Winter 2017

LeadingAge California

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LeadingAge California

inspire...serve...advocate

Founded in 1961, LeadingAge California is the state's leading advocate for quality, not-for-profit senior living and care. The association's advocacy, educational programs and public relations help its members best serve the needs of more than 100,000 of the state's older adults. LeadingAge California represents more than 600 nonprofit providers of senior living and care – including affordable housing, continuing care retirement communities, assisted living, skilled-nursing, and home and community- based care.

Mission

It is the mission of LeadingAge California to advance housing, care and services for older adults.

Vision

To be the champion for older adults.

Shared Values

The values shared by LeadingAge California members include:

- Long term commitment to the security of older adults
- Mission driven
- Mutual support and assistance among members
- Respect of all peoples
- Commitment to socioeconomic and multicultural diversity
- Advocate for not-for-profit status
- Consumer focused
- Dignity and quality of life for older adults
- Community-based

LeadingAge California engage™

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The *engage magazine* Editorial Board encourages submission of original articles for consideration.

Subscription to *engage magazine* is paid through LeadingAge California membership dues.

ISSN 2159-3515 (online)

Editor-in-Chief: Eric Dowdy
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Advertising

Engage Magazine reaches more than 4,000 readers in the senior living field. For information on how to advertise email dlindsey@leadingageca.org.

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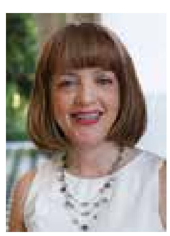

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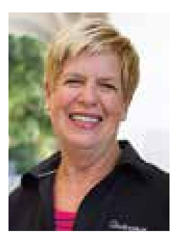

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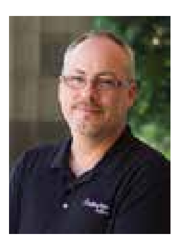

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A Note From The Editor

Preparing for the Looming Retirement Crisis

As those in the field of aging know all too well, many Americans are not adequately prepared for the basic costs of retirement nor the costs associated with care and services to remain independent. Many continue to believe that, if needed, these costs are covered by Medicare or private insurance. Recent statistics provided by the UC Berkeley Center for Labor Research and Education found that nearly half of all middle-income Californians are at risk of not having enough retirement income to meet even basic expenses. When you consider the additional costs of care and services that are not planned for or covered by Medicare, a bleak retirement outlook presents itself for many middle-income seniors.

LeadingAge California has been hard at work, together with a group of dedicated stakeholders, promoting the need for financing for Long-Term Services and Supports (LTSS) in California. We explore this issue in depth in the pages that follow. Katie Sloan, LeadingAge president and CEO, pens our feature article on the importance of considering the need for LTSS financing as we face an overhelming retirement crisis. She also outlines the proposals under consideration at the federal level. Our own Robin Douglas sat down for a one-on-one interview the newly elected incoming chair of the Assembly Aging and Long-Term Care Committee, Ash Kalra (D-San Jose) about the imperative for state legislative action in this area. Bruce Chernof, president and CEO of The SCAN Foundation, rounds out this issue with a discussion on the complex challenges surrounding the long-term care industry and the need for new solutions, so individuals with high long-term care needs can receive the help they need without experiencing undue financial hardship.

We hope you enjoy this issue of *Engage*. Please contact me at edowdy@leadingageca.org or anyone on the editorial staff if you have questions or comments. We value your feedback!

Eric Dowdy
Editor-in-Chief
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Inside

Feature

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From The CEO

Finding Critical Solutions for a Growing Challenge

We are constantly and persistently reminded of the need for long-term services and supports (LTSS) financing reform. Each day we read about individuals left homeless because they outspent their resources. We hear about families devastated by the growing costs of housing and care. We learn of a family member diagnosed with Alzheimer's who needs care while a family member works. We have a family member who is frail and no longer able to care for themselves at home alone.

> *"We know that long-term services and supports save money at state and federal levels by diverting hospitalizations, improving health and well-being, and improving family and caregiver productivity."*

About one in two older adults – nearly 50 percent – will lose their ability to care for themselves due to physical or cognitive changes. Yet, we have no universally accessible insurance system for long-term services and supports that so many of us will need. Financing reform is more critical now than ever.

Leveraging off work done in collaboration with LeadingAge and our state counterparts over the past several years – the Pathways Project – our policy team has recently met with legislators, discussed with consortiums, and made recommendations to policy-makers as to how we might think differently about LTSS financing reform in California. And, we are making progress. There is new energy with our incoming assemblymembers as awareness has increased about our aging population and the challenges so many older adults in California face – housing, care and services.

There is also increased uncertainty and unpredictability about how California will be impacted by federal changes in Medicaid that could spill into our state decision-making process. Predications are that California will suffer the greatest impact of any state, due to our large Medicaid program. Our legislators will be faced with difficult decisions.

We know that long-term services and supports save money at state and federal levels by diverting hospitalizations, improving health and well-being, and improving family and caregiver productivity. Myriad studies demonstrate these impacts.

As Katie Sloan so eloquently states in the feature article, "The supports, financing, and infrastructure to ensure the highest quality of life possible for older adults must become a national imperative." LeadingAge California will work tirelessly to assure we carry out this imperative.

Have you Heard?

Openhouse welcomed Karyn Skultety, previously with Institute on Aging, as their new Executive Director.

Christian Church Homes (CCH) celebrated the grand opening of their newest community in Colorado in January. The $14.1 million state-of-the-art community offers 77 one-bedroom and two-bedroom apartments for low-income seniors.

PEP Housing resident Kent Malik was featured in the *Santa Rosa Press Democrat* article, 'Cancer diagnosis leads Santa Rosa man to new heights."

Eskaton's Fall Prevention video won two Platinum MarCom awards and surpassed 100,000 views on YouTube and Facebook combined.

The Front Porch Center for Innovation and Well-Being was featured in the *New York Times* article, "Seniors Welcome New, Battery Powered Friends."

Episcopal Senior Communities welcomed Mary McMullin as their new senior vice president of Organizational Advancement. She is the former president of New Life Management & Development.

Long Term Services and Supports Financing Reform *- Now More than Ever*

By Katie Smith Sloan, President and CEO, LeadingAge and Aaron Tripp, Director of Long Term Care Policy and Analytics, LeadingAge

As Congress debates repeal, replace or repair of the Affordable Care Act, largely overlooked in their deliberations is any consideration of the persistent, glaring gap of an adequate financing mechanism to pay for long-term services and supports (LTSS). As our population ages, we avoid policy solutions to this challenge at our peril. We must bridge the gap between a life of dignity and independence that older adults understandably desire and our current system where lack of choice and inadequate financing are devastating family finances and leaving older adults woefully underserved. The Challenge: LeadingAge has been working over several years to develop new ways of financing LTSS in this country. Recent research shows that over a lifetime, about 50 percent of the older adult population will lose their ability to care for themselves as a result of physical or cognitive impairment. They will need support from others to manage on a day-to-day basis, including help with things like eating, bathing, dressing, and getting around the house.

Currently, older adults pay for the services they need out of their meager savings. When their savings are depleted, they turn to Medicaid. We know that unpaid family caregivers exclusively provide much of the care, but any services they purchase, such as home care, are paid for out of their pockets.

It is widely understood that LTSS is insurable. A private marketplace for long-term care insurance has never been as successful as it could be. In part, long-term care insurance has too many exclusions and restrictions. And, unless purchased at a young age, well in advance of needing it, insurance premiums are out of reach for most. Rather than a product that is universal, long-term care insurance as it currently exists is a niche product. In fact, of potential purchasers, those with incomes greater than $20,000 and not presently eligible for Medicaid, only 16 percent of adults age 65 and older and about five percent of those between 45 and 64 were covered by private long-term care insurance in 2010. Additionally, the market trend is declining for the middle income segment of the population as available products have become increasingly comprehensive and costly.

This leaves personal savings and Medicaid to cover most of America's LTSS costs, which average $138,000 over an older adult's lifetime. About half (52 percent) of these lifetime costs are financed through out-of-pocket payments, with Medicaid paying 34 percent and other sources covering the rest, on average. A smaller percentage of older adults experience financially catastrophic LTSS need. The Urban Institute estimates that about 15 percent of the older adult population will face lifetime LTSS costs of $250,000 or more. Many families are stretched thin between the needs of aging parents, young children, and the financial imperative to work. In order to support aging relatives, caregivers sacrifice wages, retirement savings and in some cases, their own health.

The Opportunity - Federal Approach

LeadingAge believes America needs a fairer and more rational financing system to ensure access to quality LTSS. Based on research, discussions and modeling work conducted over the past 18 months, we know that workable solutions can be developed to reach this goal. And we know such a solution has a variety of stakeholders, including older adults, younger people with disabilities, families, paid and unpaid caregivers, employers, middle-income individuals, LeadingAge members, federal and state governments and taxpayers. We believe that a new LTSS financing system needs to be insurance-based and guided by the principles of equity and affordability.

We have an opportunity – if not an imperative – to create a national, universal financing program that insures against the risk of long periods of high need and greatly diminished independence. Such an insurance program has three essential components: coverage, benefits and cost/payment mechanism. LeadingAge, along with AARP and The SCAN Foundation, retained the Urban Institute to model several different types of insurance options for LTSS. The Urban Institute projected the impact of several alternative programmatic options on out-of-pocket expenses and LTSS spending by other payers.

Researchers compared a mandatory approach, similar to how Medicare works, with voluntary approaches in which individuals in one model would have incentives to enroll, by way of subsidies, compared to a voluntary model similar to today's private long-term care insurance market. Various approaches to risk coverage were also modelled in the impact analysis. One was a "front end" benefit, providing benefits immediately when they are needed but only covering a finite period of time (two years in this case). Another approach is called "back end" or "catastrophic" providing benefits after a waiting period has expired and covering for the remaining period of need. A third approach brings these two together, covering the front and back end in a "comprehensive" benefit. Results demonstrate that the universal, catastrophic approach would create the greatest amount of insurance coverage while simultaneously offering the greatest value, as defined by estimated cost as compared to out-of-pocket and Medicaid offsets.

Such an approach also has the potential to reinvigorate the private long-term care insurance market. If a universal, catastrophic LTSS insurance program is available to older Americans, the private long-term care insurance market may be motivated to design new products. These could have lower costs due to the limited duration of coverage for the years prior to the benefits of a catastrophic program taking effect. Households that do not want to rely on savings or family caregivers during the early years of LTSS need could have products that would protect their resources during this period. Given limited exposure for insurance carriers, these products could be priced less expensively and offer flexibility in benefits akin to those that studies have shown to be consumer preferences. LeadingAge has long sought solutions for LTSS financing that could bring together both private market solutions with policy proposals from federal and state governments.

The Opportunity - State Initiatives

State governments are – or should be – highly motivated to find a new solution to finance LTSS, as their state budgets are seriously strained by Medicaid that spends heavily to cover LTSS needs. Under the leadership of LeadingAge state partners, several states have initiated a series of community conversations to begin to identify solutions at the state level. LeadingAge California is among them. In each state, the conversation has included a broad and diverse set of stakeholders including legislators, aging advocates, insurers, employers, providers and consumers. In part because insurance is regulated at the state level, a number of states have taken a keen interest in incentives to modify existing long-term care insurance products to increase their utility and affordability as well as policy changes to facilitate the development of new products. Other states have begun to tackle widespread public education about how LTSS is paid for to begin to build public support for a new system.

Ten Minutes with Ash Kalra

Chair of the Assembly Aging and Long-Term Care Committee

What motivated you to want to become chair of the Assembly Aging and Long-Term Care Committee?

This is such a critically important issue, and it's becoming a bigger and bigger issue. Not just as our community ages, but as housing costs go up and cost of care continues to increase. I definitely see the issues of aging – and even more so, long-term care – as an ever-growing challenge. It is one that California needs to step up and try its best to resolve.

What inspires and motivates you about your work?

When I was around eight years old, I was visiting India for the first time that I could remember, and I saw kids that looked just like me coming up and begging me for money. At that age, I thought if I needed something, I could just ask my parents. It was the first realization I had that not everyone has everything they need, and that I am lucky – not just lucky, but obligated. I have been doing public service my whole life. As a policy maker, I am motivated by identifying problems and finding real solutions to them – not political solutions or things that look good in the press, but solutions that truly help people in their day-to-day lives.

Long-term care financing will likely require some work to be done in the private as well as public sectors. What do you envision can be done in both sectors to secure long-term care financing for the majority of Californians?

That's the question of the day. Long-term care doesn't pencil out to the private sector with the insurers. It's something that not enough people are purchasing, because no one thinks they need it until they need it. Or at least not enough young people. If you're purchasing it when you're a little older, the rates go up and the premiums go up. So, it's extraordinarily expensive when you do need it. It bankrupts families and some lose their homes. So, there's no doubt this problem cannot be solved without the public and private sector working together, and we have to realize this is a problem that's going

Political Will

LeadingAge is actively educating members of Congress about the challenges and the opportunities. As we advocate to protect the Medicaid program as the payer of last resort for LTSS, there is an obvious argument for a better system. We are advancing the idea of a federal approach based on the catastrophic model. We believe there is growing awareness of the problem, but is there the political will to tackle it? Our hope is that it becomes another big issue among many that Congress addresses this year. If this topic is absent in Congress's work this year, LeadingAge remains committed to making the case for reform and monitoring creative approaches that may emerge from the states and other stakeholders. Every year that we do not put a solution in place, individuals and families are becoming impoverished with depleted savings, older adults are not able to access the services they need and Medicaid is further strained.

Promoting a universally accessible insurance system that enables people to live with dignity and choice with access to the services and supports they prefer, is central to addressing our vision of an America freed from ageism. The supports, financing, and infrastructure to ensure the highest quality of life possible for older adults must become a national imperative.

to grow dramatically. It's already at crisis levels now. It's far more cost-effective to have someone in some kind of long-term care program, whether it's in-home supportive services, or a facility if they need 24/7 care of that nature, than to have them visiting an emergency room or ICU, or not get the care at all.

The current administration has talked about block granting Medicaid. How do we ensure the programs currently in place for seniors with those disabilities continue to remain in place?

It is one of many programs that we're concerned about in terms of what the federal administration might do. They're putting people in positions of power that have not been supportive of many of the programs that help our seniors, that help Californians, that help people in terms of their healthcare and education. So, we have to identify areas that are vulnerable, where we may lose funding, and where people may lose their care. If necessary, we have to find resources to bridge that gap. Or find more effective ways to deliver those services. But, we know that it's going to be an issue we'll have to face head on very soon, because this president – and this Republican Congress, frankly – is talking in a manner that is going to be devastating to seniors.

While there is a safety net in place for lower-income seniors who receive Medi-Cal and very few at the top with the financial resources, a good chunk of the middle class have no viable options when it comes to financing long-term care. What needs to be done to help them be secure?

It's really hard because the costs are so enormous. At some point, I don't know if that means a public option for long-term care so that everyone's covered when they need it. When they don't need it, that's okay because there's going to be someone that does – we're preventing other people from going through a traumatic experience. In the short term, I'm looking at potential tax credits – whether it's home modification tax credits, because sometimes due to a change in circumstances and needs – whether it's putting in new safety bars or upgrading a bathroom or shower – that's costing a lot of families a lot of resources. But that's not a long-term solution. We do have to figure out a way to ensure that folks have long-term care insurance. Right now, it's expensive, employers don't offer it, and we're not creating the demand for it until people need it. So, although it's been talked about for the entire healthcare system, I think in this narrow area of healthcare, a public option may actually be the most needed.

What would a public option look like?

A public option would mean that everybody pays a very small amount, whether it's in payroll tax, a disability fund, etc. Then when they need it, they have insurance. If everybody buys long-term care insurance, but only a certain percentage need it, then it pencils out better for the healthcare providers and the insurance companies as well. So that way, you can negotiate as one large group. You can negotiate as all Californians, you can negotiate with the insurers and healthcare providers and say, here we have 35+ million people that are buying the insurance – out of that many, if one, five or ten percent need it, then they can get full coverage and be taken care of. So it's really the sense that, hey, we're all in this together.

AGING2.0

Releases White Paper:

"Advancing a Culture of Innovation in Senior Care"

Innovation is coming to senior care. But why do we need innovation in senior care, and how should providers go about developing innovation programs?

Innovation for companies in the senior care markets is especially important due to the enormous growth and changing needs of the older population – and the increased competition in servicing those needs. Adopting a culture of innovation will enable providers to take full advantage of the latest ideas and products to both enhance existing services and develop new ones to improve the lives of older adults. The paper presents recommendations and best practices gathered from Aging2.0 Alliance members, including LeadingAge California members Eskaton and Front Porch, in the following steps:

1. **LAY THE FOUNDATION** for innovation by setting a clear intention, creating an effective leadership structure with executive-level accountability, and committing the human and financial resources needed to make innovation real in your organization.
2. **DEVELOP A FRAMEWORK** for innovating. Be able to objectively screen incoming innovations and internal ideas to determine whether they fit with the organization's strategic goals, and then create the process to pilot and potentially scale.
3. **ENGAGE YOUR COMMUNITY** to design, vet, and deploy innovations by actively involving older adults, frontline staff, and external partners in the process.
4. **MOVE BEYOND BETA** by measuring success with strong metrics, telling the story, and pursuing scale.

Please visit aging2.com to download the full paper.

LeadingAge California
Political Action Committee

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**Organization names shown for identification purposes only.*

Brenda Klütz has 30 years of experience in California state service; with over eight years of working in the Legislature as a consultant on Aging and Long-Term Care issues and 15 years with the Department of Health Services serving as the Assistant Deputy Director and Deputy Director. Currently, she provides LeadingAge California members technical support on issues related to reimbursement, licensing, and regulation interpretation.

Dear BRENDA

***Dear Brenda:** We know that most residents would like to live in a home or community-based setting, but sometimes it's just not possible. With the MDS documenting a resident's interest in, and ability to return to the community, what should we know from a regulatory standpoint? It can be very upsetting to residents and/or their families to ask these questions.*

Answer: I agree it can be very upsetting for a resident and/or families to be asked if the resident wants to return home. Some residents may have dementia or other condition that makes it difficult to express their interests.

Some family members may no longer be able to care for their loved one, and asking this question could be very upsetting as well. CMS has provided guidance for exploring the interest, ability and opportunity to return to a more integrated setting.

Section 504 of the federal Rehabilitation Act prohibits Medicare and/or Medi-Cal certified skilled nursing facilities (SNFs) from discrimination based on disability, including the unnecessary segregation of individuals who are disabled. Unnecessary placement in an inpatient long-term care facility when a resident could be living in a more integrated setting could be considered to be unnecessary segregation. This was clarified in the *Olmstead* decision.

As your MDS nurse well knows, Section Q of the MDS 3.0 provides a process designed to give the resident a "direct voice" to explore opportunities for transitioning to community settings. The key questions are Q0400, Q0500 and Q0600. Unless the resident has an active discharge plan, the resident must be asked Q0500 to determine interest in community living or alternatives for community living to the facility. If the resident answers "yes" to Q0500, the facility *must* make a referral to the Local Contact Agency (LCA). Communities are encouraged to contact their LCA to arrange for a presentation of their role and responsibilities.

It is also important to note that the most recent federal Medicare Requirements of Participation (ROP) have significantly amended the requirements for the discharge planning process contained in F-284, §483.21(c)(1) & (2).

There have been several pilot projects to test different models that provide home and community-based living (HCB). In 2015, state surveyors conducted focused MDS surveys to determine the accuracy of MDS entries. Many LeadingAge California members offer multiple levels of care and may already be very proficient in identifying opportunities for HCB. Communities will continue to see more and more emphasis on these options.

For resources to help guide communities with the often-difficult discussion about resident interest and ability to live outside of the SNF, please visit the LeadingAge California website: www.leadingageca.org/brenda-klutz

If you have any questions about this, or any other regulatory issue, please contact Brenda Klütz at: bklutz@leadingageca.org or (916) 469-3377.

People In Focus

Mary McCoy

Volunteer, Motion Picture & Television Fund

We sat down with Mary McCoy at Motion Picture & Television Fund, to talk about her journey as a caregiver and what her volunteer work means to her. Mary will be honored with the Exceptional Friend or Family Caregiver Award at the 2017 LeadingAge PEAK Leadership Summit, March 19-22 in Washington, D.C.

Watch the video interview here.

Mary, how did you become a part of Motion Picture & Television Fund?

My husband, Richard, was diagnosed with Alzheimer's in 2008. He's lived at Harry's Haven (the Memory Care unit) inside the Motion Picture & Television Fund for the past two years. I've been his caregiver for almost ten years. When it first started, things were pretty easy – I kept him very busy. I did everything I could to slow it down, but eventually, it was becoming obvious that I was unable to care for him.

In May 2016 he had a stroke and that set him back, so he can't walk or talk now and can't feed himself – but that's okay, I get to feed him.

How has your work in special education influenced your volunteer work at MPTF?

I worked as a special education assistant for over 30 years for the Los Angeles Unified School District. There's a real parallel between special ed children and people who are afflicted with Alzheimer's and dementia. I think it did help me become a better caregiver. But I think it has more to do with my relationship with my husband – I know he'd be doing this for me if the roles were reversed.

When did you and Dick first meet?

We met on a blind date – October 8, 1963. As soon as I got in the car I saw him and knew this was the guy I wanted to marry. We've had a wonderful life. This is just, as Dick would say, 'a bump in the road.' And that's how I feel about it.

What advice would you offer someone who is just starting their journey as a caregiver?

I just kind of did it on my own. I called the Alzheimer's Association and got a lot of support there. I also accepted the fact that I could not change this, and if I'm going to be a person that not only cares for Dick but cares about myself, I would need professional help.

How did you feel when you found out you were nominated for this award?

I was overwhelmed that so many people appreciated what I did. Not just for my husband, but for other residents as well. Hopefully my story will help others, because there are many people in the world who do this every single day and don't get somebody to pat them on the back and say, 'Hey, you're doing a good job.' It's all about doing what we can to help our loved ones, no matter what kind of disease they have. I hope that people will be inspired to give donations, give of their time or maybe give a break to a caregiver. That is the gift of love, and that's what it's all about.

2017 Annual Conference Deep Dive Sessions

Are you attending this year's Annual Conference in Monterey? Be sure to join experts on May 2-3 for a series of cutting-edge discussions on the latest topics in senior care, including Innovation, Finance, Sales and Marketing and Technology. Sessions include:

- Anatomy of an Affiliation: ABHOW & be.group
- Developing a Smart Home Strategy
- If Not You, Then Who? The Not-for-Profit Leadership Imperative
- The Age of Tweetailing – How Great Design Captures Market Share

Technology Sessions: "TED-Talk" Style

Lyft the Nice Guy: This session will explore a ride-sharing company developing partnerships with senior communities.

How Communities Use Geo-fencing as a Competitive Advantage: A geo-fence is a virtual barrier. Marketing programs that incorporate geo-fencing allow communities to set up triggers so when a device enters or exits the boundaries defined by the administrator, a text or email alert is sent.

CyberSpace Hacking: Protect Your Data:
This session will include a discussion on the security measures organizations are currently using and will explore the shortcomings and how they best relate to other layers of security.

Eight Mistakes to Avoid Installing Video Surveillance Systems (VSS):
The goal of this session is to provide technical people and decision makers with the strategy around VSS, proper and improper uses, how to avoid wasting money on systems that either work or don't work and how to plan a system for their community.

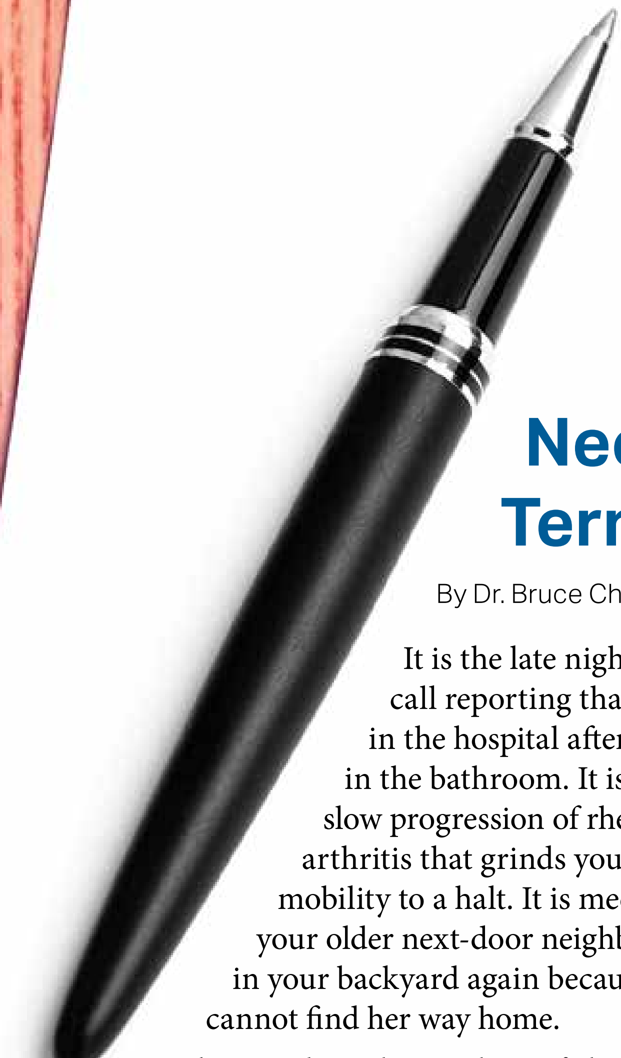
Visit *leadingageca.org/2017-annual-conference* to download the full PDF brochure for details on speakers and session times. See you in Monterey!

LeadingAge California

56th Annual Conference and Exposition

May 1-3, 2017 • Monterey, CA

strength through community



THE SCAN FOUNDATION

Needing and Paying For Long-Term Care: A Risk We All Face

By Dr. Bruce Chernof, President & CEO, The SCAN Foundation

It is the late night phone call reporting that Dad is in the hospital after falling in the bathroom. It is the slow progression of rheumatoid arthritis that grinds your sister's mobility to a halt. It is meeting your older next-door neighbor Jane in your backyard again because she cannot find her way home.

These and similar markers of change are part of the human experience that American families face regardless of age, health, or ability. For each scenario, the medical care system seeks to diagnose and treat the underlying disease(s). This action, however, does not address the day-to-day functioning of older adults and their family caregivers. Instead, these individuals and their families often confront a new set of daily living needs and challenges – called long-term care (LTC) – which can require a substantial amount of personal, family, and financial resources.

Half of all Americans turning age 65 today will one day find themselves needing a high level of help with basic daily activities like walking, eating, getting out of bed in the morning, and bathing. At the same time, the number of aging Americans with high health and personal needs is projected to grow from six million to almost 16 million in the next several decades. While each experience is unique, roughly three out of four older adults with this level of need live in their homes and communities. For those needing care, roughly 30 percent will need it for less than a year, but 25 percent will need it for five years or more.

For older adults and their families, needing this level of assistance can take a sizeable toll on both quality of life and personal finances. While today's working Americans continue to think fondly about their "golden years" of retirement, the stark reality is that they and their families are often unprepared for these unpredictable and highly variable financial challenges that lie ahead. The typical American faces LTC costs in old age averaging $91,000 for men and $182,000 for women. However, the costs can be much higher depending on the number of years a person needs high levels of help. Fifteen percent of older adults will face LTC costs upwards of $250,000 over their lifetime.

While people can qualify for government assistance to cover needs when their personal resources are exhausted, they typically incur large out-of-pocket expenses beforehand. Individuals and families cover more than half of all LTC costs through out-of-pocket spending. This level of out-of-pocket LTC spending can deplete personal savings, retirement accounts, and other assets, which still may not cover the full cost of care. This untenable financial burden then impacts federal and state budgets as people turn to Medicaid after spending down their personal resources.

When faced with unpredictable needs and costs in other aspects of life, Americans generally use insurance as a tool to mitigate overwhelming financial risk. Yet few Americans have private long-term care insurance coverage today for several "demand-side" reasons including high and unstable premiums, inability to qualify due to pre-existing conditions, and competing financial priorities within the family (e.g., tuition for college-age children).

From the supply side, the long-term care insurance industry has reported similarly perplexing challenges. These include low interest rates affecting the growth of reserves, off-target actuarial assumptions on claims use and product lapse rates, and the exodus of many insurers from the market that has reduced product competition and innovation.

This complex set of challenges means that Americans need new solutions so that those with high LTC needs can receive quality care while preventing unnecessary impoverishment. To this end, recent modeling efforts by the Urban Institute and Milliman, Inc. distilled various options to improve America's LTC financing system. The Bipartisan Policy Center (BPC), LeadingAge, and the Long-Term Care Financing Collaborative (a project of the Convergence Center for Policy Resolution) subsequently released recommendations to address this growing crisis.

These recommendations varied in perspective and emphasis, and yet several common themes emerged:

- Older adults and their families are unprepared for the risk of needing LTC, both in terms of high out-of-pocket spending and the resulting need for Medicaid.
- Increasing insurance-based coverage will require multiple innovative solutions, utilizing the strengths of both the private and public sectors.
- Solutions should include reforms to the private insurance marketplace to provide lower priced policies to protect against the risk of needing a high level of LTC over a relatively short period of time.
- Solutions should include insurance designed to protect against the risk of high LTC need over long periods of time and consider a catastrophic insurance program where all Americans would be covered.
- Medicaid should be strengthened as the safety net program, which has an important but smaller role in a refashioned, insurance-based LTC financing system.

Later this year, both LeadingAge and BPC will finalize and release detailed proposals that create a full range of viable LTC financing solutions that include roles for the private and public sectors. We look forward to robust discussions and decisive action to create the needed regulatory and legislative changes that promote new financing tools for today's working adults who will need care and support tomorrow.

The SCAN Foundation envisions a future where high-quality, affordable health care and supports for daily living are delivered on each person's own terms, according to that individual's needs, values, and preferences.

Visit www.thescanfoundation.org/side-side-review-long-term-care-financing-policy-recommendations to learn more.

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