



ON THE BRINK

PROBING THE COMING SENIOR CARE CHALLENGES

Kevin Dospoy, Deputy Director

Executive Summary

On The Brink: Probing the Coming Senior Care Challenges

Is Wisconsin on the verge of a crisis? In 2021, the first Baby Boomers turned 75. During this decade, the number of residents 75 or older is expected to increase 41% from 407,000 to 574,000. That number will likely grow by another 24%, or 135,000, during 2030-40. This population is the prime consumer of assisted living and nursing home facilities. Will this unprecedented surge in the state's senior population create shortages in this critical sector? This study examines changes in these senior services since 2020 and explores how demand for them might change over the next 17 years.

The senior services explored include nursing homes (referred to as skilled nursing facilities, or SNFs) and assisted living facilities, which include residential care apartment complexes (RCACs) and community based residential facilities (CBRFs). Wisconsin saw two important trends in these services from 2000 to 2020.

First, the number of beds in these facilities has grown at a similar rate to the 75 or older population. In 2000, the state had 194 total beds per 1,000 elderly residents. That number dipped to 193 in 2010 before returning to 194 in 2020.

Second, the type of services has shifted. The number of licensed nursing home beds declined from 43,551 in 2000 to 28,133 in 2020. By 2023, that number had continued to decline to 26,069. At the same time, the number of beds in assisted living facilities rose from 67,248 in 2000 to 79,002 in 2020. That trend has continued with assisted living beds topping 80,000 in 2023.

Should these trends continue, Wisconsin would need to increase aging care infrastructure by about 33,000 total beds by 2030 to accommodate the increased number of seniors. During the following decade, another 26,500 would need to be added. Combined, the 59,500 beds that might be needed constitute a 76% increase over 2023.

How does that break out by type of care? Over the short term, the state could see a 3,100 decline in nursing home beds by 2030 despite the rise in the senior population. However, there would be a "need" for an additional 36,400 assisted living beds. After that, the need for each is more difficult to project. Current trends indicate nursing home beds would decline to less than 8,000 despite the population explosion. That number is probably far too low for a projected senior population of more than 750,000.

Creating sufficient infrastructure is one challenge, but it may be even more difficult to staff these facilities given Wisconsin's worker shortage. If care ratios remain unchanged, these facilities would need an additional 9,900 registered nurses, CNAs, and home health/personal care aides by 2030. Data from the Wisconsin Department of Workforce Development indicate these occupations are expected to grow by 12,800 during 2022-2030. In other words, this sector would need about 75% of the projected growth, despite employing only 20% of those occupations in 2023.

This report aims to avert any crisis in the senior care sector. We know that the senior population is going to explode over the next 20 years. We need to start planning now for how we are going to serve those in need.

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Probing The Coming Senior Care Challenges

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Often, the need for many public and private services depends on the size of certain age cohorts. The number of K-12 schools depends in part on the population of children between the ages of 5 and 18. The number of universities, colleges, and trade schools depends partly on the size of the 18-24 population. In the same way, elder-care services, such as assisted living and nursing home care, depend on the size of the senior population.

Generally, changes in these populations from one generation to the next are relatively small. For example, the number of millennials born in Wisconsin during 1981 to 1996 was just 0.3% fewer than the number of Gen Xers born in the 16 years prior.

The baby-boom generation was the exception. The number of births during 1946 to 1964 was nearly 65% greater than during the 19 years prior. As a result, this generation has significantly impacted public and private services for the past 60 to 70 years.

Due to the large number of baby boomers, Wisconsin and the nation had to build more schools in the 1950s and 1960s and homes in the 1970s and 1980s. Now, as this generation ages into their 70s and 80s, it will impact the need for services, such as nursing homes and assisted living facilities. The question is: What is that impact going to look like and are we prepared for it?

This report documents growth in the 75+ population over the next 15 years. It then explores how senior services have changed over the past 20 years. Finally, estimates show the infrastructure and labor force that will likely be needed to meet the future demand.

THE SENIOR POPULATION

Wisconsin's elderly population (75 or older) increased by an average of about 30,000 people per decade since 2000. That was down from about 53,000 during the 1990s. That is about to change in a big way.

In 2021, the first baby boomers turned 75. Our analysis indicates the state will add approximately 170,000 to this age group in the current decade. Put another way, the 75 or older population will likely increase about 41% during 2020-30, compared to just 8% during 2010-2020 (see Table 1). Then, during the 2030s, the state's 75 or older population is expected to grow another 24% or 137,000 people.

As the population ages, demand for services from state and local governments and the private sector will shift to more specialized health care, transportation, and perhaps most importantly, access to nursing homes and assisted living facilities. The large increases in the 75 or older population will likely stress the system as they "age in place," move to an assisted living facility, or, for those most in need of assistance, move to a nursing home.

HOME OR HELP?

"Aging in place" refers to older adults remaining in their homes as they age, living independently

Table 1: Older Population Growing Faster
Percentage growth in Total, % 75+ population

	Total	75+
2000-10	6.0%	8.5%
2010-20	3.7%	8.0%
2020-30 est.	0.0%	41.0%
2030-40 est.	-0.8%	23.5%

Wisconsin's 75+ population will likely increase 41% from 2020 to 2030, and another 24% by 2040, compared to less than 9% from 2010 to 2020.

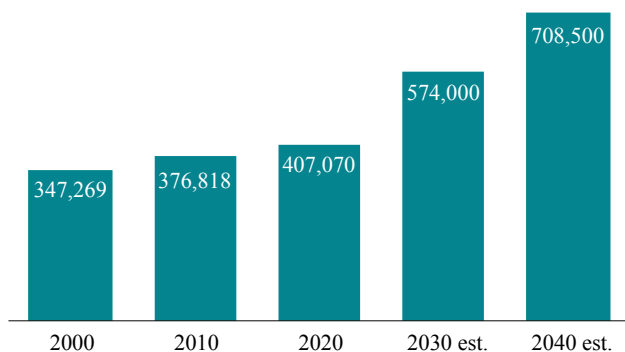
for as long as possible. It includes downsizing to a smaller home or modifying an existing home to allow continued independent living. Unsurprisingly, this is the preference of most older adults. A national survey from the University of Michigan found that 88% of adults ages 50 to 80 felt it was important to remain in their homes as long as possible. However, just 34% said their home “definitely had the necessary features,” such as a main floor bathroom and bedroom or barrier-free showers.

While aging in place is the preferred option, for some it is not always possible. Some Wisconsinites will, out of necessity, move to an assisted living facility and/or a nursing home.

Differing Levels of Care

For many seniors, additional help or care is needed at some point in their lives. Among the different living arrangements and services, most can be classified as one of two types: residential or medical.

Figure 1: A Surge of Seniors
Wisconsin's 75+ Population by decade, 2000-2040



Residential-type facilities take the burden of home maintenance from seniors while providing some personal and medical services. Residential care apartment complexes (RCACs) are the most common of this facility type. They are essentially independent living apartments that provide up to 28 hours of supportive and personal care per week, as well as some nursing services. Community based residential facilities (CBRFs) are for those requiring an intermediate level of care. They have a higher standard of certification compared to RCACs and provide some nursing care.

Nursing homes, sometimes referred to as skilled nursing facilities (SNFs), have the highest standard of certification and offer more of a medical setting than RCACs and CBRFs. They typically provide around-the-clock services and have a range of medically trained staff on hand.

As Wisconsin's senior population surges in the coming years, the capacity of assisted living facilities and nursing homes will become even more important.

Capacity

One method of examining the ability for public and private institutions to care for the elderly is to compare the capacity of these facilities with the population most likely to use one of their beds. Data from the Wisconsin Department of Health Services (DHS) and the Department of Administration (DOA) is used to measure the total capacity of assisted living facilities and nursing homes. Between these two types of facilities, Wisconsin had a total of 67,248 licensed beds in 2000 (see Table 2 on page 7). With nearly 350,000 Wisconsinites who were 75 or older, there were 194 beds for every 1,000 residents in this age group.

Since then, total capacity increased at about the same rate as the 75+ population. The ratio of beds per 1,000 residents over the age of 75 essentially stayed the same at 193 in 2010. By 2020, there were 407,000 residents over the age of 75 for 79,000 beds, a ratio of 194 per 1,000.

While total capacity increased, the number of beds in each type of facility has been trending in different directions. Since 2000, the number of beds in residential assisted living facilities more than doubled from 23,697 to 50,869 in 2020. At the same time, the number of beds in skilled nursing facilities declined significantly from 43,551 to 28,133.

Table 2: Capacity is Trending Residential
Number of beds per 1,000 residents age 75+

Beds	2000	2010	2020
Total	67,248	72,681	79,002
Skilled Nursing	43,551	35,439	28,133
Assisted Living	23,697	37,242	50,869
Per 1,000 Pop.			
Total	194	193	194
Skilled Nursing	125	94	69
Assisted Living	68	99	125

As discussed previously, Wisconsin’s 75 or older population increased by about 60,000 during 2000-2020. Yet, the number of nursing home beds has declined. That leads to an obvious question: Why did nursing home capacity shrink?

WHY?

While many factors played a role in the decline, three main issues rise to the top. First, Medicaid reimbursements for nursing home residents have been lower than the cost to provide care. Second, expansion of the state’s Family Care program has allowed more adults to get care outside of nursing homes. Third, the workforce available and willing to work in nursing homes has declined.

One consequence of limited Medicaid nursing home funding and increased family care funding is residents’ continued shift from nursing homes to assisted living facilities. As Family Care funding through 2020 grew faster than funding for nursing homes, more and more of the state’s elderly moved away from nursing homes and into assisted living facilities. As nursing homes lost residents, they lost even more funding. Nursing homes with lower occupancy struggled to cover fixed costs previously supported by volume.

Medicaid

Most nursing home residents rely on Medicaid. Yet, Medicaid does not pay enough to cover the full cost of providing care. The difference – referred to as the Medicaid deficit – increased from \$232 million in 2005 to \$294 million by 2020, a 16.7% increase. The deficit is even more significant when considering the drop in total beds. In 2005, the “per bed” deficit was just over \$6,100. By 2020, the deficit grew to \$10,500, a 72% increase.

One way in which nursing homes continue to operate despite these deficits is by charging private payers more to offset losses due to low Medicaid reimbursement. In 2005, nursing homes had to charge each private payer, on average, an additional \$20,440 per year to compensate for insufficient Medicaid reimbursement. By 2020, this figure has grown to nearly \$41,000 per year.

This rise in the “extra” costs charged to private payers coincides with a shrinking number of nursing home residents and growing number of residents in assisted living. Private payers are increasingly unwilling or unable to pay inflated costs, which has, in part, caused a diminished demand for nursing home beds. Instead, private payers are more often choosing, sometimes out of necessity, to rely on in-home care or assisted living.

As more private payers opt out of nursing homes and into assisted living facilities or in-home care, nursing homes need to charge the remaining private payers even more to compensate for the Medicaid deficit, which in turn drives even more private payers away from nursing homes. This cycle continued up until 2020.

Since then, in part due to the COVID-19 pandemic, elected officials took action to help solve the persistent lack of funding. The state tied nursing home reimbursement rates to the cost to provide care. This was set to push Medicaid to cover 91% of nursing homes costs by 2023, up from 72% in 2020. Data is not yet available to determine the impact on nursing homes, but tying reimbursements to actual costs is a significant step in addressing the long-standing lack of nursing home funding. This change will likely take time to affect the number of nursing home beds available, but from 2020 to 2023 the downward trend remained intact – capacity dropped to 26,069 from just over 28,000.

Family Care

The Family Care program pays for many services for elderly Wisconsin residents, but mostly it helps fund assisted living facilities such as CBRFs and RCACs. From 2011 through 2020, Family Care funding for residential facilities doubled, growing from \$455 million to \$908 million, allowing many of the state’s elderly to live a more independent lifestyle in a residential facility instead of relying on a much more expensive nursing home.

The elder care sector is expected to need three of every four new CNAs, RNs, and home health and personal care aides hired statewide by 2030.

As discussed, the state addressed nursing home funding by changing Medicaid reimbursement rates. Yet, Family Care was not addressed in the same way, meaning that funding for this program is not linked to the actual cost to provide services. While public dollars for Family Care have grown over the past decade, so too has the number of residents in need.

Additionally, wage increases for those who provide direct care, such as nurses and certified nursing assistants lagged. To help increase staff pay, DHS authorized direct care payments to providers.

Despite the funding and workforce issues, assisted living facilities continued to add capacity, just as they had over the past two decades. From 2020 through 2023, assisted living facilities have added just over 1,000 beds.

Now that the changing landscape of elder care has been addressed, it is time to look forward and ask the question: What will the need for assisted living and nursing home care be in 10 or 20 years? As mentioned, the ratio of beds to the 75+ population was constant in 2000, 2010, and 2020, at about 194 per 1,000 elderly residents. While that ratio could change going forward, it provides a starting point to think about future demand. What will the need be should the bed/population ratio remain unchanged?

FUTURE NEED

The future need for nursing home and assisted living services depends on a variety of factors. As discussed earlier, the size of the senior population is the main driver. However, the need for these services could also be impacted by medical

and technological advances. While populations can be projected with some level of certainty, medical and technological advances cannot.

Given that the ratio of total beds to the 75+ population has been stable for 20 years, a starting point for projecting future need is to assume this ratio continues. Thus, given the population estimates discussed on page 5, the state would need approximately 111,000 total beds in 2030 to maintain the current ratio of 194 per 1,000 residents 75+. This represents more than a 42% increase from the 78,000 beds that were licensed in 2023. Put another way, to meet this potential demand, Wisconsin would need to add a combined 33,000 new beds in just seven years.

Because the 75+ population will continue to grow rapidly beyond 2030, the state could need nearly 138,000 total beds in 2040. This represents a 76% increase from the 2023 number. If this projection plays out, the state would need to license and staff a combined 59,500 new beds over the next 17 years.

Skilled Nursing or Assisted Living?

As mentioned, over the past 20 years, the number of beds in assisted living has moved in the opposite direction of nursing home beds. While this is likely to continue in the short term, it is unclear if skilled nursing beds will continue to decline longer term as the elderly population explodes.

Based on current trends, the state would need about 3,100 fewer nursing home beds in 2030 compared to 2023. However, it will need an estimated 88,400 assisted living beds, an increase of about 36,400.

The continued surge in the 75+ population after 2030 will likely require additional beds, though the mix is hard to project. Current trends indicate nursing home beds would fall to just 7,700 in 2040 while assisted living beds would climb to 130,000. That 7,700 number seems far to low for a projected 75 or older population of more than 750,000.

Caveats

The above forecasts should be viewed as a framework for thinking about future need. Changes in preferences, funding, and technology could shift demand toward one of these options at the expense of the other. It could also make “aging in place” possible for some who would typically need these types of facilities.

One of the most significant barriers to meeting these estimates is the workforce necessary to serve such a large increase in beds. That issue is explored next.

WORKFORCE

Forward Analytics has written frequently about Wisconsin's workforce shortage and the fierce competition for workers in every industry. Nursing homes and assisted living facilities are no exception. Elder care requires a variety of occupations, but perhaps the most important are nurses and direct care support staff. This report focuses on registered nurses (RNs), home health and personal care aides, and certified nursing assistants (CNAs). According to the Bureau of Labor Statistics, these professions comprised nearly 60% of the 2023 total workforce in nursing homes and residential elder care facilities.

Registered nurses handle the most advanced nursing duties in senior care facilities. Home health and personal care aides provide much of the care for those who live in assisted living facilities as well as those who remain in their homes. CNAs provide supportive services to those living in nursing homes and play a crucial role in other areas of the healthcare industry.

While these occupations are important in senior care facilities, they are also needed in other industries. Nursing homes and assisted living facilities compete with other sectors for these workers.

Two of the occupations have grown over the past 10 years. The number of RNs in Wisconsin increased from 56,870 in 2013 to just under 62,000 in 2023. The number of aides rose from 54,830 to almost 75,000 during the 10-year period.

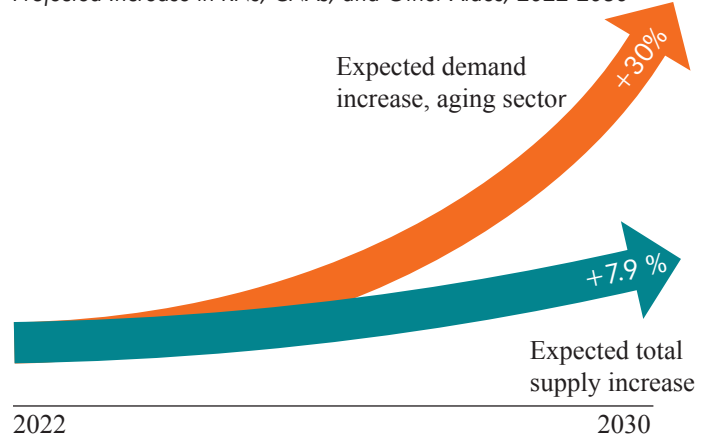
However, the number of CNAs in Wisconsin has moved in the opposite direction, declining from 37,240 in 2013 to just under 26,000 in 2023. This change is especially troubling for nursing home residents because in 2023, over 30% of CNAs were employed in nursing homes. In the same year, 36% of all nursing home employees were CNAs.

Will We Have Enough Workers?

Given the expected increase in the number of senior care beds and the continued shortage of workers, the question of whether the state will be able to staff the needed facilities is important to answer.

Figure 2: Mismatched Growth

Projected Increase in RNs, CNAs, and Other Aides, 2022-2030



In 2023, of the 163,000 registered nurses, home health and personal care aides, and certified nursing assistants in the state, 33,020 were employed in nursing homes and assisted living facilities. If this “elder care workforce” was sufficient in 2023, then one might assume the workforce needed in 2030 and 2040 would have to increase at the same rate as the number of beds.

From 2023 to 2030, the senior population is projected to grow almost 30%. The number of total beds needed will likely need to grow by a similar percentage. If the elder care workforce needs to increase by this same percentage, Wisconsin will need an additional 9,900 RNs, CNAs, and aides working in elder care settings by 2030.

The most recent projections from Wisconsin's Department of Workforce Development (DWD) indicate that the total number of RNs, aides, and CNAs is expected to increase by 12,800 from 2022 to 2030.¹ Thus, the expected “need” in the elder care industry is about 75% of the projected growth, despite the industry only employing 20% of those occupations in 2023.

By 2040, this senior age group is expected to grow by another 24%. This suggests that, if staffing ratios remain the same and the number of beds grow as outlined earlier, the state will need another 10,000 of these workers by 2040. Given the state's current demographics, the state's workforce is likely to decline, or at best remain stagnant, during those years, making it difficult to achieve that number.

¹ The DWD projections are for 2022-2032. To get an estimate of the 2022-2030 growth, we use 80% of the 2022-2032 projected change.

Which Occupations?

Because these occupations each serve different purposes, they are employed in each type of setting in differing numbers. Nursing homes are required to provide medical care. As such, they employ a greater number of nurses and nursing assistants. On the other hand, residential and assisted living facilities employ a much larger share of home health and personal care aides. As discussed above, the number of nursing home beds has been declining and is expected to continue declining at least through the end of this decade. At the same time, assisted living beds have been increasing and will likely continue to grow.

This shift in the type of care implies that the demand for nurses and nursing assistants will likely grow slower than the demand for personal care aides. However, finding these workers will still be a challenge. A 2022 DWD study² showed the demand for RNs outstripping supply by 14,000 in 2030 and by nearly 20,000 in 2040. The market for CNAs and personal care aides could be similar as every medical and health care sector in the state will be competing for these workers.

GOING FORWARD

The coming “senior tsunami” has been discussed in health care circles for many years. The oldest of the baby boomers just turned 75 and hundreds of thousands more will age past 75 over the next 15 years. While projecting what the need for nursing home and assisted living facilities will be is difficult, this report provides a framework to think about the issue.

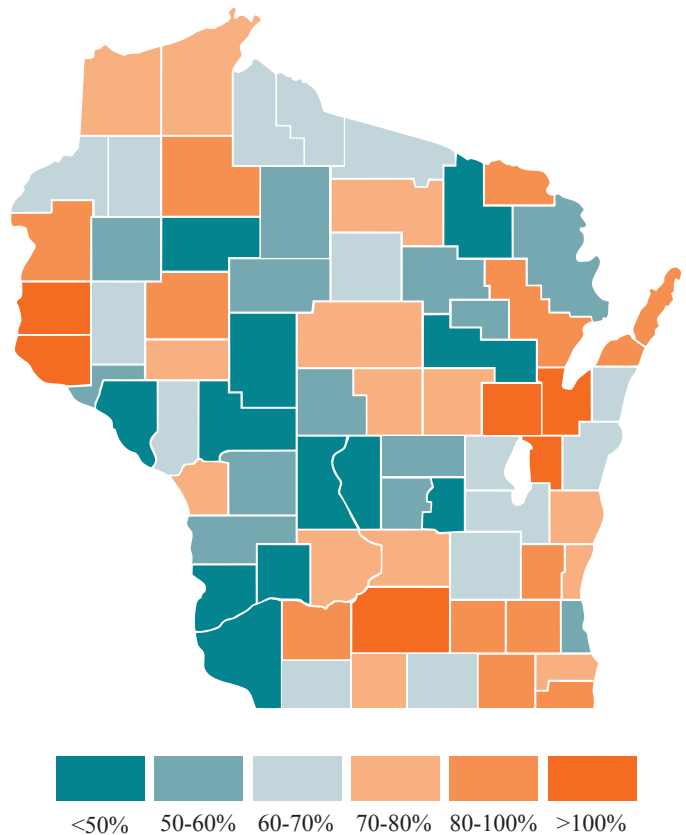
The focus here has been statewide, yet elder care needs will be based on changing demographics, which are largely a regional phenomenon. The 75+ population in the state will likely increase by 75% from 2020 through 2040, but some counties will struggle more than others.

This 75+ population will likely increase the least in rural counties, such as Crawford (37%), Clark (38.4%), and Shawano (38.6%). One reason is that these counties have already seen a population decline of middle-aged residents in recent years, so there are relatively fewer people that will age into the 75+ age bracket in the coming years.

The 75+ population will likely increase the most in urban counties, such as Brown (103%), Dane

² “Wisconsin Registered Nurse Supply and Demand Forecast Results: 2020-2040 Long Term Projections Report.”

Figure 3: Expected Senior Surge Varies by County
% Increase in 75+ Population by County, est. 2020-2040



(114.1%), and St. Croix (152.5%). Urban counties will likely experience the largest growth because they already have a larger population as a result of higher levels of immigration from areas both within and outside of Wisconsin, which means there are already more residents that will age into the 75+ bracket.

The sheer magnitude of the number of Wisconsinites who will pass the age of 75 should concern state and local leaders, particularly when every region and sector in the state is experiencing workforce shortages. Even if the public and private sectors were able to license enough beds in nursing homes and assisted living facilities to keep up with the aging population, there are not enough workers, specifically home health and personal care aides to provide needed care. Ultimately, addressing future needs means tackling the shrinking labor force and net migration issues today.

