

Free research paper about future challenges for the long-term care industry

[Business](#), [Industries](#)



Abstract

This paper defines long-term care (LTC) and the challenges the LTC industry currently faces. Areas covered include a shortfall in funding needed to provide LTC of an acceptable quality, the fact that more and more people are requiring care over a longer period due to an increase of average life expectancy, a significant increased incidence of Alzheimer's disease and other dementia variants, an infrastructure that is lagging the demand, and a shrinking workforce in the industry coinciding with an increased demand for its services. The paper concludes that the funding shortfall is probably the major challenge, because without sufficient funding, care of sufficient quality simply cannot be offered or provided. Furthermore, a shortage of funding negatively affect several aspects of LTC including investing in infrastructure (which itself could realize increases of efficiency and cost reductions). Also, it is noted that training and wages for the LTC workforce need to increase to match the increasing numbers of "customers" requiring LTC. Overall, the major challenges facing the LTC industry need to be faced sooner rather than later, if a catastrophic failure of LTC is to be avoided.

Introduction

Looking ahead, the long-term care (LTC) industry faces a number of challenges, but before discussing them in detail it is necessary to define long-term care. A popular misconception is that it comprises only the care provided in residential care or nursing homes or similar institutions, and is for elderly people. The reality is that it covers care for the disabled as well as the elderly, and includes care provided in the home environment, too.

Challenges faced include a funding shortfall, the increase of average life expectancy (therefore more people requiring care over a longer period), a significant increased incidence of Alzheimer's disease and other dementia variants, an infrastructure that is lagging the demand, and a shrinking workforce in the industry (Bavolack & Miceli, Jun. 2014). This paper seeks to examine these challenges in some detail, and to assess whether the industry needs to find new and better ways to meet those challenges, so that it can continue to provide the required quality of care in the future.

The Research

The funding shortfall. The US system for LTC financing is crumbling, and the timeframe in which it will be possible to create an alternative system that works is short. That was the conclusion reached by a panel of experts sponsored by the SCAN foundation. There were naturally a range of opinions offered in terms of any specific solution to the funding crisis. However, there was agreement on the following four key points:

- The present system of LTC funding is beset by a combination of low personal savings, a poorly funded Medicaid program, and an insurance market that is constrained by an excess of regulations.
- For a solution to be workable, it has to include an affordable means for American citizens to fund their LTC costs in advance; perhaps using equity in the home, or purchasing some form of insurance, with a built-in " safety net" provision for those on low incomes.
- Any future funding solution should provide finance for " high-quality long-term supports and services that are well-integrated with medical care." The

reason is that many sufferers of chronic diseases or injuries require LTC as well as complex medical interventions.

- That none of the above enjoys any political consensus (Gleckman, Mar. 2013).

Having established that the above points represent areas of agreement between the various experts, there were also areas of disagreement amongst them, according to Gleckman. For example, one group proposed insurance policies that increased rates annually on an index-linked basis, avoiding infrequent but higher rate increases. They also proposed allowing policies with high deductibles (so that buyers could opt for up to 24 months of self-funding of LTC costs). Further, they suggested that large companies made contributory company LTC insurance mandatory for their workforce unless they specifically opt out, and that the government offer tax credits to effectively subsidize the cost of LTC insurance. Additionally, they had proposed linking LTC and health insurance – a proposal that Gleckman himself had made previously. Another group of experts cited by Gleckman noted that 80 percent of workers cannot access LTC insurance through their employment, so widening the role of employers could be crucial in increasing the numbers likely to purchase it. However, other experts felt that any voluntary scheme for LTC insurance would still be inadequate and that therefore some type of universal coverage is needed to make the premiums more affordable (Gleckman, Mar. 2013).

Increased average life expectancy. According to a publication from the Organisation for Economic Co-operation and Development (OECD), which globally has 34 countries in its membership, people are generally living

longer, so that more individuals are requiring LTC support in their latter years, and for longer. According to 2006 figures quoted in the document the statistics for Americans born in 2001-2, the expected numbers of years of living with good health (“ free from activity limitation”) are 66. 9 years for women and 63. 6 years for men (“ Life expectancy and healthy life expectancy at age 65”, 2011).

The average life span worldwide is expected to increase by another ten years by 2050. In the U. S. and in other developed countries, a report indicates that health care costs for those of 65 or older are between three and five times more than the equivalent costs for younger people. That has obvious impacts for the LTC industry (Goulding et al. Feb. 2003).

Significant increased incidence of dementia. The Alzheimer’s Society (UK) states that “ The number of people with dementia is steadily increasing. Alzheimer's Society believes that careful planning for the future is needed now to ensure that the right care and support is available.” Taking into account the increased average life expectancy previously mentioned, the indicated prevalence rates of 1 in 25 people suffering from dementia in the age range 70 to 79 years (rising to 1 in 6 for those over 80), – all UK 2012 figures, but indicative of other countries, too – it is clear that these numbers will have an effect on future LTC costs. The numbers of UK dementia sufferers are expected to rise to one million by 2021 and 1. 7 million by 2051. Interestingly, the increase among ethnic minority populations is predicted to be up to three times higher. Overall, those increases imply an increased need for their LTC (Quince, Jul. 2013).

According to a report by the U. S. Alzheimer’s Association, “ Medicare

payments for services to beneficiaries age ≥ 65 years with AD and other dementias are three times as great as payments for beneficiaries without these conditions, and Medicaid payments are 19 times as great (“2012 Alzheimer's disease facts and figures” 2012).

Infrastructure lagging demand. Because demand for LTC is increasing due to greater life expectancy and increases of dementia sufferers, there is a real danger that the infrastructure is lagging behind the demand for LTC support services and facilities. In a 2008 paper entitled “Technology's Promise in Enabling Long-Term Care Reform”, it states: “the industry will need to invest in new infrastructure and capacity; and individuals of all generations will need sufficient time to plan for their future LTC needs under revamped incentives.” (Konig et al. 2008).

Moses (2003) sees the issue as a need to make Americans aware that they must plan to provide funds for their own LTC, and be less dependent on public finance, but supported by the creation of “a strong home and community-based services infrastructure.” That opinion is echoed by Kubat (2011), who states that: “Innovative technologies to meet many people's desire to stay in their homes or with family caregivers will become increasingly important.” In other words, the LTC infrastructure does not simply need expanding and updating but should also head in new directions and take on board new ideas to make the system more efficient and cost-effective. He also notes that Medicare and Medicaid cuts will undoubtedly have huge implications for LTC including reduced infrastructure investment. Shrinking workforce. In a paper “Who Will CARE for Us? Addressing the Long-Term Care Workforce Crisis”, it states that the main workforce

problems stem from “ Low wages and benefits, hard working conditions, heavy workloads, and a job that has been stigmatized by society.” Those factors combine to “ make worker recruitment and retention difficult.” It also states that the problem is becoming widely recognized, as are its implications for the quality of care in the future. High staff turnover is also a massive problem, which contributes to a potential lowering of care quality as well as ramping up costs for the employers. Whilst more and more staff members are needed with the increased numbers of those requiring LTC, funding constraints have the effect of reducing staff numbers as an economic necessity. Care quality must then suffer. (Stone & Wiener 2001). According to the Minnesota Department of Human Services, the shrinking number of new workers entering the industry is coinciding with increased numbers of the Baby Boomers” generation entering LTC. It gives the causes of that shrinking workforce as that type of work being perceived as “ low social status, insufficient training, limited educational and career opportunities, and poor wages.” Because the over-65’s population is expected to double between 2004 and 2030, (and for those over 85 the increase will be even greater) the demand for such workers will escalate dramatically (“ Workforce Issues in Long-Term Care: What is the Problem?” 2004).

Conclusions

It is clear from the foregoing that the LTC industry faces several challenges if it is to continue to provide care of acceptable quality for a dramatically increasing number of individuals requiring that care and support. Funding

shortfall is probably the major challenge, because without sufficient funding, care of sufficient quality simply cannot be offered or provided. Funding shortages negatively affect several aspects of LTC including investing in infrastructure (which itself could realize increases of efficiency and cost reductions), and adequate training and wages for a workforce that needs to increase to match the increasing numbers of “customers” requiring LTC. Those include sufferers of dementia – a condition that is also on the increase. Overall, there are several major challenges facing the LTC industry, and those challenges need to be faced sooner rather than later, if a catastrophic failure of LTC is to be avoided.

References:

“2012 Alzheimer's disease facts and figures.” (2012). Alzheimer's Association / PubMed. Retrieved from: <http://www.ncbi.nlm.nih.gov/pubmed/22404854>

Bavolack, Matthew, S., & Miceli, Frank, J. (Jun. 2014). “Taming long-term care's looming crisis.” The Hartford Business Journal. Retrieved from: <http://www.hartfordbusiness.com/article/20140602/PRINTEDITION/305309961>

Gleckman, Howard. (Mar. 2013). “Policy Experts Agree: The U. S. System for Financing Long-Term Care is Crumbling.” Forbes. Retrieved from: <http://www.forbes.com/sites/howardgleckman/2013/03/27/policy-experts-agree-the-u-s-system-for-financing-long-term-care-is-crumbling/>

Goulding, M., R., Rogers, M., E., and Smith, S., M. (Feb. 2003). “Public Health and Aging: Trends in Aging --- United States and Worldwide.” Morbidity and

Mortality Weekly Report (MMWR). Retrieved from: <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5206a2.htm>

Konig, Madeleine, Tumlinson, Anne, Koss, Shannah, and Blum, Jonathan. (2008). "Technology's Promise in Enabling Long-Term Care Reform." Avalere Health. Retrieved from: http://www.avalerehealth.net/research/docs/Technologys_Promise_in_Enabling_Long_Term_Care_Reform.pdf

Kubat, Bill. (2011). "What Are the Top Issues for LTC in 2011?" Caring for the Ages. Retrieved from: <http://www.caringfortheages.com/news/ltc-features/single-article/what-are-the-top-issues-for-ltc-in-2011/b0fb18357caad0dce798638866e4effe.html>

"Life expectancy and healthy life expectancy at age 65." (2011). OECD: Health at a Glance 2011. Retrieved from: <http://www.oecd-ilibrary.org/docserver/download/8111101ec066.pdf?expires=1401898110&id=id&accname=guest&checksum=BC9BA281BB1DAB7057A0E50FD6421DA1>

Moses, Stephen, A. (2003). "Opinion: The Elephant, The Blind Men and LTC." The Center for Long-Term Care Reform. Retrieved from: <http://www.centerltc.com/pubs/Articles/Elephant.htm>

Quince, Chris. (Jul. 2013). "Demography". Alzheimer's Society (UK). Retrieved from: http://www.alzheimers.org.uk/site/scripts/documents_info.php?documentID=412

Stone, Robyn, I., & Wiener, Joshua, M. (2001). "Who Will CARE for Us? Addressing the Long-Term Care Workforce Crisis." The Urban Institute and the American Association of Homes and Services for the Aging. Retrieved from: <http://aspe.hhs.gov/daltcp/reports/ltcwf.pdf>

<https://assignbuster.com/free-research-paper-about-future-challenges-for-the-long-term-care-industry/>

“ Workforce Issues in Long-Term Care: What is the Problem?” (2004). The Minnesota Department of Human Services. Retrieved from: [http://www. dhs. state. mn. us/main/idcplg? IdcService= GET_DYNAMIC_CONVERSION&dID= 87924](http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&dID=87924)