

# THE STATE OF AGING

## 2000 ANNUAL UPDATE: Report Summary

# I N M O N T A N A

### BACKGROUND

1999 was proclaimed the International Year of Older Persons by the United Nations to draw attention to the aging of societies and to the contributions and needs of older persons. In March, 1999, the Montana Department of Public Health and Human Services (DPHHS) published the first legislative report on "The State of Aging in Montana." The aging report was well received by the 1999 Montana legislature, who subsequently passed House Bill No. 275 amending Section 52-3-101, MCA and requiring the DPHHS to produce a biennial report, with annual updates, on statewide and community issues related to aging.

### WHAT IS "THE STATE OF AGING IN MONTANA"?

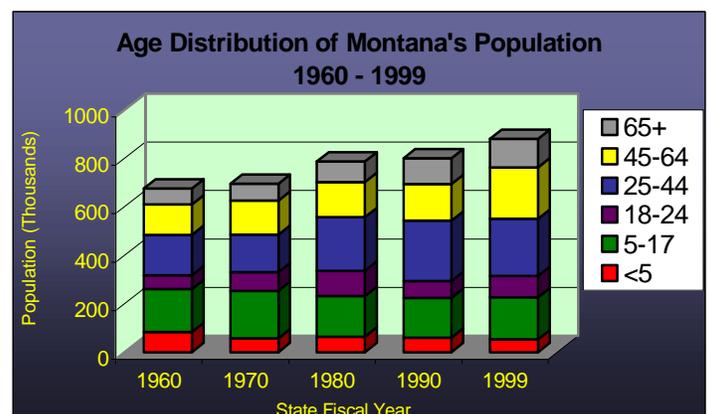
The 1999 report "**The State of Aging in Montana**" examined the aging of Montana's population and the related effects on state government functions. Officials from various divisions of state government identified issues that will affect government, businesses, and Montanans as the population ages. This 2000 annual update is intended to revisit the aging issues and concerns that were identified in the 1999 report. In addition, this report identifies current demographics trends and changing theories about the impact an increasingly older population will have on our state.

### ABOUT THE 2000 ANNUAL UPDATE

The final 55 page 2000 annual update on "**The State of Aging in Montana**" is the result of over six months of research and interviews with twenty-one divisions of state government, including: Department of Transportation, three divisions of the Department of Justice, Department of Agriculture, Department of Labor and Industry, Commissioner of Higher Education, two divisions of the Department of Commerce, State Auditor, Department of Corrections, Department of Revenue, Department of Administration, Department of Military Affairs, and six divisions of the Department of Public Health and Human Services. The report updates demographic information pertaining to Montana's Aging population. The report also updates the impact of the aging population on various divisions of state government, examines current implications for state agencies, identifies issues expected to develop as our population continues to age, and explains how state government is preparing to meet the needs of an increasing aging population.

### DEMOGRAPHIC REALITIES

Currently 13.3% of Montanans are over age 65. Approximately 1.7% of Montanans are over age 85. The total population of Montana grew approximately one-third of one percent

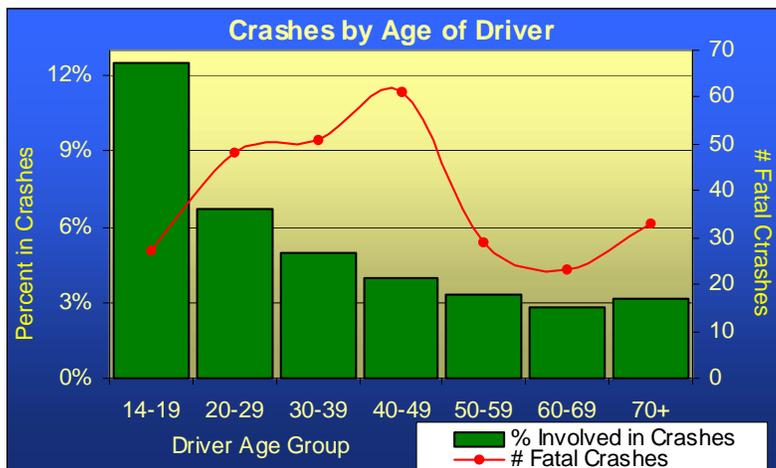


between 1998 and 1999, as did the sixty-five and older age group. Interestingly, the “65 to 84” age group decreased by approximately 1/5 of one percent, while the 85 and older age group grew at 3.6%. Montana ranks 6<sup>th</sup> highest in the nation for percentage of population over age 50, 20<sup>th</sup> in the nation for percentage of population over age 65, and 19<sup>th</sup> in the nation for population over age 85.

## IMPLICATIONS FOR STATE GOVERNMENT

### DEPARTMENT OF TRANSPORTATION

❖ **In 1998, Montana licensed drivers over age 70 were involved in more fatal crashes per 1000 licensed drivers than all other age groups, with the exception of very young and inexperienced drivers.**



While drivers over age 70 are involved in fewer crashes than other age groups, they are involved in more **fatal** crashes than other age groups, with the exception of very young and inexperienced drivers. For example, Montana drivers under age 21 were involved in .70 fatalities per thousand licensed drivers, while all age groups between 25 and 69 were involved in .43 or less fatalities per thousand drivers. Drivers over age 70 were involved in .51 fatalities per thousand licensed drivers, which was the highest crash rate for all age groups with the exception of very young and

inexperienced drivers. Montana’s fatal crash rates are consistent with national fatal crash rates. Nationally, older drivers are in the second most likely group to die in crashes. People age 75 and older have the second highest fatality rate, in the nation after those ages 15 to 24.

### DEPARTMENT OF JUSTICE

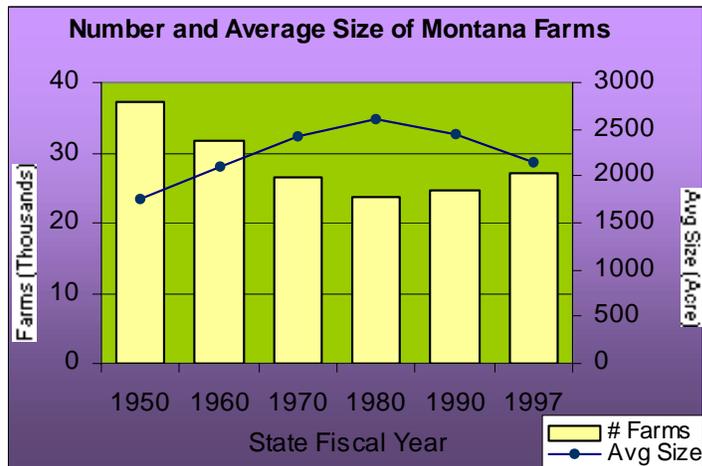
❖ **Medicaid fraud investigators received expanded federal authority in 1999.**

On December 17, 1999, the MFCU was authorized by federal law (H.R. 1180; P.L. 106-170) to investigate and prosecute patient abuse cases in non-Medicaid facilities. Non-Medicaid facilities include board and care residences, providing nursing or assistance with activities of daily living to two or more clients. Prior to the expansion in their authority, MFCU investigators were authorized to investigate and prosecute cases of Medicaid fraud and patient abuse reported in Medicaid funded facilities and programs only. Investigators were also granted the authority to investigate fraud in any federal health care program, (such as Medicare and Veterans programs), in connection with their Medicaid cases. The investigators expect their caseloads to increase with the expanded federal authority.

### DEPARTMENT OF AGRICULTURE

❖ **The average age of Montana farmers has decreased to age 54, while the number of farms in Montana increased, and the average acreage declined.**

According to the 1997 Census of Agriculture, the average age of Montana farmers is 54. Previously, according to the 1992 Census of

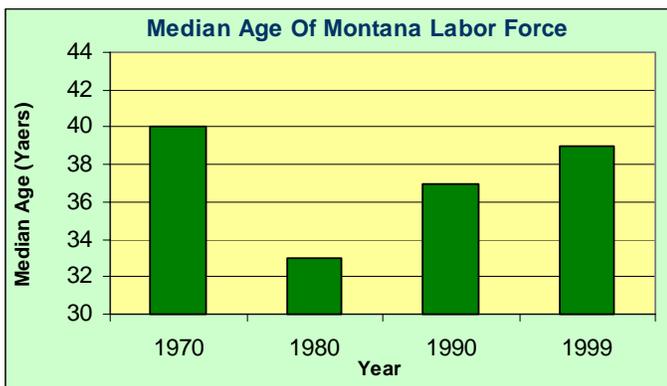


Agriculture, the average age of Montana farmers was estimated to be age 57. Department of Agriculture officials credit this change to the younger average age of businessmen who own small horse businesses, (a factor only recently included in the Census of Agriculture), as compared to average ages of traditional farmers and ranchers.

The 1992 Census of Agriculture projected 22,000 farms and ranches would exist in Montana by 1997. The 1997 Census of Agriculture reported 27,000 actual farms and ranches in Montana. In addition, the 1992 Census of Agriculture projected the average size of Montana farms and ranches in 1997, would be 2,714 acres. The 1997 Census of Agriculture reported that the actual average size of Montana farms and ranches is 2,141 acres. Department of Agriculture officials believe this increase in the number of farms and decrease in average acreage is largely due to a change in the method used to count farms and ranches. For the first time, horse ranch businesses with as few as two horses are included in the Census of Agriculture. Typically, these businesses have less acreage than the traditional farm or ranch, which would explain the increase in number of Montana farms and ranches and the decrease in average acreage.

## DEPARTMENT OF LABOR AND INDUSTRY

### ❖ The median age of Montana's labor force is increasing as baby boomers age.



In 1970, the median age of the labor force in Montana was 40. During this time period, baby boomers were beginning to enter the labor force and accounted for just 17% of Montana's labor force. By the 1980's baby boomers comprised 51% of the workforce, and the median age of Montana's labor force dropped to age 33. By 1990, aging baby boomers accounted for 55% of the labor force, and the median age of the labor force began increasing with the aging baby boomers. By 1999, the median age of Montana's labor force had risen

to age 39. The median age of the workforce is expected to increase steadily as baby boomers approach retirement age.

## COMMISSIONER OF HIGHER EDUCATION

### ❖ College graduates are more likely to have higher incomes and to be healthier in old age.

Nationwide, only 4 percent of adults over age 85 had college degrees in 1969. Fifty years later, at least 20 percent of that age group is expected to have a college education. A better-educated elderly population has a different concept of "retirement." More of them will be interested in remaining in the workforce longer. A better-educated elderly population is also likely to increase the demand for continuing education and personal enrichment activities associated with universities, museums, and other cultural institutions. The disparity in earnings between the elderly who have not completed high school and those who have college degrees increased considerably in the last 20 years. In addition to having higher incomes and assets, older people with more education also tend to be healthier, have fewer disabilities, later onset of chronic disease, and lower death rates. This could be the result of better access to and understanding information about healthy living and treatment options.

## DEPARTMENT OF COMMERCE

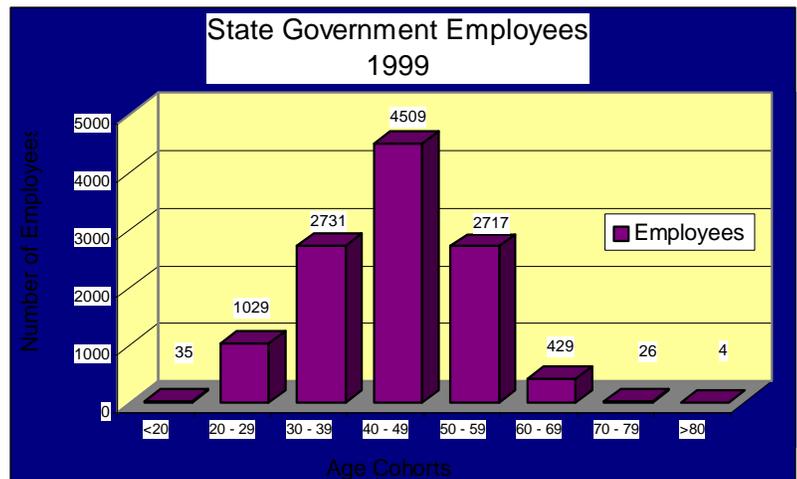
### ❖ Gaps in housing resources for elderly, rural, and disabled Montanans are likely to continue.

The Housing Division staff believes there will always be gaps in housing which cannot be bridged, particularly when individuals are too low income to afford any type of house payment, or when housing costs are too high for any type of home ownership, even with financing. The Housing Division staff reports one such gap exists in the demand for assisted living for low-income Montanans. Most existing assisted living is high cost. Medicaid Waiver funds, which might help pay assisted living costs, are limited in Montana. Therefore, most low-income individuals cannot afford assisted living. Most of the housing program money (like tax credits) restricts the total rents paid by the tenants, and it is usually too low an amount to pay for both housing and assisted living services. Therefore, housing programs have not worked well for individuals with assisted living needs. The Housing Division staff believes officials from Housing, Aging Services, and Medicaid should examine this issue in the future. The **Robert Wood Johnson Foundation** offers technical assistance for this type of policy work. The foundation, in partnership with **NCB Development Corporation**, offers a national program entitled "*Coming Home*." The program provides grant support, technical assistance, and loan funds to states for the development of affordable models of assisted living for low-income seniors. The models are linked with existing community health care systems. The program has a specific interest in creating models that are workable in smaller, rural communities, which have demonstrated a particular need for affordable assisted living. A task force has been coordinated by the Montana Hospital Association to apply for grant support from the **Robert Wood Johnson Foundation**. Consequently, this foundation may prove a useful resource for the development of low-income assisted living programs in Montana.

## DEPARTMENT OF ADMINISTRATION

❖ **The number of State employees who have over 20 years of service has increased by 75% over the past year.**

In 1998, 1,018 state employees had completed over 20 years of service with the State of Montana. As of December 14, 1999, 1,783 state employees had completed over 20 years of service with the state. This is a 75% increase in the number of employees who either qualify or are within five years of qualifying for early retirement (regardless of age), over last year. State employees are eligible for early service retirement if they are age 50, with at least 5 years membership service, or have 25 years of membership service at any age. The State of Montana employs 10,889.02 fulltime employees. Thus, approximately 16% of state employees either qualify or are within five years of qualifying for early retirement.



## STATE AUDITOR

❖ **The State Insurance Commissioner is encouraging group insurance as the most viable way to offer long-term care insurance policies.**

Although nationally, the number of lives covered by long-term care insurance is increasing, the number of Montanans with long-term care insurance has remained fairly stable over the past few years at six percent. Currently, the percentage of Montanans with long-term care insurance is not expected to greatly increase, because long-term care insurance policies are primarily individual policies. The Insurance Commissioner's staff believes group insurance is the most viable way to offer long term care insurance benefits. Group insurance plans improve affordability, which may increase the number of Montanans covered by long-term care insurance. The Insurance Commissioner

anticipates a group purchasing pool may develop to spread the risk and offer more affordable coverage, in the future. At least 1000 insured individuals are needed to create a purchasing pool. The development of a group purchasing pool may require legislative clarification and authorization, before a purchasing pool can be developed.

## DEPARTMENT OF CORRECTIONS

### ❖ The aging inmate population has increased at a higher rate than previously expected by DOC officials.

Last year, the Department of Corrections' (DOC) staff reported approximately 10% of Montana's male inmates and 5% of Montana's female inmates were over age 50. Because of generally poor health status, the DOC considers an inmate elderly at the age of 50. In 1999, DOC staff projected the elderly male inmate population would remain consistent through the year 2003 and the elderly female inmate population would increase to approximately 6.8%. The percentage of elderly inmates reported for 1999, already exceeds that projection. The DOC staff reports currently 12.6% of Montana's male inmate population is over age 50 and approximately 9.5% of Montana's female inmate population is over age 50. The aging female inmate population nearly doubled since last year.

## DEPARTMENT OF REVENUE

### ❖ Fewer elderly Montanans filed for the Elderly Homeowner/ Renter Credit in 1997 and 1998 than had filed in 1996; but the 1999 legislature's recent expansion of the credit should benefit more seniors in the future.

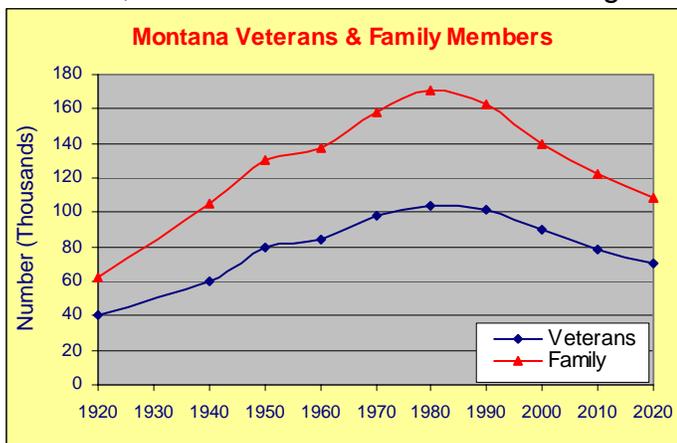
In 1997 and 1998, fewer Montanans claimed the Elderly Homeowner/Renter tax credit than had filed in 1996. In 1996, 21,987 Montanans claimed the credit. In 1997, the number of Montanans filing for the Elderly Homeowner/Renter tax credit dropped to 20,147. The number of Montanans claiming this credit rose slightly higher to 20,181 in tax year 1998. Under the Elderly Homeowner/Renter Credit, Montana residents age 62 or older, living in Montana for at least 9 months during the claim period, are eligible for a refundable property tax credit, not to exceed \$1000. This credit is claimed on the individual income tax form and provides financial assistance to homeowners/renters, age 62 and over, who are on fixed incomes. In 1999, the Montana State Legislature expanded the Elderly Homeowner/Renter Credit with Senate Bill 424. The new legislation allows individuals to receive:

- ◆ 40% of their calculated credit if their gross household income is \$35,000-\$37,000;
- ◆ 30% of their calculated credit if their income is \$37,500 to \$39,000;
- ◆ 20% of their calculated credit if their income is \$40,000-\$42,499;
- ◆ 10% of their calculated credit if income is \$42,500-\$44,999.

## DEPARTMENT OF MILITARY AFFAIRS

### ❖ The veteran population is aging at a faster rate than the general population in Montana.

The total veteran population in Montana decreased by 1500 (1.7%) between 1998 and 1999. However, the number of veterans over age 65 grew by 1.4%. The number of older veterans is



increasing at a significantly faster rate than the 65 and older age group within Montana's general population. (The number of Montanans age 65 and older grew by approximately 1/3 of one percent between 1998 and 1999.)

The number of Montana veterans and the family members of veterans is expected to continue decreasing steadily through the year 2020. However, the aging of the WWII and Korean Conflict Veterans is expected to cause an aging boom for the veteran population beginning this

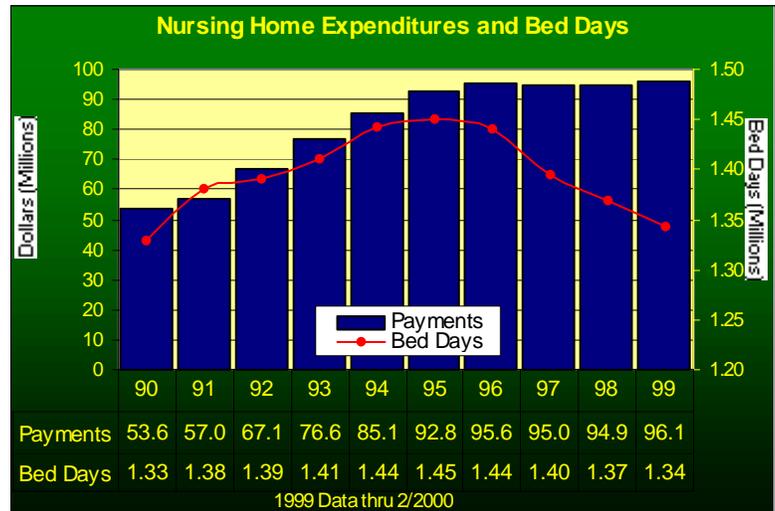
year. By the year 2010, 42% of the entire veteran population will be 65 years or older.

## DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

### ❖ Rural nursing homes are in crisis

If Medicaid rates do not increase and stabilize, providers of nursing home services, especially those in rural areas of the state, will find it more difficult to keep their doors open. Rural nursing homes, many of which are operated or supported by county government, are typically small in size, and extremely difficult to manage given declining revenue due to decreases in occupancy. In many communities, the rural nursing facility is linked to all other health care service delivery systems in those communities, which are also experiencing difficulty finding resources to

keep their doors open. Should the local nursing home cease operating, the viability of all other health care services in that community could also be jeopardized. Many counties are faced with the difficult choice of risking the loss of the local nursing home or supplementing the operation of the nursing home with scarce local tax dollars. Senior and Long Term Care Division (SLTCD) officials are working with county commissioners in areas affected by the rural nursing home funding crunch to find creative ways to increase Medicaid reimbursement rates to county affiliated nursing homes. The SLTCD has proposed that interested counties be offered the opportunity to transfer the matching funds (about \$.27 cents on the dollar) necessary to increase their facility's reimbursement rate beginning July 1, 2000. While it may not be the final solution all nursing home funding problems, SLTCD officials believe this Inter-Governmental Transfer (IGT) option will provide critically needed funding for up to fourteen financially strapped county-affiliated nursing homes across the state. SLTCD employees are exploring the potential use of the IGT mechanism on a broader scale as part of a long-term strategy to address the issue of nursing home funding in Montana.



## CONCLUSION

The 1999 report ***“The State of Aging in Montana”*** examined the aging of Montana’s population and the related effects on state government functions. This 2000 Annual update to ***“The State of Aging in Montana”*** revisited the aging issues identified by state government in the 1999 report and also identifies current demographic trends and changing theories about the impact an increasingly older population will have on our state. Officials from the Senior and Long Term Care Division, of the Department of Public Health and Human Services, plan to utilize the next aging report to examine the impact an aging population will have on local government functions. The next report is scheduled to be released in the summer of 2001.

This is a summary of the full report entitled “The State of Aging in Montana 2000 Annual Update”. Copies of the full report are available on a limited basis due to the cost of production. For a copy of the full report, please contact:

DPHHS – Senior and Long Term Care  
 Aging Services  
 P.O. Box 4210  
 Helena, MT 59604-4210  
 1-800-332-2272  
<http://www.dphhs.state.mt.us/sltc>

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