HUNTER COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

Brookdale Center for Healthy Aging & Longevity

The Value of Daily Money Management

An Analysis of Outcomes and Costs

A Research Study Conducted by the
Brookdale Center for Healthy Aging and Longevity
of Hunter College / City University of New York

The Reingold Institute's Value of Daily Money Management Study sought to demonstrate through evidence that DMM services assisting vulnerable older people challenged by daily money management have measurable value. This research has shown that DMM programs coupled with case management are a cost-effective approach to financial risk reduction among vulnerable older adults, even preventing or delaying the need for institutionalization. Most importantly, DMM works to protect seniors from financial abuse and supports their need to live safely in the community, resulting in enhanced quality of life.

Adults aged 85 years and over, the group at highest risk for physical and cognitive health decline, constitute the fastest growing population group in the U.S. For vulnerable older adults, management of daily financial obligations can become an overwhelming burden, quickly spiraling into adverse behaviors and at-risk situations such as unpaid bills, un-deposited checks, and the terrifying consequences of cut-off utilities, bank foreclosures, evictions, and financial exploitation.

Consider:

- A California woman takes out a $200,000 loan on the home of her 92-year-old grandmother without her knowledge. The granddaughter leaves her wheelchair-bound grandmother alone in a rat-infested house while she goes on a $75,000 shopping spree—she buys herself a champagne-colored hummer. After her arrest, the granddaughter gets a mortgage broker to bring her loan documents in jail so she can take out a $400,000 loan on her grandmother's house.

- A former bookkeeper, age 82, who lives independently near her children's home in Colorado, had handled money competently in the past. But when vascular dementia impairs her judgment, she is taken for $24,000 by scam artists seeking contributions for phony charities. Her family, who see her each week, do not pick up the signs of dementia in their mother until she becomes upset because a charity had asked her to leave a big donation under her doormat.

Only the most sensational cases make the news, but elder financial abuse is an equal opportunity victimizer: it affects rich and poor alike, seniors of all social classes, prominent people and the general public. The National Center on Elder Abuse (2006), characterized 20.8 % of reported abuse as financial exploitation, making it the third most common category of elder abuse.

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About The Jacob Reingold Institute at Brookdale Center for Healthy Aging & Longevity of Hunter College

The Brookdale Center for Healthy Aging & Longevity is a multi-disciplinary center of excellence dedicated to the advancement of successful aging and longevity through research, education, and evolution of evidence-based models of practice and policy. It has been a leader in exploring and developing solutions related to abuse of the elderly, including financial exploitation and abuse, for more than 15 years through its Jacob Reingold Institute, established in 1993, which focuses on abuse of the elderly.

The Institute's first initiative, the Elderly Financial Management Project (EFM Project), surveyed NYC agencies to collect information on financial elder abuse in the NY metropolitan area—the first survey of its kind. Based on this survey, AARP conducted a nationwide survey that described the practices of 360 programs, concurring with the EFM survey conclusion that DMM could not only help vulnerable older adults stay in the community and out of costly long-term care settings, but also could help prevent or stop financial abuse of older adults. To promote DMM as a service option for clients of care management agencies, the Institute continues in its leadership role on issues related to elder abuse, conducting research, convening conferences, and providing technical assistance and training throughout New York State. Its user guide for care management agencies illustrates how to develop comprehensive DMM programs.

To prevent the devastating consequences associated with the loss of financial independence and stability, social service agencies have developed community-based Daily Money Management (DMM) programs to assist vulnerable and frail older adults in protecting their financial security and serve as a deterrent to potential elder abuse. To date however, there is a dearth of information concerning these programs, their value, outcomes, and costs, which limits public support, utilization, and dissemination.

In this study, The Brookdale Center presents the first economic estimates of the value and costs of DMM programs. The results are striking. This research, a first of its kind, uses standard microeconomic costing techniques to estimate the costs of DMM programs, compared to current alternatives such as nursing home placement or publicly supported Protective Services for Adults (PSA) programs. We find DMM programs to be significantly cost saving, DMM/case management programs save $60,000 per individual, compared with nursing home placement. Moreover, the incremental costs of DMM are less than $250 per month per individual, making them highly cost effective. Most importantly for quality of life, individuals are able remain in their homes and their communities.

Research Methodology

- **Sample Population**

The study methodology was interdisciplinary, drawing from gerontology, nursing, social work, and economics. Detailed primary data were collected from eight NYC agencies providing DMM services along with full case management. In-depth retrospective case record reviews were conducted for 114 community-based clients referred for DMM services during the study period 2001-2006.

The data categories included: general demographics, entitlements, legal directives, housing, Activities of Daily Living and Independent Activities of Daily Living, mobility, home care, social function, health, income/resources, expenses, reason for DMM referral, DMM services received, and outcomes, including institutional placement or death at home. Additional crisis categories were constructed for the study including: housing crisis, benefits crisis, financial crisis, health crisis, mental health crisis and social isolation.

- **Economic Cost Data**

Economic costs of DMM services were estimated using standard economic methods of resource valuation for all services received by each individual client over the trajectory of his or her care. All services provided per client were identified during the client chart review. Hours per service were based on estimates provided us through a standardized protocol reviewed by our DMM Advisory Panel. Final estimates of hours used per specific DMM service are based on our constructed weighted averages of estimates provided to us by four service providers who responded to our costing protocol. Total costs are estimated as a product of average hours(/days) and average hourly(/daily) rates.

We used the DMM survey data to estimate average hours of home care use and National Nursing Home Survey[1] to estimate average length of stay (in days) in nursing homes. Cost estimates for hourly rates of home care providers are obtained from the Occupational Employment Statistics (May 2007)[2] and nursing home costs are estimated from per-diem charges for individuals with both general health crisis and physical health crisis, from the NNHS (2004) survey. All costs are adjusted to 2007 prices, using the Producer Price Index[3].

Results

- **Sample Characteristics**

Of 114 referrals, 93 clients accepted DMM services. Sixty-three clients received DMM services until institutionalization or death; 30 clients left the program and were lost to follow-up. The main reasons for leaving the program were: moved out of state, family took over of finances, guardian appointment, or client refusal.

Overall, women comprised 70% of the sample and two-thirds of clients were 80 years of age and over. Most clients (75%) had a high school education or less. Ninety percent of clients had annual incomes of less than $20,000. Most DMM referrals were for clients living alone (single, widowed or divorced).

The final study results are based on the complete sample of 63 clients who remained with the DMM program from initiation through either death or nursing home placement.

- **Crisis Intervention**

99% of DMM users endured a financial crisis, 85% were in poor health, and 29% were socially isolated. Most individuals faced multiple difficult crises. The largest proportion (88%) faced at least two of the following three crises at the same time: 1) financial; 2) health (physical or mental); and 3) isolation. Disturbingly, *26% of individuals were facing all three of these crises simultaneously (financial, health and social isolation).*

Among those in a financial crisis, 5% also had a housing crisis, 22% also had a benefits crisis, and 25% had at least two financial crises at once. Among those with health crises, 72% had a general health crisis, 81% had a mental health crisis, and over one-half (53%) had both mental and physical health crises.

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[1]National Nursing Home Survey, 2004 National Center for Health Statistics. Centers for Disease Control and Prevention. U.S. Department of Health and Human Services. http://www.cdc.gov/nchs/nnhs.htm
[2] U.S. Bureau of Labor Statistics http://www.bls.gov/oes/current/oes311011.htm
[3] U.S. Bureau of Labor Statistics http://www.bls.gov/pPI/

- **DMM Services**

Among individuals with financial crisis, the most common DMM services were bill paying followed by budgeting and checkbook balancing. In addition to the standard DMM program protocol (organizing, budgeting and bill paying), agencies also managed debt, assisted with banking, balanced checkbooks, applied for grants and stipends, increased home care, applied for entitlements (benefits), made referrals to mental health, legal and protective services, and facilitated nursing home placements when appropriate. Thus DMM was fully integrated with case management services for individuals in our sample.

- **Client Outcomes**

Among individuals with benefits crises, 70% had benefit improvement. These circumstances were associated with a higher probability of dying at home. A high percentage of those who died at home (51%) had grants or stipends to supplement their income. Compared with those who died at home, those who were placed in nursing homes had a higher rate of social isolation. Overall, however the number of crises was similar among both groups, i.e. persons who died at home and those who were placed in nursing homes.

Individuals who died at home used DMM services on average for 30 months, while those who had nursing home placements used DMM services for 24 months.

- **Economic Costs**

Data availability restricted the study design from including a control group. Thus, our economic analysis compares our two groups of individuals, those who were able to die at home and those who were eventually placed in a nursing home, to a hypothetical group placed immediately in a nursing home, following the manifestation of crises detailed above.

The results confirm the cost-effectiveness of DMM programs, as shown below:

Case I – ***Died at Home***	***Average Cost per Individual***	***Average Cost Per Month***
Total home-care cost	$108,810	$3,023
Total DMM cost	$8,656	$240
Total cost	**$117,466**	**$3,263**

Case II – ***Nursing Home placement without Postponement***	***Average Cost per Individual***	***Average Cost Per Month***
Total nursing home care cost	**$178,444**	**$4,957**

- **In Conclusion:**

Average monthly costs of providing DMM services within the context of Case Management are $240 per individual, a low marginal cost. The total cost of services, including home care and all DMM/Case Management services, is *substantially* lower in Cases I than in Case II. On average, individuals who initiated DMM services and then were able to die at home with full DMM/Case Management services in place, had substantially lower lifetime costs compared with similar hypothetical individuals placed immediately in a nursing home ($117, 466 vs. $178,444).