



MAPPING THE FUTURE

Estimating Massachusetts Aging-Services Needs 2010-2030

With the industry on the cusp of change, there is no better time to help providers prepare for the future.

EXECUTIVE SUMMARY

This report is a joint project of the Massachusetts Senior Care Association, CliftonLarsonAllen LLP, Lewis & Clarke LTC Risk Retention Group, Inc., and a number of other post-acute and long-term care provider associations. It is designed to help providers and policy makers better understand how demographic forces and environmental factors will combine to impact the demand for post-acute and long-term care services over the next 20 years.

Significant changes are coming to the way post-acute and long-term care services will be organized and reimbursed. Accountable care organizations (ACO), post-acute care bundled payment pilot programs, and other new models will revolutionize the post-acute and long-term care landscapes and have an enormous impact on future demand for services. The unprecedented growth in the number of older adults and their changing demographic profile and consumer preferences require that we begin to rethink and redesign aging services to match these new models of care. With the industry on the cusp of change, there is no better time to help providers prepare for the future. This model is a useful tool to facilitate necessary discussions.

Members of the steering committee worked to develop a model (and user guide), which would predict future demand: *Mapping the Future: Estimating Massachusetts Aging-Services Needs 2010 – 2030*. This study included extensive research on aging-services utilization and trends; interviews with many of Massachusetts' health care leaders, aging-services advocates, and providers; and a review of current literature on changes occurring across the country in aging services. The research, model development, report, and manual preparation took nearly two years to complete. The model was released to participating associations in March 2012.

The study resulted in the development of an interactive aging-services demand model that will allow users to estimate potential future demand for a range of post-acute and long-term care services in their individual markets. The demand measured in this model is based upon historical use rates and availability of each service according to current and proposed funding levels. Demand does not include unmet need or consumer desire for which no funding is available. While the model utilizes demographic and historical usage patterns as a baseline, it also allows for the use of four demand "influencers" including the following:

- Environmental factors, such as acute care usage and discharge patterns, and informal caregiver availability;
- Public policy factors, such as changes to state funding, changes in eligibility for public funding, and new tax incentives or reimbursement changes;
- Income and wealth factors, including poverty rates and the availability of retirement income to support choices; and
- Lifestyle and consumer choices, such as the substitution, where clinically appropriate, of housing and/or community-based service alternatives for skilled nursing facility (SNF) care.

Commissioned by:
Massachusetts Senior Care Association

Sponsored by:



www.cliftonlarsonallen.com

The “As Is” Scenario

The baseline demand scenario presented in this study is the “as is” scenario, which uses demographic changes and existing 2009 historical use rates by age cohorts and site of service. Based on these key assumptions, the table below estimates the growth in demand for aging services in Massachusetts from 2010 to 2030.

	Unit Growth	Percent Growth in Demand
Adult Day Health (people served)	8,334	70
Assisted Living (units)*	4,275	31
Home Health Care (visits)**	3,117	44
Hospice (days)	457,627	70
Independent Living (units)***	10,511	42
Skilled Nursing Facility Care (beds)	16,847	38
* Includes privately funded units, rest home units (residential care facilities), and units publicly subsidized through the group adult foster care program.		
** Includes personal care assistant (PCA) services, elder home care purchased services, state plan and waiver program, and Medicare.		
*** Includes privately funded units, continuing care retirement communities (CCRCs) excluding over 55 senior communities, and publicly subsidized units including HUD housing, congregate housing, and supportive care.		

Additional Demand Scenarios

Rather than present a single “potential future state” combining specific projections in each of the four demand influencers, the steering committee chose to publicly present an “as is” demand scenario using incontestable demographic data rather than a “most likely” demand scenario based on a variety of assumptions about the future. Driving this decision was the realization that the future is impossible to accurately predict. For example, while state spending on home and community-based long-term care services in Massachusetts is guided by the state’s overall Community First policy, it is also driven by the reality of state tax revenues and business cycles along with the availability of formal and informal caregivers in each care setting. The rebalancing goals and timetables for Community First may be moderated considerably by fiscal and manpower realities.

The flexibility and interactivity of the Massachusetts Demand Model allows users to create their own demand scenarios that are unique to their markets and reflect their own predictions, rather than a single best estimate by the steering committee. The model is a web-based tool that is available to the members of all the various associations that participated on the steering committee.

Users can manipulate the model to reflect different market areas and different assumptions about demand influencers such as future hospital length of stay, discharge destinations, and state Medicaid funding allocations.

Conclusion

Demographic changes, changing consumer preferences, public and private payer incentives, technology, disease management, and other health, social, and economic megatrends will interact to create a future for post-acute and long-term care that is difficult to accurately predict or even conceptualize. This study is intended to facilitate a dialogue on the future of post-acute and long-term care in the Commonwealth. However, even in the presence of all this uncertainty, it is clear that certain principles must guide the future:

- **Consumer-centered care.** Access, quality, and above all choice will continue to drive the demand for post-acute and long-term care services.
- **Aging in place.** Seniors will continue to prefer receiving their long-term care services, where clinically appropriate, in their own homes and communities. When facility-based care is necessary, they will prefer that it be delivered in campus-style settings to minimize unnecessary movements and encourage aging in place.
- **Seamless transitions.** Seniors will want a seamless, dynamic system of care, which maximizes independence and choice and ensures that site of service is driven by consumer need and preference, not by financial resources or payer restrictions.
- **Regulatory flexibility and innovation.** Payers and regulators, most notably the state and federal governments, must foster a financing and regulatory environment that allows providers the flexibility to innovate and manage care in new and better ways.
- **Adequate Resources.** Post-acute and long-term care providers will fail to achieve any of these goals if they continue to be severely underfunded by their major payers — most notably the Medicaid program, which pays for the majority of their patients. In addition to adequate resources for day-to-day operations, there must be capital available for the technological and physical plant investments providers will need to make if they are to respond to a future driven by changing consumer demands and new models of care.

Lastly, it is clear that the data and policy assumptions that went into the Massachusetts Demand Model will be constantly changing, making periodic updates of the model essential. The availability of new data (including 2010 census data) will create a clear need for updating the model, as will ongoing changes to federal and state policies and funding priorities, and advances in disease management and technology. We are committed to making periodic updates to the Massachusetts Demand Model so that providers and policy makers can continue to have confidence in its findings.

ACKNOWLEDGEMENTS

The Massachusetts Senior Care Association, Lewis & Clark LTC Risk Retention Group, Inc., and CliftonLarsonAllen LLP want to thank and recognize the steering committee of this project for their time, efforts and collaboration in helping to develop the assumptions that drive the interactive model.

Gary Abrahams
Massachusetts Senior Care Association

Darcy Adams
Massachusetts Adult Day Services Association

William Bogdanovich
Broad Reach Health Care/Liberty Commons

Susan Bugg
Uni-Ter Underwriting Management Corporation

Jennifer Carter
Alzheimer's Association, Massachusetts & New Hampshire

Andrea Cohen
HouseWorks

Jessica Costantino
AARP

Sanford Elsass
U.S. RE Agencies, Inc.

Douglas P. Fiebelkorn
CliftonLarsonAllen LLP

Len Fishman
Hebrew SeniorLife

Janet Gottler
Kit Clark Senior Services

Phil Glassanos
Welch Healthcare and Retirement Group

Patricia Kelleher
Home Care Alliance of Massachusetts

Karen Laganelli
Holy Trinity Nursing & Rehabilitation Center

Emily Meyer
Massachusetts Assisted Living Facilities Association

Peter Mullin
Senior Living Residences, LLC

Maggie Murphy
Hospice & Palliative Care Federation of Massachusetts

Nancy Rehkamp
CliftonLarsonAllen LLP

Patricia O'Brien
Hebrew SeniorLife Home Care

Scott Plumb
Massachusetts Senior Care Association

Pamela Saucier
Merrimack Valley Hospice

Jamie Seagle
Rogerson Communities

Elissa Sherman
LeadingAge Massachusetts

Michael Slavik
CliftonLarsonAllen LLP

Denise Soucy
CliftonLarsonAllen LLP

We also appreciate the following people who agreed to be interviewed for this report:

Stephanie Anthony
MassHealth

Alice Bonner
Formerly with Massachusetts Department of Public Health

Ann Hartstein
Massachusetts Executive Office of Elder Affairs

Paul Lanzikos
North Shore Elder Services

Dr. Thomas H. Lee
Partners Community HealthCare, Inc.

Jean McGuire
Executive Office of Health and Human Services

Lynn Nicholas
Massachusetts Hospital Association

Dr. Richard Salluzzo
Former CEO of Cape Cod Hospital