

"The basis of our governments being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter."
— Thomas Jefferson

The Daily Transcript®

OPINION & COMMENT

First Amendment: Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

The senior side of California



Guest Commentary

By Alan Nevin

In a past *Daily Transcript* article, I discussed the graying of America and California. In this article, I am going to focus more on the health and care aspects of the senior population.

In next month's column, I will discuss the housing needs of the senior population, including independent, assisted living and

memory-loss facilities.

First, a snapshot of the demographic wave: During the next 30 years, California will grow by yet another 15 million persons. For reference, that's 10 times the current population of the city of San Diego.

Of that total, more than half will be older than 45 years of age. California's over 45 population is anticipated to expand by 8 million by 2040. Half of that gain will be folks over the age of 75. The over 75 population is projected to grow by almost 4 million in the next three decades.

Mirroring the past, the female population over age 75 will outnumber the over 75 male population. Currently, the over 75 female population outnumbers the over 75 male population by 50 percent. The cause of this disparity is widely debated.

Over the years, I have completed senior housing studies all over California and Arizona. In almost every case, when you ask the marketing director of "assisted living projects" about the demographic composition of their residents, it is inevitably more than 75 percent female, average age 75-80. It is almost as if all the marketing directors have the same script. Married couples are a rarity. Single men of any age and health condition are in hot demand.

Most seniors continue to live in their own homes until death or nearly so. In fact, 80 percent of seniors own their own home, and few have mortgages. When care is needed, 80 percent are cared for by unpaid caregivers.

In today's world, it appears that most

seniors skip the interim housing step that a couple of decades ago was predicted to generate an enormous housing demand. That interim step was independent living. It was anticipated that senior single women (often recently widowed) would opt to sell their homes and move into accommodations that offered them companionship with like-minded women. Somehow, that wave never came to fruition.

Now, it is far more likely that they stay in their homes until "at home" care is no longer practical. The cost of in-home care becomes onerous as the number of hours required expands toward the 24-hour level.

Concomitant with the aging process is the possibility of dementia/Alzheimer's disease. One out of eight persons over age 65 has memory loss problems. By age 85, 45 percent have memory loss problems. And just because they live longer, far more women have Alzheimer's than men.

There is a proven inverse correlation between Alzheimer's and education — i.e., the percentage of those with Alzheimer's declines as the level of education increases. So stay in school.

In California, in the 2000-2025 period, the number of seniors with Alzheimer's will increase by 50 percent. That's a far more palatable figure than either Nevada or Oregon, both of which will see an increase of 100 percent.

Having depressed you with these statistics, I will further depress you by talking about the cost of Alzheimer's. W. Major Chance, CEO of ActivCare Living, and a pioneer in operating Alzheimer's facilities, classifies those with Alzheimer's into three categories, going from modest memory loss to severe memory loss. The cost of monthly care in a quality facility typically ranges from \$3,500 to \$8,000. In most cases, the cost is borne by the individual or their family.

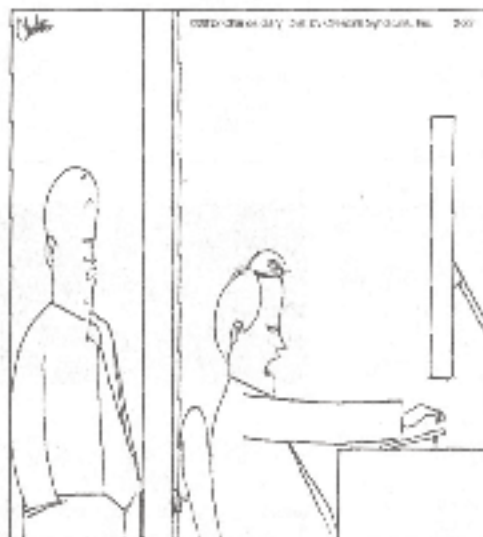
Long-term care insurance is seldom the source of funds. Currently, only 2 percent of the population has long-term care insurance, and, often, that insurance won't cover all the costs.

Therefore, it is likely that eventually, the Alzheimer patient will have to sell his or her house to cover the payments. As the Alzheimer patient most often dies within two years of the onset of the disease, the proceeds from the sale of the house can generally cover their needs, though depleting their estate in the process.

Obviously, those without liquidable assets will have to rely on government largesse. The Alzheimer's Association says that the cost to the government for care of Alzheimer patients will be \$200 billion this year. By 2050, they are projecting the cost to be \$1.1 trillion (in 2012 dollars).

Next to obesity, the No. 1 future tsunami of health care costs in the United States will be Alzheimer's. Not a pretty picture.

Next month: housing the senior population.



"Not now, Steve! Can't you see that I'm trying to look busy?!"

Nevin is a principal with The London Group Realty Advisors. He can be reached at alan.nevin@sddt.com.

Source Code: 20120508tza