

Executive Summary of Healthcare Costs White Paper

Health care costs have been rapidly escalating over time. The Congressional Budget Office projects that total health care spending will rise from 16% of gross domestic product in 2007 to at least 25% by 2025.

Adults age 65 and over have the highest health care spending, with the majority of Medicare's dollars spent on the treatment of chronic disease. Approximately 82% of Medicare beneficiaries have one or more chronic conditions; therefore, the United States must better manage chronic disease in order to effectively address rising health care costs.

The current health care system does not sufficiently meet older adults' needs. The fragmented system is defined by care-delivery setting. In addition, diagnosis-centered courses of care do not necessarily address older adults' unique health care needs. Services for older adults should be tailored to needs arising from disabilities and symptoms, as well as diagnosis. Preventive care should be emphasized. Although preventive care is a relatively new philosophy, especially in geriatrics, cost savings have been demonstrated in some instances where preventive care strategies have been employed.

Erickson Health, the integrated health system available at Erickson Retirement Communities, believes that older adults can live well and thrive—even in the presence of multiple chronic conditions.

Erickson Health recognizes the challenges of caring for this historically medically complex and costly population, and is using a multi-pronged approach with a preventive-medicine focus to provide top-notch care while simultaneously lowering health care costs. Comprehensive assessment programs, integrated and coordinated services, quality initiatives, and a Medicare waiver demonstration project are some of the ways in which Erickson Health intends to change the paradigm of older adults' health care in the United States.

Older adults fear rising health care costs. A nationwide survey conducted by Erickson Health shows retirees are feeling particularly vulnerable about the costs of healthcare undermining their financial stability.

Forty-nine percent of survey respondents were worried most about the cost of health care, followed by losing their independence (41%), future changes in Medicare (38%) and their ability to stay well (36%).ⁱ

Are older adults' fears about the cost of healthcare and future Medicare changes valid?

ⁱ WBA Market Research (March 2007). Report: *Survey of 65 and older*. For SNS Marketing and Erickson Retirement Communities.