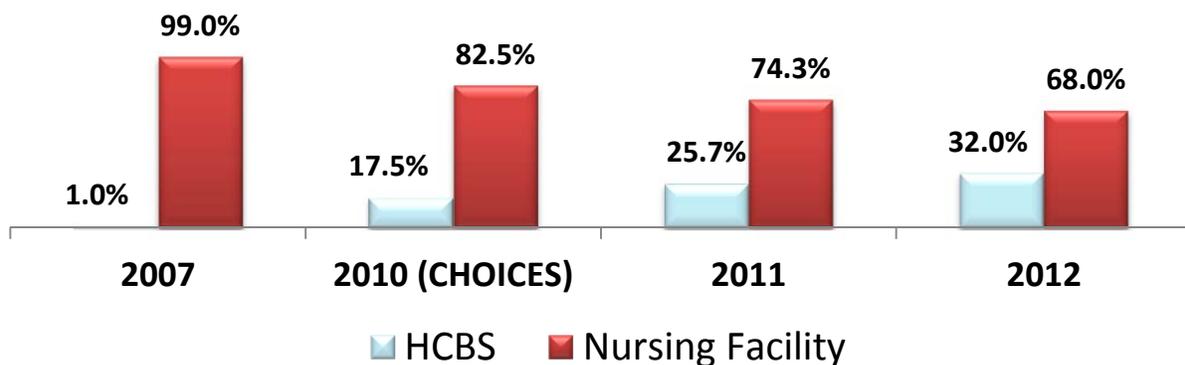
Medicaid funding for this population was directed to skilled nursing facilities or as commonly known “nursing homes”. Nursing home care is expensive compared to Home and Community Based Services. Nursing home cost average \$55,000 annually compared to an average of \$19,000 a year for HCBS (which varies according to the type and volume of services needed by the consumer).

Other sources of funding for long-term care services include the Older American Act state appropriations and private insurance. These funding sources have their own eligibility requirements, policies and limitations. Less than 3% of Americans have purchased long-term care insurance.

The Center for Medicaid/Medicare Services (CMS) has encouraged states to rebalance long-term care funding to reduce cost and increase quality of care. CMS granted some states waivers to implement rebalancing long-term care funding. According to a 2009 AARP Public Policy Institute *Report Profiles of Long-Term Care and Independent Living 2009*, only five states spent more than 50% of their Medicaid Long-Term Care funds on HCBS. The same study indicated that in 2009, the national average was 27%. The study ranked Tennessee last in the nation on HCBS funding at 1% in 2007.

The Choices Program was implemented in 2010 to address Tennessee’s Medicaid funding imbalance between Nursing home and HCBS expenditures. The Tennessee Department of Human Services is responsible for screening applicants for financial eligibility with the Choices Program. The Choices Program initially projected approximately 3,500 persons would be eligible to participate. Due to the popularity of Choices, Tennessee was granted a waiver to increase the number of slots to over 9,500. Currently there is open enrollment in Choices with no waiting list. Chart 6 shows Tennessee’s rebalancing efforts since 2007, and after Choices implementation during the period 2010-2012.

Chart 6: Percentage of Funding, HCBS and Nursing Facility (CHOICES)  
Tennessee, 2007-2012



## **Best Practices**

With the potential for serving more seniors and persons with disabilities with savings from reduced admissions to Nursing homes the Center for Medicaid/Medicare Services is offering states financial incentives to make changes to their Medicaid funding formulas.

Balancing Incentive Payment Program (BIPP) is an initiative by CMS to encourage more states to increase spending for HCBS. Eligible states can receive additional Medicaid funds to assist with the expected increase of HCBS participants. States that spend less than 50% of their Medicaid funding for non-institutional care are eligible to apply for the additional funds.

In order to increase HCBS, BIPP funding requires states to develop program changes that insure the following:

- No Wrong Door (a single point of entry for consumers that will assist in determining eligibility for all available HCBS services)
- Conflict Free Case Management (eligible consumers would receive case management services that avoid potential conflicts of interest between case management and service providers)
- Standardized Assessment Instrument (A statewide tool would be developed to determine eligibility and assess for the appropriate services)

New Hampshire was the first state to be awarded a BIPP grant. Maryland was second to be awarded a 2012 BIPP grant for over \$106 million. New Hampshire and Maryland HCBS spending percentages were 13% and 11% respectively in 2009. Other states are expected to apply for the incentives. It is unclear whether Tennessee is planning to apply.

Additional information on Balancing Incentive Payment Program:

<http://www.familiesusa.org/issues/long-term-services/health-reform/balancing-incentives-payment.html>

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