Elder Economic Security Initiative: Can You Afford to Grow Old in Washington State?

Washington Association of Area Agencies on Aging (W4A)

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Elder Economic Security Initiative

- Multi-year project by the University of Massachusetts Boston and Wider Opportunities for Women
- Purpose was to establish a conceptual framework and tools for assessing economic well-being for elders
- Development of the Elder Economic Security Standard Index
- Support dialogue toward eventual policy and program change
Elder Economic Security Index

• The Elder Index considers expenses in each category by geographic area using a market basket survey.

• The total monthly Elder Index is the cost to live a reasonable quality of life without having to choose between necessary expenditures.
Elder Index Measures

• Elders that live:
  – In the Community—not in nursing homes
  – Independently—not with other generations
  – Age 65+ —where Medicare begins

• Includes Medicare because it is nearly universal

• Applies to elders who are no longer working
Elder Economic Security Standard Index

• The “Elder Index” is a new measure to illustrate the amount of income required to meet basic needs without public, private or informal assistance.

• It replaces older indices which have been the gold standards to measure poverty in the US

• What will allow us to “age in place”? 
Economic Insecurity Gold Standards

- Which is the best definition?
  - Current formula – 100% of the 2014 Federal Poverty Threshold - $11,670
  - Better Federal benchmark – 200% of 2014 Federal Poverty Threshold - $23,352
  - Geographically-based market basket survey: 2013 Washington State Elder Index - $23,940
  - Relative measure (DSHS) – 60% of State Median Income – $26,230
The Elder Index: A Better Measure

- Is geographically established
- The Index considers
  - Housing cost
  - Food cost
  - Cost of Transportation
  - Cost of Health care
  - Miscellaneous costs
- Calculated using census data and market survey in each county in the state
Annualized Elder Index

Single, Age 65+

Cost of a Quality Life

- $20,316  Elder w/ out mortgage
- $23,940  Elder renter
- $31,296  Elder w/ mortgage

Median $ Men
Median $ Women
Soc Sec $ Men
Soc Sec $ Women
Annual Out-of-Pocket Cost for Medical Care

- Medicare Advantage
- FFS+Gap+D

<table>
<thead>
<tr>
<th>Health Status</th>
<th>Medicare Advantage</th>
<th>FFS+Gap+D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent/Very Good Health</td>
<td>$3,456</td>
<td>$4,620</td>
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<tr>
<td>Good Health</td>
<td>$4,104</td>
<td>$5,160</td>
</tr>
<tr>
<td>Fair/Poor Health</td>
<td>$5,772</td>
<td>$6,012</td>
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</tbody>
</table>
2010 Annual In-Home Long Term Support Costs

Public Pay
- Low Need In-Home: $6,146
- Medium Need In-Home: $16,672
- High with ADC: $29,546
- High without ADC: $34,138

Private Pay
- Low Need In-Home: $8,856
- Medium Need In-Home: $23,504
- High with ADC: $38,640
- High without ADC: $48,624
Costs Add Up!
(Assumes one person household, Poor Health, & High LTC needs)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Elder w/o Mortgage</th>
<th>Elder Renter</th>
<th>Elder w/ Mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$79,298</td>
<td></td>
<td>$82,922</td>
<td>$90,278</td>
</tr>
</tbody>
</table>

- **Long Term Care**
- **Additional Medical**
- **Index Income**
• These figures show that most older adults will need help with cost-effective medical care and long term supports.

• Would you have $75,000 annually to pay for your care and support?
Key Findings

• Housing costs (mortgage, utilities, taxes, insurance) put a heavy burden on elders and account for about half of their expenses.
  – Wait lists for subsidized housing are years long.
  – Maintenance for homeowners can fall by the wayside and housing becomes unsafe.
  – Falls can lead to poor health and need for care.
Key Findings

• Elders in Washington have significant out-of-pocket costs even with Medicare Coverage.
  – Elders in poorer health spend over $7,000 per year.
  – Retired couples do not save any money through purchase of “Family Plans”. Both partners must pay the total amount, doubling the cost per household.
Key Findings

- Elders who are currently making ends meet will face substantial financial challenges if they lose their spouse or household partner or decline in health status.
  - Costs decrease by 31% for renters, but Income often decreases by half.
  - Poor health dramatically increases expenses.
Key Findings

• The need for Long Term Services and Supports, even cost-effective community-based or home care, can double or triple an elder’s expenses
  – Home care at high level will cost between $40-50,000 per year.
  – Skilled nursing care in Washington costs over $85,000 per year.

• Many rely on kids, grandkids, other family members
Key Findings

• Elders cannot meet their basic needs if they live at the federal poverty level or at the average Social Security income.
  – 8% of elders live below the FPL
  – Almost 1 in 4 Older WA State Residents rely solely on Social Security Income.

• Some elders go back to work
• Some elders access safety net services to help them stay at home.
So...

- Planning retirement includes much more than contributing to a 401(k)
- Understand Social Security
- Look into Housing
  - Pay your home off or make certain that you have the assets to pay it off if necessary
  - Make sure your retirement home is accessible and in good repair
More

• Evaluate expenditures and ability to sustain them
  – Transportation
  – Insurance
  – Utilities
• Take Steps now to minimize expenditures in the future
  – Sell the gas guzzler
  – Think about life insurance
  – Get Energy efficient
And More...

• Look into Medical Care costs
  – Medicare is not free; future is unknown
  – Understand what is covered and what is not covered (eyeglasses, dental care, hearing)

• Understand that Long Term Services & Supports (LTSS) in Washington State equals in-home care primarily

• Eat well
• Exercise
• Be nice to your Kids
For More Information

http://www.wowonline.org/economic-security-institute

Or Contact:

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