



Elder Economic Security Initiative:

***The Elder Economic Security
Standard for Massachusetts***

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Massachusetts' High Cost of Living

- What does it take for MA elders to age with dignity?
- To remain in the community as their health and other needs change
- How costs vary by circumstances:
 - Household, housing tenure, health, transportation, & need for long-term care



WOW-GI Elder Economic Security Standard: Basic Assumptions

- Costs of living in the community
- Enable elders to live independently
- Age 65+: When Medicare begins
- Retired elders
- Market costs - without subsidies



Federal and State Cost Data: comparable, area specific, accepted

- **Housing:** owner costs (US Census), and rents (HUD fair market rents 1 BR unit)
- **Food:** USDA low-cost food plan
- **Health care:** Medicare supplemental premiums (B,C,D) + out-of-pocket costs (excellent, good or poor health - MEPS)
- **Transportation:** private auto & public
- **Other:** clothing, household, etc.

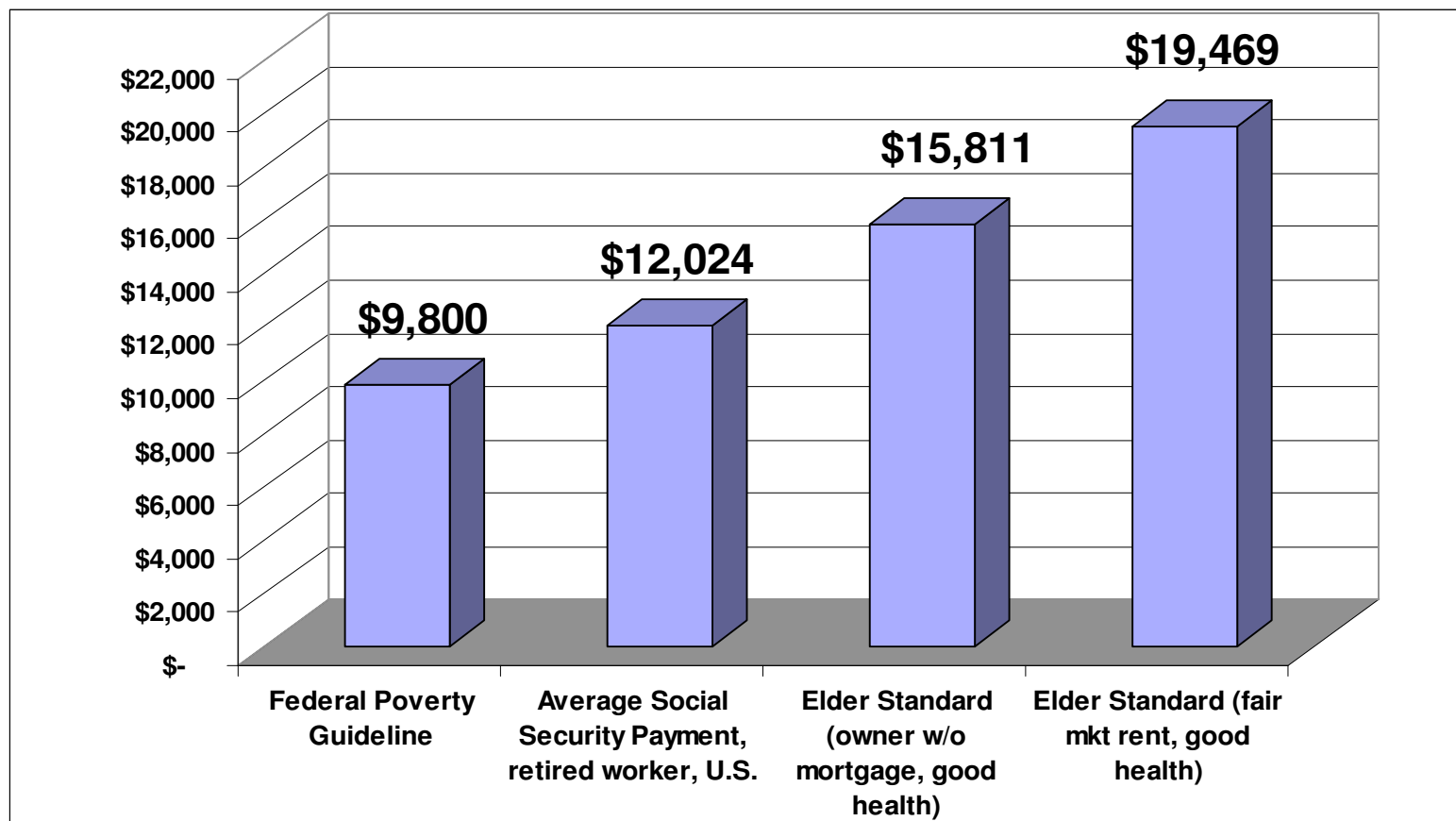
Note: up to 54 combinations in each county

Elder Standard for a Single Elder Worcester County, 2006

| Monthly Expenses | Elder Person | |
|----------------------------------|--------------------|----------------------|
| | Owner w/o Mortgage | Fair Market Rent 1BR |
| Housing | \$ 445 | \$ 699 |
| Food | \$ 206 | \$ 206 |
| Transportation | \$ 156 | \$ 156 |
| Health Care (Good Health) | \$ 291 | \$ 291 |
| Miscellaneous @ 20% | <u>\$ 220</u> | <u>\$ 270</u> |
| Elder Standard Per Month | \$ 1,318 | \$ 1,622 |
| Elder Standard Per Year | \$ 15,811 | \$ 19,469 |

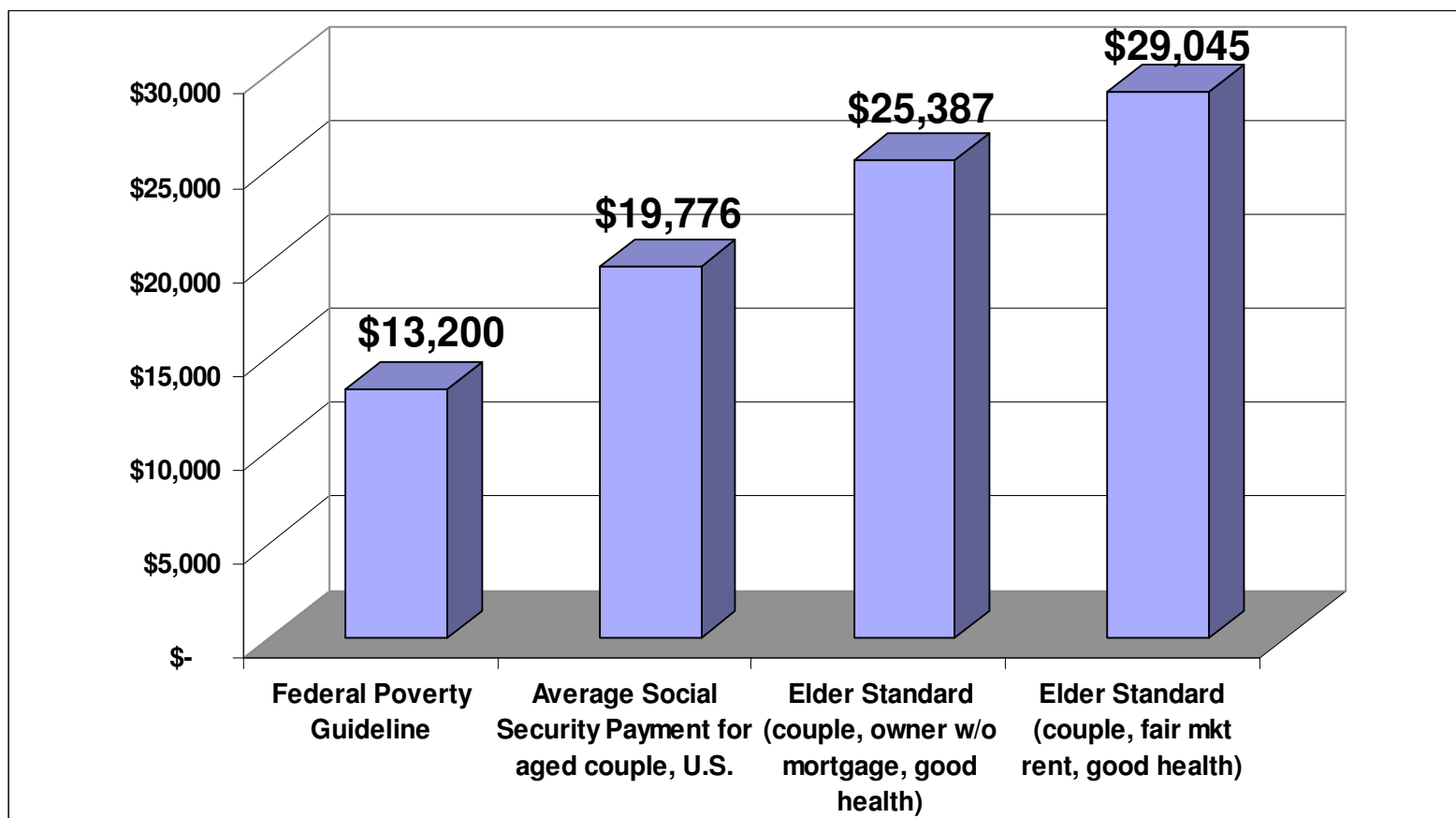
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Elder Standard vs. Other Benchmarks: 1-Person Households, Worcester 2006



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Elder Standard vs. Other Benchmarks: 2-Person Households, Worcester 2006



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The Impact of Long-Term Care

- Two-thirds of seniors will need long-term care (LTC) in later years; half will pay for care
- Model long-term care as an add-on component to the Elder Standard:
 - 3 service packages by level of need
- LTC Costs: Add \$8,000 for low, \$18,000 for medium, and \$31,000-\$42,000 for high levels of care



Summary of Findings

- MA elders can't make ends meet at the federal poverty level or average Social Security payment without supports.

Depending on their housing, health, and geographic area (see Appendix D):

- Elders living alone need \$14,700-\$28,100 to cover their basic living costs
- Elder couples need \$21,400-\$39,100 to meet their basic household budgets



Summary of Findings (continued)

- High housing costs are a heavy burden, from 33% to 52% of total expenses
- Health care is the 2nd largest expense, elders need supplemental coverage
- Elders doing OK now face an uncertain future with changing life circumstances
- Long-term care can more than double an elder's expenses (see Appendix E)



Next Steps

- Focus public attention/call for action
- Use the Elder Standard to identify gaps in programs
- Update income and eligibility limits to reflect today's economy
- Use as planning & assessment tool
- Encourage use by policymakers, agencies, elders and families



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