



## Group Medicare Insights: Industry news and trends

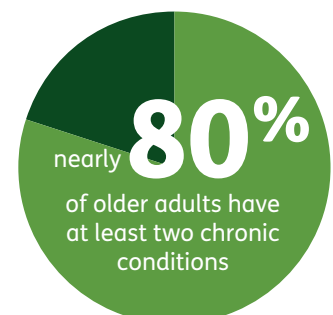
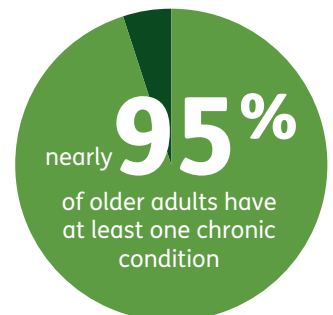
# Holistic senior care: A win for health and business



As the senior population in the United States grows at an unprecedented rate, so too will the number of older adults with chronic conditions that require complex—and costly—care.

According to research by the National Council on Aging (NCOA), nearly 95% of adults 60 and older have at least one chronic condition, and nearly 80% have two or more.<sup>1</sup> Aging increases the risk of chronic diseases like dementia, heart disease, type 2 diabetes, arthritis and cancer.<sup>2</sup>

With the 65+ demographic projected to rise from 17% of the total population to 23% by 2050<sup>3</sup>, there will be additional pressure on an already strained Medicare system. Social Security and Medicare expenditures are expected to increase from a combined 9.1% of gross domestic product in 2024 to 11.25% by 2035.<sup>4</sup>



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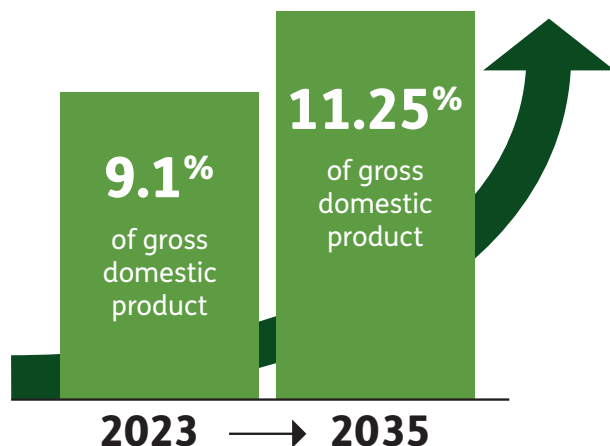


## The direct and indirect costs of chronic disease

Chronic disease exacts enormous personal costs on individuals, places additional strain on healthcare resources, and takes an economic toll on plan sponsors and the overall Medicare system.

Using the example of cardiovascular disease (CVD)—America’s costliest disease, according to the American Heart Association—helps illustrate this situation. In 2020, the total costs of all cardiovascular conditions were \$627 billion. These costs are projected to rise to \$1.851 trillion by 2050—an increase from 2.7% to 4.6% of the U.S. GDP.<sup>5</sup> The direct costs of CVD include money spent on medical services (i.e., physicians and hospital visits), prescription drugs and home health or nursing home care. There are also indirect costs, such as home productivity loss (from days spent in bed) and work loss among those individuals in the workforce.

**Social Security and Medicare expenditures are expected to increase**



Older adults are disproportionately impacted by CVD. While an estimated 49.2% of all American adults had one or more types of CVD (based on 2015–2018 data), within the 60- to 79-year-old age group, this number jumped to 77.5% of males and 77.4% of females. Among the 80+ year-old age group, 89.4% of males and 90.8% of females had CVD.<sup>6</sup>

Yet an estimated 80% of CVD cases—including heart disease and stroke—are preventable.<sup>7</sup> Simple measures, such as regular exercise, healthy eating habits, smoking cessation, and regular checks on blood pressure, cholesterol levels, and blood sugar levels have a huge impact in lowering risk and preventing CVD.



## Health stages of older adults

Among the senior population, four distinct stages of health can be identified:

### 1. Healthy (low-risk)

Older adults who maintain healthy lifestyles and have the lowest risk for chronic disease.

### 2. Manageable conditions (medium-risk)

Seniors who can manage their conditions by taking their medications as prescribed while also maintaining a healthy lifestyle.

### 3. Early-stage disease (high-risk)

Older adults who are at risk for negative health events where the focus is on slowing disease progression.

### 4. Complex and chronic conditions (highest risk)

These seniors have the highest use of healthcare services and are most at risk for complications or adverse health events.



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A report by Humana reveals the highest risk plan members—those with early-stage disease or chronic conditions—account for 70% of total costs (in terms of investments by payers). In comparison, low-risk and medium-risk members account for 30% of total costs.

With payers spending more on the highest risk members, this begs the question: Would investing in low-risk and medium-risk members help those members avoid or delay chronic conditions, leading to better health outcomes and cost savings while benefiting the healthcare system as a whole?

According to Dr. Aaron Parzuchowski, a primary care physician and faculty member at the University of Michigan, the answer is yes.

“We have limited resources, so it’s critical to ensure we prevent unnecessary use of these limited services in terms of healthcare professionals and healthcare settings,” he says. He notes this can be achieved by investing upfront in chronic disease management, in turn avoiding unnecessary—and expensive—hospitalizations and post-acute care episodes.

“It costs patients, it costs the healthcare system and it costs society. Any way that we can reduce chronic disease onset or delay that onset can help reduce costs across the board for everyone,” says Dr. Parzuchowski.



### Making smart investments in preventive care

Evidence shows that investing in preventive care yields benefits for both members and plan sponsors. This is demonstrated by a study where employees at an organization received cardiac rehabilitation and exercise training from a team of experts over a six-month period.

Although the study participants were not heart patients, of those classified as “high-risk” at the outset of the study (according to measures such as body fat, blood pressure and anxiety), 57% were converted to low-risk status by the end of the six-month program. In addition, medical claim costs declined by \$1,421 per study participant compared with the previous year. By comparison, a control group showed no such improvements. The study concluded that every dollar invested in the intervention yielded \$6 in healthcare savings.<sup>8</sup>

According to Dr. Parzuchowski, investments in preventive care help keep patients healthy for as long as possible while avoiding costly hospitalizations and emergency department visits. Early detection tests, such as cancer screenings, can prevent incidences of costly, long-term health complications down the road. This is why he advocates for investing in measures that are proven to have a significant impact on patient morbidity and mortality while involving minimal cost.

“When we think about high-quality care measures, most of those are preventive care and they’re really effective for a relatively limited amount of money,” says Dr. Parzuchowski.





### Considerations for plan sponsors

Helping retirees prevent or manage chronic conditions pays off: costs for employers are reduced while members get to enjoy a healthier retirement.

When considering plans and partners, plan sponsors should prioritize those that adopt a holistic care approach that emphasizes prevention among low-risk and medium-risk members. When evaluating plan design, programs, and benefits, plan sponsors should keep the following things in mind:

#### 1. Preventive care measures

Preventive measures, such as cancer screenings and blood pressure screenings, can make a big difference in detecting and halting the progression of a chronic condition. “I think it’s critically important that insurers make high-value preventive services accessible and affordable,” says Dr. Parzuchowski.

#### 2. Wellness programs

Regular exercise and health coaching can help older adults prevent, delay or manage chronic disease. Innovative health programs that feature rewards or incentives encourage member engagement and commitment.



**“I think it’s critically important that insurers make high-value preventive services accessible and affordable.”**

—Dr. Aaron Parzuchowski, Primary Care Physician and Instructor at the University of Michigan

#### 3. Senior-focused primary care

Primary care physicians help with early detection and treatment of chronic disease, while also providing chronic disease management and preventive care services. The high proportion of older adults managing two or more chronic conditions makes the need for primary care among this population even more important. Older adults benefit more from engaging with senior-focused primary care physicians who specialize in addressing the unique medical and social needs of older adults.





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## The bottom line

Investing in low-risk and medium-risk members with targeted, well-designed programs and benefits can lead to better health outcomes for older adults as well as cost savings for plan sponsors.

Plan sponsors should consider Group Medicare Advantage plans that support the full range of older adults' physical, mental and social needs. Plans and partners that promote a holistic, preventive approach while providing access to senior-focused care benefit retirees and plan sponsors in equal measure.



## Facts

1. Older adults with one or more chronic conditions tend to incur medical costs 3 to 10 times greater than those of their healthier counterparts.<sup>9</sup>
2. About 10% of Medicare beneficiaries—almost all of whom are chronically ill—account for three-fourths of program outlays each year.<sup>10</sup>
3. In a survey, 41% of employers said they expect to see higher chronic condition management needs in the future.<sup>11</sup>

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  10. Geoffrey F. Joyce et al., "The Lifetime Burden of Chronic Disease Among the Elderly," Health Aff (Millwood), Vol. 24 Suppl 2 (2005), accessed May 21, 2025, doi: 10.1377/hlthaff.w5.r18.
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