



HB 4674: Michigan Long Term Care Study

Why HB 4674? Why long-term care?

According to a 2013 US Census, Michigan is tied with only one other state for having the most counties with a median age over 50 and is generally getting older as a whole at a faster rate than many other states. The Census Bureau listed Michigan as the 10th oldest state nationwide with the age group of 65 to 74 growing the fastest. As this aging trend continues, individuals and families will face difficult choices about long-term care.

Despite popular misconceptions, Medicare does not pay for most long-term care needs. While Medicaid does pay for many long-term care needs, it requires “spending down” one’s assets to qualify for the program. Because of high premiums, very few Americans have long-term care insurance. Some people rely on private savings, but care costs usually far outpace what most people have saved. Additionally, **17% of the state’s aging population is living at or below the poverty line, higher than the national average putting a further strain on people’s ability to afford care.**

We know that most people prefer to receive long-term care at home. But, with the average household income at just above \$51,000, the costs of care means limited options for many Michiganders.¹ **According to the 2017 Genworth Cost of Care study, the average cost for home health aides is \$49,192 and \$103, 295 for a private room in a nursing home.**²

As Michigan’s population ages rapidly, the careforce needed to meet the demand is inadequately prepared. Many people needing care rely heavily on working family members. **Michigan has over one million informal caregivers who perform over one billion hours of caregiving annually, a value of more than \$14 billion**³

The economic impacts of our outdated care systems are cause for alarm. The financial stress of caregiving often causes changes in employment such as cutting back hours or, at times, complete loss of employment. In addition to losing money because of the inability to retain workers, businesses also suffer from the loss of productivity when family caregivers have to make these challenging choices.

¹ <http://www.deptofnumbers.com/income/michigan/>

² <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>

³ The State of the States in Family Caregiver Support: A 50-State Study. State Profile: Michigan. San Francisco, CA: Family Caregiver Alliance (November, 2004). Available online at <http://www.caregiver.org/caregiver/jsp/home.jsp>



According to the Southeast Michigan Council of Governments (SEMCOG), residents over the age of 65 are expected to make up about 24% of the region's population by 2040. Improving access to long-term care based on need rather than age, income, or cause of disability is key as Michigan confronts the realities of its state. A statewide study researching new ways to share the responsibility of providing care for all in a way that reduces risk and shares cost, particularly for those who do not qualify for Medicaid, is vital as Michigan prepares to meet the needs of its aging population and people with disabilities. Additionally, studying the workforce, both family and direct-care workers, particularly as it pertains to providing care in rural areas, is a necessary part of creating a real plan to address our changing demographics.

HB 4674 offers an opportunity to do a rigorous needs assessment of long-term care in Michigan and provide an actuarial analysis of potential solutions.

What does HB 4674 do?

HB 4674 calls for a study that will assess the current landscape of long-term care needs including:

- What private and public services exist;
- What the costs for current services are;
- Who is accessing them and who is not;
- What are the challenges to accessing care, including the gaps in services;
- The challenges faced by the care workforce and family caregivers.

HB 4674 goes beyond researching the current landscape and explores real solutions. The study will assess the cost and impact of three main proposals:

- A long-term care benefit for all Michiganders;
- A public-private risk-sharing insurance program that reimburses insurers;
- A long-term care benefit for those who do not qualify for Medicaid.

This bill will result in public hearings and a report that identifies the expected costs, benefits, and participation rates for each proposal. Additionally, this bill calls for a plan to recruit and retain the necessary workforce for the care we all need.

How much does this study cost?

Other states that have done this study include Hawai'i and Washington with costs ranging from \$250,000 to \$400,000 respectively. We expect this one to cost no more than \$400,000.

A link to the bill can be found [here](#).

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