

**Joint Legislative Audit and Review Commission  
of the Virginia General Assembly**



**Interim Report:  
Impact of Virginia's Aging Population  
on State Agency Services**

**Staff Briefing  
Ashley Colvin  
October 12, 2004**

# Introduction

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## Staff for this study:

**Bob Rotz, Division Chief**

**Ashley Colvin, Project Leader**

**Tracey Smith**

**Ellen Jackson**

# Presentation Outline

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- Introduction**
- Background**
- Selected Services Funded or Provided by State and Local Government that Benefit the Older Population**
- Conclusion**

# Study Mandate

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- **House Joint Resolution 103 (2004) directs JLARC to study the “impact of Virginia's aging population on the demand for and cost of state agency services, policies, and program management”**
  
- **The resolution calls for a two-year study, which is being conducted in two phases:**
  - **Phase One – Interim report provides demographic information, as well as preliminary analysis of the service demands of the aging population, including a review of existing met and unmet needs**
  
  - **Phase Two – The final report(s) will be presented in 2005. Final report(s) will include a final assessment of the existing and anticipated service demands of older Virginians, as well as how that demand may impact the future provision of State agency services**

# Study Mandate (continued)

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- **The resolution identifies certain agencies that should be consulted:**
  - **Commonwealth Council on Aging**
  - **Department for the Aging**
  - **Department of Corrections**
  - **Department of Health**
  - **Department of Health and Mental Health, Mental Retardation and Substance Abuse Services**
  - **Department of Human Resource Management**
  - **Department of Medical Assistance Services**
  - **Department of Social Services**
  - **Virginia Retirement System**

# Definition of “Older Virginians”

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- **State agencies use a variety of age ranges to define an “older” Virginian. In this study, an “older” Virginian is defined as a person who is 60 years of age or older**
- **The Department of Corrections uses 50 years of age**
- **The Virginia Department for the Aging, and the Department of Social Services, use 60 years of age**
- **Housing agencies typically use 62 years of age**
  - **Department of Housing and Community Development**
  - **Virginia Housing Development Authority**
- **Other agencies typically use 65 years of age**
  - **Department of Medical Assistance Services (Medicaid)**
  - **Department of Mental Health, Mental Retardation, and Substance Abuse Services**

# Study Issues for the Interim Report

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- **What State and local agencies presently provide services to older Virginians, and what types of services are provided?**
- **What data are available on the number of older persons served and the associated cost per type and unit of service?**
- **What trends or themes exist in the types of services provided to older persons? To the extent that data are available, how do present levels of services for older Virginians differ from those in prior years?**
- **What unmet needs currently exist among the older population, if any, for the various services provided by State and local agencies?**

# Research Activities for the Interim Report

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- **Document and literature reviews**
  - **Federal and State laws that govern service eligibility and delivery**
  - **Studies conducted by other agencies and states**
  
- **Data analysis**
  - **Demographic characteristics**
  - **Federal and State data on the amount, and cost, of services (where available)**
  
- **Structured interviews**
  - **Staff at 16 State agencies**
  - **Staff at selected local agencies**

# Presentation Outline

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Introduction

Background

Selected Services Funded or Provided By State and Local Government that Benefit the Older Population

Conclusion

# Estimated Annual Funding for Services or Benefits Received by Older Virginians

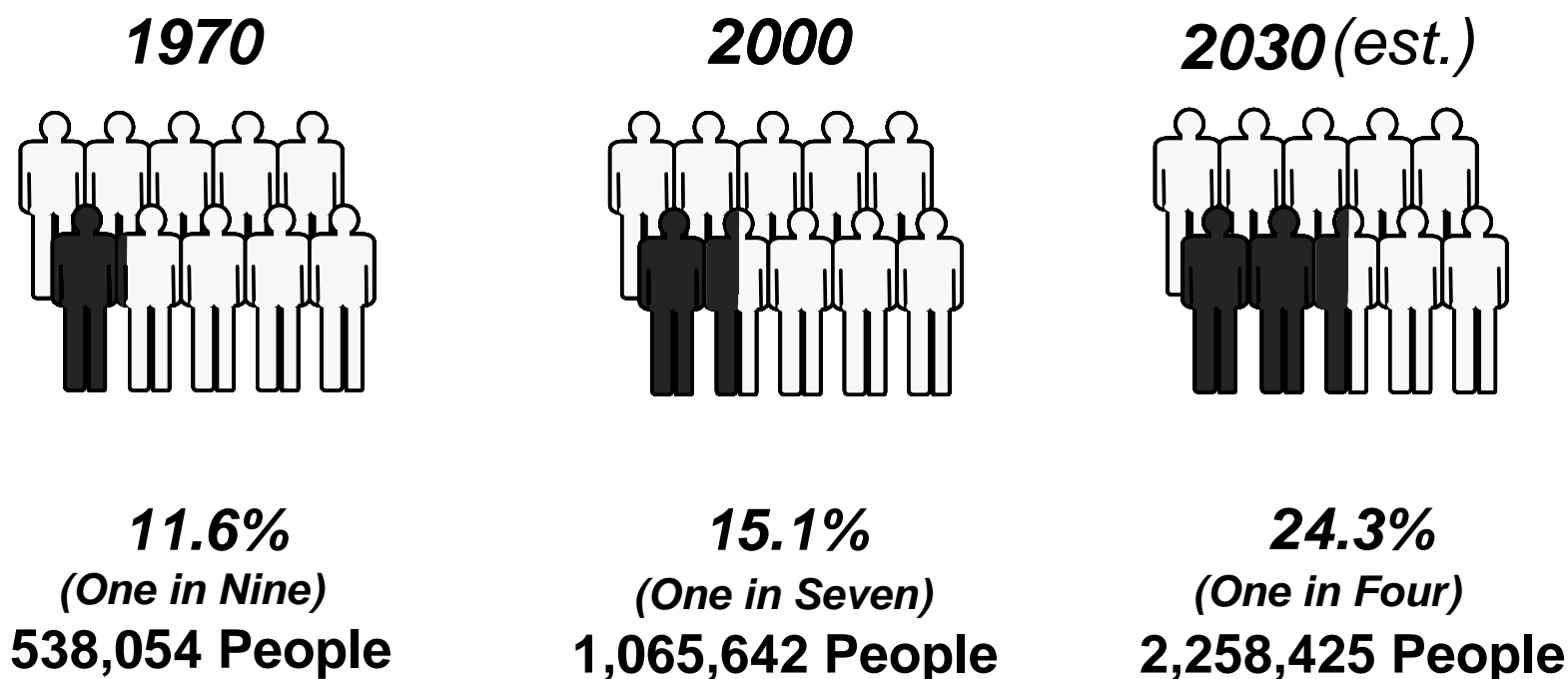
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Program	Federal	State	Local
Medicare	\$3,312,476,590	\$0	\$0
Medicaid	467,861,361	453,851,329	0
Social Security	663,033,000	0	0
Veterans Services	642,605,675	5,537,025	0
Social Services	69,614,280	8,686,598	7,866,100
Older Americans Act (OAA)	23,506,715	14,708,326	11,136,630
Supplemental Security Income	9,859,000	0	0
Housing	3,587,084	6,644,339	Not Estimated
Public Transportation	1,755,200	781,320	367,762
<b>Total</b>	<b>\$5,194,298,905</b>	<b>\$490,208,937</b>	<b>\$19,370,492</b>

**Note:** Detailed explanation of sources and calculations are provided as notes to Table 1 on page 4 of the Commission draft.

# Changes in the Ratio of Persons Age 60+ to the Entire Population

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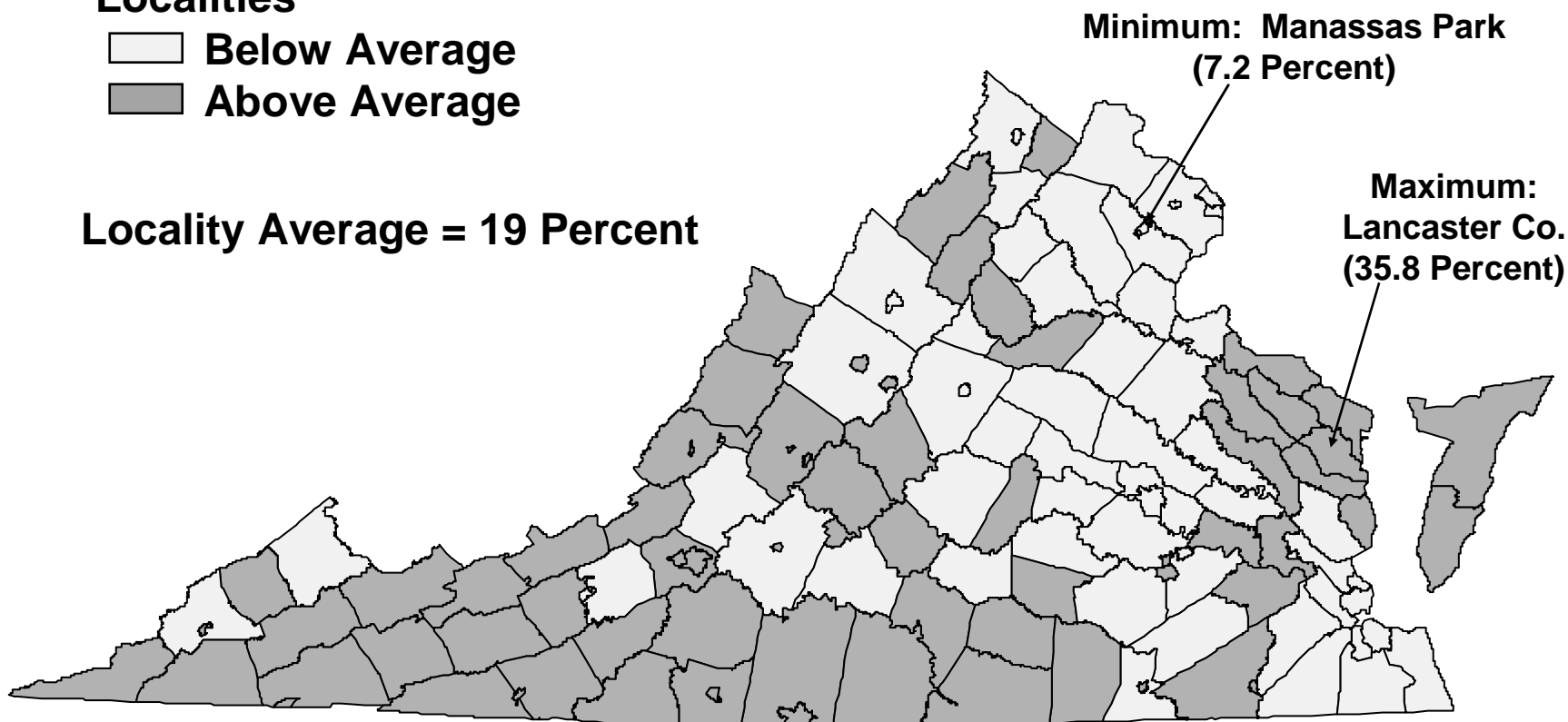
- By 2030, the number of persons who are 85 and older are projected to double, and will constitute 2.4 percent of the State's population

# Older Persons as a Percent of Population in 2002

## Localities

- Below Average
- Above Average

Locality Average = 19 Percent



# Federal Actions on Aging

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- Since the 1930s, the federal government has taken several actions that assist older persons:
  - Social Security Program (1935): Created to provide protection against economic insecurity in old age
  - Medicare (1965): Health insurance for the elderly and disabled
  - Medicaid (1965): Health insurance for low-income persons, including some groups that are likely to include older individuals
  - Older Americans Act (1965): Created mandates for State and local governments on the provision of services to older persons
  - Americans With Disabilities Act (1990): The ADA prohibits discrimination against people with disabilities
  - Supreme Court's Olmstead Decision (1999): States are required under the ADA to provide community-based treatment for persons with mental disabilities. This has been interpreted to include all persons with disabilities

# Studies of the Older Population Conducted by Other States

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- **At least 14 states have or are developing strategic plans to respond to the needs of their states' aging populations**
  - Arizona, California, Florida, Hawaii, Illinois, Kansas, Kentucky, Minnesota, Montana, Nevada, New Mexico, New York, North Carolina, and Texas
  
- **At least five states have prepared strategic plans for the provision of long-term care services**
  - Florida, New York, North Carolina, Oregon, and Vermont
  
- **At least five states have recently reorganized their aging and long-term care agencies (adult and disability services)**
  - Alaska (2003), Colorado (2002), North Carolina (2003), Texas (2004), and Vermont (2003)

# Studies in Other States Indicate that Future Service Demands May Affect Most Government Agencies

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- **Agencies that serve persons of all ages may be impacted**
  - **The Montana Department of Commerce expects an increase in the number of older persons who are victimized by consumer fraud**
  
- **Service delivery methods may need to change in response to age-related limitations in mobility, hearing, and vision**
  - **The New York Office of General Services anticipates the need to redesign State facilities and offices to increase accessibility**
  
- **State and local governments will be affected by employee retirements**
  - **In 2000, the Washington Department of Personnel found that more than 50 percent of the state's executive-level, and 30 percent of mid-level managers, would be eligible to retire by 2005**

# Presentation Outline

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- Introduction
- Background
- Selected Services Funded or Provided by State and Local Government that Benefit the Older Population**
  - Introduction, and Virginia's Network of Services for the Aging (Slides 17 – 25)
  - Mental and Physical Health Services (Slides 26 – 42)
  - Veterans Services (Slide 43)
  - Corrections (Slide 44)
  - Transportation and Mobility (Slides 45 – 50)
  - Housing (Slides 51 – 53)
  - State Government Employees (Slides 54 – 59)
- Conclusion

# Selected State Agencies that Provide Services to Older Virginians, by Secretariat

Administration	Commerce and Trade	Health and Human Resources	Public Safety	Transportation	Independent Agencies
<p>Department of Human Resource Management</p>	<p>Department of Housing and Community Development</p>	<p>Department for the Aging</p>	<p>Department of Corrections</p>	<p>Department of Motor Vehicles</p>	<p>Virginia Retirement System</p>
<p>Department of Veterans Services</p>		<p>Department of Health</p>		<p>Department of Rail and Public Transportation</p>	<p>Virginia Housing Development Authority</p>
		<p>Department of Medical Assistance Services</p>		<p>Department of Transportation</p>	
		<p>Department of Mental Health, Mental Retardation, and Substance Abuse Services</p>			
		<p>Department of Social Services</p>			

# Services for Older Virginians Are Provided by Several State Agencies

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- **Many State agency services are interdependent**
  - For example, public and paratransit services may be relied upon to access public health services
- **State agency services are often provided by local counterparts**
  - Allows for greater responsiveness to local needs
- **In some cases, agencies report not being able to provide all of the services for which older clients are eligible, a situation which is termed an “unmet need”**
- **However, the majority of services are provided by family members and other caregivers**
  - Many services are designed to assist family caregivers

# Many Services Are Targeted Toward Older Persons with Greatest Needs

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- **Many State agency services have eligibility criteria that target persons with the greatest need:**
  - **Low-income level**
  - **Acute medical needs**
  - **Require assistance with Activities of Daily Living (ADL), such as eating, bathing, dressing, or toileting**
- **Other State agency services are provided to specific groups, such as veterans or State retirees**
- **The nature of the services also varies with age, and persons in their early 60s are likely to require different services than persons in their 80s or 90s**
- **The remainder of this section covers various services for older Virginians, beginning with Virginia's network of services for the aging**

# Virginia's Network of Services for the Aging

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- **Many different types of services are provided through the Older Americans Act (OAA)**
  - **Examples include congregate and home-delivered meals, transportation, support to caregivers, residential repair, and information and assistance services**
  
- **OAA services are administered or provided by a network of State and local agencies**
  - **Virginia Department for the Aging (VDA) – administers the OAA**
  - **Area Agencies on Aging (AAA) – provides services locally**
  
- **These services are intended to enable older individuals to remain independent, and to avoid unnecessary institutionalization**

# Virginia Department for the Aging (VDA)

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- **VDA is the State agency responsible for administration of the federal Older Americans Act (OAA)**
- **VDA designates and oversees local Area Agencies on Aging (AAA)**
  - **VDA also administers the Virginia Respite Care Grant Program, and the Center for Elder Rights**
- **Funding for services provided by VDA and the AAAs comes from a combination of federal, State, and local funds, as well as donations and fees**

# OAA Services are Targeted Toward Certain Groups of Older Persons

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- **Every Virginian age 60 and over is eligible to receive services provided with OAA funds. The OAA requires that preference be given to persons with economic and social need**
  - **Economic need = income level at or below the poverty line**
  - **Social need = factors that restrict an individual's ability to perform normal daily tasks or live independently**
  
- **The OAA also directs that particular attention be given to low-income minority individuals, and older individuals living in rural areas**
  
- **In addition, language in every Appropriation Act since 1988 has stated that “Older Americans Act funds and general fund monies be targeted to services which can assist the elderly to function independently for as long as possible”**

# Area Agencies on Aging Provide a Comprehensive System of Services

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- **Local AAAs develop a plan for providing community-based services for older persons, which is approved by VDA**
  - **Each AAA has an advisory council of local citizens who assist in the preparation of the local plan**
  
- **AAAs served 63,703 clients in federal fiscal year 2003**
  
- **Half of AAA clients are age 60-79, and one-third are 80 years of age or older**
  
- **Many clients require assistance performing activities of daily living (ADL):**
  - **Bathing, dressing, getting in or out of bed, toileting, and eating**

# Estimated Met and Unmet Needs Reported by AAAs (FFY 2003)

<b>Service</b>	<b>Total Cost</b>	<b>Persons Served</b>	<b>Met Need</b>	<b>Unmet Need (Est.)</b>
<b>Adult Day Care</b>	<b>\$1,958,000</b>	<b>662</b>	<b>348,321 Hours</b>	<b>503,592 Hours</b>
<b>Home-delivered Meals</b>	<b>10,766,000</b>	<b>14,089</b>	<b>2,777,247 Meals</b>	<b>1,642,770 Meals</b>
<b>Homemaker</b>	<b>3,055,000</b>	<b>2,896</b>	<b>231,400 Hours</b>	<b>645,044 Hours</b>
<b>Personal Care</b>	<b>3,252,000</b>	<b>1,650</b>	<b>181,613 Hours</b>	<b>296,580 Hours</b>
<b>Transportation</b>	<b>5,306,000</b>	<b>11,135</b>	<b>672,383 Trips</b>	<b>192,465 Trips</b>

# Commonwealth Council on Aging

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- **The Council, which was created in 1998, is responsible for promoting “an efficient, coordinated approach by state government to meeting the needs of older Virginians”**
  
- **The Council’s strategic plan has six goals:**
  - **An effective transportation system for older Virginians who do not have a driver’s license or other means of transportation**
  - **The creation of “visitability” requirements for new housing**
  - **Identification of best practices for community-based services**
  - **Increased funding for local Ombudsmen programs**
  - **The creation of initiatives for successful aging**
  - **Increasing the visibility of aging issues in State government**

# Overview of Mental and Physical Health Services

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- **State agencies provide several mental and physical health services to older Virginians:**
  - Institutional services, as well as home and community-based services
  - Financial assistance
  - Licensure and regulation of facilities
  
- **Agencies provide some services collaboratively. Staff of local health and social services departments are members of pre-admission screening teams that assess eligibility for Medicaid covered nursing home and waiver services**
  
- **Costs are borne by all levels of government, and by consumers**
  - In some cases, older service recipients have a greater cost impact than younger persons

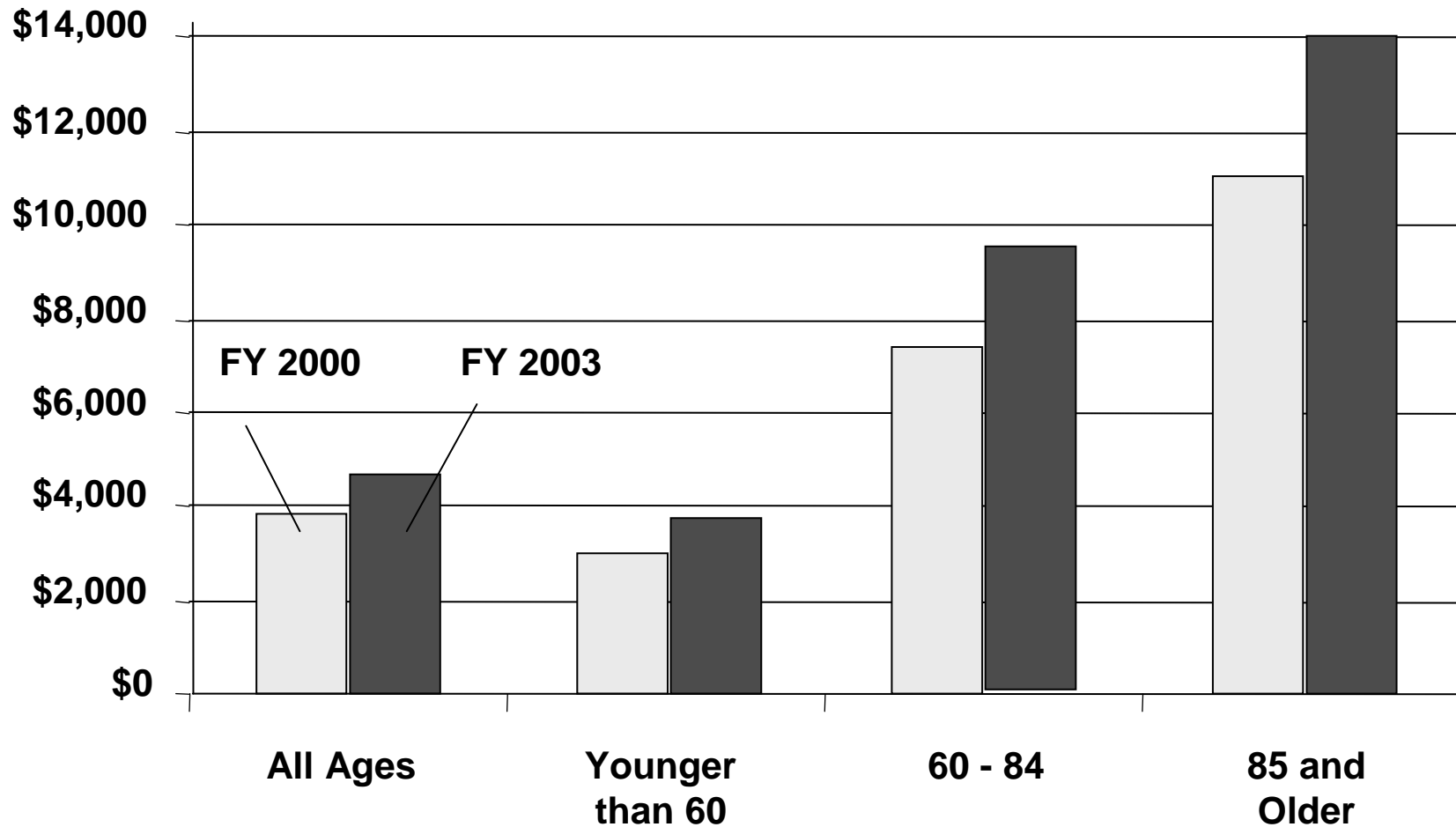
# Department of Medical Assistance Services (DMAS)

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- **DMAS is responsible for administering Virginia's Medicaid program and other medical assistance programs for certain categories of needy individuals**
- **Medicaid is a federal- and state-funded program that provides financial assistance for medical services to certain low-income persons and other persons who do not have the resources to meet their medical needs**
- **In FY 2003, Virginia's Medicaid program assisted 682,851 persons with their health care costs, with payments totaling \$3.2 billion**
- **Fifteen percent of Medicaid recipients in FY 2003 were age 60 or older**

# Trends in Average Medicaid Costs Per Person, FY 2000 – FY 2003



# Many Older Virginians Receive Medicaid at the State's Option

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- To be eligible for federal Medicaid funds, states are required to provide Medicaid to certain groups of individuals. In FY 2003, Medicaid recipients in mandated eligibility categories included 62,247 Virginians age 60 and older
- Virginia has also chosen to provide Medicaid coverage to people in non-mandated categories. Approximately 41,000 older persons were served at the State's option in FY 2003
- Many services are also provided at the State's option, including coverage of prescription drugs, and home health care costs. In FY 2003, approximately \$404 million, or 31 percent of all costs for optional services, was spent serving older persons

# Medicaid Waiver Programs

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- **Medicaid home and community-based waivers are intended to allow eligible persons to receive needed care in a home or community-based setting rather than a nursing facility or institution**
  - **Virginia has six home and community-based waivers**
  
- **Older Virginians most commonly use the Elderly and Disabled (E&D) waiver, which provides services such as adult day health care and personal care**
  - **On average, in FY 2003 this waiver cost \$16,205 per person, compared to an estimated \$25,003 per person for institutional care**

# Department of Social Services (DSS)

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- **DSS is responsible for the administration and oversight of several programs that are impacted by older Virginians, including:**
  - **Licensure of Adult Day Care and Assisted Living facilities, the Auxiliary Grant program, Adult Services programs, and Adult Protective Services**
  
- **Older Virginians also receive benefits from public assistance programs administered by DSS:**
  - **Energy Assistance (32 percent of all recipients)**
  - **Food Stamps (16 percent of all recipients)**
  - **Temporary Assistance to Needy Families (Less than 1 percent of all recipients)**

# Adult Day Care

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- **Adult day care centers provide day-time care and supervision to four or more aged, infirm, or disabled residents in a congregate environment**
  - **These centers are an alternative to 24-hour residential care in an assisted living facility or nursing home**
- **Centers must be licensed by DSS if operating on a for-profit basis or if they accept Medicaid**
- **As of June 2004, there were 70 adult day care centers licensed by DSS, with a statewide capacity to serve up to 2,406 individuals of all ages**
- **National data for 2002 indicates that the average age of center attendees was 72, and that 93 percent of all residents either had dementia or were considered frail elderly**

# Assisted Living Facilities

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- **Assisted living facilities (ALFs) provide 24-hour residential personal and health care services to four or more adults who are aged or disabled**
- **There are two levels of State licensure, although all facilities are referred to as assisted living facilities:**
  - **“Residential living” is for persons who require only minimal assistance with activities of daily living (ADL)**
  - **“Assisted living” is for persons requiring assistance with two or more ADLs**
- **As of June 2004, there were 629 ALFs, with a statewide capacity of 34,800 individuals of all ages. More than half of these facilities were licensed to provide the more intensive “assisted living” level of care**
- **According to a May 2004 study conducted by DSS, 48 percent of all ALF residents were diagnosed with a mental illness**

# Auxiliary Grant Program

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- **DSS administers the State's Auxiliary Grant program, which is intended to help certain low-income ALF and adult foster care residents pay for the cost of their care**
  - **Funded 80 percent by the State and 20 percent by localities**
- **Of the 6,698 persons receiving an Auxiliary Grant in FY 2003, 45 percent were age 65 or older, at a total cost of \$9.9 million**
- **While approximately 60 percent of all ALFs in Virginia accept Auxiliary Grant payments, only 19 percent of all beds are used by grant recipients**
- **Many ALF operators are reportedly reluctant to accept the Auxiliary Grant because the rate, currently set at a maximum of \$894 per month, is considered insufficient to provide the care needed by residents**

# Adult Services

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- **DSS supervises the provision of certain home and community-based services by local departments of social services. Services provided to older Virginians include assistance with ADLs and home-maintenance tasks**
- **In FY 2003, all 120 local departments had an adult services program, serving 4,036 persons age 60 or older. This represented 75 percent of all home-based care recipients**
- **In FY 2003, \$15.4 million was spent on home-based care services for persons of all ages. Of this, the State contributed three percent (\$478,621)**
- **DSS estimates that 1,739 persons of all ages were on waiting lists for home-based care services in FY 2003, and 44 percent of all agencies had a waiting list of a year or longer**

# Adult Protective Services

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- **DSS also administers Virginia's Adult Protective Services (APS) program for persons who are at risk of abuse or neglect and are unable to protect themselves**
- **In FY 2003, 72 percent of APS cases involved adults age 60 and older**
- **In FY 2003, 174 adults age 18 and older needed a guardian, but did not have one appointed**

# Virginia Department of Health (VDH)

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- **VDH is charged with administering a comprehensive program of public health services for all Virginians**
- **Most direct medical services are administered by local health departments and are primarily provided to younger persons**
- **Some VDH programs focus on older persons, including:**
  - **The Older Adult Safety Program, which provides information about injuries and tips for injury prevention**
  - **Emergency response and preparedness planning, which includes a focus on providing health care to older Virginians during emergencies**
  - **VDH and VDA recently released a draft suicide prevention plan, which notes that suicide rates in Virginia for persons age 85 and older were higher than the national rates. In 2001, the suicide rate was highest among Virginians age 75 and older**

# VDH Licenses and Certifies Long-term Care Facilities and Providers

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- **VDH conducts State licensure and federal certification of nursing homes, home health care agencies, and hospices**
  - **Nursing homes must be State licensed, and also meet the more stringent federal certification in order to receive Medicaid funds**
  - **In 2002, 53 percent of Virginia nursing home residents were age 65 to 84, and 34 percent were age 85 and older**
  - **As of March 2004, there were 267 nursing homes containing 30,859 nursing home beds**
  
- **Through the Certificate of Public Need program, the VDH Commissioner is responsible for overseeing the creation, expansion, and replacement of medical facilities**
  - **63 nursing home projects were approved by the VDH Commissioner between FY 1999 and FY 2003**

# Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)

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- **DMHMRSAS administers publicly-funded mental health (MH), mental retardation (MR), and substance abuse services in State facilities, and through contracts with community services boards (CSB) and behavioral health authorities (BHA)**
- **In FY 2003, Virginians age 60 and older primarily received MH and MR services**
- **Older persons typically have longer lengths of stay in State MH and MR facilities, on average, than younger adults. For example, depending upon type of admission, as of FY 2003:**
  - **Older patients with schizophrenia had been in State MH facilities for about five years, on average. Younger patients, on average, stayed for less than 18 months**
  - **Older patients with “unspecified” MR had been in State MR facilities for 50 years, on average, while younger adults in that category remain for 34 years**

# State Facilities and CSBs Primarily Serve Younger Adults

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- In FY 2003, older adults represented 15 percent of the 5,499 adults receiving MH services in State facilities, and 11 percent of the 1,567 adults receiving MR services
  - Since FY 1998, the number of older adults served in State MH facilities decreased by 15 percent
  - Since FY 1998, the number of older adults in State MR facilities increased by 18 percent. Also, the number of older adults receiving community-based MR services increased by 22 percent

# State MH Facilities Provide Specialized Gero-Psychiatric Services

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- **Persons age 65 and older receive specialized gero-psychiatric services in State MH facilities**
  - **Gero-psychiatric services are typically less expensive on a daily basis than MH services to younger persons (\$386 versus \$453, on average, in FY 2003)**
  - **Medicaid will reimburse for services provided to eligible persons over age 65 in State MH facilities. General funds cover expenses for most persons age 60 to 64, as many have limited resources**
  
- **The Gero-Psychiatric Work Group, convened by DMHMRSAS, reported in August 2004 that there is a lack of trained providers and caregivers to serve older adults with MH needs**

# Older Persons Are on Waiting Lists for Services for Several Reasons

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- 15 percent of older adults served in State facilities had barriers to discharge in FY 2003
  - 106 older adults in State MH facilities could not be placed in a less restrictive setting, usually because a bed in a nursing home or assisted living facility was not available
  - 47 older adults could not be discharged from State MR facilities because either a Medicaid MR waiver slot, or a guardian, was not available
- 544 older adults were on a waiting list for community-based MH services as of April 2003
- 676 adults of all ages were waiting for community-based MH and MR services as of April 2003 because their caregiver was aging

# Department of Veterans Services (DVS)

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- **Agency services are primarily driven by older veterans or their survivors who require assistance with existing claims, or who need to submit new claims because of worsening disabilities**
- **More than one in four older Virginians are veterans, compared to ten percent of all Virginians**
  - **The average Vietnam veteran is now 59 years old**
- **DVS provides nursing home services at the 240-bed Virginia Veterans Care Center in Roanoke**
  - **A new veterans home in the City of Richmond is being planned, and veterans groups have indicated a need for new homes in Northern Virginia and Tidewater**

# Department of Corrections

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- Inmates age 50 or older are typically considered “geriatric” because their lifestyle tends to make them age faster than other persons
- Between FY 1999 and FY 2003, Virginia’s geriatric prisoner population increased 56 percent (1,334 inmates), compared to 18 percent for the overall population
- Challenges in managing this population include:
  - Meeting federal mandates for health care
  - Having enough bottom bunks and other accessible facilities
  - Adequate program for release to local nursing homes and ALFs
- Cost data by age for services provided at DOC facilities are not available. Costs are thought to be higher for older inmates
- No inmates have been released under the State’s Geriatric Release Program, which gives qualifying geriatric offenders the option of early release from incarceration

# Overview of Transportation and Mobility

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- **Older Virginians adapt to the effects of aging on their mobility by informal means, such as restricting the time of day when they drive, but they may also rely on State services**
  - **17 percent of Virginia residents age 65 and older did not drive in 2000**
  
- **A 2003 report by the Commonwealth Transportation Board identified the need for Virginia to accommodate the transportation needs of older residents**
  - **Integration of transportation and land-use planning**
  - **More accessible public transit services to meet the needs of older residents who are no longer able to drive**

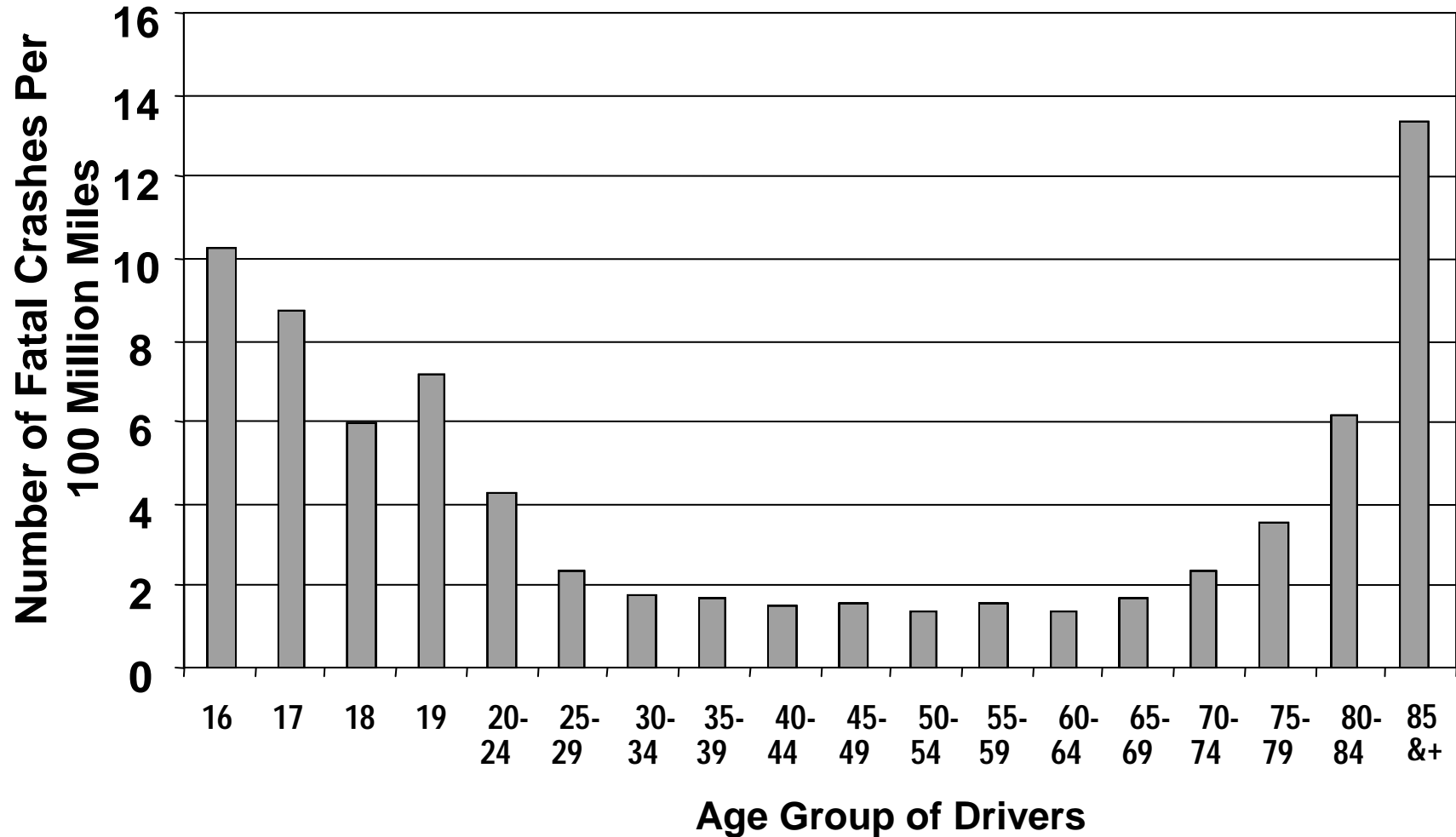
# Department of Motor Vehicles (DMV)

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- **The number of miles driven generally decreases with age**
  - **Virginia drivers over the age of 60 traveled, on average, about 8,300 miles during 2001. Younger drivers traveled over about 14,800 miles, on average**
  
- **Aging has several effects that may affect driving ability**
  - **Decreased vision, slower reaction times, reduced range of motion, and increased prevalence of dementia**
  
- **National data indicate that motor vehicle deaths are highest among the very youngest and oldest drivers**
  - **Older persons may “self-regulate” by reducing or altering driving. This may increase reliance upon public transportation or family members**

# Number of Fatal Crashes Nationally Per 100 Million Miles, by Age Group, 2001-2002



# Motor Vehicle Safety

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- **DMV has the authority to restrict or suspend driving privileges based upon a medical review**
  - **During FY 2004, at least 2,410 persons age 60 and older surrendered their Virginia driver's license for medical reasons. This includes one person over 100 years of age, and 42 other persons over 100 had a valid driver's license**
  
- **In collaboration with VDA, the agency launched the GrandDriver program to increase the public's awareness of how aging affects driving abilities**

# Department of Rail and Public Transportation

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- DRPT administers the two sources of funding dedicated specifically to the transportation needs of older Virginians. Both funding streams are used by transportation providers to make capital improvements to their services:
  - The federal Elderly and Persons with Disabilities Formula Program (Section 5310 funding)
  - The State's Capital Assistance Program for Paratransit Services
  
- These two sources of funding constituted one percent of all federal and State funding for mass transportation projects in Virginia in FY 2004

# Department of Transportation (VDOT)

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- **Older Virginians benefit from VDOT programs that are designed for all drivers:**
  - Incorporating pedestrians in new road designs
  - Using reflective pavement markers to improve night driving safety
  
- **VDOT has attempted to incorporate the views of older drivers in planning and design activities:**
  - Use of public hearings
  - Studies in 1993 and 2001 found that older drivers had concerns about visibility of pavement markings

# Overview of Housing Assistance

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- **Joint housing needs assessments conducted by the Department of Housing and Community Development (DHCD) and the Virginia Housing Development Authority (VHDA) indicate that:**
  - **Among Virginians age 65 and older, 51 percent of homeowners and 75 percent of renters had low incomes. These households often need financial assistance for home repairs or rent**
  - **As many older Virginians wish to remain at home rather than in nursing homes, it is expected that there will be an increased demand for housing that provides supportive services**
- **DHCD and VHDA funds for multifamily developments are generally for development costs (“bricks and mortar”) and represent only 20 percent of total facility operating expenses. For example, VHDA notes that even if these costs were eliminated for an assisted living facility, there would still be a “significant gap” between the incomes of most low-income seniors and the fees charged by facilities to recover operating costs**

# Department of Housing and Community Development (DHCD)

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- DHCD uses federal and State funding to provide grants and loans to localities, developers, and other housing providers to rehabilitate or construct affordable housing for low-income persons, including the low-income elderly
- Elderly households represent at least a third of all households receiving assistance from the Emergency Home Repair, Indoor Plumbing/Rehabilitation Loan, and Weatherization Assistance programs
  - Service providers for these programs include several area agencies on aging
- Projects serving older adults accounted for 48 percent of funding from DHCD's Affordable Housing Preservation and Production Program from FY 1998 to FY 2003

# Virginia Housing Development Authority (VHDA)

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- **VHDA is an independent authority that provides loans and tax credits to certain homebuyers and developers. VHDA loans and tax credits can be used together, or combined with funding from DHCD**
- **Since 1972, 15 percent of the affordable multifamily housing developments receiving VHDA's loan assistance have been developed for older adults**
- **26 percent of the existing multifamily developments that have received federal tax credits are developments serving older adults**
- **Elderly households (age 62 or older) accounted for 13 percent of households receiving federal Section 8 vouchers from VHDA. Approximately 372 households with elderly residents are on waiting lists for housing vouchers from VHDA**

# Services to State and Local Government Employees and Retirees

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- **The State government workforce is older than Virginia's overall workforce. The Department of Human Resource Management (DHRM) reports that the average age of a State employee has increased from 41 in FY 1991, to 45 in FY 2004**
  - **Approximately seven percent of the State workforce (5,491 classified employees) were eligible for full retirement benefits as of May 2004**
- **Since 1986, members of the Virginia Retirement System (VRS) have been retiring at a younger age**
- **Both DHRM and VRS offer long-term care insurance for eligible employees and their family members**

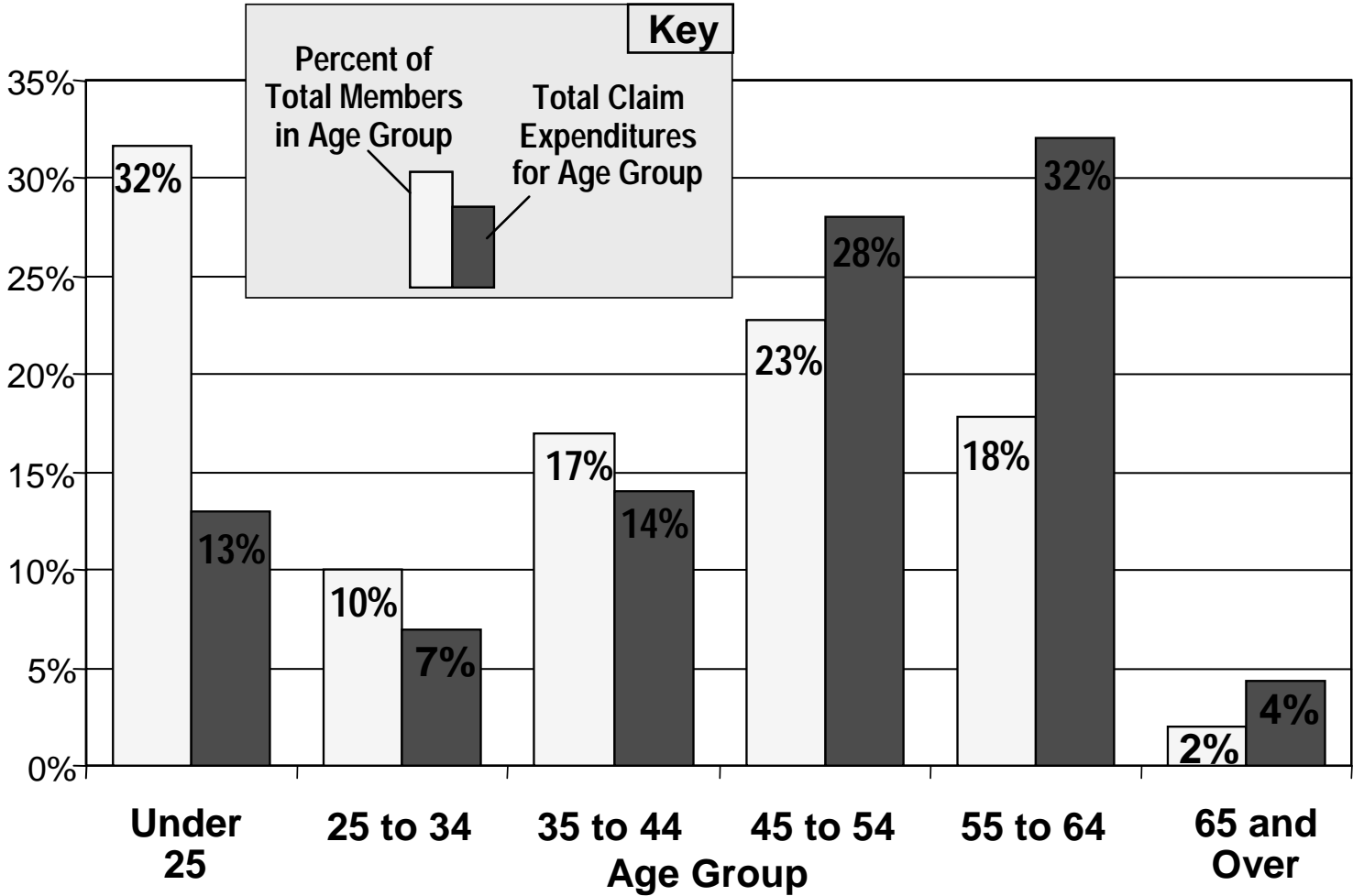
# Department of Human Resource Management (DHRM)

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- **Between FY 2000 and FY 2004, the total medical cost of the State's health plan increased by 58 percent to \$388 million**
  - **One factor contributing to this increase is “an increasingly older employee population”**
  
- **Persons between the ages of 45 and 64 have represented an increasingly larger proportion of claims, and their costs have been increasing more rapidly than younger age groups**

# State Health Benefits Program Claims by Age Group, FY 2004



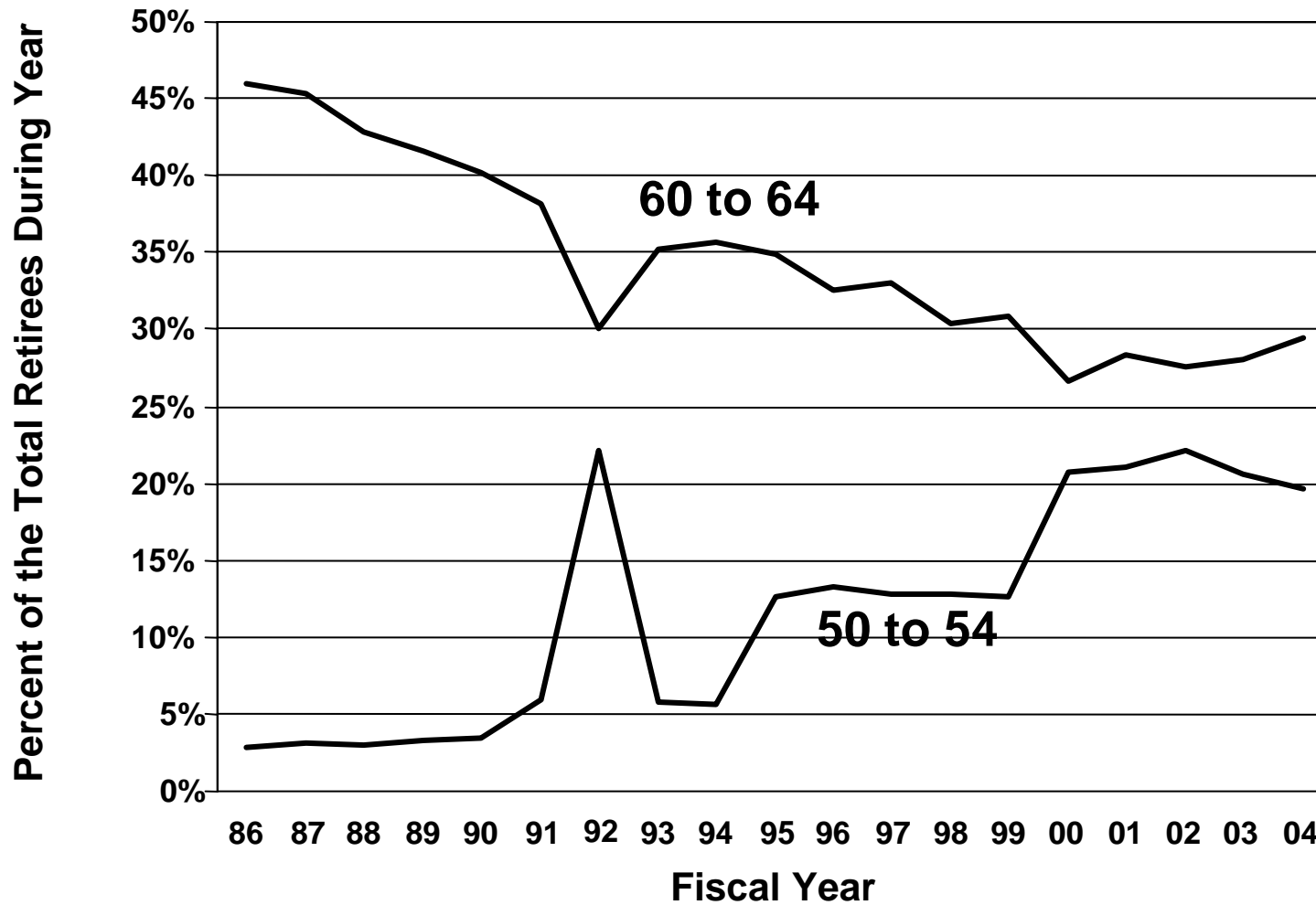
# Virginia Retirement System (VRS)

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- **VRS members (State employees, teachers, and local government employees) have been retiring at a younger age:**
  - For example, in FY 1986, 46 percent retired between the ages of 60-64. This had decreased to 29 percent by FY 2004
  - In FY 1986, 3 percent retired between the ages of 50-54. This had increased to 20 by FY 2004
  
- **The trend toward a younger age at retirement may be explained by several changes in the benefit structure:**
  - A reduction in the eligibility age for unreduced retirement benefits, from 60 years of age in 1987, to 50 years in 1999
  - An increase in the ability to purchase credit for years of prior service

# Annual Distribution of Retirees by Age at Retirement FY 1986 – FY 2004



# Use of Advance Pensions or Partial Lump-Sum Payments

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- Approximately ten percent of retirees choose the advance pension or partial lump-sum (PLOP) options for receiving monthly retirement benefits
- Both options give employees the flexibility of receiving a temporary increase in their retirement benefits
  - The PLOP allows employers to retain experienced workers rather than losing them to retirement
- VRS staff expressed concern that some retirees are attempting to maximize their benefits shortly after retirement, and report that some retirees are surprised when their monthly benefit is reduced in later years

# Presentation Outline

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- Introduction
- Background
- Selected Services Funded or Provided By State and Local Government that Benefit the Older Population
- Conclusion

# Conclusion

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- **State agencies, and their local counterparts, provide a wide range of services that are presently impacted by older Virginians**
  - **Some of these services are inter-related, and may require collaboration among agencies**
- **Services provided to older persons can be more costly than those provided to younger persons, even for State agencies that primarily serve younger Virginians**
- **There are presently some areas of unmet need, and these areas could present a greater challenge as State agencies respond to the impact of an aging population**

# Issues for the Final Report

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- **What factors appear to be most associated with differing levels of current demand for services to older Virginians, as well as differing agency capacities to meet that demand?**
- **How will changes in the number of older Virginians, and in their characteristics, affect the types of services demanded in the future? What changes may be needed in State agencies to respond to an increasingly older population?**
- **What are the anticipated impacts on the State and its older residents of recent and proposed changes in federal policies?**
- **What actions are State agencies undertaking to address the older population's service demands, and to adjust to changing federal policies?**