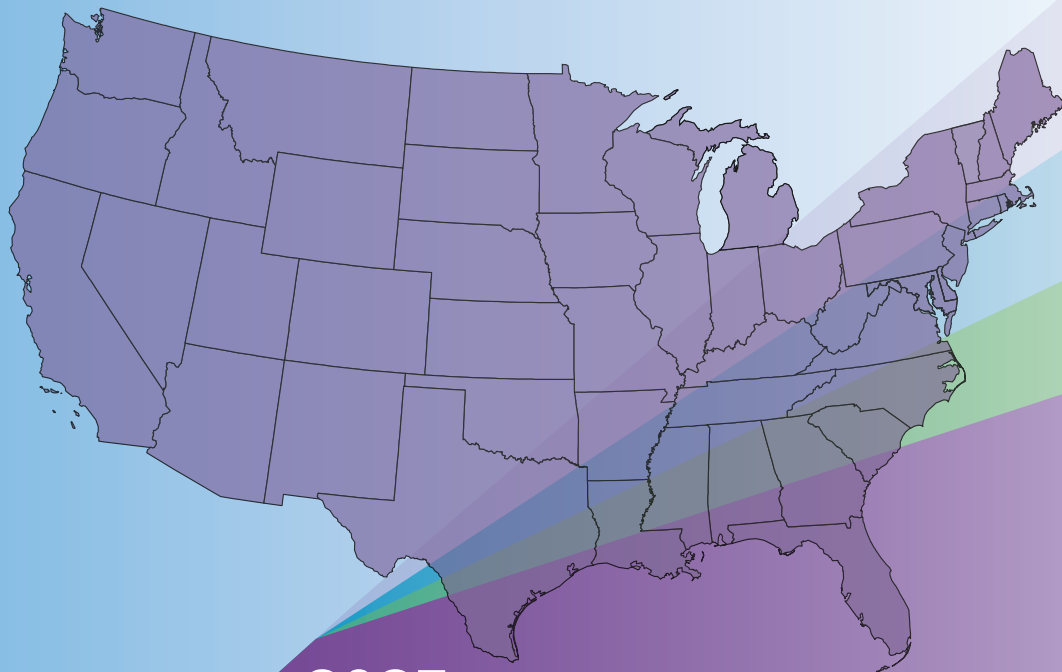


# The Impact of Alzheimer's Disease on Medicaid Costs: A Growing Burden for States



2025

2015

## Introduction

As reported in *Changing the Trajectory of Alzheimer's Disease: How a Treatment by 2025 Saves Lives and Dollars*, the costs of Alzheimer's disease and other dementias are projected to total \$226 billion in 2015.<sup>1</sup> A large portion of these costs involve long-term care. By the age of 80, 75 percent of people with Alzheimer's and other dementias will be admitted to a nursing home, compared with just 4 percent of the general population.<sup>2</sup> With the long duration of the disease, the intense care needs and the high cost of long-term care services, Medicaid becomes a critical support for people living with Alzheimer's disease and other dementias. In fact, seniors with Alzheimer's and other dementias rely on Medicaid at a rate nearly three times greater than other seniors.<sup>3</sup>

Funded by state and federal governments, Medicaid supports individuals with Alzheimer's disease and other dementias in institutional settings such as nursing homes and provides access to home- and community-based services (HCBS) — such as adult day programs, transportation and respite care — which allow affected individuals to remain in the community as long as possible. In 2015, Medicaid spending on people with Alzheimer's and other dementias will total an estimated \$41 billion.<sup>1</sup> To better understand the impact on states, this report provides information on the costs of Alzheimer's and other dementias to the Medicaid budgets of each state and the District of Columbia.

## Methodology

Estimates presented here are from a model developed by The Lewin Group, which combines Alzheimer's incidence rates and resulting prevalence estimates, per capita spending for individuals with Alzheimer's and other dementias, and differential spending by severity of disease. To estimate state Medicaid costs for individuals with Alzheimer's disease and other dementias, The Lewin Group started with the national total Medicaid spending estimate produced for *Changing the Trajectory of Alzheimer's Disease*, and calculated each state's share using state Alzheimer's prevalence estimates, the state's relative use and cost of Medicaid HCBS and nursing facility care, and the estimated prevalence of Alzheimer's disease and other dementias among nursing home residents in each state. Because state Alzheimer's prevalence estimates are only available through 2025, state Medicaid cost projections in this report are limited to 2025. All costs reported here are in 2015 dollars. Additional information on The Lewin Group model and methodology used can be found at [alz.org/trajectory](http://alz.org/trajectory).

## Medicaid Costs in 2015 and 2025

In 2015, state Medicaid spending on individuals 65 years and older living with Alzheimer's disease and other dementias will range from \$52 million in Alaska to \$4 billion in New York. Between 2015 and 2025, costs will increase for every state and the District of Columbia (Table 1).

In 2015, Medicaid costs for seniors living with Alzheimer's disease and other dementias will exceed \$1 billion in 11 states (New York, California, Pennsylvania, Ohio, Texas, Florida, New Jersey, Massachusetts, Illinois, Michigan and North Carolina). By 2025, 20 states will have over \$1 billion in Medicaid spending for this population.

The five states with the highest Medicaid costs for people 65 years and older living with Alzheimer's disease and other dementias in 2015 will be New York (\$4 billion), California (\$3.1 billion), Pennsylvania (\$3.1 billion), Ohio (\$2.2 billion) and Texas (\$2.2 billion). In 2025, Medicaid costs for this population will continue to be highest for New York (\$5.6 billion), California (\$4.9 billion) and Pennsylvania (\$3.8 billion), followed by Texas (\$3.5 billion) and Florida (\$3.4 billion).

Compared with states with the highest Medicaid costs, several states with lower Medicaid costs in 2015 will see disproportionate increases in their Alzheimer's Medicaid costs by 2025. Figure 1 shows the percent increase in Medicaid costs for each state. For example, Medicaid costs for individuals living with Alzheimer's disease and other dementias in Alaska will be \$108 million in 2025, a 107.5 percent increase from \$52 million in 2015. Similarly, Medicaid costs for individuals living with Alzheimer's disease and other dementias in Nevada will be 92.1 percent higher in 2025 (\$303 million), compared with the state's Medicaid costs for this population in 2015 (\$158 million).

In 2025, 35 states will see increases in Alzheimer's Medicaid costs of at least 40 percent from 2015, including 22 states that will see increases of at least 50 percent. The largest percent increases will be in the West: Alaska (107.5 percent), Nevada (92.1 percent), Arizona (76.1 percent), New Mexico (69.9 percent) and Wyoming (67 percent).

## Conclusion

As shown here, Medicaid costs for individuals living with Alzheimer's disease and other dementias will increase in all states and the District of Columbia from 2015 to 2025. States with the highest Medicaid costs for individuals with Alzheimer's disease and other dementias in 2015 will

continue to spend significantly on this population in 2025. Several states will encounter disproportionate growth in Medicaid costs by 2025, with most states facing increases of at least 40 percent from 2015 spending levels.

As the federal government considers its investment in Alzheimer’s disease research and scientists continue to seek methods of treatment, prevention and, ultimately, a cure, state governments must anticipate the demands of long-term care on their Medicaid budgets. Several states have sought to address these challenges through the development and implementation of state Alzheimer’s disease plans.<sup>4</sup> The substantial growth of Medicaid costs in the near term merits a comprehensive review of state preparedness to meet the immediate and future care needs of people affected by Alzheimer’s and other dementias.

## References

1. Alzheimer’s Association. Changing the Trajectory of Alzheimer’s Disease: How a Treatment by 2025 Saves Lives and Dollars (2015). Available at [http://www.alz.org/alzheimers\\_disease\\_trajectory.asp](http://www.alz.org/alzheimers_disease_trajectory.asp).
2. Arrighi HM, Neumann PJ, Lieberburg IM, Townsend RJ. Lethality of Alzheimer Disease and its Impact on Nursing Home Placement. *Alzheimer Dis Assoc Disord.* 2010;24(1):90–95.
3. Alzheimer’s Association. 2015 Alzheimer’s Disease Facts and Figures (2015). *Alzheimers Dement.* 2015;11(3):332-384.
4. Alzheimer’s Association. Alzheimer’s Disease State Plans. Available at [http://act.alz.org/site/PageNavigator/state\\_plans.html](http://act.alz.org/site/PageNavigator/state_plans.html).

FIGURE 1

Percent Increase in Medicaid Costs from 2015 to 2025 for Americans Age 65 and Older Living with Alzheimer’s Disease and Other Dementias

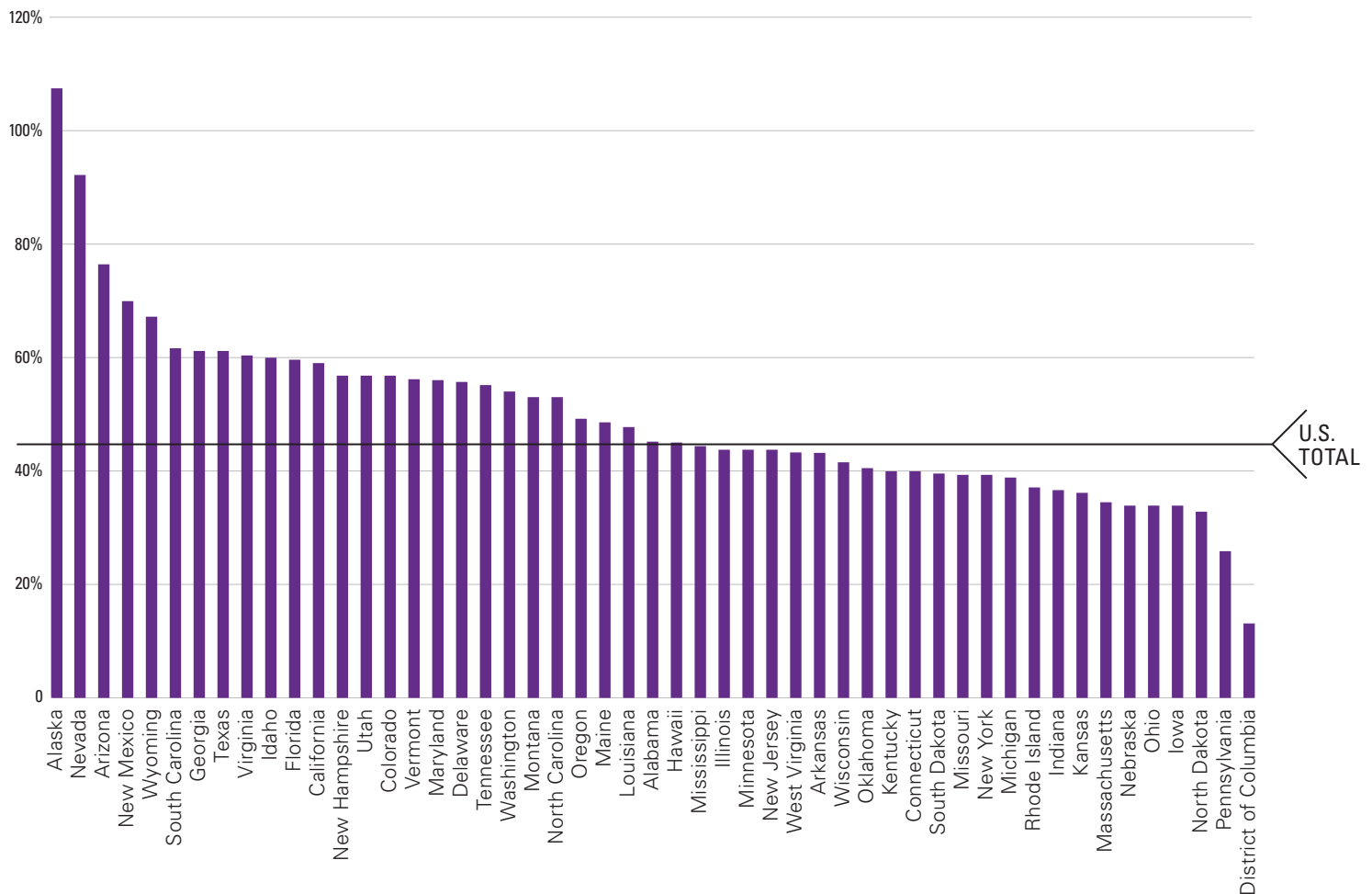


TABLE 1

**Total Medicaid Costs for Americans Age 65 and Older Living with Alzheimer's Disease and Other Dementias by State, 2015 and 2025 (in millions)**

State	2015	2025	Percent Increase from 2015	State	2015	2025	Percent Increase from 2015
Alabama	\$ 751	\$ 1,102	46.6%	Montana	\$ 140	\$ 214	52.8%
Alaska	\$ 52	\$ 108	107.5%	Nebraska	\$ 289	\$ 386	33.6%
Arizona	\$ 280	\$ 494	76.1%	Nevada	\$ 158	\$ 303	92.1%
Arkansas	\$ 290	\$ 415	43.0%	New Hampshire	\$ 211	\$ 330	56.6%
California	\$ 3,079	\$ 4,886	58.7%	New Jersey	\$ 1,821	\$ 2,610	43.3%
Colorado	\$ 486	\$ 761	56.5%	New Mexico	\$ 172	\$ 292	69.9%
Connecticut	\$ 821	\$ 1,147	39.6%	New York	\$ 4,000	\$ 5,550	38.8%
Delaware	\$ 195	\$ 303	55.6%	North Carolina	\$ 1,031	\$ 1,575	52.8%
District of Columbia	\$ 114	\$ 128	12.6%	North Dakota	\$ 169	\$ 224	32.5%
Florida	\$ 2,137	\$ 3,409	59.5%	Ohio	\$ 2,196	\$ 2,932	33.5%
Georgia	\$ 989	\$ 1,593	61.0%	Oklahoma	\$ 437	\$ 613	40.2%
Hawaii	\$ 189	\$ 276	46.2%	Oregon	\$ 215	\$ 321	48.8%
Idaho	\$ 125	\$ 200	59.9%	Pennsylvania	\$ 3,070	\$ 3,848	25.3%
Illinois	\$ 1,465	\$ 2,100	43.4%	Rhode Island	\$ 397	\$ 542	36.7%
Indiana	\$ 894	\$ 1,218	36.1%	South Carolina	\$ 520	\$ 840	61.4%
Iowa	\$ 576	\$ 768	33.4%	South Dakota	\$ 148	\$ 205	39.0%
Kansas	\$ 402	\$ 546	35.8%	Tennessee	\$ 907	\$ 1,406	55.0%
Kentucky	\$ 635	\$ 887	39.7%	Texas	\$ 2,177	\$ 3,499	60.7%
Louisiana	\$ 611	\$ 899	47.3%	Utah	\$ 140	\$ 220	56.6%
Maine	\$ 172	\$ 255	48.1%	Vermont	\$ 90	\$ 140	56.0%
Maryland	\$ 991	\$ 1,544	55.8%	Virginia	\$ 814	\$ 1,307	60.6%
Massachusetts	\$ 1,501	\$ 2,014	34.1%	Washington	\$ 424	\$ 653	54.0%
Michigan	\$ 1,252	\$ 1,731	38.3%	West Virginia	\$ 352	\$ 504	43.0%
Minnesota	\$ 734	\$ 1,052	43.3%	Wisconsin	\$ 662	\$ 933	41.0%
Mississippi	\$ 482	\$ 694	43.9%	Wyoming	\$ 70	\$ 117	67.0%
Missouri	\$ 766	\$ 1,063	38.8%	<b>U.S. TOTAL</b>	<b>\$40,599</b>	<b>\$59,154</b>	<b>45.7%</b>

\*All cost figures are reported in 2015 dollars. Totals may not add due to rounding.

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