



# Baby Boomers in Retirement: Public Policy Challenges and Practical Solutions

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## AIM OF THE TWO LECTURES

- Explain the Complexity of Making Sure Older Adults Have Productive, Enjoyable, and Meaningful Lives
- Note What We Have Done Well to Help Older Adults
- Note Where We Can Do Better
- Give Some Hints About How to Navigate This Phase of Life



## POST RETIREMENT YEARS ARE A BIG PHASE OF LIFE

- Phase 1 – Growing Up and Learning: 18 to 26 Years
- Phase 2 – Contributing: Family and Work: 40 to 50 Years
- Phase 3 – Post Retirement: 10 to 40 Years



## STARS OF THE SHOW: BABY BOOMERS

- 76 Million People Born Between 1946 and 1964
- About Twice the Number Born Between 1928 and 1946
- Oldest Boomers Will Turn 84 By 2030
- Youngest Boomers Will Be Eligible for Medicare and Medicaid by 2030



## Four Topics To Cover

- History of Aging and Federal Level Policy to Assist Older Adults
- An Assessment: Can We Economically Afford Aging as a Nation
- The Key Needs of Older Adults That Remain Challenges
- County and Local Level: What We Have and What We Need



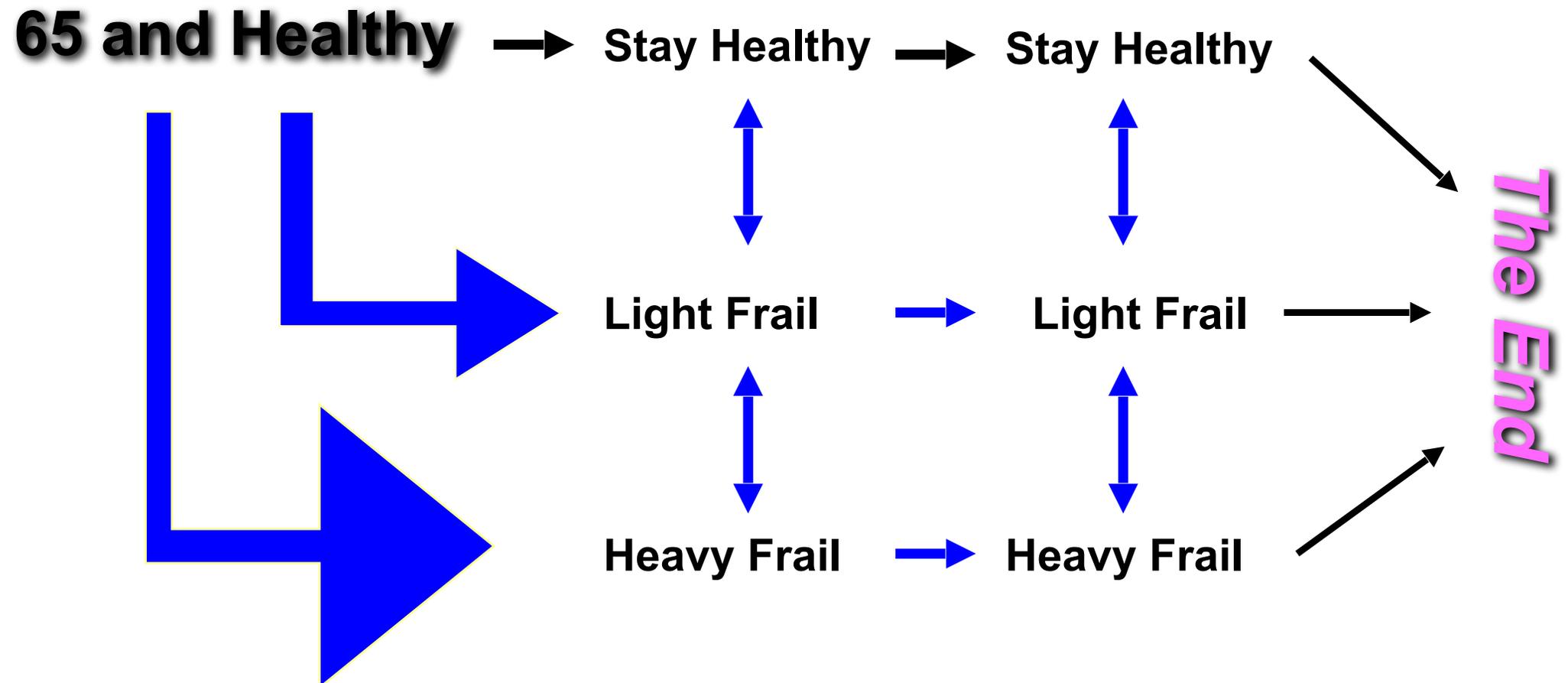
## What Are We Hoping Will Happen for Older Adults After Retirement

- Healthy Lives
- Long Lives
- Meaningful and Productive “Phase 3”
- Some Equity Across the Population of Older Adults

# Three Phases of Aging

- Healthy Active Phase
- Slowing Down Phase
- Service Needy Phase

# The Last Decades of Life





## Topic 1: How Are We Doing on Federal Level Policy?

- We Have Faced Huge Changes Over Past 100 Years
- Federal Programs Have Addressed the Impacts of Change
- But, There Is Still Much To Do to Improve "Phase 3"



## Aging in the 19<sup>th</sup> Century

- Families Took Care of the Old and Often Lived Together
- Older Adults Contributed to Family Life
- Older Adults Died Relatively Young and Death in General Happened Throughout the Life-Cycle
- Medical Care Hardly Existed and Was Affordable



## Aging in the 20<sup>th</sup> Century

- Families Moved Around & Often Lived Distances From Grandparents
- Older Adults Lived Longer
- Years When Frail and In Need of Assistance Increased
- Medical Care Became Expensive and Then Unaffordable
- The Federal Government Became a Big Player in Caring for Older Adults



## History of Federal Efforts to Help Older Adults

- 1935: Social Security: income support
- 1935: Old Age Assistance: long term care support
- 1952: Administration on Aging: community support
- 1965: Medicare and Medicaid
- No Block Buster New Programs Since 1965
- Attention Focused on Managing Constant Growth in Costs for These Initiatives



## Summary of Federal Efforts

- Impressive Commitments
- But Serious Problems Persist
  - \$17,700 Annual Social Security Benefits Are Below Poverty Index for Senior Living
  - Access to Affordable Medical Care is a Mess
  - Long Term Care Services are Unaffordable for Many Older Adults
  - We Need More Community-Based Services
  - Expanded Life Expectancy is An Emerging Big Challenge
  - And.....Are We Sure We Can Afford What Older Adults Need



## Topic 2: Can We Afford the Aging Baby Boomers?

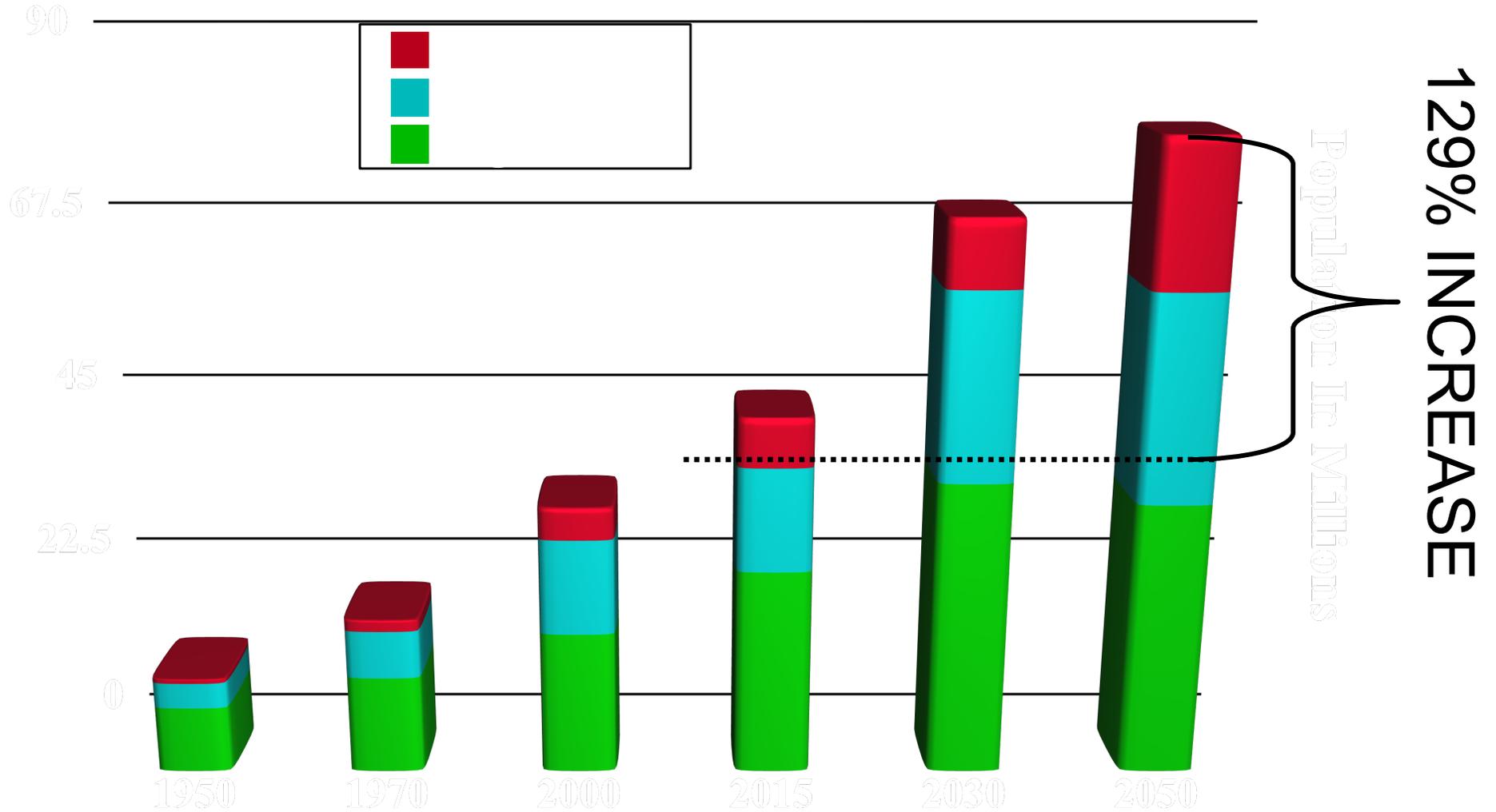
- A Macro Economics Perspective
- A Look at the Statistics of Aging
- The Concept of Dependency Ratios
- Why We May Not Have the Challenges Japan Has Had



## A Speedy Introduction to Macro Economics

- A Focus on How the Economy Handles Change
- Concerned With the Challenge of Steady Economic Growth
- Little Focus on Personal Details
- Focus is on How We Do As An Entire Population
- Quite Different From Micro-Economics Which Focuses on How Individuals Make Economic Decisions

# Population of Americans aged 65 and over, in Millions



Source: Congressional Budget Office tabulations based on population projections, 2012

# The Expenditure Explosion



Annual Care Expenses per Elder: \$21,138

Total Extra Social Spend: **\$1.4 Trillion** per year!!

*Roughly* **\$4,389** per person living in the US!

# Size of Age Groups, 1960 vs. 2030

<b>Age Group</b>	<b>1960</b>	<b>2030</b>	<b>%Change</b>
<b>0-19</b>	69,005,000	92,867,000	<b>+35%</b>
<b>20-64</b>	93,757,000	184,653,000	<b>+97%</b>
<b>65-74</b>	10,997,000	37,407,000	<b>+240%</b>
<b>75+</b>	5,564,000	31,972,000	<b>+475%</b>

# Calculating Dependency Ratios

<b>Ratios</b>	<b>1960</b>	<b>2030</b>	<b>% Change</b>
20-64/ 65+	5.7	2.7	<b>- 53%</b>
<small>(i.e., The number of 20-64 year olds for every 65+ year old)</small>			
20-64/ 0-19&65+	1.10	1.14	<b>+ 4%</b>
20-64/ 0-19&75+	1.26	1.48	<b>+15%</b>
20-74/ 0-19&75+	1.40	1.78	<b>+29%</b>

# Serving Elders: Health, Long-Term Care, and Income Challenges

We are concerned about the costs of services in an aging society.

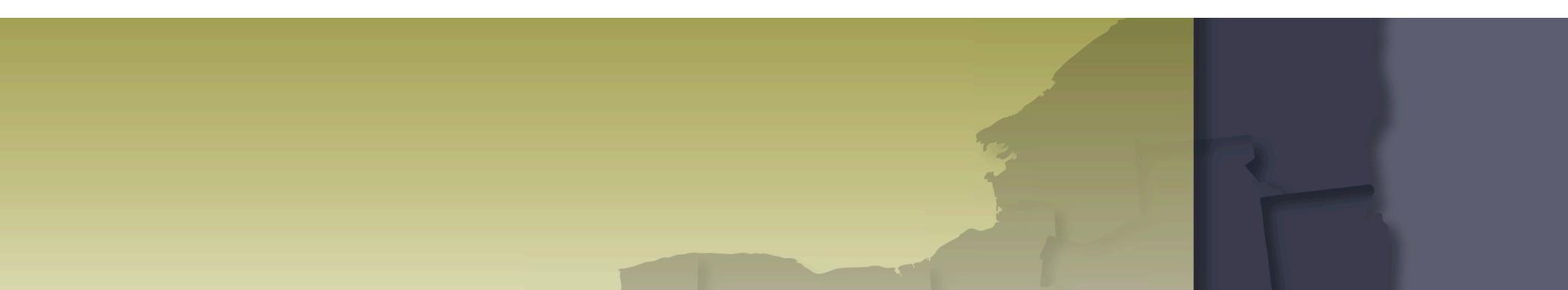
But...at least from a macro economics perspective, we will be able to afford these costs.

And...it will be tough to do logistically.



## Repeat: What Are We Hoping Will Happen for Older Adults After Retirement

- Healthy Lives
- Long Lives
- Meaningful and Productive “Phase 3”
- Some Equity Across the Population of Older Adults



## Topic 3: How As A Society Do We Make These Needs Be Taken Care Of

- Enough Money for Basic Life Expenses: For Food, Housing, and Active Living
- Access to Good Medical Care and Long-Term Care
- Insurance That Pays for Medical Care and Long-Term Care
- Help Avoiding Social Isolation
- Help Avoiding Falls
- Help Coping With Dementia and Disabling Medical Issues
- Help Finding Meaningful Activities for Enjoyable Living
- Preparing for Extensions to Lifespans



## Are There Solutions for Making Sure Retirees Can Pay for Basic Life Expenses

- Realistically: There Probably Are Just Three Options to Keep Social Security Viable and to Raise Minimum Annual Payments
  - Increase Retirement Age
  - Increase Taxable Income Levels
  - Allocate Resources From Regular Taxes
  - Privatize Social Security for Future Generations
- Community Services Can Be Important Players



## Are There Solutions for Reducing the Costs of Medical Care and Prescription Drugs

- Realistically: There Probably Are Just Two Options to Reduce Medical Care Costs
  - Have tougher federal regulations to slow the growth in medical care costs: value based payments
    - Easy to say but tough to do
  - Move Towards Medicare Advantage Programs as the Norm or Create a Medicare for all Option
- There probably Is Just One Option for Reducing Drug Costs
  - Regulate the price of drugs
    - Again, Easier to say than to do

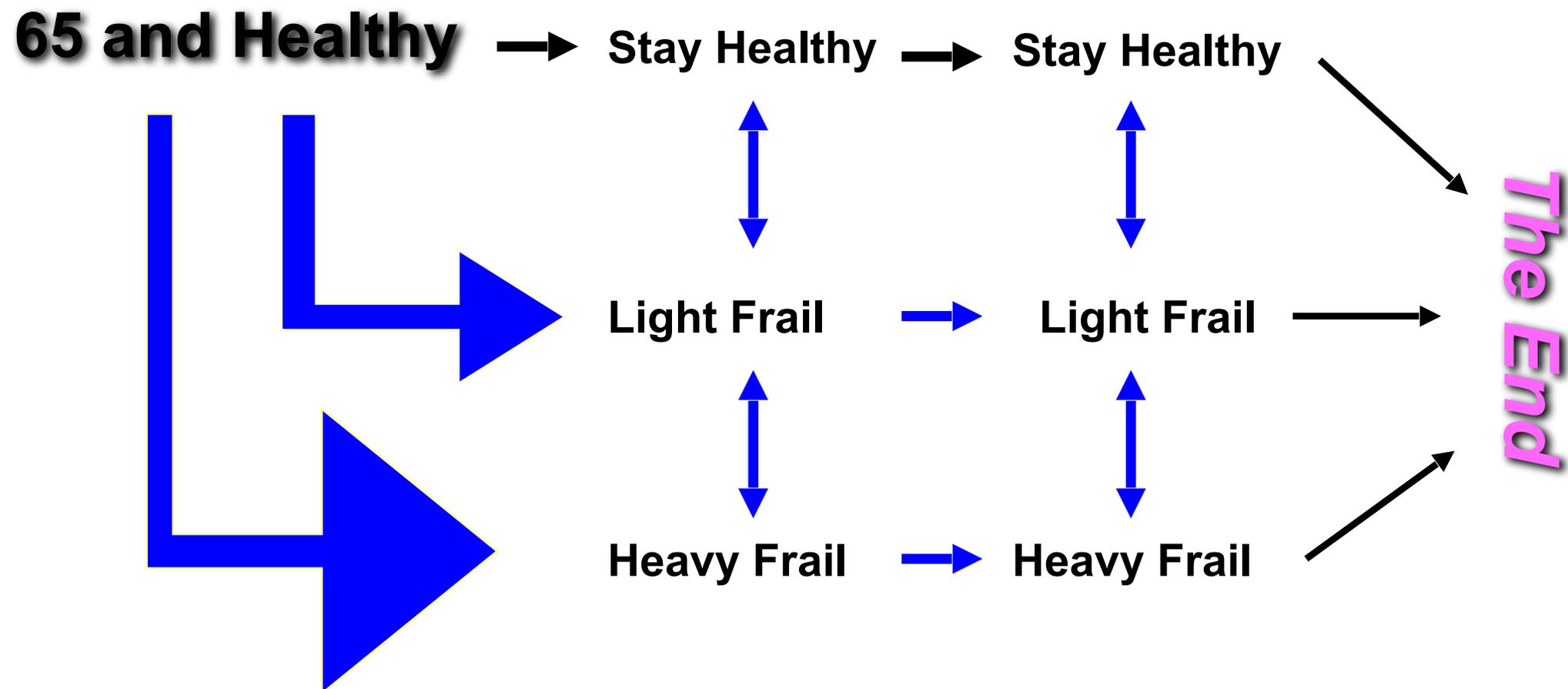
# Serving Elders: The Health Promotion Challenge

Keeping Elders Healthy Longer Will Improve  
Quality of Life.....

And.....

It is good for the Economics of Aging Also

# The Last Decades of Life



# Three Phases of Aging

- Healthy Active Phase
- Slowing Down Phase
- Service Needy Phase

# Components of Healthy Aging

- **Avoiding disease and disability**
  - through medicine
  - through behavior
  - through knowledge
- **Maintaining high levels of functioning**
  - the elderly have a much higher potential for this than was previously thought
- **Nurturing strong interpersonal relationships**
  - decreases the risk for cognitive, emotional, and physical decline



## Are There Solutions for Improving Access to Medical Care

- Address Shortage of Primary Care MDs and Internists
- What Has Caused This Shortage
- Solutions to the Problem



# Are There Solutions to Improving Long-Term Care?

- Long-Term Care
  - Rethink The Entire Concept and Existing Funding Approach
  - Use Nursing Homes As Little As Possible
  - Learn from Covid: Make Them Smaller and More Home Like
  - Medicare and Medicaid Already Pays 60% of all LTC costs
  - A Public Private Insurance Option Could Be Rethought

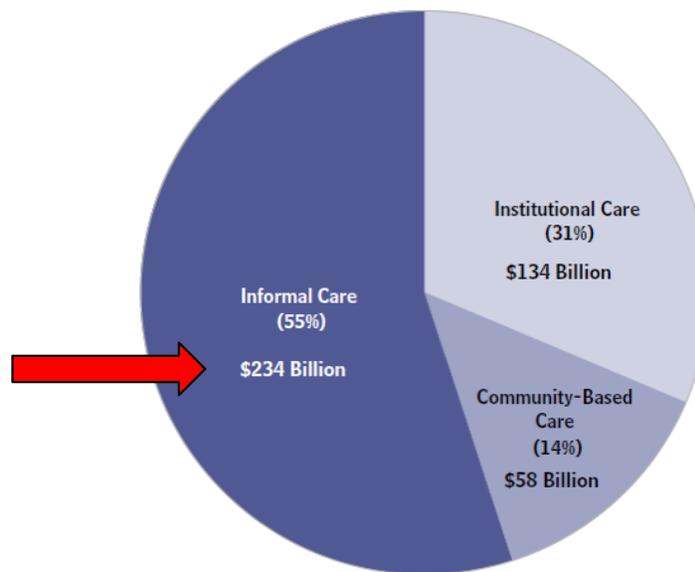
# Serving Elders: Part 3 of the Long-Term Care Challenge

## 9) Informal care is crucial

➤ 87% of the 12 million Americans who need long-term care receive it from *unpaid* family caregivers

Source: Kaiser Family Foundation, 2009

Estimated Economic Value of Formal and Informal Long-Term Services and Supports for Elderly People in the United States, 2011



Source: Congressional Budget Office based on information from the Centers for Medicare & Medicaid Services, Office of the Actuary (for estimates of spending for formal care); data from the Health and Retirement Study; and data on average hourly wages of home health aides as reported by MetLife Mature Market Institute. For more information, see the supplemental material for this report.

# Cash and Counseling Program Concepts

- Choice on when and how services are provided
- Ability to hire friends/family
- Ability to use funds to modify homes, or purchase items that promote independence
- Availability of counselors to help weigh options

# Advantages of New Approach

- Greater Access to Caregivers
- Improved Satisfaction
- Better Health Outcomes
- Potential Savings for State Governments

# Serving Elders: One last item to remember

Be a part of the solution!!

- Volunteer To Help Older Adults
- Reach Out to Help Neighbors