

Cost to California's Health Care

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Medi-Cal Costs per Beneficiary 60 Years of Age and Older with Alzheimer's Disease and Other Dementias Compared to Other Medi-Cal Beneficiaries: 2007 Dollars

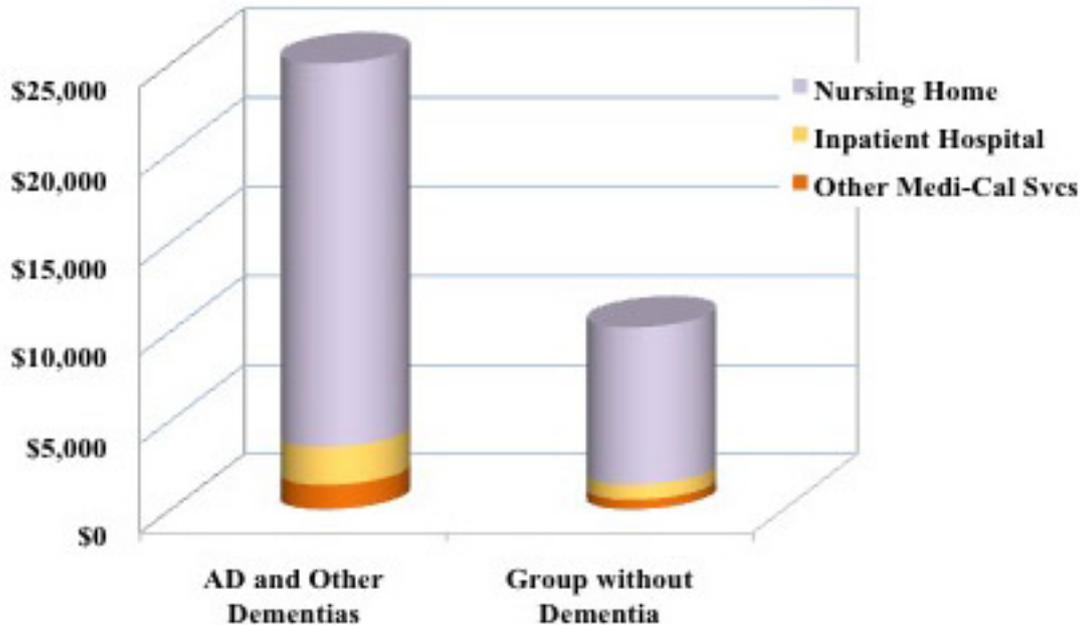


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While the burden of care falls primarily on families, the rapid growth in the prevalence of Alzheimer's will also impact California's health care costs, causing them to rise significantly. People living with Alzheimer's disease and related dementias are high users of health care and long-term care services, and all people who have these conditions will eventually need end-of-life care unless they die suddenly of another cause. The care of people with Alzheimer's disease and other dementias is a significant contributor to Medi-Cal costs.

Lack of community-based services may increase hospitalization rates and may contribute to people being placed into nursing homes earlier than necessary, thereby driving up Medi-Cal costs. In addition to nursing home care, other services are often needed when caring for people living with Alzheimer's disease, such as psychiatric visits, adult day health care, home health, hospice, psychological services, durable medical equipment, lab and x-ray, and ambulance services.

- The cost to the Medi-Cal program for an individual with Alzheimer's disease or a related dementia is 2.5 times greater than the cost for an individual not having a diagnosis of dementia.
- Most of the Medi-Cal cost difference is accounted for by nursing home expenditures, which are almost three times greater for individuals with Alzheimer's disease or other dementias compared to other patients.

While there are a number of long-term care options available to people living with dementia and their families, paying for these services for very long is not affordable for most people.

- Long-term care costs in California are increasing more rapidly than in the rest of the nation, 44 % from 2004 to 2008, as compared to a nationwide cost increase of 17%.
- Other formal care services, including traditional medical and social services, are expected to

double in cost between now and 2030 - increasing from \$16 billion to \$31.5 billion.

- In California home care can cost between \$44,822 and \$86,692 annually and assisted living averages \$36,000 annually.
- Skilled nursing facility care is even more expensive ranging between \$64,068 and \$72,919 annually.

What these estimates do not take into consideration are market forces that may significantly contribute to the rising costs of care. The US will experience an imminent shortage of formal caregivers, and it is estimated that 200,000 new direct-care workers will need to be recruited each year to meet future demand among the 78 million baby boomers as they age. This gap has the potential to negatively impact Californians and the California health care system in two ways: the costs of health care may rise significantly as the workforce supply diminishes, and the quality and availability of care providers may decrease, placing added pressures on family members and friends to care for loved ones who may require long term care. This is further aggravated by the lack of health professionals who have geriatric training.

Next: [Alzheimer's Disease in California](#) [2]

Prev: [Cost to California's Businesses](#) [3]

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Links:

[1] <http://www.alz.org/CAdata/>

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