Senior Citizens – Their Place in Florida's Past, Present, and Future

By Lynne Holt and David Colburn[1]

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Like migratory sandhill cranes, retirees have flocked to Florida since World War II in search of warmer winters and a better place to nest. The absence of a state income tax and the burden of higher taxes back home attracted many seniors, most of whom live on fixed incomes. Pleased with their initial visits, many subsequently announced to friends and family that they were relocating permanently to the Sunshine state. Their relocation decisions prompted many others to follow. So began the mass exodus of retirees to Florida in 1946.

Where Florida's retirees constituted only 6.9 percent of the state's 1.9 million people in 1940, or approximately 133,000 people, the numbers soared after the War, vaulting the state into first place for the highest percentage of seniors (65 years and older) at 18.7 percent and in second place for the highest total number of seniors (after California).[2] The state song, Stephen Foster's "Suwannee River," more popularly known as "Old Folks at Home" after the last line of its first verse, never seemed more fitting.

As seniors rapidly expanded their numbers in the state, their political influence spread, so that their impact on local and state politics often exceeded the size of their population. Where other newcomers focused on finding new jobs and homes, adjusting to new neighbors, and voting only occasionally, seniors voted in disproportionately higher numbers than other age cohorts. As a consequence, politicians have listened closely to them.[3] Aided by powerful senior organizations and lobby groups, like the American Association of Retired Persons (AARP), seniors let their political priorities be known. In the process, they reshaped the state politically

So who are Florida's elderly and what can we expect from them in future years? A better understanding of these seniors is vital to Florida's future – their numbers and voting power alone indicate that. Policy makers not only need to understand seniors and their expectations and requirements; they also need to understand how the demands of the elderly can be balanced against those of the rest of society.

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[2] In 2010, there were 3.3 million seniors (65 years old and older) in Florida compared to 4.2 million in California. In terms of percentages, West Virginia had the second highest percentage of elderly after Florida with 16.0 percent. Numbers and percentages based on 2010 U.S. Census data.

[3] The U.S. Census Bureau examines voting trends including voting rates by age. In the United States as a whole, "In every presidential election since 1996, voting rates have tended to increase with age. In 2012, voting rates ranged from a low of 41.2 percent for 18- to 24-year-olds, to a high of 71.9 percent for those 65 years and older." See Thom File, "The Diversifying Electorate –Voting Rates by Race and Hispanic Origin in 2012 (and Other Recent Elections*)," Current Population Survey*, May 2013, http://www.census.gov/prod/2013pubs/p20-568.pdf. Last accessed on February 11, 2015.

Florida's Aging Demography over Time

The U.S. Census at the end of 2014 estimated that Florida's seniors (those age 65 years old and older) grew to 18.7 percent of Florida's total population – this percentage increase is more remarkable when one notes that the state's population more than doubled between 1980 and 2014 to almost 20 million and the number of seniors reached approximately 3,740,000. Like so many other Floridians, most retirees were not born in the state but came from somewhere else, approximately 88 percent according to aggregated findings from the Bureau of Economic and Business Research's 2014 consumer confidence surveys.[4] The BEBR surveys asked those who relocated to Florida why they had done so; most responses (31 percent) cited climate or weather. The next largest response was due to family reasons (21 percent).[5] When asked how likely it was that they will move from Florida during the next year, a very large majority of those who are 65 and older reported they were very unlikely (89 percent) or somewhat unlikely (6 percent) to do so. Only 5 percent replied that they were very likely or somewhat likely to move away.[6] Of course, one year is a short time frame, but the implication from these aggregate survey responses is that the elderly seem content and are likely to remain in the state for a longer period of time.

Historically, Florida's seniors have always been an important component of the population and a major contributor to the state economy. As noted, they were attracted to the state initially by the weather, the environment, inexpensive property, low taxes and no state income tax. Retirees who arrived in the 1940s, 1950s and 1960s found that they could live quite comfortably on their social security checks and savings. In a pamphlet entitled *The Truth about Florida* (1956), a retiree informed fellow retirees that they "can live comfortably, have a whale of a good time, and save money on an income of about $40 per week." As air-conditioning and bug spray worked their magic to make Florida's environment appealing year-round, more and more seniors opted to stay in state for much of the year.

H. Irwin Levy, an attorney in West Palm Beach, observed the wave of seniors descending on the Gold Coast (Florida's southeast coast) and decided to capitalize on it. He abandoned his legal practice and launched Century Village, a high rise retirement complex, on 685 acres in Palm Beach County. The Village became a very profitable model for other retirement complexes that sprang up in south Florida, providing most services seniors needed within the confines of the village.

The marketing of Florida as a senior's paradise launched a business empire that went beyond the residential complexes. Most seniors who arrived in the period from 1950 to 2015 had a stable income and money to spend. Hospitals, medical facilities, pharmacies, and rehabilitation facilities became the primary area of their spendable dollars, but so did golf courses and other recreational facilities. Major

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[4] In response to the question "what year did you last move to Florida?" 346 responded they always lived in Florida and 2,469 responded they moved to Florida from somewhere else, totaling 2,815 responses. The responses of don't know and refused were excluded from this total.

[5] A total of 2,449 responses cited one of ten primary reasons. In addition to climate and weather (31%) and family (21%), responses included: job transfer/ new jobs (looking for work (16%); looking for jobs (2%); low cost of living (2%); health (3%); school (1%); military (3%); political (1%) and other (20%).

[6] The question was: How likely is it that you will move out of Florida of Florida during the next 12 months? A total of 2,803 people responded to the question with answers (very likely, somewhat likely, somewhat unlikely, very unlikely). Responses of they didn't know or refused to reply were excluded from the total.

stores like K-mart, Wal-mart, and S.S. Kresge's opened near these senior high rises and offered all sorts of merchandise as well as modestly priced dinners and lunches for seventy-five cents to a dollar.

Life for retirees was not all sunshine, beaches, and bougainvilleas, however. Some found the daily interaction with other aging seniors and the deaths of friends and neighbors psychologically draining. And the distance from family and grandchildren, while welcomed by some, was not always appealing to others. Some observers caustically referred to the Levy's development and others as "God's waiting rooms" or "cities of the unburied." Seniors addressed their feeling of alienation by maintaining close ties with their family and friends back home, by subscribing to a hometown newspaper, and by returning to their hometowns over the summer.

They also took an increasingly active role in their residential communities and in local government. Having matured during the Great Depression and World War II, these seniors took voting seriously. Initially, they exercised their influence at the polls, but over time they began to run for local and, in some cases, state office. In many communities in south Florida, seniors constituted 20 to 25 percent of the residents but often 33 to 40 percent of the votes. Political scientist Susan MacManus observed that seniors were well aware of their power and influence at the ballot box.[7] *The Wall Street Journal* reported in a 1984 article that condo leaders could turn out 85 to 95 percent of the voters in their condominiums. When Sidney Krutick, who resided in a condo of 14,000 told Palm Beach County commissioners that he and his fellow retirees wanted a fire department closer to their condominium, they got the fire department. Karen Markus, a relatively new commissioner in Palm Beach County observed: "God help you if you cross them. You can't win an election without the condo vote."[8]

As the baby boom generation (those born between 1946 and 1964) began to reach retirement age, they too joined the procession to Florida in record numbers.[9] The sheer size of this generation, the largest in the 20th century, and the greater longevity of their lives increased the political and economic influence of this generation. Between 2010 and 2040, Florida's population age 65 years old and older is projected to almost double.[10] At the local level the state's seniors will be able to determine the outcome of many elections, and in non-presidential election years, they will be positioned to significantly affect the results of statewide elections.

As more and more baby boomers move through the pipeline, they will demand greater services to meet their needs, but there will be proportionately fewer people of working age in Florida to address their needs and to contribute to the economy in general. Table 1 shows that the percentages of elderly and working age populations have been pretty stable since 1980. However, that situation is expected to

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[7] Susan MacManus, "Aging in Florida and Its Implications," 8-9, 18. In *The Graying of Florida: A Report on the 2000 Meeting of the Reubin O'D. Askew Institute on Politics and Society*. Gainesville, Fla.: 1999.

[8] "South Florida Retirement Condominiums Are Emerging as Centers of Political Clout," *Wall Street Journal*, November 27, 1984.

[9] Floyd Norris, "Younger Turn for a Graying Nation," *The New York Times*, May 23, 2014, http://www.nytimes.com/2014/05/24/business/younger-turn-for-a-graying-nation.html?_r=0. Accessed on February 11, 2015.

[10] The Florida Legislative Office of Economic and Demographic Research, Florida's Economic Future & the Impact of Aging, February 5, 2015 http://edr.state.fl.us/Content/presentations/economic/FlEconomicFuture&theImpactofAging_2-5-15.pdf. Last accessed on February 11, 2015.

change in the future, because the working age population is projected to grow more slowly than the senior population.

Table 1

Florida's Elderly Population and Working Age (25-64), 1980-2030 (projected)

	1980	1990	2000	2010	2020	2030
Working Age	4,559,545 47% of total	6,470,785 50% of total	8,198,088 51%	9,799,960 52%	10,727,226 51%	11,301,236 48%
Elderly 65 Years and Older	1,687,705 17% of total	2,355,938 18% of total	2,807,650 18% of total	3,259,602 17%	4,309,239 20%	5,670,251 24%
TOTAL	9,746,961	12,938,071	15,982, 824	18,801,310	21,149,697	23,608,972

Source: Florida Demographic Estimating Conference, February 2014 and the University of Florida, Bureau of Economic and Business Research, Florida Population Studies, Bulletin 169, June 2014; Computation by Author

In 2010, seven counties in Florida ranked among the top 50 counties in the United States in terms of the number of seniors (65 years old and older): Miami-Dade, Palm Beach, Broward, Pinellas, Hillsborough, Lee, and Sarasota. Also in 2010, eight of 50 counties with the highest percentage of seniors relative to the county's total population were located in Florida.[11] Sumter County, home to the Villages, a mega-senior development, had the highest percentage of seniors (over 43%) in the country.

Table 2

Eight Counties with the Largest Percentage of Elderly, 65 Years Old and Older, 2010 Census

County	Percent
Sumter	43.4
Charlotte	34.1
Highlands	32.2
Citrus	31.9
Sarasota	31.2
Martin	27.3
Indian River	27.2
Collier	26.4

Source: U.S. Census Bureau*, 65+ in the United States*, June 2014

The presence of Florida's elderly, particularly in the eight counties with the largest proportion of seniors in the state, defines the trade-offs that shape the state's local and regional economies. For example, one of the eight counties, Citrus County, has almost a third of the total population that is elderly. A

[11]Loraine A. West, Samantha Cole, Daniel Goodkind, and Wan He, "65+ in the United States 2010," *Current Population Reports*, June 2014, Table 4-5, p. 117, http://www.census.gov/content/dam/Census/library/publications/2014/demo/p23-212.pdf. Last accessed on February 11, 2015.

recent article about Citrus County reported that "having such a high concentration of elderly people has its trade-offs. You get an engaged citizenry with high voter turnout and volunteerism, but also an economy based on low-skill jobs, such as health care aides, retail clerks, and food service workers." [12]

The Trade-offs in More Detail

The existing trade-offs in Citrus County are common-place in many other aging counties in Florida and highlight the different aspirations of seniors and younger residents. The following areas underscore some of these differences:

Voting for Schools:

Votes for local schools and infrastructure often pit seniors against younger residents. Seniors have come to Florida, in part, because of the low taxes and a low cost of living. As a consequence, many of them, particularly recent migrants, are often predisposed toward voting against new tax measures, including those for public schools.[13] Recent decisions in two counties, Citrus and Martin, with a large percentage of elderly voters illustrate that point. In 2012, voters in Citrus County rejected a referendum to increase property taxes by 0.25 mills for operating expenses at schools.[14] Similarly, Martin County voters resoundingly defeated a proposal in 2010 to increase property taxes for schools, 67 percent against and 33 percent for the measure.[15]

Seniors, however, do not always vote against tax measures for schools as was witnessed in Sarasota County in March 2014, when a large number of retirees approved a referendum for a 1-mill tax for schools with 77 percent of the vote.[16] At the regular election in November 2014, voters in Charlotte County, a county where more than a third of its population is elderly decided to extend the 1 percent local option sales tax for six years, 2015-2020, to be used for assorted infrastructure projects.[17] Support in both counties resulted from an intense educational campaign by local leaders to convince voters that both tax proposals were essential to the counties' future.

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[12] Mike Schneider, "Florida County Saturated with Seniors Offers Glimpse of Future," *The Dallas Morning News*, September 15, 2014, http://www.dallasnews.com/news/local-news/20140915-florida-county-saturated-with-seniors-offers-glimpse-of-future.ece. Last accessed on February 11, 2015.

[13] Although not targeted to Florida, a research paper found that people aged 60 and older who had lived in a county for less than five years were more likely to oppose education spending than those who were longer-term residents in that county. In short, "loyalty" to a community was more important for support of such measures than self-interest. The design of state and local taxes also played a role; higher property taxes tended to increase opposition whereas circuit breakers decreased opposition. See Michael Berkman and Eric Plutzer, "Gray Peril or Loyal Support? The Effects of the Elderly on Educational Expenditures," *Social Science Quarterly*, Vol. 85, No. 5, December 2004.pp. 1179-1192.

[14]. Mike Schneider, "Florida County Saturated with Seniors Offers Glimpse of Future,"

[15] Ballotpedia, *Martin County School District Property Tax Increase (November 2010)*,http://ballotpedia.org/Martin_County_School_District_Property_Tax_Increase_(November_2010). Last accessed on February 11, 2015.

[16] Gabrielle Russon, "'Slam-Dunk' Approval for School Tax," *Herald Tribune*, March 25, 2014, http://www.heraldtribune.com/article/20140325/ARTICLE/140329762?p=1&tc=pg. Last accessed on February 11, 2015,

[17] Charlotte County, Florida Government portal*, 1% Local Option Sales*, Tax, https://www.charlottecountyfl.gov/dept/admin/salestax/Pages/default.aspx. Last accessed on February 11, 2015.

Volunteerism:

In addition to their impact on local politics, seniors have a significant influence on volunteerism, where they provide a greater number of volunteer hours than any other age cohort.[18] According to the Bureau for Labor Statistics, however, the percentage of seniors who volunteer is on average lower than that of other age cohorts, but the amount of time directed toward such activities is much greater.[19]

How does senior volunteerism in Florida compare to that of the nation? Because of their sheer size, Florida's seniors contribute more time to volunteer activities than do their counterparts on average nationally, but the percentage of Florida's retirees who volunteer (20.2 percent) is lower than that of all but eight other states and the U.S. as a whole (24.2 percent). Moreover, the volunteer rates across Florida's metro areas range from a high of 26.2 percent in Jacksonville to less than half that percentage in Miami (10.7 percent), a metro area with a high concentration of seniors.[20] Gated senior communities, like the Villages, isolate residents from others in the community and thus are more likely to undermine volunteer activities. Much the same is true of seniors who reside in the state for part of the year.

Relative Household Income for Seniors:

The median household income of seniors in Florida varies significantly from region to region. In the eight counties with the largest proportion of the seniors, the median household incomes range from a low of $31,961 in Highlands County and $34,846 in Citrus County to a high of $53,646 in Sumter County, where much of the Villages is primarily located.

Table 3

Estimated Median Household Income for Eight Counties by Age Cohort (2013)

County			**65 Years Old and Over**
Charlotte			$42,247
Citrus			$34,846
Collier			$50,480
Highlands			$31,961
Indian River			$37,398
Martin			$40,912
Sarasota			$41,854
Sumter			$53,646

Source: U.S. Census Bureau, American FactFinder, Median Income in the Past 12 Months (In 2013 Inflation adjusted Dollars)

[18] Bureau of Labor Statistics, U.S. Department of Labor, "Volunteering in the United States – 2013," Table 2, *News Release*, February 25, 2014, http://www.bls.gov/news.release/pdf/volun.pdf. Last accessed on February 11, 2015. In 2013, the elderly volunteered 86 median hours in the U.S. compared to 52 hours for Americans 45-64 years old.
[19] Ibid.
[20] See Corporation for National and Community Service, *Older Adult Volunteer Rates*, http://www.volunteeringinamerica.gov/rankings/States/Older-Adult-Volunteer-Rates/2013. Last accessed on February 11, 2015. Data covered between 2011-2013.

Seniors who are no longer working derive their income from pensions, non-pension retirement savings, and Social Security. Medicare is also available to those who are 65 years old and older, but it does not include long-term care.[21]

The crucial issue facing retirees and the nation as a whole is whether they will be able to pay for their basic needs in retirement, particularly if long-term care is required. The Employee Benefit Research Institute (EBRI) and Greenwald & Associates conducted an annual survey to gauge both workers' and retirees' perceptions across the nation. The results reveal that each year a majority of retirees appear confident about having enough money to meet their basic needs, including medical care. Sixty-nine percent reported that they are confident or somewhat confident that they did a good job preparing financially for retirement.[22]

Findings published in a RAND Corporation research brief lend support to that perception. It found that approximately 71 percent of adults ages 66-69 were adequately prepared financially for retirement.[23] An underlying assumption in the study is that consumption patterns change in retirement: retirees tend to spend less money on travel or other leisure activities, clothes, transportation, and other routine living expenses than was the case in their working years.[24]

The Rand study also found a significant correlation between education and marital status relative to retirement preparation. For example, 90 percent of married females (66-69 years old) who completed college or had advanced degrees said they were prepared for retirement. The least prepared (29%) were single women who did not complete high school. College graduation thus makes a big difference in preparation for retirement, particularly for single women and married women and men. Another research brief by EBRI supports the RAND study findings. Approximately 20 percent of workers without a high school diploma participated in an employer-sponsored retirement plan, and the percentage participating in such a plan increased with educational attainment to over 66 percent for those who earned graduate or professional degrees.[25]

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[21] Medicare covers the cost of skilled nursing care after a three day hospital stay for a maximum of 100 days.

[22] Ruth Helman, Nevin Adams, Craig Copeland, and Jack VanDerhei, "The 2014 Retirement Confidence Survey: Confidence Rebounds – for Those with Retirement Plans," *Issue Brief*, Employee Benefit Research Institute, No. 397, March 2014, http://www.ebri.org/pdf/briefspdf/ebri_ib_397_mar14.rcs.pdf. Last accessed on February 11, 2015.

[23] The definition of "adequate preparation" used in the study "requires that individuals have a 95-to-100 percent chance of dying with positive wealth and that reductions in remaining lifetime spending to achieve this be less than 10 percent." See Rand Corporation, "More Americans May Be Adequately Prepared for Retirement than Previously Thought," *Research Brief*, 2014, http://www.rand.org/content/dam/rand/pubs/research_briefs/RB9700/RB9792/RAND_RB9792.pdf. Last accessed on February 11, 2015. This research brief describes work done in RAND Labor and Population and documented in "Economic Preparation for Retirement" by Michael D. Hurd and Susann Rohwedder, Chapter 2, pp. 77–113, published in David Wise, ed., Investigations in the Economics of Aging, University of Chicago Press, 2012 (EP-50403, www.rand.org/t/EP50403).

[24] There is ongoing debate in the research literature about the assumptions used to compute post-retirement replacement income. In addition, perceptions of elderly retirees who are 70 years old and older might differ from younger seniors who are 66-69 years old.

[25] Craig Copeland, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2013," *Issue Brief*, Employee Benefit Research Institute, October 2014, p. 12 http://www.ebri.org/pdf/briefspdf/EBRI_IB_405_Oct14.RetPart.pdf. Last accessed on February 11, 2015.

The findings cited in the RAND study and EBRI research brief suggest that public policies to improve college graduation rates in the nation and in Florida will improve the preparedness of seniors for retirement and thus reduce the need for reliance on intergenerational support.

Issues on the Horizon Facing the Elderly

Even if seniors are prepared for the costs of retirement, the intergenerational cost burden is likely to become acute in the future. As life expectancy increases, retirees will become increasingly dependent on government transfer programs such as Social Security, Medicare, and Medicaid (for low-income elderly) for longer periods of time. For example, for those between the ages of 70-74, the average net government transfer in 2003 totaled $11,409. For those between the ages of 75-79, the average net government transfer in 2003 increased to $13,775 and it went up to $23,391 for those between the ages of 85-89.[26] The amounts would be higher on average in 2015 but the underlying point is the same: seniors place a greater burden on the cost of government transfers as they age.

With demographic trends pointing to a substantial increase in the number of seniors throughout the nation and an increase in the cost to support them, tension between working age people and retirees is likely to escalate**.** Moreover, as explained below, one can expect the most widely-used government transfer programs for the elderly -- Social Security, Medicare, and Medicaid -- to be under continuous pressure to restructure their benefits, thus portending less generous benefits overall for subsequent generations of retirees.

Social Security:

Retirees who are age 65 in 2015 and receive their first-year Social Security benefit in that year can expect Social Security to replace approximately one-fourth to slightly over two-thirds of their pre-retirement income, based upon their earnings history.[27] If they want to retain their pre-retirement income, retirees will need to tap other sources. While Social Security was never intended to replace all of one's pre-retirement income, 22% of married couples and about 47% of single people depend on Social Security for 90% or more of their income.[28] According to AARP, at least one in three Floridians relied on Social Security as their only income source.[29] Social Security is, therefore, clearly critical to the financial well-being of millions of people in Florida and the nation.

Social Security operates as a pay-as-you-go system through two trust funds – one that is used for retirement and survivors of deceased workers (Federal Old-Age and Survivors Insurance Trust Fund) and one that is used for disabilities (Federal Disabilities Insurance Trust Fund). Although these trust funds operate separately, they are both funded from a payroll tax on wages and self-employment earnings up to an annually-fixed maximum amount. Current pay-roll tax proceeds fund current Social Security

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[26] James M. Poterba 'Retirement Security in an Aging Society," *NBER Working Paper 19930*, February 2014, http://www.nber.org/papers/w19930.pdf, pp. 8-9. Last accessed on February 11, 2015.

[27] Craig Copeland, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2013,"p. 5.

[28] Social Security Administration, *Social Security Basic Facts*, April 2, 2014, http://www.ssa.gov/news/press/basicfact.html. Last accessed on February 11, 2015.

[29] Donna Gehrke-White, "1 in 3 Florida Retirees Who Receive Social Security Survive Solely on Government Checks," *Sun Sentinel*, January 24, 2012, http://articles.sun-sentinel.com/2012-01-24/business/fl-social-security-20120123_1_condo-special-assessments-florida-retirees-condo-association. Last accessed on February 11, 2015.

benefits. The Federal Old-Age and Survivors Insurance Trust Fund faced fiscal constraints in the early 1980s. A temporary inter-fund transfer in 1983 coupled with measures such as gradually increasing the age at which one could reach full retirement from 65 years old to 67 years old removed those constraints for many years. Nevertheless, these measures will not ensure long-term solvency for the program. ("Solvency" in this context means that the trust funds are able to pay full benefits on time.) The delicate balance of payroll tax proceeds and benefits has been undermined by a large influx of aging baby boomers, the Great Recession, and an anemic economic recovery, the combination of which has dampened the growth of pay-roll tax proceeds to support Social Security.[30] Projections vary as to when Social Security will become insolvent. The 2014 Social Security Trustees Report projects that the combined trust funds will be insolvent in 2033.[31] The Congressional Budget Office, using different assumptions, projects insolvency for the combined funds in 2030.[32]

As the Pew Research Center's polling shows, younger adults are much less sanguine than pre-retirement age baby-boomers about the prospect of being able to enjoy the benefits of Social Security. Around half of adults younger than 50 years old think they will not be able to benefit from Social Security when they retire compared to 28 percent of baby boomers under age 65.[33] Even though majorities in all age groups think Social Security benefits should not be reduced, the percentage of younger adults supporting benefit reductions for future retirees is higher the further in age those adults are from retirement. So, for example, 37 percent of millennials (18-33 years old) responded that Social Security reductions need to be considered, whereas only 21 percent of elderly, 75 and older, and 29 percent of baby boomers held that position.[34]

Medicare:

Medicare provides federal health insurance for approximately 54 million people ages 65 and over and people with permanent disabilities. Over 3.5 million Floridians received Medicare benefits in 2012, thus making Florida second to California in the number of Medicare enrollees.[35] As with Social Security, Medicare's long-term financial viability is at risk.

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[30] Noah P. Meyerson, *Social Security: What Would Happen If the Trust Funds Ran Out?*, Congressional Research Service, August 28, 2014, https://www.fas.org/sgp/crs/misc/RL33514.pdf. Last accessed on February 11, 2015.

[31] *The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, 113th Congress, 2d Session, House Document 113-139, July 28, 2014, p. 4, http://www.ssa.gov/oact/tr/2014/tr2014.pdf. Last accessed on February 11, 2015. The Federal Disability Insurance Trust Fund is projected to be insolvent in 2016 and the Federal Old -Age and Survivors Insurance Trust Fund is projected to be insolvent in 2034.

[32] Noah P. Meyerson, "Social Security: What Would Happen If the Trust Funds Ran Out?" p. 4, citing the Congressional Budget Office's long-term budget outlook, July 2014.

[33] Pew Research Center, *Millennials in Adulthood: Detached from Institutions, Networked with Friends*, March 2014, p. 37, http://www.pewsocialtrends.org/files/2014/03/2014-03-07_generations-report-version-for-web.pdf. Last accessed on February 11, 2015.

[34] See Pew Research Center, *February 2014 Political Survey Final Topline*, February 14-23, 2014, Q. 125, http://www.pewsocialtrends.org/files/2014/03/2014-03-07_generations-appendix-b-Topline-Questionnaire.pdf. The question asked was: "Thinking about the long-term future of Social Security, do you think some reductions in benefits for future retirees need to be considered or Social Security benefits should not be reduced in any way."

[35] Kaiser Family Foundation, *Total Number of Medicare Beneficiaries*, http://kff.org/medicare/state-indicator/total-medicare-beneficiaries/. Last accessed on February 11, 2015.

Medicare Part A, which is funded by employer and employee payroll taxes, helps pay for hospital stays and care, home health following hospital stays, skilled nursing facility stays, and hospice care for the aged and infirmed. Medicare Part B helps pay for physician visits, outpatient hospital visits and treatment, home health, and other services for the aged and disabled who have voluntarily enrolled in the program. Medicare Part D subsidizes drug insurance coverage on a voluntary basis for all Medicare beneficiaries and provides premium and cost-sharing subsidies for low-income beneficiaries. Medicare Parts B and D are financed through a combination of enrollee premiums and transfers from the general fund. Adjustments are made to premiums and general revenue income annually to cover anticipated costs.

Trying to make long-term projections for Medicare's financial viability is very difficult because medical treatments and interventions continue to evolve, which may in the long-term increase or decrease costs. In addition, provisions in the Affordable Care Act, which are related to physician compensation, affect long-term projections for Medicare. Given these and other caveats, the Medicare Trustees project a shortfall in Hospital insurance tax income and other dedicated revenues for most future years (Medicare Part A) with the "intermediate" projection that the Hospital Insurance Fund would be depleted in 2030.[36] Medicare Parts B and D are subject to annual revenue adjustments, so their long-term sustainability should be easier to manage.

There is some good news, at least in the short term. The growth in Medicare spending declined from 4 percent in 2012 to 3.4 percent in 2013 in large part due to the implementation of the Affordable Care Act, a slower enrollment growth, and the federal budget sequestration of 2013.[37] A brief by the Kaiser Family Foundation also speculates that health care delivery may have become more efficient and that costs may have been contained due to some popular brand-name drugs that became generic in recent years.[38] It remains to be seen if spending can be contained in the long term with an expected large influx of baby boomers availing themselves of Medicare benefits in coming years. Regardless, there will be challenges ahead: Medicare spending per person has increased rapidly with age and it more than doubled between the ages of 70 and 96 in 2011 (Spending peaked at age 96 and then declined for those who were still living).[39]

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[36] The Trustees' explain the implications of the projected depletion: "If assets were depleted, Medicare could pay health plans and providers of Part A services only to the extent allowed by ongoing tax revenues—and these revenues would be inadequate to fully cover costs. Beneficiary access to health care services would rapidly be curtailed. To date, Congress has never allowed the HI trust fund to become depleted." *The 2014 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*, July 28, 2014, http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/downloads/tr2014.pdf. Last accessed on February 11, 2015.

[37] Micah Hartman, Anne B. Martin, David Lassman, Aaron Catlin, and the National Health Expenditure Accounts Team, "National Health Spending In 2013: Growth Slows, Remains In Step With The Overall Economy," *Health Affairs*, 34(1) January 2015, 150-160.

[38] Tricia Neuman and Juliette Cubanski, "The Mystery of the Missing $1,200 Per Person: Can Medicare's Spending Slowdown Continue?" *Perspectives,* Kaiser Family Foundation, September 29, 2014, http://kff.org/health-costs/perspective/the-mystery-of-the-missing-1000-per-person-can-medicares-spending-slowdown-continue/. Last accessed on February 11, 2015.

[39] Tricia Neuman, Juliette Cubanski, Jennifer Huang, and Anthony Damico, *The Rising Cost of Living Longer: Analysis of Medicare Spending by Age for Beneficiaries in Traditional Medicare*, January 2015,

Medicaid:

Medicaid, unlike Medicare, provides health insurance to low-income people, not exclusively to retirees, and supplements those health-related service costs that are typically not covered by Medicare, such as premiums and out-of-pocket medical expenses. In addition, Medicaid covers nursing facility care beyond the 100-day limit or skilled nursing facility care covered by Medicare, prescription drugs, eyeglasses, and hearing aids. Floridians who opt to receive Medicaid, with certain specified exceptions, are required to receive services through the Florida Medicaid Managed Medical Assistance Program.[40]

In FY 2013-2014 the estimated Medicaid case load for elderly and disabled Floridians was 36,317.[41] The Medicaid program coordinates benefits with Medicare. In contrast to Medicare which is completely funded by federal government, states, including Florida, must provide matching Medicaid funds for receipt of federal funding. In Florida, that required match is approximately 6 (federal) to 4 (state). A larger proportion of dual-enrollees have more chronic conditions, cognitive and functional limitations than do other Medicare beneficiaries. They tend to have poorer health and are much more likely than other Medicare beneficiaries to live in nursing homes or mental health facilities, use emergency rooms, and require post-acute care.[42]

Florida has recently implemented a regionally-based long-term care program that offers a wide range of covered services.[43] The Florida Department of Elder Affairs provides long-term care services through its PACE program which is available to seniors 55 years old and older in six counties.[44] The intent is to provide community- based services and keep Floridians out of nursing homes. Along with states such as Missouri, Colorado, and Washington, among others, Florida has moved toward making more services community-based in order to delay or even obviate the need for placing Medicaid-covered Floridians in costly nursing home facilities. In 2007, almost half of the recipients were served initially in the community and that percentage increased to 59 percent in 2009.[45] With a growing emphasis on community-based services since 2009 that percentage is now undoubtedly higher.

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http://files.kff.org/attachment/report-the-rising-cost-of-living-longer-analysis-of-medicare-spending-by-age-for-beneficiaries-in-traditional-medicare. Last accessed on February 11, 2015.

[40] Florida Agency of Health Care Administration, *A Snapshot of the Florida Medicaid Managed Medical Assistance Program*, http://ahca.myflorida.com/Medicaid/statewide_mc/pdf/mma/SMMC_MMA_Snapshot.pdf. Last accessed on February 11, 2015.

[41] The Florida Legislative Office of Economic and Demographic Research, *Social Services Estimating Conference – June 2014 Forecast*, http://edr.state.fl.us/Content/conferences/medicaid/medcases.pdf. Last accessed on February 11, 2015. The income threshold for Medicaid is less than 88% of the Federal Poverty Level.

[42] Gretchen Jacobson, Tricia Neuman, and Anthony Damico, "Medicare's Role for Dual Eligible Beneficiaries," *Issue Brief*, Kaiser Family Foundation, April 2012, https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8138-02.pdf. Last accessed on February 11, 2015.

[43] Florida Agency of Health Care Administration, *A Snapshot of the Florida Medicaid Long-term Care Program*, http://ahca.myflorida.com/Medicaid/statewide_mc/pdf/LTC/SMMC_LTC_Snapshot.pdf. Last accessed on February 11, 2015.

[44] Florida Department of Elder Affairs, *Program of All-Inclusive Care for the Elderly (PACE)*, http://elderaffairs.state.fl.us/doea/pace.php. Last accessed on February 11, 2015.

[45] Susan C. Reinhard, Enid Kassner, Ari Houser, Kathleen Ujvari, Robert Mollica, and Leslie Hendrickson, *Raising Expectations: A State Scorecard on Long-Term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers*, AARP, 2014, p. 75,

Other Federal Government Programs:

Federal grants are distributed to states and non-profits for a variety of purposes, many of them targeted to or benefiting the elderly including Meals-on-Wheels, subsidized transportation service, the Low-Income Home Energy Assistance Program, and the Weatherization Assistance program. In addition, various federal housing programs are targeted to or have special features for the elderly.[46] Government services for the elderly tend to be a patchwork of programs with different revenue streams, oversight entities, and eligibility requirements. Moreover, budget caps on federal programs such as Meals-on-Wheels often result in waiting lists or shift the onus to community-based private donors and unpaid caregivers to meet the elderly population's disparate needs.

Access to Health Care Providers and Services:

Access to health insurance coverage (Medicare, Medicaid, or private insurance) is certainly important to prevent seniors from experiencing financial hardship or poverty. Yet, access to both health care and health-related services may still prove elusive for many. A provision in the Affordable Care Act to reduce compensation rates to providers initially gave rise to concerns over physicians declining to accept new Medicare patients. It has been difficult to identify the extent to which this has been the case in Florida but a report by the Kaiser Family Foundation (December 2013) found that 91 percent of physicians nationwide accepted new Medicare patients. Less than 1 percent of physicians in clinical practice formally declined to participate in Medicare but the percentage of psychiatrists accounted for the largest share to opt-out at 42 percent.[47]

Most seniors in Florida are not eligible for long-term care services provided by Medicaid and most are not covered by commercial long-term care policies. Of particular concern is the prospect of a growing population of elderly with cognitive disabilities who lack the financial means or caregiver support to receive adequate care. According to the Florida Department of Elder Affairs, more than 480,000 individuals are living with Alzheimer's and related disorders, and 510,000 Floridians are projected to suffer from these illnesses by 2020. Much of the burden of caring for the elderly in those conditions will fall on family members. To that end the state provides some support through a statewide respite program for caregivers and has also designated 17 memory clinics.[48] Despite these and other measures, however, Florida ranks 40th among all states and the District of Columbia in the level of support provided to family caregivers.[49]

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http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2014/raising-expectations-2014-AARP-ppi-ltc.pdf. Last accessed on February 11, 2015.

[46] United States Government Accountability Office, Elderly Housing: *Federal Housing Programs That Offer Assistance for the Elderly*, February 2005, http://www.gao.gov/assets/250/245318.pdf. Last accessed on February 11, 2015.

[47] Cristina Boccuti, Christina Swoope, Anthony Damico, and Tricia Neuman, *Medicare Patients' Access to Physicians: A Synthesis of the Evidence*, December 10, 2013, http://kff.org/medicare/issue-brief/medicare-patients-access-to-physicians-a-synthesis-of-the-evidence/. Last accessed on February 11, 2015.

[48] Florida Department of Elder Affairs, *Alzheimer's Disease Initiative*, http://elderaffairs.state.fl.us/doea/alz.php.

[49] This ranking is based on three metrics: legal and system supports, delegation to nurse and other long-term care personnel, and elements of caregiver well-being (less worry and stress and more rested). See *Raising Expectations*, AARP, p. 80 and p. 107 for indicators.

Long waiting lists for Florida's respite assistance program and other senior care programs continue to be the norm. Even though the Florida Legislature authorized in 2014 an additional $22 million to help with reducing wait lists for such programs, including $5 million for respite assistance, there were still 55,000 Floridians on waiting lists for home and community-based programs as of June 2014.[50]

As the baby boomers enter the aging pipeline and need more community-based services, will there be the political will to meet their home-based needs? In 2020, approximately 9 percent of Florida's population is projected to be 75 years and older and almost 5 percent to be 80 years old and older. According to the 2012 American Community Survey, 1,147,240 or one-third of Florida residents who were 65 years old and older reported having a Census defined disability. Of those reporting disabilities, almost 500,000 Floridians or 14 percent reported having difficulties with living independently.[51] If seniors elect to stay in their communities, many will need home-health aides. Yet, the supply of home health aides is already much lower in Florida than in all but two other states, raising the question of whether there will be an adequate supply of home-health aides available for Florida's seniors in 2020.

Even if there is an adequate supply of home-health aides in five years, will elderly Floridians be able to afford the care? The median cost in Florida was $19 per hour in 2014.[52] If the aggregated findings from BEBR's 2014 consumer confidence surveys are any indication, approximately one in five Floridians 75 years and older have annual household incomes of less than $20,000.[53] They will clearly be hard-pressed to afford $19 per hour for that form of assistance.

If the Florida's seniors cannot manage on their own or live with family or other caregivers, they will likely turn to independent care, assisted living, or nursing homes to meet their needs. Of those types of facilities, nursing homes are clearly the most expensive. In 2014, the median cost for a semi-private room in a nursing home in Florida was approximately $84,000 per year, compared to $36,000 per year for an assisted living facility.[54] According to a recent report by the Robert Wood Johnson Foundation, two-thirds of seniors (65 years and older) in the nation lack the financial resources to pay for one year of a nursing home.[55] Even the prospect of paying for a year of assisted living ($36,000) would be difficult

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[50] Scott Keeler, "Editorial: Florida Falling Short for Seniors," *Tampa Bay Times*, June 20, 2014, http://www.tampabay.com/opinion/editorials/editorial-florida-falling-short-for-seniors/2185344. Last accessed on February 11, 2015.

[51] Florida Legislative Office of Economic and Demographic Research, *Florida's Economic Future & the Impact of Aging*, March 17, 2014, p. 27, http://edr.state.fl.us/Content/presentations/economic/FlEconomicFuture&theImpactofAging_3-17-14.pdf. Last accessed on February 11, 2015. In response to the aggregated 2014 BEBR consumer confidence surveys, 10 percent of respondents 75 years old and older providing a yes or no answer replied that they have difficulty going outside the home alone because of a health condition lasting 6 or more months and 5 percent responded that they have difficulty taking care of their personal needs.

[52] Genworth, *Cost of Care Survey 2014*, https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/130568_032514_CostofCare_FINAL_nonsecure.pdf. Last accessed on February 11, 2015.

[53] Of a total of respondents 75 years old and older who reported income, 5 percent reported household annual incomes of less than $10,000 and 16 percent, $10,000 to less than $20,000. The total number who responded to the question of household income from all sources was 1,049.

[54] Ibid.

[55] Naomi Freundlich, "Long-Term Care: What Are the Issues?" *Issue Brief*, Robert Wood Johnson Foundation, February 2014, http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2014/rwjf410654. Last accessed on February 11, 2015.

for many on fixed incomes to manage if one recalls that the median household income for the elderly population in Citrus County, for example, is $34,846.

In short, the picture for Florida at 2020 and beyond carries no surprises: more retirees, fewer working age people relative to seniors to support the state's tax base, fiscal pressures for seniors who will live longer and, as they age, require more medical and support services, and more stress on families and unpaid caregivers to assume or contribute significantly to caregiving responsibilities. In general, those with less education and retirement savings will be the most adversely affected.

In Florida, as elsewhere in the nation, the natural increase in the state's population resulting from births has been declining. While projections for 2020-2025 point to an increase in natural births in Florida, net migration is projected to account for most of the increases. While there is considerable debate about whether baby boomer retirees will follow the pattern of earlier age cohorts and relocate to Florida for warm weather and other amenities, there is little doubt that migration will play an important role in determining whether Florida can generate the workforce to provide the medical and related services for its aging population.

As certain counties continue to face a higher proportion of seniors relative to younger populations, there are essentially three ways state policymakers might proceed: (1) shift more state-level funding decisions, such as education, to counties; (2) develop strategies to attract and retain a younger professional workforce that can respond more efficiently to the demands of an aging population as well as contribute to the state's tax base; and (3) partner with local governments and nonprofits to help seniors work longer or volunteer more frequently in Florida's communities.

The first strategy (shifting more policy decisions from the state to localities) has been suggested by Economist David Denslow as a means of reconciling the interests of some counties that will experience larger numbers of seniors. The underlying idea is that the state provides counties with greater flexibility in addressing its education and tax policies relative to its specific demographic needs.[56] For example, counties that have large majorities of seniors may have less interest in supporting education and roads, while other counties may well put a premium on both. The second (policies aimed at offering conditions that attract and retain younger professional workers) will undoubtedly require more support for education at all levels as well as roads, recreational parks, and facilities for families.

The third strategy involves a state-local partnership to expand volunteer efforts and targeted paid positions that can benefit the frail elderly. An initiative to spur volunteerism on the part of able-bodied seniors could be seeded with state funds in counties like Miami-Dade, for example, which has a large senior population and relatively low elderly volunteer rates.

Targeted paid programs could also be directed toward meeting the existing and projected needs of Florida's aging population. For example, a program administered in Palm Beach by a Jewish Family Services trains able-bodied older Floridians who need extra income to do errands and serve as companions to frail elderly clients who need that assistance. This strategy promises to yield long-term benefits for Florida. By promoting training for able-bodied seniors, communities may also stimulate senior employment in the private sector, supplement their incomes, and contribute to the strengthening the economy, while also helping to provide resources to address the needs of its frail elderly population.

[56] Mike Schneider, "Florida County Saturated with Seniors Offers Glimpse of Future."

All three strategies will require more innovative thinking because the projected demographic changes will demand new and different policy responses. Approaches that provide counties flexibility to address their demographic uniqueness, encourage the expansion of the labor force, prolong the workforce contributions made by seniors who wish to work, and enhance volunteerism should better position Florida to meeting the needs of its aging population.