



**Statement for Hearing on
“Caring for Aging Americans”**

**Submitted to the
Ways and Means Committee**

November 14, 2019

Every day 10,000 baby boomers turn 65 years old. By 2030, 1 in 5 Americans will be a senior.¹ With the number of seniors in the United States increasing, long-term care - or services that provide support for these seniors to live safely and independently² - are more important than ever. To ensure sustainable long-term care, we must address issues such as a lack of funding for long-term care services, a lack of caregivers for this population, and unpaid caregivers. America’s Health Insurance Plans (AHIP)³ and our member health insurance providers are committed to finding solutions to these issues, and we support the Committee’s focus on the aging population and their unique health care needs.

Funding Long-Term Care

It is estimated that the average lifetime cost of long-term care per person has already reached \$172,000 (as of 2016); the total costs will rise to \$5.7 trillion by 2047.⁴ In order to care for our seniors, we need to strengthen and support long-term care coverage choices. Some strong policy

¹ <https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html>

² <https://www.nia.nih.gov/health/caregiving/long-term-care>

³ AHIP is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

⁴ The Formal Cost of Long-Term Care Services: How Can Society Meet a Growing Need? 2017. PWC.

solutions that would improve Americans' personal control and choice over their long-term care decisions include:

- Allowing employees to use cafeteria plans and flexible spending arrangements (FSA) to buy long-term care coverage.
- Allowing retirement plans to invest directly in long-term care coverage.
- Allowing employees to make additional contributions to their health savings accounts (HSAs) to pay for long-term care plans.

Enacting these policies will offer seniors a new pathway to health, independence, and financial security, while ensuring the best use of taxpayer dollars spent on care.

Addressing the Caregiver Shortage

America also must ensure a robust workforce to provide this care to seniors. According to the Bureau of Labor and Statistics, approximately 4.5 million people are part of the direct care workforce, including personal care attendants, home health aides, and nursing assistants. The direct care workforce is expected to grow by 41% between 2016 and 2026.⁵ Individuals who take on the job of direct care are tasked with providing some of the most important care needed by patients with complex medical needs. Direct caregivers assist patients with bathing, toileting, meal preparation, eating, transferring, and a variety of other services that are highly personal and critical to a patient's well-being.

Despite the importance of the work, compensation for these workers is low; from 2008 to 2018 these workers experienced little to no pay increases.⁶ Caregivers often receive few of the benefits that other employers offer such as paid leave. This combination of low pay and few or no benefits leads to low job satisfaction, high rates of caregiver burnout, and, consequently, high rates of turnover.

⁵ <https://www.americanprogress.org/issues/healthcare/reports/2019/04/10/468290/state-options-making-wise-investments-direct-care-workforce/>

⁶ <https://phinalational.org/policy-research/workforce-data-center/#tab=National+Data&natvar=Wage+Trends>

In addition to the challenges experienced by the paid caregiver workforce, there are millions of unpaid caregivers throughout the U.S. - family members and friends who are providing unpaid care to their loved ones. Approximately 34 million Americans are providing uncompensated care to an aging loved one.⁷ The value of care provided by friends and family members is estimated to be \$470 billion.⁸ However, as our population ages, the age of the individuals willing and able to provide uncompensated care is also aging. A 2015 study found that the average age of unpaid caregivers was 49.2, among them 34% were over the age of 65.⁹ A 2013 study by AARP found that the nation would see a dramatic decline over the next 20 years in the caregiver support ratio: from 7 potential caregivers for every person in the high-risk years of 80-plus in 2010, to 4 for every person 80-plus in 2030.¹⁰

In the coming years, aging Americans who require assistance will continue to face even more significant challenges in identifying and retaining caregivers. The decline in the availability of family caregivers coupled with the challenges of the paid workforce will place a significant burden on private financial resources, and stress publicly financed programs.

Conclusion

AHIP thanks the Committee for focusing on the important issue of caring for aging Americans. As our population continues to rapidly age, funding for long-term services and supports, ensuring an adequate caregiver workforce, and addressing the needs of the unpaid caregivers in our country are critical issues we must urgently address. We look forward to working with the Committee on solutions to ensure efficient and effective care for this population moving forward.

⁷ <https://www.cdc.gov/aging/caregiving/alzheimer.htm>

⁸ <https://www.aarp.org/content/dam/aarp/ppi/2015/valuing-the-invaluable-2015-update-new.pdf>

⁹ <https://www.aarp.org/content/dam/aarp/ppi/2015/valuing-the-invaluable-2015-update-new.pdf>

¹⁰ http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2013/baby-boom-and-the-growing-care-gap-insight-AARP-ppi-ltc.pdf.