



Institute on Innovative Aging Policy and Practice

P R E S E N T S

STATE OF MICHIGAN
OLDER ADULT GROWTH STUDY:
PLANNING TO MEET THE NEEDS OF
MICHIGAN'S AGING POPULATION



PREPARED EXCLUSIVELY FOR
THE SILVER KEY COALITION

UB SCHOOL OF SOCIAL WORK
University at Buffalo *The State University of New York*

This study was prepared by the Institute on Innovative Aging Policy and Practice, State University of New York, University at Buffalo School of Social Work, for the Silver Key Coalition.

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Introduction

The Silver Key Coalition (SKC) formed in 2013 with the goal of increasing access to key state in-home services funded through the Older Michigianians Act and the Michigan Office of Services to the Aging (OSA). These services help frail and homebound older adults remain independent and in the communities they call home and out of more costly institutional settings. Using a data driven approach, the coalition advocated for a funding increase of \$10 million over a three year period that includes fiscal years 2015, 2016, and 2017. A commitment was made by Governor Snyder in his 2014 State of the State address and FY 2015 budget proposal to support a \$5 million state funding increase for FY 2015 to eliminate wait lists and fully meet the needs of the nearly 4,500 older adults waiting for services such as home-delivered meals and personal care and caregiver respite. The Michigan Legislature approved this allocation and demonstrated enthusiastic and bi-partisan support for the shared goal of making Michigan a “No Wait State”.

The SKC target of a \$5 million allocation for FY 2015 was based on a calculation of the cost to provide services over a period of one year for all 4,500 individuals on wait lists at the beginning of FY 2015. The estimate accounted for average annual units of service per program participant and the average per unit cost, as documented in the Michigan Office of Services to the Aging (OSA) 2013 Michigan Aging Information System National Aging Program Information System (NAPIS) Participant and Service Report. There is some degree of uncertainty over the extent to which the \$5 million will be sufficient to completely eliminate wait lists in FY 2015. Factors such as food and wage cost inflation, increased demand related to older adult population growth, chronic underserving, and the impact of other funding sources make it likely that there will be a significant reduction in OSA in-home service waiting lists in FY 2015, but there will still be many individuals on wait lists at the beginning of FY 2016. This situation was anticipated, and is reflected in the SKC goal of a \$10 million increase over a three year period.

The SKC is hampered in its planning and advocacy efforts because budget and advocacy requests for fiscal years 2016 and 2017 will need to be completed before data is available to assess the impact of various factors that affect service demand and cost. Thus, there was a clear need to address this disparity of data in order to insure adequate funding is available to meet the projected need. The purpose of the study was to produce a report that calculates the projected increase in demand for the number of older individuals served, the number of service units needed, and based on projected service cost, the amount of funding that will be needed to satisfy anticipated demand for Home Delivered Meals (HDM) and In-Home Services (IHS).

Methodology

Data

This study utilized two sources of data. First, individual-level data from the 2010 and 2013 U.S. Census Bureau's American Community Survey (ACS) Five-Year Estimates Table were used to project the number of persons, age 60 and over, residing in the State of Michigan during the targeted timeframe. The ACS is a mandatory, ongoing statistical survey that samples a small percentage of the U.S. population every year. The purpose of the ACS to provide the community with the information needed to plan and invest in services. Second, the 2013 Michigan Aging Information System NAPIS Participant and Service Report was used to project the number of clients, units, and cost for HDM and IHS in 2016 and 2017. Under Title III and Title VII of the Older Americans Act (OAA), this report is required by the federal Administration on Aging (AoA) and provides a count and characteristics of service participants and expenditures.

Analysis

Projected Clients

The projected number of clients was derived by establishing a straight-line client estimate based on 2013 Census data and NAPIS serving levels, and then adjusting this figure to account for confounding factors. The following details how the client estimates were formulated:

First, data from the 2013 Census data were used to establish a 2015 baseline for comparison and 2016 and 2017 population projections. In order to obtain a baseline estimate, the ACS 2013 age 60-plus State of Michigan population projection (2,051,156) was multiplied by the projected population increase for 2014 (2.47%), and the result was added to the 2013 estimate. The 2014 population estimate (2,101,820) was then multiplied by the 2015 projected population increase (2.47%), and the result was added to the 2014 estimate. A similar process was used to obtain 2016 and 2017 population estimates.¹

Next, a straight-line estimate for projected client demand was established for each time point. The NAPIS participant count for 2013 was divided by the 2013 Census projection to obtain the percentage of persons age 60 and over within the State of Michigan accessing each of the services (HDM, in-home respite (IHR), personal care, and homemaking). This percentage was then multiplied by the population estimate for each time point, or 2015, 2016 and 2017.

Third, the straight-line client estimates were adjusted to account for larger growth among the minority populations, the disproportionate population increase among older males, and the characteristics of 2013 NAPIS service participants. In order to obtain accurate racial, ethnic, and gender projections, 2010 and 2013 ACS Five-Year Estimates for the age 60 plus population by race and gender were used the estimate annual percentage change for each subgroup from 2010 to 2013. Within the 2015, 2016 and 2017 population estimates, the proportion of each subgroup was then adjusted in accordance with this percentage estimate.

¹ Projected population increase for 2016 and 2017 was 2% per year.

NAPIS client projections for 2015, 2016 and 2017 were also corrected to account for the disproportionate characteristics of the actual client serving levels.²

Projected Units

Unit estimates for 2015, 2016 and 2017 were formulated based on 2013 NAPIS unit count. The unit count for each service category (HDM, IHR, personal care, and homemaking) was divided by the number of participants to obtain the average number of units per person in 2013. This figure was then multiplied by the adjusted straight-line client estimates to obtain the projected units at each time point.

Projected Cost

The projected cost for each service was based on fiscal year 2013 service expenditures reported in the NAPIS Participant and Service Report and adjusted for inflation and unit projections.

The 2013 cost per unit of service was obtained by dividing the total expenditures by the unit count for each service category. In order to control for inflation, the median annual inflation rate based on price index for personal consumption expenditures was used.³ The annual rate of inflation at each time point accounted for the effects of compounding interest. The total projected service cost in 2015, 2016, and 2017 was then calculated by multiplying the unit estimate by projected unit cost. Finally, the amount of additional funding needed at each time point was derived by subtracting the current year's estimate from the previous year's estimate.

Results

Pages 5 through 13 provide a summary of projected number of clients, the number of service units, and based on projected service cost, the amount of funding that will be needed when comparing 2015 to 2016, 2015 to 2017, and 2016 to 2017.

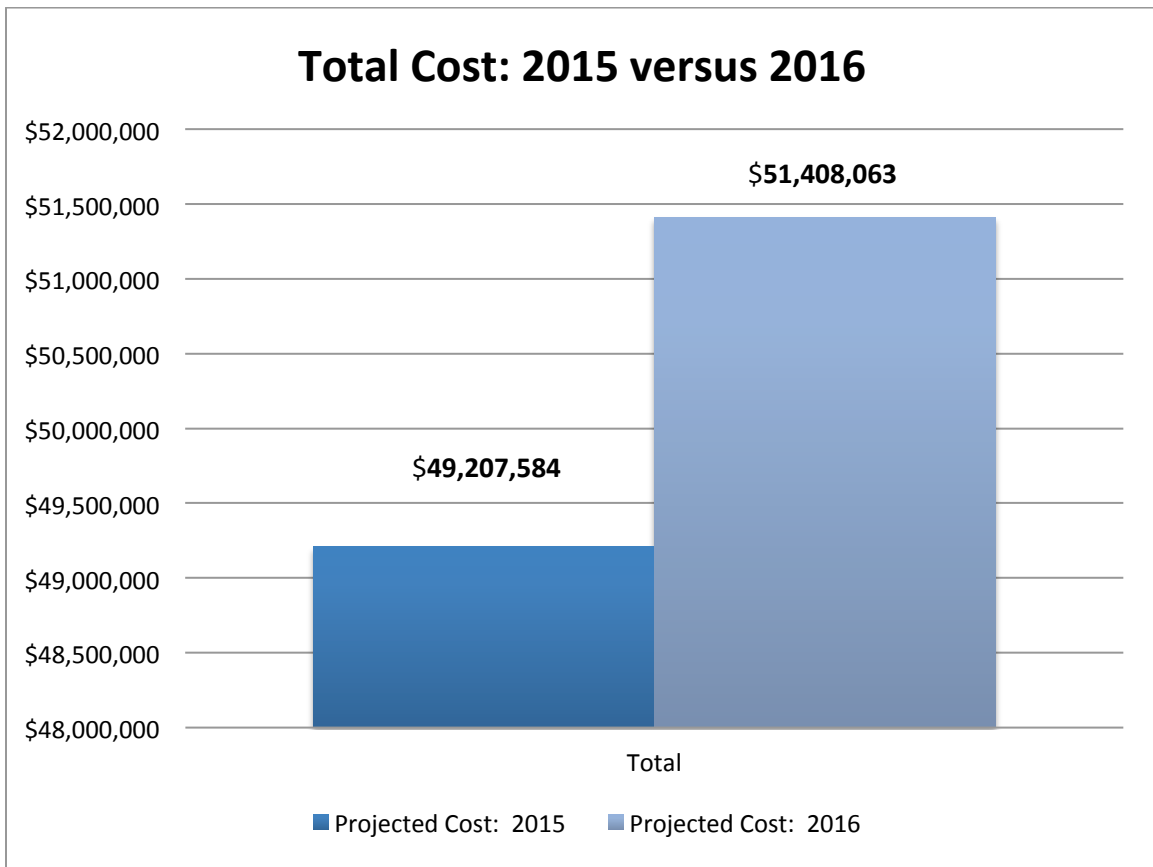
² The NAPIS population reported that a larger percentage of females and minority groups relied on in-home and nutrition services.

³ Inflation estimates were derived based on Economic Projections of Federal Reserve Board Members and Federal Reserve Bank Presidents, December 2014 and range from 1.60% in 2014 to 1.95% in 2017.

Cost of Maintaining Services: 2015 to 2016

An additional \$2.2 million will be needed to maintain services at 2015 levels in 2016

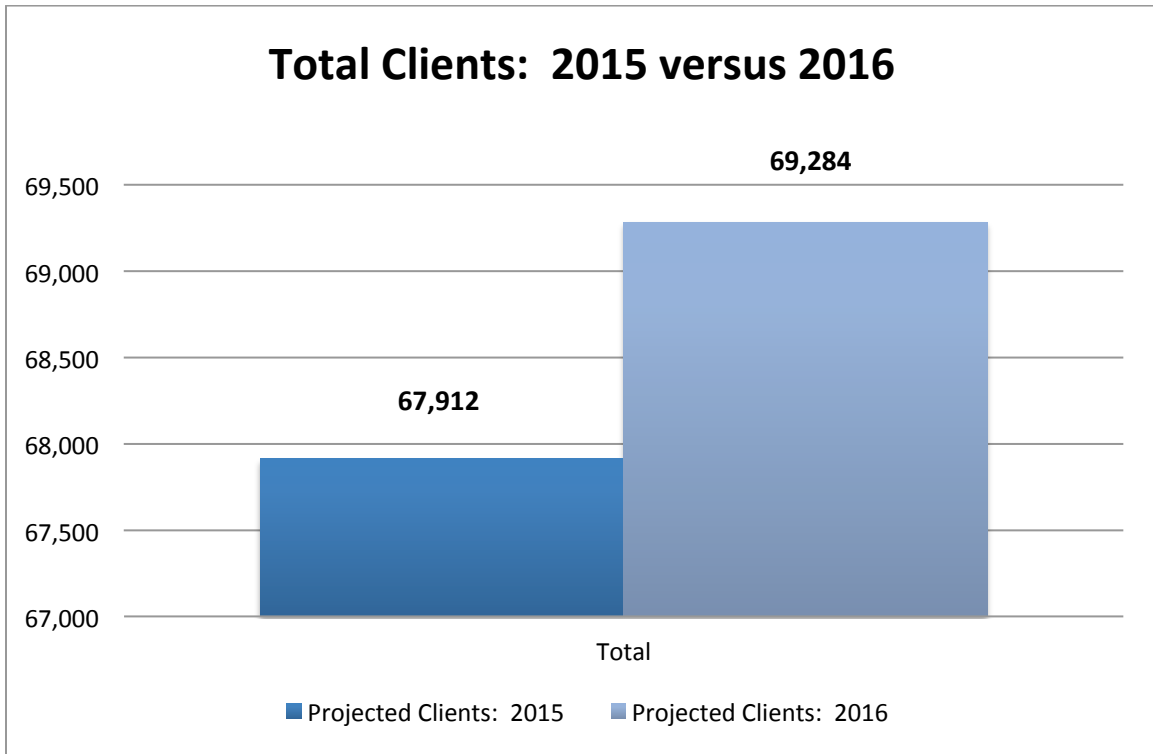
	Projected Cost: 2015	Projected Cost: 2016	Cost Increase	Percentage Increase
Home delivered meals	\$36,569,409	\$38,224,576	\$1,655,167	4.53%
In-home services	\$12,638,175	\$13,183,487	\$545,312	4.31%
Total	\$49,207,584	\$51,408,063	\$2,200,479	4.47%



Older Adults Receiving Services: 2015 to 2016

An additional 1,372 older adults will need services to maintain 2015 levels in 2016

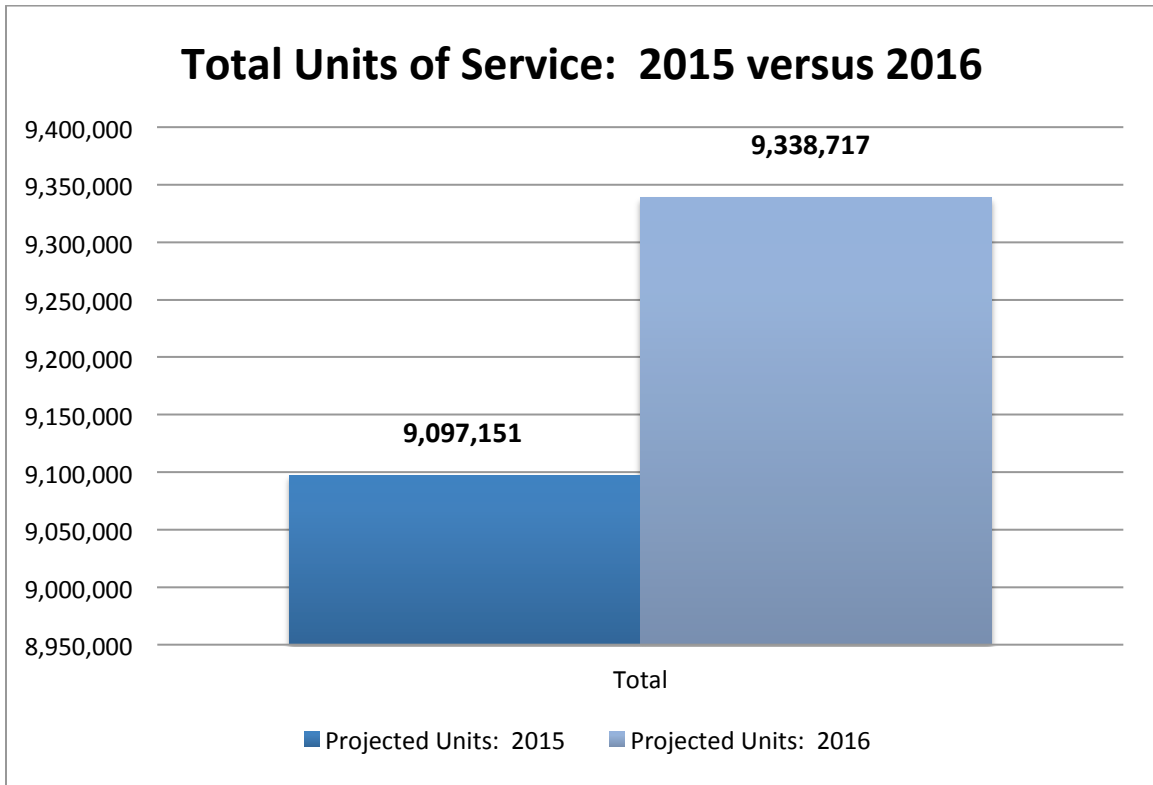
	Projected Clients: 2015	Projected Clients: 2016	Client Increase	Percentage Increase
Home delivered meals	53,763	54,793	1,030	1.92%
In-home services	14,149	14,491	342	2.42%
Total	67,912	69,284	1,372	2.02%



Level of Services: 2015 to 2016

An additional 241,566 units of service will be needed to maintain 2015 levels in 2016

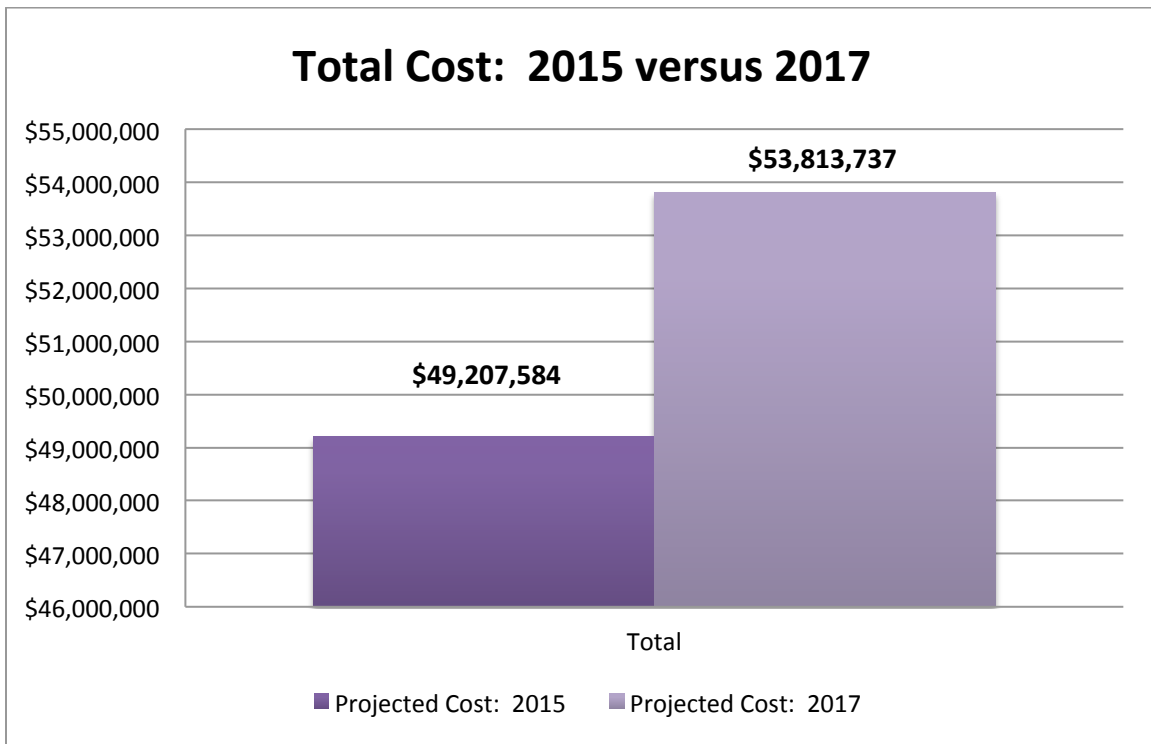
	Projected Units: 2015	Projected Units: 2016	Unit Increase	Percentage Increase
Home delivered meals	8,217,845	8,438,096	220,251	2.68%
In-home services	879,306	900,621	21,315	2.42%
Total	9,097,151	9,338,717	241,566	2.66%



Cost of Maintaining Services: 2015 to 2017

An additional \$4.6 million will be needed to maintain services at 2015 levels in 2017

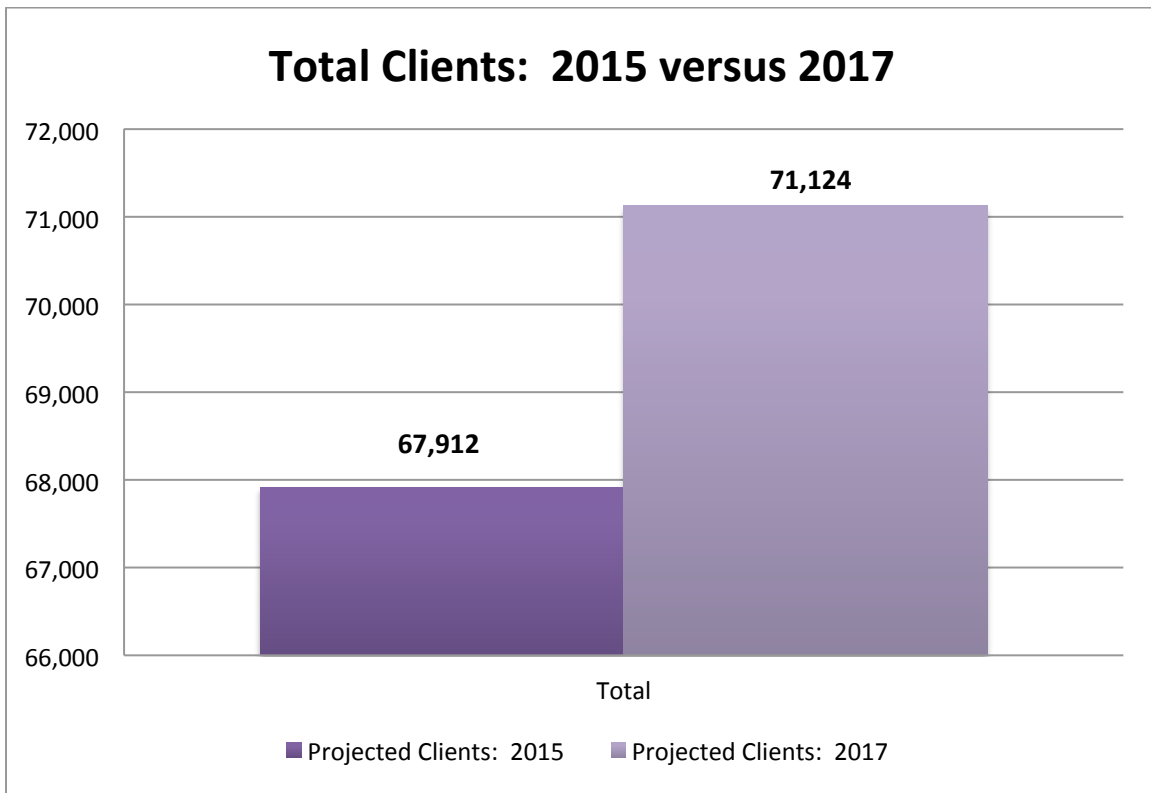
	Projected Cost: 2015	Projected Cost: 2017	Cost Increase	Percentage Increase
Home delivered meals	\$36,569,409	\$40,025,730	\$3,456,321	9.45%
In-home services	\$12,638,175	\$13,788,007	\$1,149,832	9.10%
Total	\$49,207,584	\$53,813,737	\$4,606,153	9.36%



Older Adults Receiving Services: 2015 to 2017

An additional 3,212 older adults will need services to maintain 2015 levels in 2017

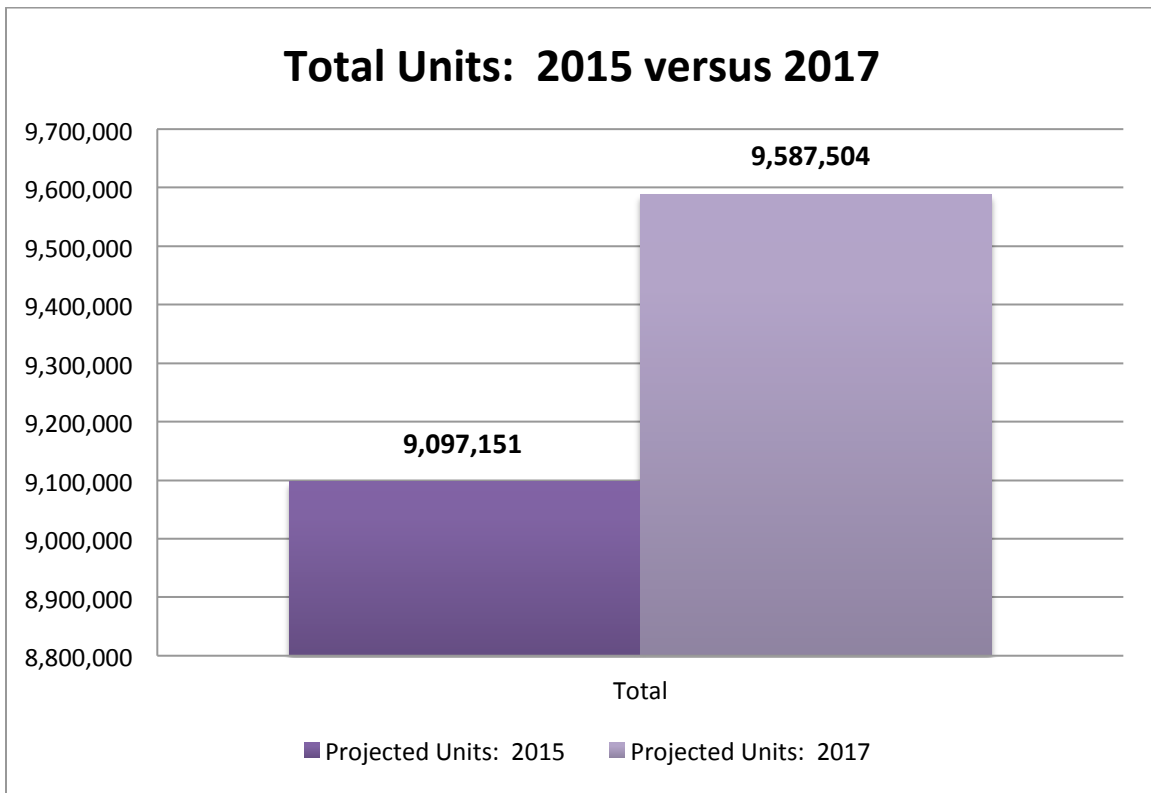
	Projected Clients: 2015	Projected Clients: 2017	Client Increase	Percentage Increase
Home delivered meals	53,763	56,257	2,494	4.64%
In-home services	14,149	14,867	718	5.07%
Total	67,912	71,124	3,212	4.73%



Level of Services: 2015 to 2017

An additional 490,353 units of service will be needed to maintain 2015 levels in 2017

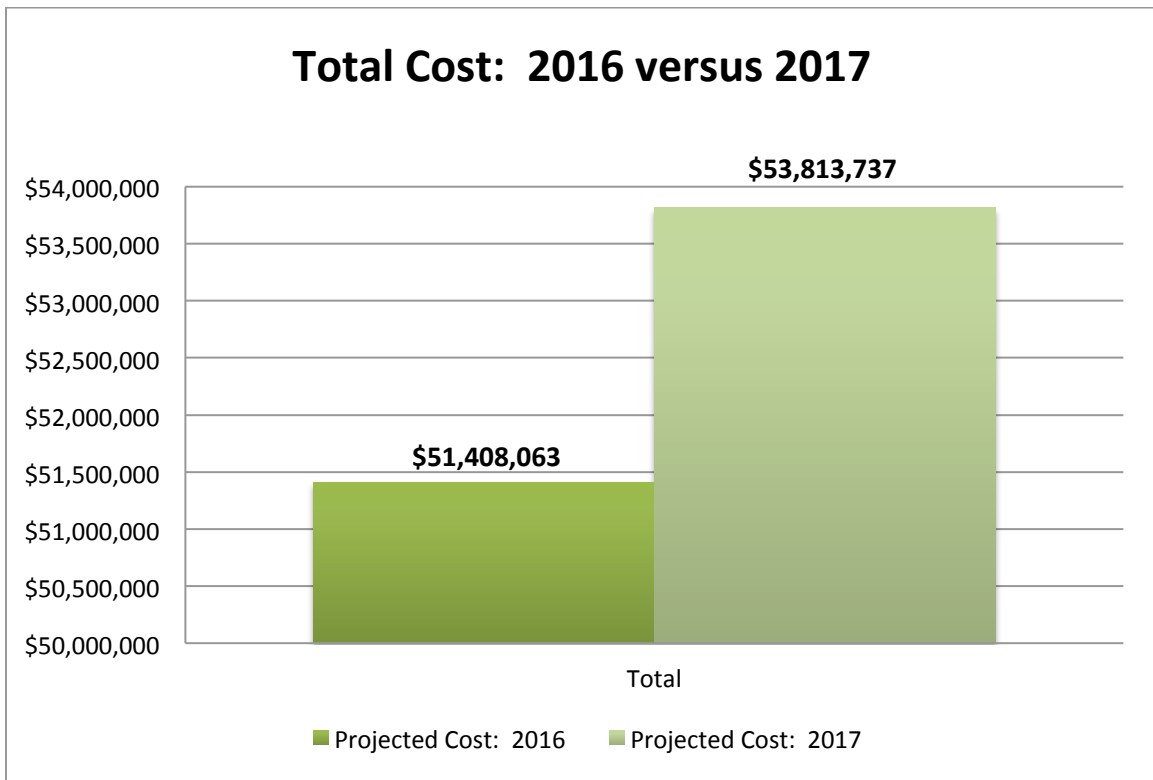
	Projected Units: 2015	Projected Units: 2017	Unit Increase	Percentage Increase
Home delivered meals	8,217,845	8,663,578	445,733	5.42%
In-home services	879,306	923,926	44,620	5.07%
Total	9,097,151	9,587,504	490,353	5.39%



Cost of Maintaining Services: 2016 to 2017

An additional \$2.4 million will be needed to maintain services at 2016 levels in 2017

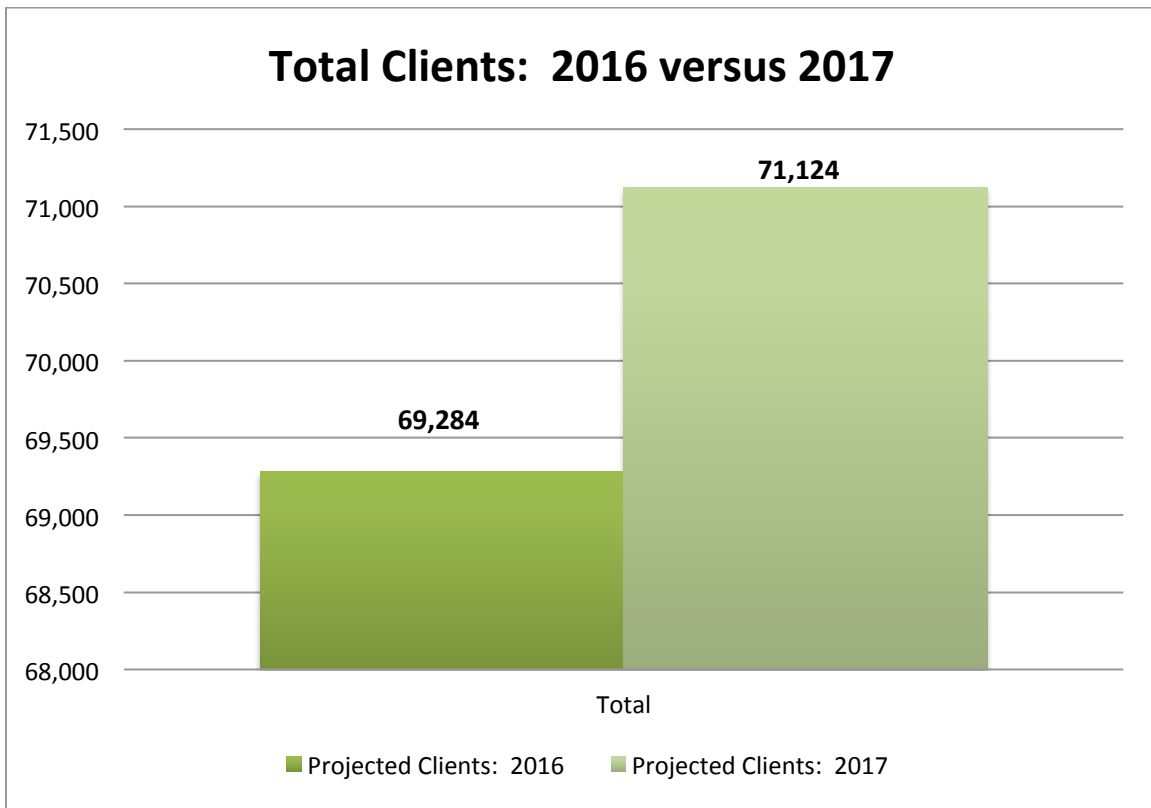
	Projected Cost: 2016	Projected Cost: 2017	Cost Increase	Percentage Increase
Home delivered meals	\$38,224,576	\$40,025,730	\$1,801,154	4.71%
In-home services	\$13,183,487	\$13,788,007	\$604,520	4.59%
Total	\$51,408,063	\$53,813,737	\$2,405,674	4.68%



Older Adults Receiving Services: 2016 to 2017

An additional 1,840 older adults will need services to maintain 2016 levels in 2017

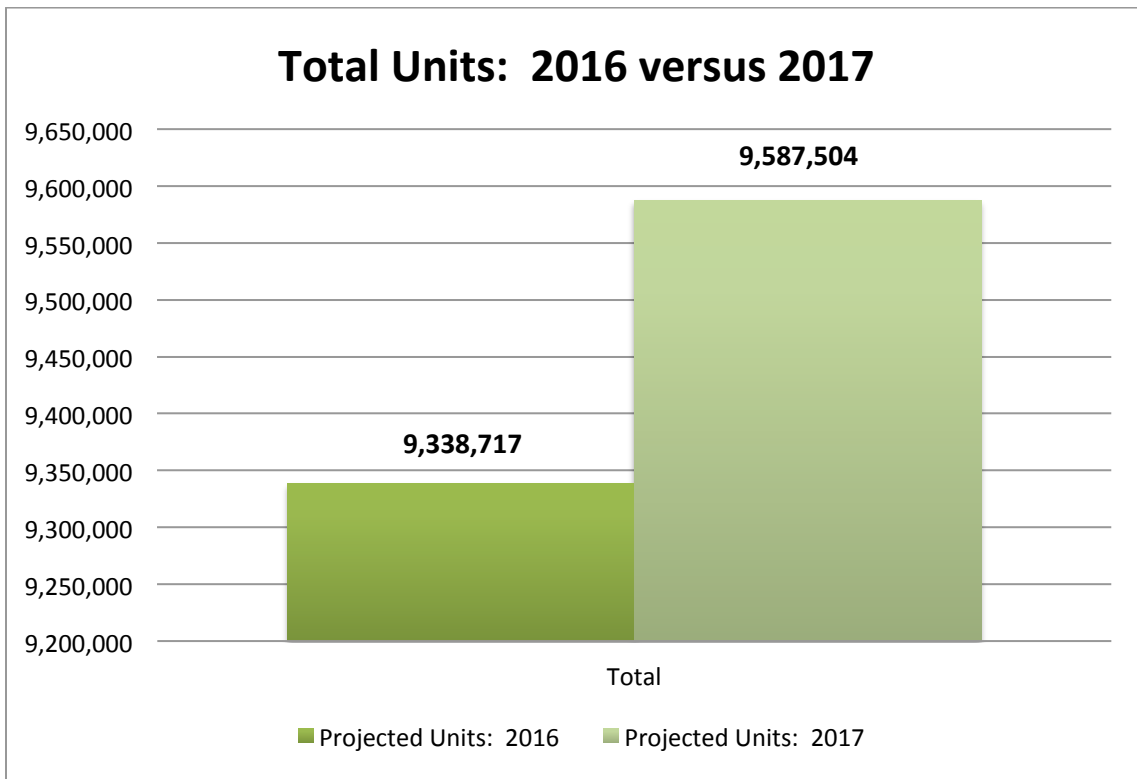
	Projected Clients: 2016	Projected Clients: 2017	Client Increase	Percentage Increase
Home delivered meals	54,793	56,257	1,464	2.67%
In-home services	14,491	14,867	376	2.59%
Total	69,284	71,124	1,840	2.66%



Level of Services: 2016 to 2017

An additional 248,787 units of service will be needed to maintain 2016 levels in 2017

	Projected Units: 2016	Projected Units: 2017	Unit Increase	Percentage Increase
Home delivered meals	8,438,096	8,663,578	225,482	2.67%
In-home services	900,621	923,926	23,305	2.59%
Total	9,338,717	9,587,504	248,787	2.66%



Conclusions

The intent of this study was to calculate the projected demand for fundamental services that help frail and homebound older adults remain independent and within the community. Specifically, the number of clients, service units, and projected increase in service cost in 2016 and 2017 were estimated for Home Delivered Meals and In-Home Services (In-Home Respite, Personal Care, and Homemaking). Findings demonstrate that an additional 4.5% in funding or \$2.2 million is needed to sustain 2015 serving levels in 2016, or 9.4% in funding or \$4.6 will be required to maintain 2015 serving levels in both 2016 and 2017.