

Aging

GLOSSARY

Alzheimer's disease

A progressive, neurodegenerative disease characterized by loss of function and death of nerve cells in the brain, leading to loss of mental functions such as memory and learning.

Dementia

The loss of intellectual functions (such as thinking, remembering, and reasoning) of sufficient severity to interfere with a person's daily functioning. Dementia is not a disease itself but rather a group of symptoms that may accompany certain diseases or conditions. Alzheimer's disease is the most common cause of dementia.

Near seniors

Generally, people aged 55–64.

Senior citizen; senior

Generally, a person aged 65 or older.

BACKGROUND

The generation born following the end of World War II—the babyboomers (born roughly between 1946 and 1964)—now is aged 38–57. This is the largest generation of U.S. residents ever born. As this group has grown from childhood to adulthood, its size has affected all aspects of American life, from housing to education to health care, and now it is affecting retirement and other aging issues.

At the same time that babyboomers are nearing senior status, health care advances are reducing the mortality rate for several diseases that once took the lives of people at an earlier age. According to preliminary figures from the Health and Human Services (HHS) Centers for Disease Control and Prevention (CDC), U.S. life expectancy is 76.9 years and mortality rates are increasing for conditions that disproportionately affect the aging population, such as Alzheimer's disease, influenza and pneumonia, kidney disease, and hypertension.

The population aged 65 and older comprises 12.7 percent of the U.S. population, and Michigan and other states are preparing for the challenges and opportunities that policymakers face as this population increases. Currently,

- 1.2 million Michigan residents (12.3 percent of the total state population) are *seniors* (aged 65 and older);
- an additional 863,000 (8.7 percent of Michigan's population) are *near seniors*, (aged 55–64); and
- over the next 30 years, both the number of Americans aged 65 and over and the number aged 85 and over are expected to double.

DISCUSSION

Long-Term Care Insurance and Retirement Income

Recent studies indicate that the adequacy of retirement planning among babyboomers differs significantly by socioeconomic group. As a group, however, life expectancy for men at age 65 is approximately 9 years, for women 15 years. If people do not prepare adequately for retirement (that is, have sufficient means to meet their needs and withstand inflation), dependency on government programs (Medicaid in particular) will increase. A critical public policy question is how to encourage and enable middle- and lower-income Americans to prepare for a long retirement. Another is how to help those who already have arrived at retirement with inadequate or diminishing means.

The federal Health Insurance Portability and Accountability Act of 1996 provides favorable tax treatment for payment of long-term-care (LTC) insurance premiums. Eighteen states now offer small tax incentives to individuals or employers to purchase LTC insurance, and federal employees may purchase LTC insurance through the Federal Employee Health Benefits Program.

Although the Michigan Legislature has not enacted a tax break for LTC premium payments, it has taken steps to protect LTC purchasers. Public Act 4 of 2001 requires LTC

insurers for home health care and assisted living to define and provide a detailed explanation—in plain English—of what the coverage entails. Pending legislation (HB 4797) would require the state commissioner of financial and insurance services to prepare and publish annually a consumer guide to LTC, available to the public on request.

As people live longer, retirement plans must address the needs of a longer life span. To help people anticipate their needs and plan for their retirement years, the Social Security Administration and some states offer workers the use of on-line benefit calculators to help them realistically assess how much money they will need. Michigan does not offer such retirement and financial planning services, but the U.S. Department of Health and Human Services' Administration on Aging (AOA) has several planning sites listed on its Web site. The AOA identifies resources, including government and other booklets and brochures about retirement planning, calculators of future financial needs and asset values, and general information about personal financial planning. Despite these efforts, access to—and use of—such retirement-planning tools is low, as is the purchase of LTC insurance.

Without LTC insurance, many seniors will be unable to afford assisted living or nursing care. One effort to address this is the state's Homecare Options for Michigan's Elders (HOME) program, which began in 2000 and is administered by the Michigan Office of Services to the Aging (OSA). This program helps to defray the cost of services that the frail elderly need to remain in their home and community. HOME provides a variety of services to seniors who cannot afford in-home care on their own but are ineligible for other state assistance because their income is above the poverty level. Among the services are

- home-delivered meals,
- chore services,
- respite care (temporarily relieves caregivers),
- personal-care supervision, and
- private-duty nursing.

Funding for HOME will expire on October 1, 2002. Those working for its continuation support HB 5161, which would add the program to the public health code and establish and fund it through the Michigan Department of Community Health (MDCH).

Older Workers

The traditional retirement age is 65, when people are eligible for Medicare and full Social Security (SS) benefits. (This will rise in future years because the SS-eligible age is

being raised, eventually to 67.) Although only about 3 percent of people over 65 currently still are working either part or full time, more babyboomers probably will work beyond their retirement age to (1) obtain additional income to ensure financial security and (2) retain the sense of well-being that they associate with meaningful employment. According to the AARP, 80 percent of babyboomers say they plan to work at least part-time during their retirement.

In 2000 the Social Security "test" (outside-earnings limit) for people over age 65 was eliminated, which means that people over this age may earn any amount of money without their SS payments being reduced. Permitting seniors to work if they need or wish to, without loss of pension or SS monies, can benefit society in a number of ways. For example, some states, to address teacher shortages, have adopted policies that allow retired teachers to return to work without losing their pension benefits. Other labor shortages are expected as babyboomers begin to retire, and policymakers may wish to consider how pension and employment policies may be adapted to encourage older workers to remain in or rejoin the work force.

Elder-Friendly Communities

Surveys show that most people prefer to retire and stay in the community in which they have lived, remaining close to friends and possibly family. For communities and states, there are economic, political, and community-involvement advantages to having retirees stay rather than migrate elsewhere. Among the several key characteristics that senior-friendly communities have are

- adequate public transportation and para-transit (wheelchair-accessible) systems,
- driver-safety amenities such as classes to inform seniors about the effects of medication on one's ability to drive,
- pedestrian-safety amenities such as wide sidewalks,
- affordable housing and home-modification programs,
- neighborhood shops and services, and
- a variety of municipal features (e.g., senior centers, public library branches, parks), services, and leisure facilities.

Many planners believe that achieving senior-friendly communities will require a combination of public, private, and philanthropic community investment. Currently, planning for this is occurring through the State Plan for Services to the Elderly, administered by OSA, which has developed the following nine goals to be used by the various area agencies on aging in developing and implementing local plans:

AGING

- Improve accessibility, availability, and affordability of a continuum of health and long-term care
- Improve the nutritional condition of older people
- Improve elders' access to services and programs
- Improve the mobility of older persons
- Improve employment opportunities for older persons
- Improve volunteer opportunities for older persons
- Develop a continuum of housing options that address seniors' special needs
- Protect and promote the rights and independence of older persons
- Foster positive public understanding of the contributions, needs and problems of the aging population

Local services offered may vary from area to area, but preference will be given to seniors who have the greatest economic or social need. Funding for these efforts includes federal, state, and private monies as well as some funding from the state's share of the tobacco settlement. The state appropriation is for three years, fiscal years 2001–03.

Work-Force Needs

According to a recent Alliance for Aging Research report, by 2030 the United States will need about 36,000 physicians with geriatric training to manage the complex health and social needs of an aging population—currently, there are 9,000 certified practicing geriatricians in the country. In addition, the demand for home-health, hospice, and nursing home aides will be immense. Developing an LTC work force is difficult because the pool for the aide jobs can find other work that is less demanding and pays equal or higher wages. Moreover, complexities of health care reimbursement and regulation affect the ease with which the market niche for LTC services can be filled.

Health aides care for vulnerable people, and the quality of care received by this population is of great concern to everyone. A good deal of legislation has been enacted to address this, and more is pending. For example, SB 1120 and HB 5603 would allow electronic monitoring of residents in Michigan nursing homes.

Mental health problems are expected to increase as the population reaches ages at which the risk of cognitive disorder (Alzheimer's disease and dementia) is high. According to the Alzheimer's Association, four million Americans suffer from the disease, and the number is expected to more than double in the next 50 years. The MDCH estimates that more than 166,000 Michigan residents currently are afflicted. This adds to the demand for facilities

(nursing homes, outpatient dementia care, daycare centers) and specially trained staff.

Paralleling the shortage of geriatricians and aides is a nursing shortage. The current shortage in part is because of short-term, cyclical changes in the supply and demand for nurses but also because the nursing work force itself is aging—more than 60 percent of registered nurses have been on the job for more than 16 years, and many are eligible for retirement in the next few years. Of real concern is that there are fewer nurses coming along to take their place: The percentage of nurses under 30 years old dropped from 26 percent in 1980 to 9 percent in 2000. Michigan is trying to address the nursing shortage issue through legislation. Two pending bills, SBs 792–3, would use money from the tobacco settlement for a nursing scholarship program.

Technology

Studies show that seniors already are among the most prolific users of the Internet. Babyboomers, already accustomed to an electronic workplace, will be even more inclined to engage in telecommuting, e-mail, cell phone use, and the electronic shopping services that will help them reduce social isolation and maintain their independence as they grow older.

Economic and Poll Power

Senior citizens are a driving force in the state and national economies. Census Bureau data show that seniors are the wealthiest consumer segment and have the largest disposable income of any population group. The average per capita *discretionary* income for Americans aged 50 and older is almost \$8,500 a year, compared with \$6,500 for Americans of all ages. Studies show that the 50+ age group

- eats out an average of three times a week,
- owns 77 percent of all assets in the United States,
- purchases 43 percent of all cars, and
- accounts for 90 percent of all travel.

Voter complacency may be prevalent in younger people but not so among their elders. Voter turnout among senior citizens is steadily increasing. Census data show that voting participation is highest among those aged 65–74: Nationally, 72 percent of this age group voted in the 2000 presidential election, compared with 55 percent of all age groups. The elderly lobby is strong and has the capacity to keep aging issues on the public policy agenda and exercise its approval or disapproval at the ballot box.

See also Consumer Protection; Domestic Violence; Health Care Access, Medicaid, and Medicare; Health Care Costs and Managed Care; Housing Affordability; Long-Term and Related Care.

FOR ADDITIONAL INFORMATION

Administration on Aging
U.S. Department of Health and Human Services
300 Independence Avenue, S.W.
Washington, DC 20201
(800) 677-1116 [Eldercare Locator, to find local services]
(202) 619-7501 [AOA National Aging Information Center]
(202) 260-1012 FAX
www.aoa.gov

American Association of Retired Persons
309 North Washington Square, Suite 110
Lansing, MI 48933
(517) 482-2772
(517) 482-2794 FAX
www.aarp.org

Michigan State Housing Development Authority
735 East Michigan Avenue
P.O. Box 30044
Lansing, Michigan 48912
(517) 373-8370
(517) 335-4797 FAX
www.michigan.gov/mshda

Office of Financial and Insurance Services
Michigan Department of Consumer and Industry Services
611 West Ottawa Street, 2d Floor
P.O. Box 30220
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(517) 335-3167
(517) 335-4978 FAX
www.michigan.gov/cis

Office of Services to the Aging
Michigan Department of Community Health
611 West Ottawa Street, 3d Floor
P.O. Box 30676
Lansing, MI 48909
(517) 373-8230
(517) 373-4092 FAX
www.miseniors.net