Unsolved Mysteries in Aging Policy

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Introduction

The aging of American society is an opportunity for our country. An older population can contribute greatly in all walks of life. But to make the most of this opportunity, we must address an array of challenges that can make it harder to stay independent and productive.

I sometimes think of these problems as mysteries because they have proven so hard to solve. They do have solutions, of course, and I attempt to offer a few of my own. But arriving at them will require fresh thinking and a crosscutting approach. They also require a willingness from policymakers and political leaders to take on difficult issues and openness to both new ideas and even some compromise by advocates and other stakeholders.

This year’s White House Conference on Aging (WHCOA) highlights four major needs of an older population: retirement security, long-term services and supports (LTSS), healthy aging, and elder justice. I believe we will make the most progress toward these critical goals if policymakers keep a few things in mind:

• Strategies to support an older population should be crosscutting and mutually reinforcing. People do not live their lives inside silos. The overarching goals of financial security, health, and personal well-being are linked in countless ways.

• Policies also must address the individual’s full life span. Supports in younger years, including access to good schools, wholesome food, and health care, can pay off for a lifetime. Working-age policies that enhance savings or promote continuing education can help into old age.

• Progress in the areas highlighted by the White House will benefit not only older people but also entire families and the nation. Policies that help parents and grandparents also help their children and grandchildren. Harnessing the societal contribution of older Americans can also boost productivity in our economy.

Below I offer eight policy mysteries and link them to the issue areas designated by the WHCOA. To have the healthiest, most productive older population possible, we need to make progress in all these areas. Readers are encouraged to contribute their insights on how to solve them.

WHCOA Issue: Retirement Security

Mystery: How Can We Encourage More People to Save More for Retirement?

Remember when people used to talk about the “Golden Years?” These days, most people’s retirement finances would not even merit a bronze. Almost half of people over age 55 have saved less than $50,000 (Employee Benefit Research Institute and Mathew Greenwald & Associates, 2013). No wonder so many people worry that they will run out of savings before they die.

Many younger workers do not save—either because they cannot afford to or they think they cannot afford to. But the real problem is that we are failing to encourage those who can save to set aside even a small amount each month.

Employers that offer retirement savings plans are a big part of the answer. And employees need to participate
throughout their working lives so they can build up meaningful nest eggs. The current retirement savings system is voluntary for employers, and too many fail to help prepare their workers for their futures. Nearly half of private-sector employees do not have access to a retirement savings plan (John & Koenig, 2014).

Employers can make it easy to save. Behavioral science has shown that plans with automatic enrollment increase employee participation, and those with auto-escalation of contributions help people save more over time (Thaler & Benartzi, 2004).

Policy proposals to promote workplace savings, such as state-based Work and Save plans or Automatic Individual Retirement Accounts, cannot come soon enough for the Baby Boom and Gen X. So it is heartening to see a growing number of states exploring ways to make sure all their citizens can easily save for their future through their paychecks.

People who struggle the most to put aside their hard-earned salary should get the help they need. In 2013, the top 20% of working-age households held two thirds of all retirement savings assets, and the bottom 50% owned less than 8% (Miller, Madland, & Weller, 2015). Reforming our tax code by expanding incentives for lower-income workers or providing a more generous or a refundable Saver’s Credit would go a long way to help low-income workers build up a nest egg.

Beyond that, we need to raise public awareness that saving matters, and the earlier you start the better you will end up.

Mystery: How Do We Encourage People to Work Longer While Taking Care of Those Who Cannot?

Working longer can be an effective self-help program for people who lack a nest egg. Older workers who stay in the labor force can build up savings instead of draining them. They reduce the length and cost of retirement. And they can more easily hold off claiming Social Security, leading to a larger monthly payment when they do retire.

An Urban Institute study found that working just one more year could increase retirement income by 9%. Five more years of work could increase retirement income by 56% (Butrica, Smith, & Steuerle, 2006).

Holding off Social Security claims can add up to thousands of dollars each year because benefits are reduced when claimed early. Taking benefits at age 62, for example, reduces annual benefits by 25% compared to holding off claiming until a full retirement age of 66 (Social Security Administration, 2014b). Yet a great many workers—two out of five men and almost half of women—claim benefits as soon as they can quality at age 62 (Wasik, 2014).

Employers can help older workers stay connected to the labor force by making education and training opportunities available to workers of all ages. They also should offer more policies that respond to the needs of older workers, such as flexible schedules and phased steps toward retirement.

Older workers can help themselves by living healthy lifestyles, embracing lifelong learning, and doing all they can to keep up with innovation and change in the workplace.

But not everyone has the opportunity or the ability to work longer. Health problems, the need to be a caregiver, age discrimination, and the physical demands of a job all can stand in the way.

Policies are needed to make sure this group is treated fairly. Targeting our workforce development system to better assist older workers, as was done in the most recent reauthorization of the Workforce Innovation and Opportunity Act, is an important step in the right direction. Age discrimination cannot be tolerated. It is not only unfair to individuals but also harmful to the economy. We also should explore ways Social Security retirement or disability benefits can be modified to protect older adults who cannot continue working but may not meet the strict eligibility requirements for benefits.

While it is important that we encourage work at older ages, it is critical that we establish an adequate safety net for those who cannot.

Mystery: How Do We Create a Social Security System That Meets the Country’s Needs for the Next 80 Years?

As we celebrate the 80th anniversary of Social Security, there is a lot of news about the long-term fiscal imbalance and the projection that the Trust Funds will be exhausted in 2033 (Social Security Administration, 2014a). But the talk of solutions needs to move beyond an accounting exercise matching the incoming revenues with the outgoing benefit payments. We need to look more comprehensively at what type of social insurance program can best meet the retirement, disability, and survivorship needs of future generations.

Let me be clear, I believe that Social Security is one of the greatest programs we have to provide income security to older or disabled Americans and their families. Without it, 22 million Americans, including many children and young adults, would live in poverty (Waid, 2014).

However, Social Security was created 80 years ago, a time when mothers rarely worked, divorce was relatively uncommon, and life expectancy at age 65 was about six years shorter than it is today. So it is no surprise that the system requires some modernizing.

Even with its success, Social Security benefits are often inadequate and inequitable. Widows often face a radical drop in income when a spouse passes. Workers who take time out of the paid workforce to care for ailing...
family members lose Social Security credits and end up with smaller benefits. The oldest beneficiaries often have extremely low benefits, as do individuals who work for many years in low-paying jobs.

Rising inequality and stagnant wage growth have significantly undermined the financing of the program. And the diversity of life expectancy across socioeconomic groups has had a major impact on the amount individuals can expect to receive in benefits over their life span. An honest conversation about the future of Social Security should take all of these issues into consideration.

Going forward, Social Security will remain the foundation of retirement security in our country. The challenge of developing a Social Security system for the next 80 years is not mathematical; it is about political will. Our nation needs a forthright debate that stays focused on preserving Social Security’s essential role in the well-being of American families. As difficult as it may be, the sooner that we solve this mystery, the better so that families have time to adjust to any changes.

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WHCOA Issue: LTSS

Mystery: How Will We Pay for the LTSS Needed by an Aging Population?

There is no escaping the fact that in the future, demand for LTSS will soar. One study found that 70% of those who turned 65 in the year 2005 would need some form of LTSS before they die (Kemper, Komisar, & Alexxih, 2005/2006).

The Congressional Budget Office has projected that spending on LTSS for the older population, which is now 1.3% of the economy, could jump to 3.3% by 2050 (Congressional Budget Office, 2013).

Let us define LTSS broadly. People with chronic conditions and impaired mobility seek an array of supports and services to achieve the goal of staying independent, which is the overwhelming preference. These can include everything from home modifications and transportation to daily tasks like housekeeping and meal preparation to personal care. A smaller number of people with more intense needs may require residential care in a nursing home or assisted living facility.

The financial challenge is how to pay for all of these needs.

The current financing system is just not working. Those who need care often quickly run through a lifetime of savings and impoverish their spouses and their families. Already, LTSS for people of all ages accounts for almost one third of Medicaid expenses (Eiken, Sredl, Saucier, & Burwell, 2014). Meanwhile, private, long-term care insurance continues to struggle in the marketplace for a variety of reasons, and premiums are rising fast.

The Affordable Care Act tried to help people pay for these services through the CLASS Act. But the initiative was eventually dropped, over concerns that it was not financially viable over the long term.

Research suggests there may be economies in shifting resources away from nursing homes and toward services that help people stay in their own homes. AARP’s Public Policy Institute found that on average, you can support three people in their own homes for the same cost as keeping one in a nursing home (Reinhard, Kassner, & Houser, 2011).

Congress has authorized several options for states to serve more Medicaid beneficiaries through home- and community-based services, but progress toward this goal has been extremely uneven. According to AARP’s State Scorecard on LTSS, the five top-ranked states dedicate 62.5% of their Medicaid LTSS dollars to home- and community-based services, but the lowest-ranking five only devote 16.7% (Reinhard et al., 2014).

Any discussion of LTSS must recognize the role of family caregivers, whose heroic and unpaid efforts help keep the whole system afloat. AARP has estimated the economic value of this invisible army was $450 billion in 2009 (Feinberg, Reinhard, Houser, & Choula, 2011).

Yet projections are that the ratio of caregivers to older persons at risk of needing help will decline in the future, putting greater pressure not only on family members but also on private services and public programs, as well (Redfoot, Feinberg, & Houser, 2013).

We currently spend hundreds of billions of dollars on a fragmented system that fails to meet the needs of too many people. We need fresh thinking about how to structure the public and private financing of LTSS.

The marketplace is beginning to offer more options that enhance the independence of people with disabilities of all ages, including integrated approaches that encompass housing, social services, personal care, and health care. Advances in information and monitoring technologies could pay off with more choices for consumers and significant economies for our society.

Whatever policies are implemented, we must make sure older Americans will be treated with dignity, even as we seek to economize on spending.

Mystery: How Will Our Country Get the Workforce That Is Needed to Support a Vastly Larger Aging Population?

An older U.S. population will require the services of a much larger workforce with a broad assortment of skills...
and specialties. This will include more geriatricians, nurses, psychologists, social workers, pharmacists, physical therapists, care coordinators, home health aides, and other direct care workers. You name it.

But where are they all going to come from?

Society must make a higher priority of expertise in aging, and that includes compensation of workers.

Teachers are needed to educate and train all these workers. And we need more young people who want these jobs. Part of the argument is that investments in education and training can pay off for society—not only by providing needed skills and helping people but also by stirring economic growth. I also believe that payment and delivery reforms in health care, designed to encourage coordination and teamwork, will increase the demand for some of these occupations, such as specialists in health information technology.

But market forces are only part of the answer. An important policy goal is to adjust scope-of-practice rules in health care and to eliminate improper restrictions on advanced practice nurses and all health care professionals, so they can play a larger role in primary care and care coordination. Throughout the country, states should modernize laws and regulations that improperly restrict nurses and other clinicians from providing care they are qualified to offer.

Universities should offer more geriatric education, across a whole range of fields: medical, psychiatric, and social work to name a few. Finally, we need better career paths for paraprofessional direct care workers. Part of this requires training, educational incentives to facilitate advancement and adequate salaries, and health benefits. These workers also deserve protections because their jobs can be demanding.

**WHCOA Issue: Healthy Aging**

**Mystery: How Can We Support Individuals and Their Families With Advanced Illness?**

The end of life may seem an odd topic to include in a discussion of healthy aging. But however you categorize this mystery, we need to find a way to talk about advanced illness. To have a truly patient-centered health care system, individuals’ wishes must be honored to the very end. People want to live life with meaning and dignity until the day they die, not just until they are diagnosed with an advanced illness.

The Coalition to Transform Advance Care—of which AARP is a member—defines advanced illness as one or more conditions serious enough that general health and functioning decline, curative care is less effective, and palliative care to treat the psychosocial and other needs of the patient is recommended—a process that continues to the end of life.

While the trajectory of advanced illness ultimately leads to death, it can last for years or for only a few months. Yet, research shows that well-developed and administered advanced illness management programs not only improve the patient’s quality of life but also reduce the use of unnecessary clinical treatments and hospital admissions, reduce aggregate spending, and provide comfort while reducing stress for the patient and family (Novelli & Koutsoumpas, 2015).

Patients and families facing advanced illness want and need seamless, person-centered, coordinated care that helps them live as happily, comfortably, and productively as possible. They—and family caregivers—should have all the information they need to make informed decisions. The type and level of care provided should be consistent with the wishes and values of the person receiving the care and his or her family.

While our health care system is technologically capable of delivering such care, many people who are in a state of advanced illness do not receive it. Too often, the end of life is a time of helplessness, pain, and uncomfortable treatments that many people do not even want. I was working in the Senate when we tried to address the need for greater understanding by paying doctors for patient-initiated conversations about their concerns, questions, and wishes if grave illness advances in the Affordable Care Act. Yet this modest provision galvanized opponents of the bill, who described such voluntary conversations as “death panels.”

The irony is that when you consider this challenge through the eyes of patients or families, end-of-life planning is not controversial at all. People want to make sure the health care system respects their needs and preferences, even if they lose the ability to communicate with a doctor.

Research has shown that 80% or even more of terminally ill patients would prefer to die in the comfort of home (Dartmouth Atlas of Health Care, 2012). Further, people seek a range of medical and palliative options to choose from. They want to make informed decisions, and they want providers to be sensitive to their personal and cultural values.

As a society, we can help patients achieve these goals by making the following options more effective and more available:

- Advanced directives or living wills—in which people declare their preferences for treatment—can be important tools. But most people do not have them. When they do, doctors do not always follow them or even know they exist.
- Conversations between doctors and patients and family caregivers about end-of-life decisions can be invaluable. Even if elected leaders one day agree to reimburse doctors for such voluntary counsel (as I believe they...
will), many doctors do not know how to conduct such conversations.

• Palliative care, which aims for comfort and quality of life, including easing of pain, should be available for those who need it. Yet hospitals frequently do not offer it, and reimbursement policies may encourage other treatments, even when they provide little chance of a cure.

Whatever strategies society embraces must ensure that people never end up in situations where they are influenced to make decisions they do not fully comprehend or agree with. And we need to respect concerns of disability advocates who fear that some lives may be valued less than others in end-of-life health care policies.

While solving the mystery of providing effective and compassionate advanced illness care is important to patients and their families, we should also recognize that it affects everyone, imposing emotional and financial burdens on families, friends, coworkers, and society.

It requires a comprehensive approach that goes well beyond a medical model. Yes, we need to identify and implement proven clinical models of care, but we also need to engage the public, patients, and families and caregivers in the conversations; expand the role of the faith community and spiritual leaders; educate clinicians and other professionals in communication and interpersonal skills; implement legislative and regulatory change at the federal and state levels; and help employers learn how to best support employee caregivers as they navigate between caring for their loved ones and managing their workplace responsibilities.

We have made much progress in caring for people with advanced illness. But as our society ages, we must build on that progress to ensure that all people with advanced illness, especially the sickest and most vulnerable, receive comprehensive, high-quality, person- and family-centered care that is consistent with their goals and values and honors their dignity.

Older victims are less likely than young people to report crimes. An AARP Foundation survey of fraud victims found that only 25% of victims who were 55 and over reported the crime. That compared to 44% of younger people (Pak & Shadel, 2011). Victims of exploitation may be even less likely to report the crime: A recent study found that only 1 in 44 cases of fraud and financial exploitation is reported (Lifespan of Greater Rochester, Inc., Weill Cornell Medical Center of Cornell University, & New York City Department for the Aging, 2011).

Victims often feel too ashamed, or they fear that younger family members will view them as no longer fit to manage their own affairs. They also may not want to cause difficulties or turmoil within their family or for others they once trusted, even when others betray them.

Changes in the aging brain may contribute to the problem of fraud by making older people less likely to spot suspicious warning signs, such as untrustworthy body language, according to research at the University of California, Los Angeles (Wolpert, 2012).

We are also learning that certain segments of the older population are more prone to being victimized by certain types of crimes. The AARP Foundation survey and other studies have found that investment fraud victims are more likely male, affluent, and educated. Victims of identity theft and lottery scams tend to be older and female, and have lower incomes (Pak & Shadel, 2011).

Education is part of the answer. It should be aimed not only at older adults but also at their whole community, especially younger family members and friends and neighbors who can intervene to help older people.

But education is only part of the solution. Organizations and individuals who are in a position to directly intervene must also take responsibility to prevent wrongdoing. Financial institutions have an opportunity to play a crucial part in preventing, recognizing, and reporting fraud and exploitation and should adopt new technologies to spot financial exploitation. To truly combat elder abuse, all of society should make a higher priority of protecting and supporting vulnerable older persons.

**WHCOA Issue: Elder Justice**

**Mystery: How Do We Better Protect Older Adults From Fraud and Abuse?**

Fraud and exploitation against seniors harm millions of people, costing them billions of dollars in lost income and assets, and robbing them of their dignity. Fraud comes in many forms: online rip-offs, telemarketing scams, identity theft, and fraudulent and unsuitable investments. Exploitation can take many forms, as well: misuse of joint accounts, power of attorney abuse, and diversion of funds by caregivers or fiduciaries. The list goes on.

**Mystery: How Can Society Best Deal With Growing Numbers of People With Diminished Mental Capacity?**

As the number of older Americans increases, so will the number of people with cognitive impairments that affect their ability to function independently.

People who struggle with cognitive issues are extremely vulnerable to abuse, to exploitation, and to all the consequences of impaired decision making. They are counting on us to protect them, even if they no longer can express the words.
Yet society has not yet begun to figure out how to respond to diminished capacity in a careful, holistic way.

And unless we get some medical breakthroughs, this challenge is just beginning. A study at the Rand Corporation found that almost 4 million people age 70 and older have dementia—15% of that age group—and that the costs actually exceeded those of heart disease or cancer (Hurd, Martorell, Delavande, Mullen, & Langa, 2013). Medicaid spending is 19 times higher for Medicare recipients with dementia than for those without it (Alzheimer’s Association, 2015).

According to Rand, over 9 million Americans will suffer from dementia by the year 2040. And that understates the problem because those numbers are for people with severe conditions like Alzheimer’s disease (Hurd, 2013).

Diminished capacity in its varied degrees raises difficult questions about how to provide independence for individuals living with dementia while providing the help they need when they need it. We also need to develop new ways to help families and communities care for those living with dementia.

The possibility of a growing population with diminished capacity is a major reason we need to find ways to honor people’s needs and preferences, when they no longer can express them. And it underscores the importance of advance planning for older people, including designations of power of attorney for finances and health care.

We need to develop new models of care for individuals, families, and institutions that build on the capacity that people retain. It is important to recognize a person’s capacity is not all or nothing and that while some abilities are lost; others are retained and should be respected. A loved one may no longer be able to drive safely but still knows what she wants in her will. Or she no longer can decide between investments, but she still knows what health care is right for her. Systems and society need to support people’s control over their own lives to the maximum extent possible. I am a fan of the global movement toward creating dementia-friendly communities as an important step in this direction.

Linking the mysteries, we know that people with diminished capacity are vulnerable to scams and exploitation, from strangers, from financial advisors, and even their own family members. Therefore, solutions to fraud and exploitation cannot be designed without considering these additional vulnerabilities.

Conclusion

These are just a few of the mysteries I have wrestled with over the years at AARP, in my work with Congress and in the Executive branch. And I bet I am not alone. I am sure that many of you are taking on mysteries in your own field or practice; I would love to hear your insights: What will it take to solve the mysteries you contend with?

Unfortunately, these challenges do not get the attention they deserve even when good, practical solutions exist, and I must admit, I am impatient to see progress. Clearly policymakers, individuals, and even private companies need to do more to help people adapt to increases in longevity and the challenges and potential benefits that aging brings to society.

While we hope for Presidential announcements of concrete action in each of these areas at the WHCOA, it is certain that the conversation about how to improve our aging society will continue long after this year’s event is over. Please feel free to share your ideas. Working together we can solve these mysteries.

References


