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The Monetary Costs of Dementia in the United States

Addendum

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RAND Office of External Affairs

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Document submitted on July 12, 2013 as an addendum to testimony presented before the Senate Special Committee on Aging on April 24, 2013

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Michael D. Hurd
The RAND Corporation

The Monetary Costs of Dementia in the United States
Addendum

Before the Special Committee on Aging
United States Senate
July 12, 2013

The subsequent questions and answers found in this document were received from the Committee for additional information following the hearing on April 24, 2013 and were submitted for the record.

Senator Jeff Flake
The Special Committee on Aging
Question for the Record

1. Question for Dr. Hurd on cost of treating Alzheimer’s patients:
Dr. Hurd, in your testimony you talked about how your cost estimates assume that real costs per case will remain constant. You also mention within your testimony that this assumption will have little bias because care-giving accounts for a large cost of total costs.

Question: Could you elaborate more generally on this cost issue? I’m curious to know how today’s cost compare to what they were 10, 20 or 30 years ago and if the ratio of care-giving required has changed over that same time period?

Response of Michael Hurd:

We have found consistent cost comparisons just going back to 1999.

The following table shows Medicaid payment rates for nursing home rooms both in nominal terms and in real terms (adjusted for general inflation). The average payment rate increased at a faster rate than inflation, on average about one percent per year.

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Medicaid rates and private rates differ as to both level and trend. The following table shows private pay rates for both semi-private and private rooms. Private pay rates are higher for a semi-private room than what Medicaid pays. For example in 2008, Medicaid paid $164 and the private pay rate was $191. Over the 10 years shown, private pay rates increased after adjustment for general inflation by about 0.6% per year for a semi-private room and by 0.4% per year for a private room.
In our current cost estimates these variations in cost over time were taken into account. But to the extent that nursing home costs continue to increase at a faster rate than general inflation, our forecasts of costs in the future will be underestimates.

As for the second part of the question (ratio of care giving required), I have no information on that issue.