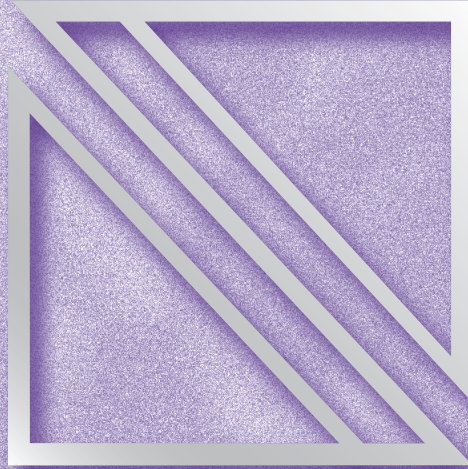
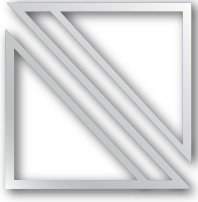


Policy *in Brief*



*This is the first edition of the **Policy in Brief**, a regular publication of the Institute of Public Policy, examining an issue of interest to policy makers.*

This first edition provides several snapshots of the elderly population, including descriptions of some of the services provided to older adults and some of the circumstances experienced by those 65 years of age and older. As the country and our state experience significant growth in the number of senior citizens, policy makers will increasingly be confronted with issues requiring information-based decision making in order to meet the needs of the elderly.



Introduction

During the past century, the percentage of Americans who are age 65 years and older has more than tripled, from just over 4% of the total population in 1900 to nearly 13% of the total population in 1999. Older individuals comprise 1 in every 8 Americans, numbering some 34.5 million persons. Other characteristics of the senior population of interest include the following:

- **In the next 30 years, the number of seniors in the U.S. is expected to double** from just under 35 million in 1999 to approximately 70 million by 2030;
- While nearly 15% of the white population is age 65 and above, only 8.4% of the **African American population** and 5.9% of the **Hispanic population** were age 65 and older in 1999;
- **In 1999, nearly 16% of all elderly individuals, approximately 5.2 million seniors, were classified as poor or nearly poor** (up to 125% of the federal poverty level); among seniors reporting income, just over one-third reported less than \$10,000 per year from all income sources, with an average (median) income reported at \$14,425; and

- **Average out-of-pocket expenditures on health care among seniors averaged** almost \$3,000 in 1998, which reflects a 33% increase since 1990. These expenditures break out as follows: \$1,528 (52%) for insurance, \$670 (22%) for drugs, \$596 (20%) for medical services, and \$142 (5%) for medical supplies.

(Source: Administration on Aging, *Profile of Older Americans: 2000*; and Current Population Reports, P25-1130 Series, February, 1996)

Population Numbers

As indicated in Table 1, Missouri has a slightly larger percentage of individuals age 65 and older than the nation as a whole. Overall, Missouri ranks 14th among all states in the size of its elderly population. In 1999, there were 745,684 persons age 65 and older living in Missouri; this represents 13.6% of the state's total population. By 2010, the number of seniors in Missouri is projected to increase to 1.137 million, or 20.2% of the state's population, as the so-called baby-boom generation moves beyond middle age.

Another way of describing the expected growth in Missouri's elderly population is to note that between 2000 and 2025, the number of Missourians age 65 and older is projected to increase by 66% to over 1.2 million.

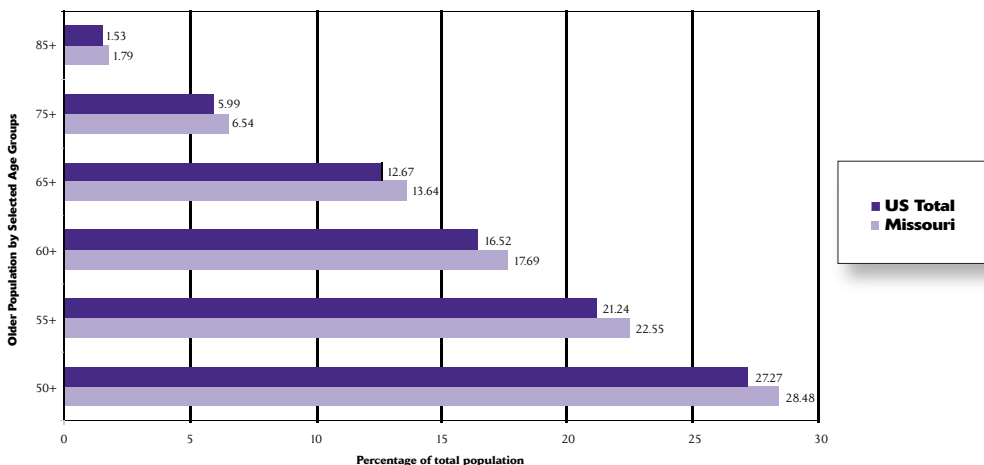
(Source: Administration on Aging, *Profile of Older Americans: 2000*; U.S. Census Bureau; and Missouri Department of Social Services)

Urban vs Rural Residence

The majority of Missouri's elderly reside in rural areas. In 1990, the latest year for which state-specific information is available, 65% of those 65 years and older lived in areas classified as rural by the U.S. Census Bureau.

(Source: Missouri Census Data Center)

Table 1
1999 US Census Estimates of Older Population for States
July 1, 1999



Missouri's Senior Population: The Facts

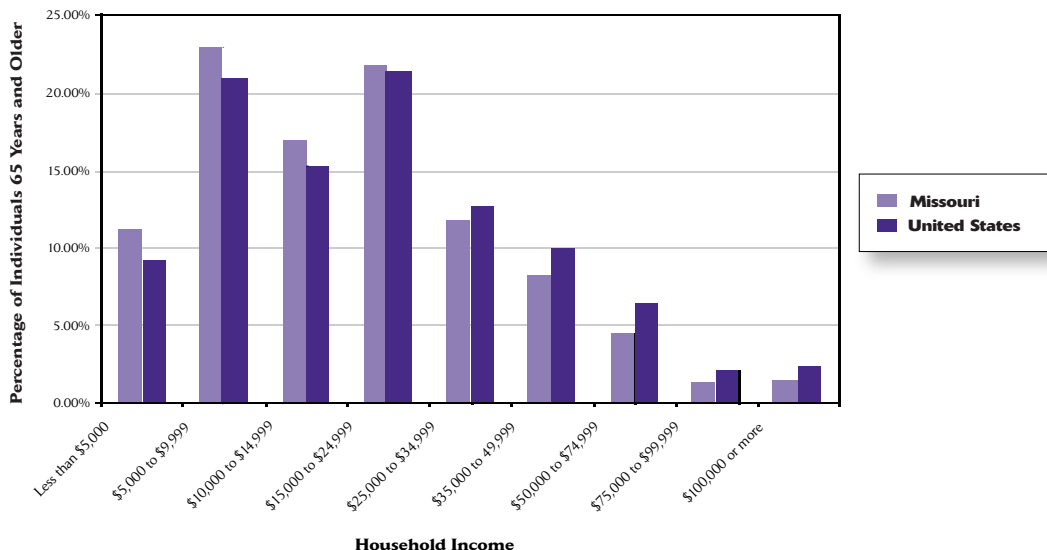
Household Income

According to the 1990 U.S. Census, 14.8% of Missourians who are 65 years of age and older have incomes below the federal poverty level. Looking at specific income levels for Missouri seniors we find:

- 34.11% report annual incomes of less than \$10,000
- 50.95% report annual incomes of less than \$15,000
- 72.66% report annual incomes of less than \$25,000
- 84.39% report annual incomes of less than \$35,000

(Source: 1990 U.S. Census Bureau)

Table 2
Percentage of Individuals 65 Years and Over by Household Income, 1990



Health Insurance

Health insurance, while an issue of concern for all Missourians, is especially important for elderly persons due to increased medical needs. As shown in Table 3, nearly all Missourians age 65 and older are covered by some form of insurance. Not surprisingly, the near universal health insurance coverage is due largely to enrollment in Medicare. Census information for 1998 shows that while 16.3% of the total U.S. population lacked health insurance, only 1.1% of Americans age 65 and older were not covered by some type of health insurance plan.

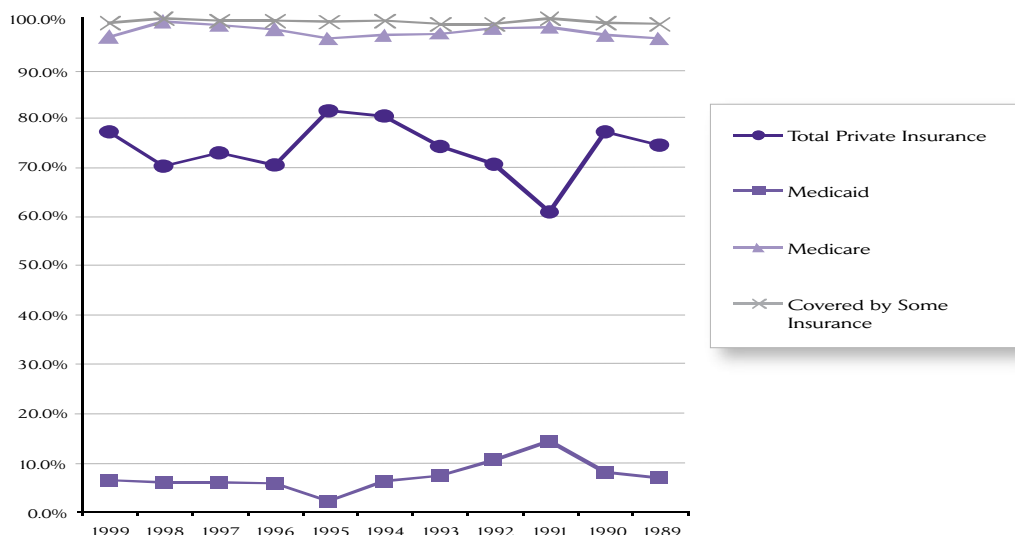
In addition to Medicare and private health insurance, a relatively small number of Missouri seniors receive health insurance coverage through **Medicaid**, the public health insurance program for low-income individuals. In December, 2000, 77,111 elderly Missourians, or just over 10% of the total senior population, were enrolled in Medicaid; this repre-

sents 9.25% of all Missourians receiving Medicaid. An additional 9,500 seniors, just over 1% of all Missouri seniors, qualified for Medicaid through the spend-down program during calendar year 2000. The **spenddown** program allows individuals who would otherwise not

qualify to become eligible for Medicaid coverage once they have incurred sufficient medical expenditures.

(Source: U.S. Census Bureau: *Statistical Abstract of the United States: 2000*; Missouri Department of Social Services)

Table 3
Health Insurance for Missourians 65 years and Older



Prescription Drug Costs

The rising costs of pharmaceuticals and lack of access to affordable prescription drugs can result in financial hardships and diminished health status for senior citizens. Although elderly persons comprise only about 14% of the total population, they account for approximately one-third of the expenditures on prescription drugs.

While most seniors have public, private or both types of health insurance, estimates are that approximately one-third of this population, some 11 million older Americans, lack any type of prescription drug insurance coverage. The Missouri Department of Insurance reports that for Missouri seniors covered by private "Medi-gap" plans, only 5.2% of these plans offer effective prescription drug coverage.

In addition, the annual rate of increase in prescription drug spending nationwide, estimated at 18.4% for 1999, is more than three times the average annual increase in overall health-related spending (5.3%). Retail sales of prescription drugs increased from \$68.6 billion in 1995 to \$121.7 billion in 1999.

As of December, 2000, 22 states have passed some form of pharmacy assistance law; a number of initiatives at both the federal and state level continue to be proposed to address the problems posed by rising prescription drugs costs. Of particular interest are the following:

- The state of Maine instituted pharmaceutical **price controls** in 2000;
- A number of states require pharmacies that serve Medicaid beneficiaries to provide a **discount similar to that offered to Medicare beneficiaries**;
- Several states have obtained or are seeking waivers by which to qualify additional low-income elderly in full Medicaid coverage or partial **Medicaid coverage** for prescription drugs only;
- State **bulk purchasing arrangements** (and multi-state regional buying pools) have been implemented in a handful of states, in order to achieve greater discounts for eligible groups; and

- **Federal proposals** include providing prescription drug insurance coverage for those who are eligible for Medicare and who have either catastrophic drug expenses or family income at or below 175% of the federal poverty level, or both, until a prescription benefit is implemented as part of overall reform of the Medicare program.

(Source: National Conference of State Legislatures, "State Senior Pharmaceutical Assistance Programs, 2/5/01; U.S. Census Bureau, Statistical Abstract of the United States 2000).

Long-Term Care

The long-term care facilities regulated by the state are categorized by the level of care they provide and the acuity or functioning level of residents. Information on fiscal year 2000 bed capacity and census count by facility type is provided in Table 4.

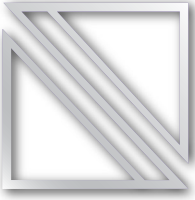
The **occupancy rate** during Fiscal Year 2000 for all long-term care facilities in Missouri was 79.2%.

In 1994, **Missouri Care Options (MCO)** was implemented by the Division of Aging, as a way to offer home and community-based alternatives to long-term facility-based care. In addition to offering senior citizens the independence and com-

fort of remaining in their homes and communities, MCO provides considerable savings by way of avoiding or postponing costlier institutional care. For example, in Fiscal Year 2000, nursing facility care averaged \$32,385 per participant per year, as compared to an average annual cost of \$3,914 per participant for home and community-based care. Alternatives to facility-based care in Fiscal Year 2000 resulted in an estimated **cost avoidance** to the state of nearly \$82.5 million. One of these alternatives is **adult day care**; there are 72 such facilities in Missouri, which served 1,401 participants in Fiscal Year 2000. These alternatives take

Table 4
Long-Term Care Facilities in Missouri
(FY2000)

	Number of Beds	Number of Facilities	Census
Skilled Nursing Facilities	467	51,313	39,582
Intermediate Care Facilities	79	4,948	3,865
Residential Care Facilities	684	22,261	14,376
Total	1,230	78,522	57,823



on increased significance in light of the nationwide projections that by the year 2030, some 10.8 million seniors will require some type of long-term care services, compared with nearly 7 million in 2000.

(Source: Missouri Division of Aging: State Fiscal Year 2000 Service Operations Summary)

Elderly Abuse, Neglect and Exploitation

Missouri has implemented a number of administrative and statutory provisions aimed at protecting the elderly from abuse and neglect. The Division of Aging maintains a **toll-free, 24-hour hotline** for the reporting of abuse and neglect of seniors (**1-800-392-0210**). Missouri law requires individuals who provide certain types of services to the elderly, including health care, social service, and law enforcement professionals, to report suspected instances of abuse, neglect or exploitation to the Division of Aging. In addition, long-term care facilities are required to obtain criminal background checks on prospective employees, and are prohibited from knowingly employing anyone who is listed on the Division of Aging's **employee disqualification list (EDL)**. The Division is authorized to place persons on the EDL for a number of illegal or inappropriate actions. Elder care workers hired after 12/31/00 are also required to register with the Family Care Safety Registry maintained by the Department of Health, for purposes of obtaining criminal and related background checks for such individuals; this registry also documents whether elder care facilities have experienced licensure suspensions, revocations or denials.

The Division of Aging reports that during Fiscal Year 2000, 8,704 investigations of alleged abuse and neglect were completed; 28% of these, or 2420 allegations, were found to be valid. Among the reports found to be substantiated, the most common type of abuse in institutional settings is physical abuse. This contrasts with the most common type of abuse in home and community settings, where physical neglect and emotional neglect are much more fre-

quently found. Penalties for elderly abuse and neglect range from a Class A misdemeanor to a Class A felony.

(Source: Division of Aging, *State Fiscal Year 2000 Service Operations Summary*; Missouri Revised Statutes)

Services for the Elderly in Other States

Currently, Missouri's Division of Aging is one of five divisions within the Department of Social Services. While this administrative structure is not uncommon, 17 states have established executive departments or commissions that work exclusively with aging-related issues. Those states are:

Alabama	New Mexico
California	New York
Florida	Ohio
Idaho	Pennsylvania
Illinois	Rhode Island
Iowa	Texas
Kansas	Virginia
Maryland	West Virginia
Massachusetts	

(Source: Administration on Aging, "State Agencies on Aging")

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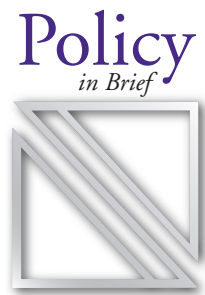
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