



OHIO ASSOCIATION
OF AREA AGENCIES
ON AGING



Striking a balance in long-term care

How can Ohio support the long-term care needs of an aging population? As health care costs rise, can Ohio afford consumer choice? This is the first article in a series examining the causes, costs and solutions to long-term care funding.

Ohio is turning gray. By 2020, the population age 60 and older will grow by 28 percent, while the state's total population will increase by only 5 percent. The very old, those over 85, will increase by 43 percent within the decade. An aging population increases demand on health services, at the same time the cost of those services increases.

Ohio spends 24 percent of its budget on Medicaid, the funding source for long-term care services that are not paid for privately. Assuming annual growth of 6 percent, by 2020 Medicaid will consume 68 percent of Ohio's entire budget.

A big driver of long-term care costs are nursing homes. In 2007, Ohio was spending 72 percent of long-term care dollars on nursing facilities and 28 percent on home and community care, according to Scripps Gerontology Center. Only nine states spent more on nursing homes relative to home care.

This is a problem for two reasons. First, nursing home care is expensive care. Providing services at home costs the state about \$20,000 annually per person, compared to \$60,000 in a nursing facility.

Second, most older adults prefer to be cared for at home, but they are faced with barriers. These include wait lists for home and community services, a medical establishment that makes it easy to assign a person to a nursing home, and, a confusing system that baffles the savviest consumers.

Simply put, Ohio's long-term care system forces people to enter nursing homes where they don't want to be and pays their health care providers three times what the services should cost. Ohio has built a long-term care McMansion on top of a Cape Cod foundation. It just can't last.

Policy makers are justifiably concerned about allowing consumers to direct their care. For example, if you asked the average consumer to choose a car whose cost would be almost entirely subsidized by the government, what car do you suppose they would choose? A Kia at \$20,000, or a Mercedes at \$60,000? But consumers of long-term care services *prefer* the lower-cost model; that is, home and community care. By acting in their own self-interest, seniors will actually pick the option that could save the state millions a year.

Ohio is starting to change course with the implementation of a Unified Long-Term Care System. A Unified Long-Term Care System effectively puts nursing home dollars and home care dollars into one bucket that can be used flexibly and maximizes consumer choice. The unified system moves Ohio one step closer to achieving balance between home and community services and nursing facility care; contains the growth in Medicaid expenses; and, provides consumers with a choice among an array of care services.

Additionally, the Home First provision in state law grants seniors who are in nursing facilities the right to access home and community services without going through a waiting list. Hundreds of older adults have been able to return to independent lives, thanks to this Ohio law. Hearings are taking place this month in the Ohio House and Senate to expand this program to help more seniors. (See [OAAAA spurs Home First expansion.](#))

OAAAA and other statewide organizations will continue to press for change until Ohio strikes a better balance between home and institutional care. In our next newsletter, we will continue our analysis of Ohio's long-term care challenges and opportunities.