



BRIEFING

FLORIDA'S LOOMING ALZHEIMER'S CRISIS

APRIL 2014

DEAR FELLOW TAXPAYER:

As Florida's aging population continues to grow, the state's health care system will face new challenges to meet changing health needs. One impact of the growing population will be increased costs for medical care due to higher prevalence of disease.

Alzheimer's, one of the most costly diseases facing the aging population, is expected to burgeon in Florida's aging communities, resulting in an increased need to research potential treatment options.

The Florida TaxWatch Center for Health & Aging looks to address some of the needs that Florida's health care system will experience as the number of Floridians with Alzheimer's is expected to drastically increase in the coming years. To create a sustainable health care system capable of caring for Florida's aging population, the state must discover opportunities to reduce the cost of care for Alzheimer's patients.

With more research, Florida taxpayers could reduce their health care tax burden, and improve the lives of many Floridians who are currently, or will soon be facing an Alzheimer's diagnosis.

Sincerely,



Dominic M. Calabro
President & CEO
Florida TaxWatch

THE ISSUE

With age often comes an increasing number of health issues such as cardiovascular diseases, cancers, diabetes, and accidental falls. Out of the many possible health concerns correlated with advancing age, there is one that largely remains a costly mystery without a known prevention or cure: Alzheimer's disease.¹ The *Lancet* reports an estimated 24 million people worldwide with dementia, with most having Alzheimer's disease, and calls Alzheimer's "a major public health concern...identified as a research priority."²

In 2010, the average annual cost of care for individuals aged 70+ in the United States was between \$157 billion and \$210 billion, with an average cost of care per person of between \$41,000 and \$56,000.³ This is nationally significant because 5.2 million Americans have Alzheimer's,⁴ the risk of dementia doubles every five years between the ages of 65 and 95,⁵ and almost two-thirds of Americans with Alzheimer's are women, who generally outlive men.⁶

Of note, it is particularly significant for the state of Florida, which has a projected 480,000 residents with Alzheimer's in 2014.

The number of individuals aged 65 years and older in Florida, constituting more than 17 percent of the population in 2010, will grow to more than 24 percent of the state's population by 2030.⁷ Some of Florida's cities and counties have the highest proportions of individuals aged 65 years and older in the United States.⁸

The 2014 Alzheimer's Association Report⁹ on facts and figures shows Florida having a projected 720,000 residents age 65 and older with Alzheimer's disease by 2025, with only California having more at 840,000. By comparison, Texas and New York are projected to have more than 450,000 residents with Alzheimer's disease by 2025, and all other states are projected to have less than 320,000 residents with Alzheimer's disease by 2025.¹⁰

THE HIGH COSTS OF ALZHEIMER'S DISEASE

Alzheimer's disease is the sixth leading cause of death in the United States, and the fifth leading cause of death for Americans over age 65.¹¹ Alzheimer's disease is more costly to Medicare and Medicaid than any other disease, including cancer and heart disease. According to the Alzheimer's Association Report, "(b)etween 2000 and 2010, the proportion of deaths resulting from heart disease, stroke, and prostate cancer decreased 16%, 23%, and 8%, respectively, whereas the proportion resulting from AD increased 68%."¹² In addition, the report states that in 2013, unpaid caregivers provided an estimated 17.7 billion hours of care at a value of more than \$220.2 billion.¹³ Despite caregiving efforts, \$36 billion in out-of-pocket costs still fall on families, as part of the total \$214 billion in total health-related payments for individuals over 65 years old with dementia expected in 2014.¹⁴ Total Medicaid spending for 2014 is projected to be \$37 billion,¹⁵ and more than half of nursing home residents with

Alzheimer's disease use Medicaid for care services. As financial resources dwindle due to care costs over time, more individuals with Alzheimer's eventually turn to Medicaid, making Alzheimer's an important issue to states and their taxpayers.

For the individual with Alzheimer's, basic activities of daily living such as dressing or eating can be challenging, and disease symptoms may include memory loss, problems with task completion, decreased judgment, social or work withdrawal, and mood/personality changes.¹⁶ In addition, individuals age 65 and older survive an average of 4 to 8 years following a diagnosis of Alzheimer's.¹⁷

For caregivers of individuals with Alzheimer's,¹⁸ the disease may result in missed work, high levels of emotional and physical stress, increased risk of chronic disease, and increased mortality. Many families prefer to keep parents or loved ones with Alzheimer's at home rather than utilize expensive care venues such as skilled nursing facilities but are unable due to lack

of resources. However, the addition of minimal cost supports, such as counseling services and respite care may delay institutionalization of individuals with Alzheimer's. For example, respite day care provides caregivers the opportunity to remain in the workforce while caring for a parent or family member, at far lower cost than institutional care. In fact, research has shown that if caregivers can utilize just six hours of respite support two to three times a month, they can delay institutionalization of their loved ones for up to six months.¹⁹ Furthermore, paid caregivers are not sufficiently trained to handle Alzheimer's disease, and turnover rates are high, making family caregivers often the more desired option.

The Alzheimer's Association reports that the United States will need an "additional 3.5 million health care professionals by 2030 just to maintain the current ratio of health care professionals to the older population." Individuals with Alzheimer's disease are

significantly more likely to use health care services than are individuals without Alzheimer's disease. For example, the Alzheimer's Association report notes that in 2007, there were 780 hospital stays per 1000 Medicare beneficiaries for those with Alzheimer's, and only 234 hospital stays per 1000 Medicare beneficiaries for those without Alzheimer's.²⁰ Hospitalizations resulted most often in cases of syncope or fall, ischemic heart disease, gastrointestinal issues, and pneumonia, which is a common cause of death among individuals with Alzheimer's.²¹

Skilled nursing facility and hospice services costs were around ten times more, home health care services were three times more, and in-patient hospital services were more than twice as costly, for individuals with Alzheimer's compared to those without.²² Chronic conditions are found more frequently in individuals with Alzheimer's than without, adding greater costs of care. For example, around 30% of

individuals with Alzheimer's had coexisting coronary heart disease or diabetes.²³ Notably impacting states, annual Medicaid payments for Medicare beneficiaries with Alzheimer's (\$10,771 average per person) were 19 times greater than payments for those without Alzheimer's (\$561 average per person).²⁴

THE NEED FOR MORE RESEARCH

Alzheimer's disease research has been conducted on everything from risk factors to interventions/treatments.²⁵ For example, studies have suggested a correlation of obesity with Alzheimer's disease. Various medical conditions that are treatable, such as hypertension, have been associated with a risk of Alzheimer's disease, providing some hope of condition management or lifestyle change leading to risk reduction. Research has also provided insight on Alzheimer's risk factors relating to genetics and head injuries. In addition, research has led to discovery of biomarkers, genetic mutation, and brain changes that have helped to illuminate Alzheimer's disease development and progression.

Furthermore, research has led to earlier diagnosis of Alzheimer's which, contingent on future discoveries, may give individuals the possibility of slowing or stopping the progression of Alzheimer's before significant irreversible changes occur.

However, there are no cures or disease-modifying treatments at this time. Pharmacological therapies, cognitive/behavioral interventions, and caregiver support can help to improve quality of life, but "none of the treatments available today for Alzheimer's disease slows or stops the malfunction and death of neurons in the brain that cause Alzheimer's symptoms and eventually make the disease fatal."²⁶

More research is needed to find effective treatments at different disease states, to determine preventive actions individuals can take on their own and, someday, to fully stop Alzheimer's in those who have it and prevent it from ever occurring in those who do not.

In 2011, only \$448 million in federal dollars went to Alzheimer's research despite the 68% increase in mortality in the preceding decade. In comparison, \$42 billion was spent on heart disease and stroke in 2011 following a 16% and 23% decrease in mortality, respectively, over a 10-year period.²⁷ Furthermore, actual federal research spending decreased from 2012 to 2013, and projected 2014 and 2015 spending is still below 2012 amounts.²⁸ As such, it may not be enough for Florida to rely on the federal government to fund and prioritize Alzheimer's research.

CONCLUSION

Alzheimer's research holds great promise for the discovery of interventions and treatments. However, these discoveries are still well in the future. Therefore, it is also important to consider that for the growing number of Floridians currently, or soon to be, living with Alzheimer's disease, additional point-of-care resources are needed to assist families in their ability to care for loved ones at home or within the community.

Furthermore, a small investment in such resources may delay the need for more extensive health care interventions and costly institutionalization.

Florida has an impending Alzheimer's crisis, and it is sure to increase costs for families, payers, and the state. Alzheimer's research is an important piece in building a long-term, sustainable health care system for the state of Florida. At best, research can lead to a cure and prevention of a costly disease. At worst, research can improve quality of life and reduce costs-of-care for the many Florida families that will face Alzheimer's in the coming years. As Florida will be facing a higher number of Alzheimer's cases than other states due to an increase in aging population, it is important that the state itself invest in seeking effective treatments and prevention.

Florida TaxWatch supports Alzheimer's disease research as a worthwhile, high-return investment for the state of Florida. Research provides taxpayers with the potential for long-term reduction of health care costs, and gives needed hope to Florida's seniors and their families.

ENDNOTES

- 1 Alzheimer's disease is the most common and distinct form of dementia, an umbrella term for diseases and conditions impacting neurocognitive function. For example, vascular dementia, dementia with Lewy bodies, Parkinson's disease and Creutzfeldt-Jakob disease are among the many common types of dementia. For the purposes of this briefing, "Alzheimer's" refers to Alzheimer's disease and related dementias, which are now incorporated into the diagnostic categories of major and mild neurocognitive disorders in the *Diagnostic and Statistical Manual of Mental Disorders*, fifth edition, also known as the DSM-V. See Alzheimer's Association (2014). 2014 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 10(2), [issue still in production], pre-publication copy available at http://www.alz.org/alzheimers_disease_facts_and_figures.asp, pp.1-75, at 1-11; see also Alzheimer's Association (2013). 2013 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 9(2), 208-245.
- 2 Ballard, C., Gauthier, S., Corbett, A., Brayne, C., Aarsland, D., & Jones, E. (2011). Alzheimer's disease. *Lancet*, 377, 1019-31 (briefly discussing findings of the evidence-based Delphi consensus on dementia prevalence).
- 3 See Alzheimer's Association (2013). 2013 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 9(2), 208-245.
- 4 Alzheimer's Association (2014). 2014 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 10(2), [issue still in production], pre-publication copy available at http://www.alz.org/alzheimers_disease_facts_and_figures.asp, pp.1-75, at 16. This equates 1 person developing Alzheimer's every 67 seconds in the United States currently. By 2050, it is expected to be 1 every 33 seconds. *Id.* at 19.
- 5 See, e.g., Centers for Disease Control and Prevention (2014). Dementia/Alzheimer's disease, available at <http://www.cdc.gov/mentalhealth/basics/mental-illness/dementia.htm>
- 6 See Alzheimer's Association (2014). 2014 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 10(2), [issue still in production], pre-publication copy available at http://www.alz.org/alzheimers_disease_facts_and_figures.aasp, pp.1-75, at 53-63 (special report on women and Alzheimer's disease).
- 7 Florida Legislature Office of Economic & Demographic Research (March 17, 2014). Florida's economic future and the impact of aging [PowerPoint presentation]. Retrieved from http://edr.state.fl.us/Content/presentations/economic/FIEconomicFuture&theImpactofAging_3-17-14.pdf
- 8 See *id.* (stating that 4 of the nation's top 10 populous places of individuals over age 65 were in Florida). In 2010, 43 percent of Sumter County was aged 65 and over, the highest proportion in the United States. In several Florida counties, the proportion was greater than 30 percent. Federal Interagency Forum on Aging-Related Statistics, available at http://www.agingstats.gov/Main_Site/Data/2012_Documents/Population.aspx
- 9 See Alzheimer's Association (2014), at 22; see also Alzheimer's Association (2013). 2013 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 9(2), 208-245, at 218 (showing a notable increase for Florida, project in the 2013 report to have 590,000 residents age 65 and older with Alzheimer's disease by 2025).
- 10 Texas is projected to have 490,000 residents with Alzheimer's disease by 2025, and New York is projected to have 460,000 residents with Alzheimer's disease by 2025. See Alzheimer's Association (2014), at 22.
- 11 See Alzheimer's Association (2014), at 25; see also Alzheimer's Association (2013). 2013 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 9(2), 208-245, at 208.

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- 12 Alzheimer's Association (2013). 2013 Alzheimer's disease facts and figures. *Alzheimer's & Dementia*, 9(2), 208-245, at 208; see also Alzheimer's Association (2014), at 26 (similar statement using the same figures).
- 13 See Alzheimer's Association (2014), at 29-30.
- 14 See Alzheimer's Association (2014), at 43. This figure does not include the estimate unpaid caregiver contribution previously noted of \$220.2 billion. Of the \$214 billion projected in health-related care, Medicare comprises \$113 billion or 53%, Medicaid makes up \$37 billion or 17%, \$36 billion or 17% is out-of-pocket, and the remaining \$28 billion or 13% is through other payment sources such as managed care organizations. *Id.* By 2050, the cost may rise to \$1.2 trillion. *Id.* at 52.
- 15 Medicare (federal) spending cost \$113 billion in 2014. *Id.*
- 16 More information on Alzheimer's disease is available at the Alzheimer's Association website: www.alz.org
- 17 Some individuals survive much longer. See, e.g., Alzheimer's Association (2014), at 28.
- 18 It is estimated that there are 15.5 million caregivers in the United States, with approximately 1.04 million caregivers in Florida alone. See Alzheimer's Association (2014), at 33-35.
- 19 Mittelman, M.S., Ferris, S.H., Steinberg, G., Shulman, E., Mackell, J.A., Ambinder, A., & Cohen, J. (1993). An intervention that delays institutionalization of Alzheimer's disease patients: Treatment of spouse-caregivers. *The Gerontologist*, 33(6), 730-740.
- 20 Alzheimer's Association (2014) at 45.
- 21 *Id.* at 44.
- 22 *Id.* at 45.
- 23 *Id.* at 46.
- 24 *Id.* at 43-44.
- 25 See, e.g., Ballard, C., Gauthier, S., Corbett, A., Brayne, C., Aarsland, D., & Jones, E. (2011). Alzheimer's disease. *Lancet*, 377, 1019-31 (Table 4 at 1027 describing meta-analyses of risk factors for dementia and Alzheimer's disease).
- 26 Alzheimer's Association (2014), at 14.
- 27 Similarly, HIV mortality decreased by 42% from 2000 to 2010, and \$32 billion was invested in research during 2011. *Id.* at 220. See also National Institutes of Health (2014), Estimates of Funding for Various Research, Condition, and Disease Categories (RCDC), available at http://report.nih.gov/categorical_spending.aspx (showing research funding amounts for various conditions and diseases); Centers for Disease Control and Prevention (2014), Fast Stats, available at <http://www.cdc.gov/nchs/fastats/default.htm> (searchable for condition and disease statistics and trends).
- 28 See National Institutes of Health (2014), Estimates of Funding for Various Research, Condition, and Disease Categories (RCDC), available at http://report.nih.gov/categorical_spending.aspx (showing total actual spending at \$147.2 billion in 2012 and \$142.3 billion in 2013, with projected 2014 and 2015 research dollars below \$147 billion).



ABOUT THE AUTHOR

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ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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The Florida TaxWatch Center for Health and Aging (CHA) conducts research and analysis that quantifies the fiscal and economic impacts of current and proposed policies across the health care and aging spectrum to help shape policy discussions. As a Florida TaxWatch Center of Excellence, the CHA identifies and promotes the appropriate, effective, efficient, and accountable delivery of taxpayer-funded health care and aging services and works with stakeholders and policymakers to drive improvements within the system.

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