

Fact Sheet

Long-Term Support and Services

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LTSS, provided for people who live in all types of settings, include human assistance, supervision, cueing and standby assistance, assistive technologies and devices, environmental modifications, health maintenance tasks, information, and care and service coordination.² Services may be needed on a regular or intermittent basis over a period of several months, years, or a lifetime. Within a high-performing LTSS system, LTSS are coordinated with housing, transportation, and health/medical services, especially during periods of transition in care.³

The primary types of LTSS are institutional care (nursing homes, intermediate care facilities for individuals with developmental disabilities, and mental health facilities), assisted living/residential care, adult day services (center-based), and home care. The need for LTSS is usually measured by assessing limitations in an individual's capacity to perform or manage tasks of daily living, including self-care and household tasks.

Overwhelmingly, older adults and individuals with disabilities prefer to receive LTSS in their own home or in a community setting.⁴

Who Needs LTSS?

Older people are the primary users of LTSS because functional disability increases with advancing age. In 2014 about 13 million people ages 18 or older needed assistance to perform everyday activities (see figure 1), and more than 70 million had some type of activity limitation.⁵ About 60% (7 million) of adults needing help with everyday activities were 65 or older.⁶

As the US population ages, the number of people needing LTSS will rise. On average, 52 percent of people who turn 65 today will develop a severe disability that will require LTSS at some point. The average duration of need, over a lifetime, is about two years.⁷

Unsurprisingly, women are disproportionately more likely to need LTSS than men. Women live longer and have higher rates of disability than men, so older women are more likely to need care (58 percent

The future of long-term services and supports (LTSS) is of great importance to older adults and society at large. LTSS include assistance with activities of daily living (ADLs) and/or instrumental activities of daily living for older adults (65+) and individuals with disabilities who cannot perform these activities on their own due to a cognitive, physical, or chronic health condition.¹ These services and supports help these individuals preserve the ability to live in their community or remain employed. This fact sheet looks at what LTSS encompasses, who provides that care, and lastly who are the major payers. In the absence of other affordable options for financing LTSS, Medicaid will continue to play a significant role in the delivering and financing of LTSS.



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v. 47 percent), and on average need care for longer (2.5 years v. 1.5 years).⁸ While most people will need some LTSS, only 14 percent are expected to need it for 5 years or more (see figure 2).

Who Provides LTSS?

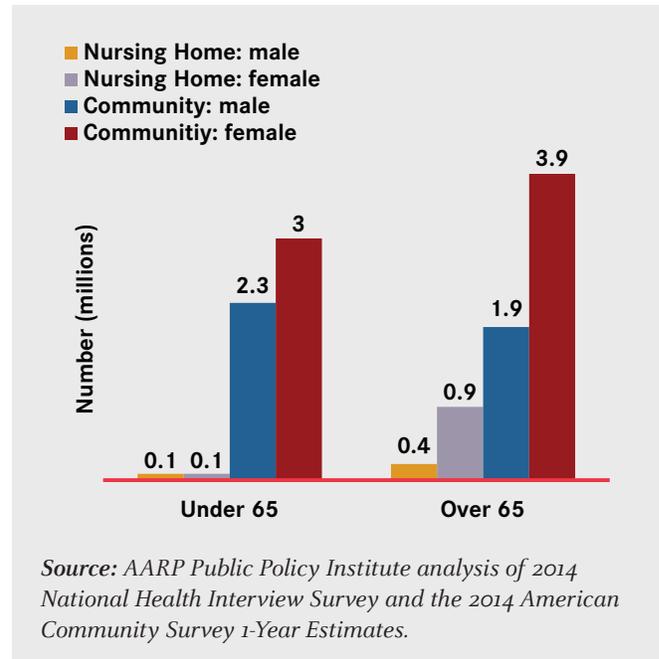
Unpaid family members and friends provide most LTSS. In 2004 more than half of older people with disabilities remaining in the community relied exclusively on unpaid help.⁹ Of those who used any paid help, about three-fourths also received unpaid care from friends and family.¹⁰ The total economic value of family caregiving was \$470 billion in 2013—more than the total formal LTSS spending in 2013 (\$339 billion).¹¹

In 2014 about 1.5 million people received LTSS in certified nursing facilities, and nearly 1 million people lived in assisted living facilities.¹² In 2011 about 4 million Medicaid beneficiaries, and in 2012, 3.6 million Medicare beneficiaries received services from home health agencies.¹³

The Cost of LTSS

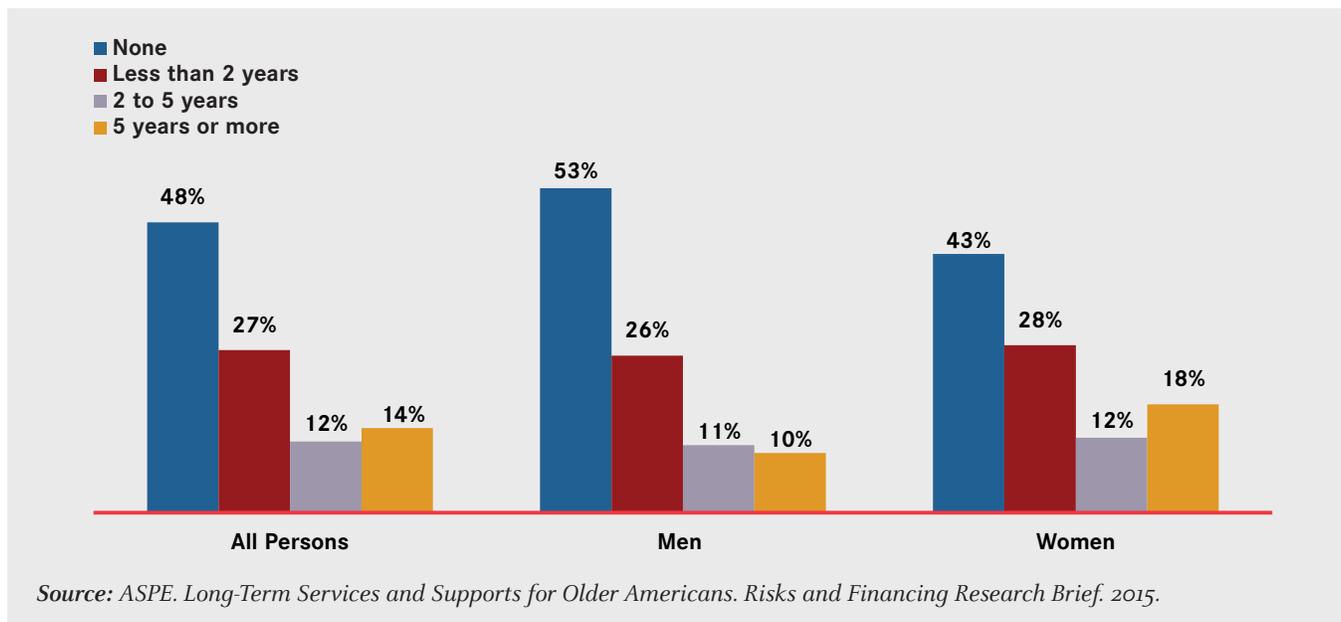
On the consumer side of the equation, LTSS can be costly. In 2016 the average annual cost of a private room in a nursing home was about \$92,000

FIGURE 1
US Adults Needing Help with Everyday Activities, by Age, Gender, and Setting, 2014



and \$82,000 for a shared room.¹⁴ In the same year the average cost for a home health aide to provide care at home was \$20 per hour; with the average

FIGURE 2
Projected Lifetime LTSS Need for Persons Turning 65 in 2015, by Duration of Need



aide working with an individual approximately 30 hours a week, the annual cost was \$31,000.¹⁵

For assisted living, the 2016 base rate averaged nearly \$46,000 per year. Rates vary, depending on region, size of the accommodations, services available, quality of care, and amenities.¹⁶

Family and friends who provide unpaid care often incur direct costs as well as lost wages and benefits. More than three-quarters of family caregivers contribute financially, an average of \$580 per month (\$6,954 per year).¹⁷ Roughly 20 percent of caregivers with the most intense level of responsibility—21 or more hours of care per week and helping someone with two or more ADLs—report that they are reducing work hours, taking a less demanding job, or giving up work entirely.¹⁸

Who Pays for LTSS?

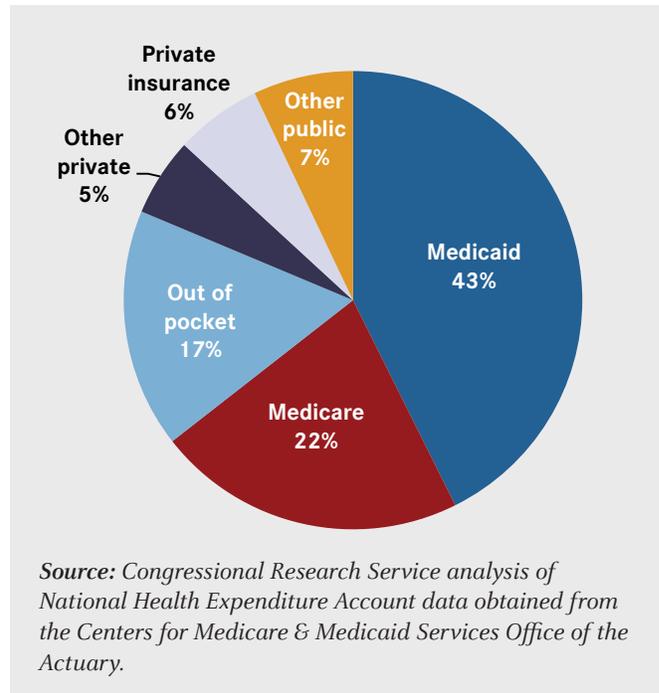
Total LTSS expenditures, as seen in figure 3, include all LTSS spending as well as rehabilitation services for nursing homes and home health.

National spending for LTSS totaled \$339 billion in 2013.¹⁹ Public spending, including Medicaid and Medicare, both accounted for 72 percent of this amount, a total of \$242 billion. Private sources, including insurance and out-of-pocket expenditures, accounted for \$97 billion, or 29 percent of the total (see figure 3).

Medicaid, a government program to assist those with limited resources in obtaining health and LTSS, is the primary payer for formal LTSS, covering about 43 percent (\$146 billion) of all LTSS spending.²⁰ In 2014, \$81 billion (53 percent) of Medicaid spending went to home- and community-based care (HCBS) and \$71 billion (47 percent) to institutional LTSS.²¹

However, for older people and adults with physical disabilities, institutional care still accounts for 59 percent of Medicaid LTSS spending. In 2014 Medicaid nursing facility spending was \$55.1 billion for older people and adults with physical disabilities, compared with \$37.9 billion of HCBS spending. Medicare does not pay for LTSS, but the program will reimburse for short-term nursing home stays and home health services for postacute rehabilitation care.

FIGURE 3
National Spending for LTSS, by Payer, 2013



Those with LTSS needs may utilize these Medicare benefits and then transition to Medicaid or private pay to continue their LTSS needs.

Looking Forward

In the absence of other affordable options for financing LTSS, Medicaid will continue to play a significant role in the delivering and financing of LTSS. The growing ethnic and racial diversity and increasing need for LTSS among the older population has enormous implications for meeting diverse LTSS preferences, addressing the role of paid and unpaid caregivers, providing services with cultural sensitivity, and training the paid LTSS workforce in cultural competence.

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- 4 Reinhard et al., "Raising Expectations."
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