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From the Outside Looking In: Helping People Age (Safely) in Place

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I am not from your industry. My knowledge of long-term care insurance comes from the general media and reading a few issues of *Long-Term Care News* in preparation for writing this article. In very brief summary, my take is that the product, for the most part, is not working as insurers expected. Fewer companies offer policies. There are 7.3 million existing policies. In 2016, 280,000, or 3.8 percent of insureds were on claim, resulting in benefit payments over $8 billion. This is a lot of money. When, not if, more policyholders are on claim, a huge amount of money will be going out. My conclusion is that every path that can help postpone or reduce paying out benefits (without compromising consumer health) is worth pursuing.

I come to this discussion to point out other sectors whose business interests align with what this industry needs. How do I describe that? The most common term is *aging in place*, meaning people continue to live in the homes they choose even as their health changes. It is what most people want and is pretty well recognized to be the most economical way to age. The biggest component is good health or at least, a very short period of poor health before death. Colloquially it means dying of a heart attack on the golf course or the ski slopes. Gerontologists call this the "compression of morbidity." The more morbidity is compressed, the less expensive the long-term care is.

Of course your policyholders are also interested in staying healthy as long as possible. They don't want to receive costly care anymore than you want to pay for it. My industry, remodeling, wants to grow our business. Increasing the number of homes updated for aging in place helps us both.

WHAT SORT OF REMODELING AM I TALKING ABOUT AND HOW DOES IT HELP?

A recent John Hopkins University study, Community Aging in Place, Advancing Better Living for Elders (CAPABLE), achieved remarkable results. There were three components: visits from a registered nurse, an occupational therapist and a handyman/carpenter authorized to carry out home repairs. Because home safety is the primary issue, repairs focus on allowing safe entry and exit from the home and for safe use of a bedroom and bathroom.

CAPABLE spent $2,825 per person on interventions for older Baltimore Medicaid eligible citizens in poor health, with a $1300 limit on home repairs. Over the next year, the study group netted $10,000 per person in reduced medical costs compared to a comparison group. Similar studies that limited their interventions to more common nurse and occupational therapy visits did not see such stark results—illustrating the importance of home repairs. Unfortunately, the original CAPABLE study did not break out the savings from each of the interventions. Hopefully this data will become available as the program is replicated in additional cities. But the 3.5 times return on investment in the first year remains remarkable!

Where did CAPABLE achieve the savings? Just where you want them. Most of the savings occurred from reducing inpatient care and long-term care institutional costs both by 60 percent. The only increase was 30 percent in home health costs. In addition, it stands to reason that the savings (specifically the long-term care claims) would grow even more over time, since the long-term care facility claims will continue years into the future at a lower rate than if the program was not implemented, even with no additional future investment.

How does this help achieve the LTC industry goals? There are several ways:

1. One important area is reducing falls. There is no question that falls are a leading cause of injury, hospitalization, and expensive lingering decline. The more falls that are avoided, the less people move onto LTC claim.

2. Faster return to home from more costly care settings such as hospital or rehabilitation. No one wants to remain in the hospital or in rehab. The more quickly they can get into their home and be safe there using the bedroom and bathroom, the faster they will do so—at a lower cost of care.

3. Make caregiving safer. A well modified home is a better ergonomic environment for caregiving, meaning family members can carry out caregiving support safely. Sustaining and enabling family care also helps mitigate or reduce paid home health care expenses.

Because home updates are capital investments rather than therapies or counseling, improvements continue to provide ongoing value. Home updates completed years before the resident is at high risk make the home safer for years to come.

The challenge for LTC insurers is that they do not typically review or influence their client's living environment. They lack a mechanism to prevent the situation where their insured is in an unsuitable home environment that could be made safe and appropriate with a cost-effective investment. While industry may not have a vehicle for action within the confines of their policy contracts, they can help support a growing partnership with the remodeling industry and others working to address these challenges proactively.

WHAT ARE THE MECHANICS OF THE PARTNERSHIP AND ENCOURAGEMENT?

Two suggestions are supporting education and incentives directed to consumers. There have been educational efforts in this sphere by AARP and others for years. (See Figure 1 for examples of the continuing and repeated AARP effort that has fallen on unhearing consumers). And while consumers typically cite AARP as a highly trusted source of information, the results of these efforts have been dismal. I have given over 200 consumer presentations myself. But this will not surprise those of you toiling away in the arena of LTC awareness and education—*what we say is not what consumers hear*. Education does not elicit action.

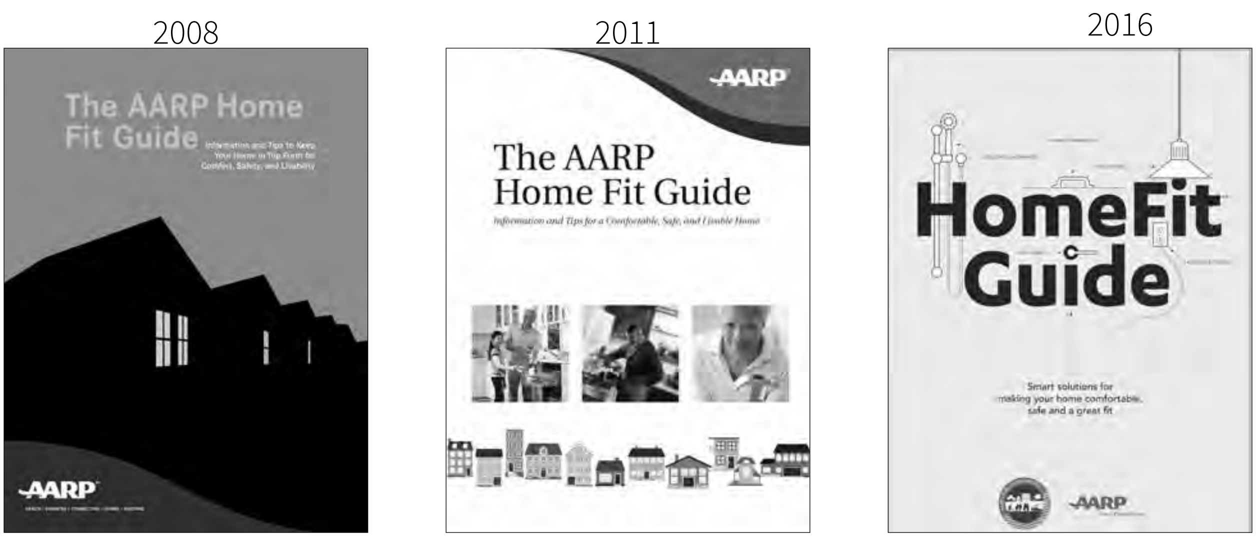
There is, however, good evidence from analogous situations that incentives work very well. Some private and public incentives are familiar to you. For example, non-smokers get premium breaks on health insurance; better drivers get favorable rates for auto insurance and homeowners get a break for a variety of home safety devices. Government incentives are also available to homeowners for weatherization and solar collectors. Other government subsidies or tax breaks are geared towards attracting businesses or encouraging transit-oriented development. This is business as usual. Why shouldn't it be a model for the business of making homes safer for aging-in-place as well?

HOW DO WE REFRAME THE DISCUSSION OF AGING AND HOME UPDATES?

By reframing the discussion of aging from one of preparing for frailty and decline to one of fairness to provide housing for America's citizens throughout their lifetime, two key messages need to be communicated. The first critical message consumers need to hear is: "Updating your home the right way is the most economical way to remodel no matter your age or health." (1) The "right way" to remodel is in a manner that helps avoid injuries, makes mobility safe and easy even with some disability and/or use of mobility aids, and makes caregiving safer for both client and caregiver. (2) The "most economical way" is that if you purchase and properly install qualifying components, you will save money on the remodeling project by means of a rebate, tax credit, or other financial incentive. (3) "No matter your age or health" means that you do not need to be a certain age, have health difficulties or a doctor's directive to qualify for these updates. You may create a stepless entry or install a curbless shower, for example, even though you do not use a wheelchair or walker or have a condition that increases your expectation of using one of those devices. This three-part statement vastly increases the market for home updates and, over time, will increase the supply of age-friendly residential infrastructure.

The second equally important message is: "It is fundamentally unfair to continue adding years to lives without also helping people have safe and suitable homes in which to enjoy those added years. We have updated homes for years, adding plumbing,

Figure 1



electricity, furnaces insulation, fiber optic cable and solar collectors. It is time to add updates for longer and better lives as well." As you see, these messages do not rely on the more typical, rational messages used by the remodeling industry and the LTCI industry that appeal to preserving independence, avoiding frailty, or reducing burden on family. Those messages have not worked.

There is an important distinction between the CAPABLE study and how the results might apply to the demographic served by the LTCI industry. In the CAPABLE study, all costs were born by the payer, Medicaid. Although the per-person amount at under $3,000 was fairly modest, to spend this amount for all Medicaid recipients would be very expensive. In contrast, the demographic you serve is financially better off to start with and even has the mind-set to plan for their long-term health and well-being. Many of them are already remodeling their homes anyway. Older consumers spend more on home remodeling than other population segments. According to a Harvard Joint Center for Housing Studies report,[1] baby boomers (born 1945–1964) and pre-baby boomers (born prior to 1945) account for about 62 percent of the ~$200 billion annual home improvement spending. Encouraging your customers to carry out proactive home updates while remodeling will be even more cost-effective. Incentives reduce the cost of the project to the client, but as leverage they also cost the incentivizer less. The client pays for the remodel, the insurer may well share in the savings in terms of delayed or reduced claim costs.

HOW DO WE MOVE FORWARD WITH INCENTIVES?

There is currently a bill in Congress, H.R. 1780 that provides a $30,000 tax credit for home updates by folks over 60. There are also a variety of local and state programs in place and in the works. Because the tax credit within H.R. 1780 is very expensive, that proposal is not likely feasible, but it demonstrates growing interest even at the federal level in supporting aging in place. One alternative could be to allow the use of 401(k) and IRA dollars without tax or penalty for these types of age in place home remodels as the incentive. This makes sense because it is already money that belongs to the consumer and is earmarked for their retirement. Update project costs are reduced because by using these pre-tax dollars, consumers can make their money go farther. The upper middle-income folks who have these savings are your clients.

There are alternative sources to finance the incentives or updates. Socially responsible investment vehicles (such as social impact bonds) may emerge to invest in home update efforts and reap the benefits of reduced medical costs. In the long run, the demonstrated value will encourage the government to find funding and mechanisms to encourage even more. Witness the smoke alarm case. They were once a new technology, then homeowner's insurance provided incentives for policyholders to have them in place. Eventually, regulations were enacted to require smoke detectors. The insurers no longer needed to provide incentives yet all homes have the claim saving safety devices.

Helping your policyholders by supporting incentives is also good for customer relations because you are helping your insureds get what they want—to age safely in place. LTC insurers, consumers and the building industry aren't the only ones to "win" in this scenario. It is important to encourage other stakeholders to join the incentive bandwagon. Health care providers and health insurers also want customers to remain healthy in community rather than in institutional settings. Other important stakeholders include home health care agencies, in-home electronic monitoring, transportation, and meal delivery providers.

New coalitions of stakeholders are organizing to support incentives. Federal lobbying is just one tactic. Additional tactics are: 1) supporting state and local grassroots efforts to enact legislation to provide incentives, thereby educating consumers and demonstrating constituent interest; 2) publishing white papers showing costs and benefits of the impact home updates have on family, business and government spending; and 3) creating easy qualification and certification mechanisms that will kick-start this effort. This campaign is a full plate that requires a broad base of stakeholder support and funding, including the long-term care insurance industry.

IN CONCLUSION

It is important to increase the number of homes that are prepared for residents of the modern lifespan by encouraging small investments that can help people live longer, healthier and more economically with dignity in their own homes. This is an exciting opportunity to engage multiple stakeholders in a movement to update homes with positive impacts while simultaneously stimulating job growth and profits for the business sectors that serve them. As with other social change, this will be a marathon, not a sprint. And like any journey or race, it starts with one step. But the challenges of the journey can be best handled by a coalition of like-minded stakeholders who recognize they will reap tremendous value from making this important shared effort. ■

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ENDNOTES

1 *http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_improving_americas_housing_2015.pdf.*