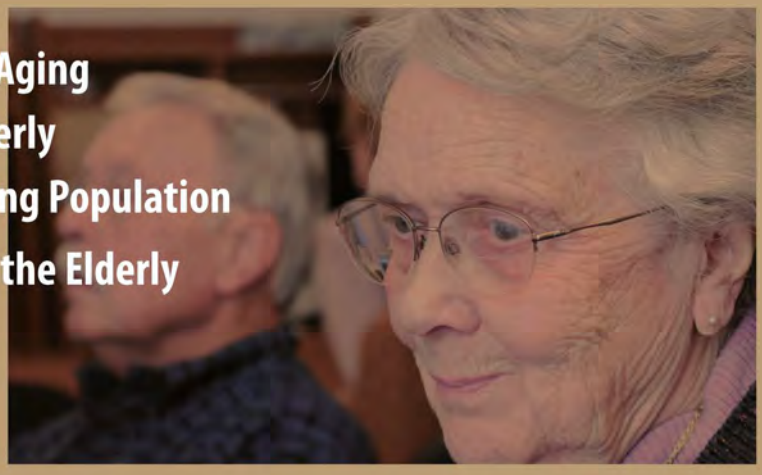
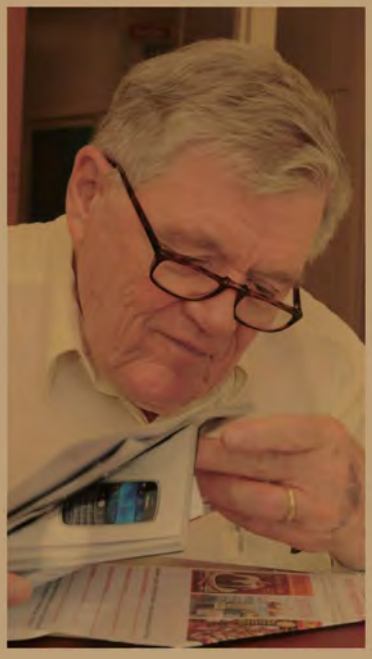
North Carolina Insight

March 2010 Vol. 23, Nos. 2-3

The Demographics of Aging
Fraud Against the Elderly
Medicaid and NC's Aging Population
Civic Contributions of the Elderly





The Art of Aging: Our Elders, Our State

North Carolina Center for Public Policy Research

N.C. Center for Public Policy Research

The North Carolina Center for Public Policy Research is an independent, nonprofit organization dedicated to the goals of a better-informed public and a more effective, accountable, and responsive government. The Center identifies public policy issues facing North Carolina and enriches the dialogue among citizens, the media, and policymakers. Based on its research, the Center makes recommendations for improving the way government serves the people of this state. In all its efforts, the Center values reliable and objective research as a basis for analyzing public policy, independence from partisan bias and political ideology, the richness of the state's diverse population, and a belief in the importance of citizen involvement in public life.

The Center was formed in 1977 by a diverse group of private citizens for the purpose of gathering, analyzing, and disseminating information concerning North Carolina's institutions of government. It is a nonpartisan organization guided by a self-elected Board of Directors and has individual and corporate members across the state.

Center projects include the issuance of special reports on major policy questions; the publication of a journal called *North Carolina Insight;* a newsletter called "From the Center Out;" joint productions of public affairs programs with WPTF-AM, the N.C. Radio News Network, the N.C. Agency for Public Telecommunications, and Time Warner Cable; and the regular participation of members of the staff and the Board in public affairs programs around the state. An attempt is made in the various projects undertaken by the Center to synthesize the thoroughness of scholarly research with the readability of good journalism. Each Center publication represents an effort to amplify conflicting ideas on the subject under study and to reach conclusions based on sound rationalization of these competing ideas.

NORTH CAROLINA INSIGHT is a journal published by the North Carolina Center for Public Policy Research, Inc. (a nonprofit, tax-exempt corporation), Suite 701, 5 W. Hargett St., P.O. Box 430, Raleigh, N.C. 27602. Telephone (919) 832-2839. Annual membership rates: Basic E-Member, $50; Basic Regular Member, $75; E-Member Plus, $100; Regular Member Plus, $300; Supporting Corporate, $500; Corporate or Individual Patron, $1,000; Benefactor, $2,000. Graphic design by Carol Majors. Production by PUBLICATIONS UNLTD. The Center is supported in part by grants from the Z. Smith Reynolds Foundation, as well as by 12 other foundations, 120 corporate contributors, and about 500 individual members across the state. The views expressed in this publication are those of the authors and are not necessarily those of the Center's Board of Directors or staff. Published March 2010. Photography by Karen Tam.

Cover: photography by Karen Tam, design by Carol Majors

Visit the Center's website at *www.nccppr.org*

North Carolina **Insight**

Vol. 23, Nos. 2–3 March 2010

The Art of Aging: Our Elders, Our State

PUBLISHER
Ran Coble

EDITOR
Mebane Rash

GRAPHIC DESIGN
Carol Majors

PRODUCTION
Publications Unltd.

Funding for the Center's examination of the Aging of North Carolina's Population was provided in part by grants from The Kate B. Reynolds Charitable Trust of Winston-Salem, The Hillsdale Fund of Greensboro, and Mission Health System of Asheville. The N.C. Center for Public Policy Research extends its sincere thanks to these organizations for their generous support for this project.

The Demographics of Aging in North Carolina

by John Quinterno

Karen Tam

Executive Summary

Fearrington Village, an active community primarily for older adults just south of Chapel Hill, blends metropolitan sensibilities and rural aesthetics into a high-end version of the good life. Eighty miles to the northeast of Fearrington sits Warrenton, an authentic, antebellum tobacco town. Like Fearrington, Warrenton has an older population (older in this article is generally used to refer to those 65 and over). Unlike Fearrington, the population is likely to be more African American, less affluent, less educated, and even older. Taken together, Fearrington and Warrenton illustrate different aspects of North Carolina's aging population. Wise responses to the age-related issues facing the state will require public leaders to assess the demographic changes and their implications, understand the ability of older adults to contribute in meaningful ways, and meet service needs in communities as diverse as Fearrington and Warrenton.

The Demographic and Social Dimensions of Population Aging

Natural change *measures the difference between the number of births and deaths that occur within a population, and* ***net migration*** *captures the difference between the number of people moving into and out of a population. The interplay between natural change and net migration alter the size and structure of the American population. In 1900, older adults in the United States accounted for just 4 percent of the population. Over time, multiple factors—declining fertility, a reduction in infant mortality, increasing life expectancies, and a surge in immigration—resulted in older adults comprising 12 percent of the population in 2000.*

Health advances nationwide have allowed more people to reach age 65, and those who do so are apt to live even longer —19 years more on average. Furthermore, older adults overall are more secure financially and able to live independently. Altogether, these factors have created retirement, a phase of life that, largely unknown a century ago, now constitutes almost a quarter of a lifetime.

Population Aging in North Carolina, 1900–2000

At the beginning of the 20th century, North Carolina had one of the nation's youngest populations. Just 3.5 percent of all Tar Heels were 65 or older. The state's economic growth in metropolitan areas during the 1970s and the influx of domestic and international migrants in the 1990s produced a North Carolina with an age structure virtually identical to that of the nation. By 2000, some 12 percent of all North Carolinians were 65 or older.

A Portrait of Today's Older Tar Heels

Today's aging population can be divided into three groups: the "young old" (ages 65–74), the "older old" (ages 75–84), and the "oldest old" (ages 85+). The young old account for 53 percent of the state's older adults. Such a relatively young older population is more likely to be healthy and self-sufficient.

In North Carolina, there are 1.2 women per man among the young old, 1.4 women per man among the older old, and 2.4 women per man among the oldest old. The ***gender*** *composition of the oldest old is especially important since women over age 85 not only are more likely to be frail physically, but they also are frequently widows who are financially vulnerable. In terms of* ***race and ethnicity****, whites comprise a disproportionately larger share of North Carolina's older population: 81 percent of the older population versus 68 percent of the overall population.*

In 2006, 86 percent of Tar Heels 65 and over were not in the ***labor force****. For most, the reason is simple: They choose not to work. They make that choice because they can afford it, thanks largely to the federal government's Social Security program. In North Carolina, 95 percent of older residents drew Social Security benefits in 2006, with the average benefit totaling $1,225 per month or $14,702 annually.*

Conventional wisdom holds that retired Americans derive their ***incomes*** *from a three-legged stool of Social Security, pension benefits, and personal assets, but for some—especially older women—Social Security is their sole source of income. The other parts of the three-legged stool are concentrated among high-income households.*

In terms of ***geography****, North Carolina's 85 rural counties contained 57 percent of the older population—some 611,720 residents—in 2006. Rural counties have more older residents in terms of sheer numbers and as a proportion of the county population. A study by Jim Mitchell at East Carolina University found that older rural adults in Eastern North Carolina have "higher rates of disability, lower incomes, less education, and lower reading ability than their counterparts in small and larger towns." Rural communities also typically lack the supportive health, transportation, and housing services that older residents need to live independently.*

The Aging of the Population, 2000–2030

North Carolina's older population is expected to double by 2030, rising from 1.1 million to 2.2 million. If projections hold, North Carolina's future older population will differ demographically from the current population in three respects. First, there will be 2.5 times more Tar Heels age 85 and older. Second, the ratio of older men to older women is expected to rise from 67 men per 100 women to 77 men per 100 women. Third, non-whites are expected to form a larger share of the older population—21 percent in 2030 compared to 19 percent in 2006.

Also, between 2000 and 2030, the Old North State's overall population is expected to expand by 52 percent—jumping from 8 million to 12.2 million—owing primarily to net migration. Older Tar Heels' share of the population is expected to rise from 12 percent to 18 percent.

Financial Well-Being, Location, Work Force, and Public Finance

The changes in aging demographics will force North Carolina to deal with several public policy issues, including those related to financial well-being, the concentration of elderly in rural counties, work force

challenges, and state budget implications. In terms of ***financial well-being,*** *compared to previous ones, the Baby Boom generation should reach older age having earned more money, having built more wealth, and anticipating higher retirement incomes. This overall prosperity, however, clouds important differences in the distribution of income and wealth, which likely will be much more unequal than has been true in the past.*

In terms of ***geographic location****, rural counties should have the highest proportions of older residents by 2030. Older adults in such communities are more apt to be single, poor, and ill, yet those places often lack needed services. Providing those services may emerge as a critical challenge for local governments.*

As the North Carolina Commission on Workforce Development warned in a 2007 report, the retirement of one-quarter of the state's work force may decrease the ***supply of workers*** *over the next two decades. Nonetheless, the overall population growth should produce a state in 2030 in which working-age people still account for 57 percent of the population. But, perhaps work force shortages will encourage Baby Boomers to stay in the work force longer, and employment earnings will become another source of income for those 65 and over.*

State budget issues *will include the escalating cost of medical care. Not only have medical costs consistently outstripped the rate of inflation in recent decades, but older adults also are bearing more of the costs, due in part to the reduction of employer-sponsored health care coverage for retirees. While most older adults receive health insurance through federal Medicare or Medicaid programs, these programs are struggling to keep pace with the increasing cost of medical treatment, especially as it relates to end-of-life care. Left unaddressed, the financial costs associated with medical care likely will surge alongside the growth in the older population. Older adults therefore may turn to the public sector for help in affording insurance that supplements Medicare and helps with out-of-pocket expenses. Additionally, because states pay for part of the cost of Medicaid, North Carolina's state budget will be affected directly if Medicaid continues to function as the main source of long-term care coverage. Absent fundamental reform, North Carolina likely will face state budget challenges as it strives to help older citizens afford health care.*

***

The doubling of North Carolina's older population within a quarter of a century will affect many aspects of Tar Heel life. Changes in aging demographics will impact communities as diverse as Fearrington Village and Warrenton in different ways. The potential policy implications of these changes, which are only beginning to manifest themselves, include the financial well-being of older adults, work force shortages, the need for services, and the costs of health care. Policy responses will need to tap the talents of older North Carolinians, consider the diversity within the aging community itself, and respond to the changes in demographic patterns and well-being expected between now and 2030.

Ten miles south of Chapel Hill, just off the road to Pittsboro, stands a simple grain silo flanked by a weathered barn and a rolling pasture full of black Galloway cows with their distinctive 'round-the-belly' white stripes. Nestled behind the barn sits a small shopping district modeled after an English farm town, the crossroads of the 1,800-person retirement community of Fearrington Village.

Karen Tam

A stroll through the area quickly reveals that the resemblance to a country village is a fleeting one. An active community primarily of older adults, Fearrington contains shops not normally associated with farm life: a five-star restaurant, a photography gallery, a top-notch independent bookstore, and a wellness center run by Duke University Health System. And, the weathered barn doubles as a catering hall. Circulating among these stores are the predominantly older, white residents of the adjoining subdivisions. Overall, the village possesses less of a rustic atmosphere than one blending metropolitan sensibilities and rural aesthetics into a high-end version of the good life: a life in which an older adult could spend a morning outdoors, an afternoon savoring the arts, and an evening dining with friends. Even Fearrington's signature cows keep cultured company, appearing as they often do in the development's advertisements in *The New Yorker* magazine.

> *"Thoughtful North Carolinians need to consider the talent pool of the elders that are living in our state. They are people of great ability. ... They all have something to contribute. The question remains, 'What will we do with this abundant asset?'"*
>
> —Bill Friday,
>
> former President of the UNC System

Eighty miles northeast of Fearrington sits Warrenton, another small community with an older population (older in this article is generally used to refer to those 65 and over). The seat of Warren County, one of North Carolina's oldest and formerly richest places, Warrenton is an authentic, antebellum, tobacco town. Traces of the community's former agricultural prosperity appear in a charming downtown lined with brick streets, antique shops, restaurants, and stately homes. Like Fearrington, Warrenton has an older population; some 31 percent of the town's 800 residents were at least age 65 in 2000. Unlike Fearrington, the population is more likely to be African American, less affluent, less educated, and even older.[1]

Taken together, Fearrington Village and Warrenton illustrate different aspects of North Carolina's aging population. As is happening nationally, North Carolina's population is growing older. This development, however, is poorly understood due to popular misconceptions surrounding the aging of the Baby Boom generation, the nation's 76 million person cohort born between 1946 and 1964.[2] Wise responses to the age-related issues facing North Carolina will require public leaders to assess the demographic changes and their implications, understand the ability of older adults to contribute in meaningful ways, and meet service needs in communities as diverse as Fearrington and Warrenton.

Bill Friday, former President of the UNC System, says, "Thoughtful North Carolinians need to consider the talent pool of the elders that are living in our state. They are people of great ability. Some are people with international experience. They

---

John Quinterno is a public policy analyst residing in Chapel Hill, N.C.

Karen Tam

Karen Tam

Karen Tam

Karen Tam

all have something to contribute. The question remains, 'What will we do with this abundant asset?' It needs to be synthesized with the goals of the state itself."

An aging specialist at N.C. State University, Lucille Bearon notes the need "to plan for the projected needs of the oldest old, the medically needy, and the pockets of poor individuals and families through advocacy and relevant public policies, remedying current inequities to help present and future generations."

The Demographic and Social Dimensions of an Aging Population

The aging of the population and a change in society's understanding of old age were two of 20th century America's defining developments. Between 1900 and 2000, the relative proportion of older Americans (ages 65 and above) tripled, jumping from 4 percent to 12 percent of the population.[3] Simultaneously, a new stage of life emerged: retirement. Compared to their predecessors, older adults now live longer and more independently, enjoy better health, possess greater financial resources, and partake in more affordable leisure pursuits.[4] Age-related issues facing North Carolina flow from the interplay between demographic and social changes, as do the resulting costs of aging both to the individual and the state.

The Drivers of Population Change

Natural change and net migration are the two drivers of changes in a population's size and age structure. *Natural change* measures the difference between the number of births and deaths that occur within a population. *Net migration* captures the difference between the number of people moving into and out of a population.[5] Migration can be subdivided further into international and domestic movements. Both population drivers hinge on other factors such as medical advances and immigration laws.

In a population without migration, natural change accounts for all of the shifts in the population's size and structure. For the size of the population to hold steady, the average woman would need to bear 2.1 children. Higher fertility will produce larger populations that are relatively young, while lower fertility will yield slow-growing or shrinking populations that are relatively old. The effects of changes in mortality, meanwhile, depend upon the ages at which they occur. The reduction in infant mortality—both from advances in medical treatment and also social determinants of health (better sanitation, nutrition, housing, economic conditions, etc.—generally produces a younger population, and advances that help adults live longer yield a comparatively older population.[6]

The introduction of migration further molds a population's composition with the actual impacts depending upon the direction of the net population flows and the migrants' traits. Because younger people are more likely to move, populations that have more people entering than leaving often are younger.[7]

The relationship between natural change and net migration altered the size and structure of the American population during the last century. In 1900, the United States was an agricultural nation in which half of all Americans were younger than age 22. Older adults accounted for just 4 percent of the population.[8] Over time, multiple factors—declining fertility due to changes in contraception as well as marriage and economic patterns; decreasing infant mortality resulting from improved public health and health care; lengthening life expectancies owing to medical advances; and increasing immigration—produced an older population. In 2000, half of all Americans were older than age 35, and 65 and older adults comprised 12 percent of the population.[9]

Grow old along with me!
The best is yet to be,
The last of life, for which
the first was made.
—ROBERT BROWNING

Karen Tam

The Social Aspects of Aging

The aging of the American population occurred alongside a shift in society's view of old age. In 1900, the few people who reached age 65 faced limited prospects. Most had few financial resources, as pensions and social insurance were rare, so older individuals typically lived with relatives or, infrequently, in institutions.[10] The social expectation was for the elderly to "withdraw from all work, abandon all vigorous exercise, and prepare for the afterlife."[11] Now, older adults overall are more secure financially and able to live independently. Turning 65 is a common event marking the start of retirement, a "period of enjoyment and creative experience" seen as "a reward for a lifetime of labor."[12]

Life Expectancy in the U.S.

59.7	68.2	70.8	75.4	78.1
1930	1950	1970	1990	2006

Source: National Center for Health Statistics, *The Washington Post.*

This shift in expectation was caused by a corresponding shift in life expectancy. In the past, the typical 65-year-old would live for just seven more years to about age 72. Currently, health advances and other factors have allowed more people to reach age 65, and those who do are apt to live even longer—19 years more on average. Bill Tillman, the state demographer, notes, "The normal American that survives to age 65 lives to age 84, but the normal American does not live that long. And the average 65-year-old North Carolina resident can expect to live slightly less than 18 more years, one year less than the average 65-year-old American. In North Carolina, the average male lives to be 74 and the average female lives to 80." Altogether, these factors have led to a phase of life—retirement—largely unknown a century ago. For those that do live to age 84, this phase of life constitutes almost a quarter of their lifetime.

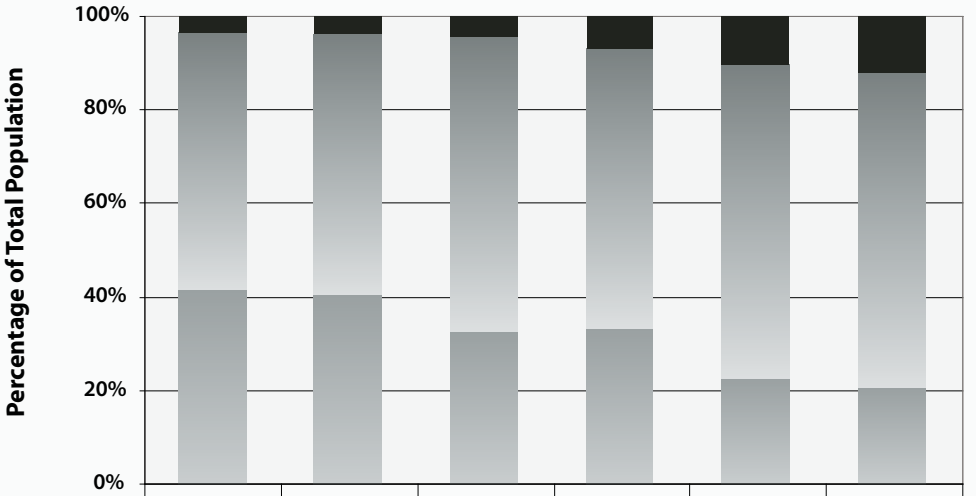
Population Aging in North Carolina, 1900–2000

At the beginning of the 20th century, North Carolina had one of the nation's youngest populations. Approximately half of the state's 1.8 million residents were younger than age 18. Just 3.5 percent of all Tar Heels—a mere 66,148 people—were 65 or older (see Figure 1, p. 12).[13] Such an age structure was common in the South, which was the nation's youngest region.[14]

North Carolina's relatively weak economy, as well as its racial policies and practices, drew few immigrants to the state and led African Americans to leave. Historical census data compiled by Al Stuart of UNC-Charlotte show that the state recorded a net out-migration of residents during every decade between the 1920s and 1960s.[15] In 1960, North Carolina still was an extremely young state in which just 7 percent of all residents were at least age 65.[16]

It was during the 1970s that North Carolina began to experience fully the changes remaking the national population. Economic growth centered in the state's metropolitan areas not only kept natives from leaving, but also began attracting migrants into the state. Most initially came from other parts of the country, but foreign immigrants also joined the stream. By the 1990s, North Carolina had become a magnet for domestic and international migrants. According to UNC-Charlotte's Stuart, migration drove 71 percent of the state's population growth during the 1990s with nearly equal numbers of migrants coming from domestic and international origins.[17] Collectively, these factors produced a North Carolina with an age structure virtually identical to that of the nation. By 2000, some 12 percent of all North Carolinians were 65 or older, and 1.3 percent of all Tar Heels were 85 or older. The latter was an age group that essentially did not exist a century earlier.[18]

Figure 1: N.C. Age Structure, by Selected Age Ranges and Decades, 1900-2000



	1900	1920	1940	1960	1980	2000
Ages 65+	3.5%	3.9%	4.4%	6.9%	10.3%	12.0%
Ages 15-64	55.1%	55.7%	63.1%	59.8%	67.1%	67.4%
Ages <15	41.4%	40.4%	32.5%	33.4%	22.7%	20.5%

Source: Frank Hobbs and Nicole Stoops, *Demographic Trends in the 20th Century,* U.S. Census Bureau (CENSR-4), Washington, DC, 2002.

Karen Tam

Karen Tam

A Portrait of Today's Older Tar Heels

Some 1.1 million older adults lived in North Carolina in 2006. This older population was the nation's 10th largest in total numbers, but 14th smallest as ranked by percentage of population (see Table 1, pp. 14–15).[19] But, this population is expected to grow sharply in relative and absolute terms (see Table 2, pp. 18–19). One way to assess the needs of tomorrow's older adults is by looking carefully at the characteristics of today's population. Four factors to consider include the population's age structure; gender and racial composition; employment and income; and geographic distribution.

Age Structure

The structure of the older population is as important as its size. That is because younger seniors "tend to be healthier and in a better economic position," while older seniors "are more vulnerable to the negative aspects of aging, including faltering health, the death of a spouse, and mobility limitations."[20] One way to grasp those differences is to divide the population into three groups: the "young old" (ages 65–74), the "older old" (ages 75–84), and the "oldest old" (ages 85+).

Applying that grouping to North Carolina reveals an older population that is relatively young. The young old account for 53 percent of the state's older population—a percentage larger than those in all but seven other states: Alaska, Colorado, Georgia, Nevada, South Carolina, Tennessee, and Virginia. The oldest old, meanwhile, comprise 13 percent of the older population, which is a percentage well below the national rate and all but five other states (see Figure 2, p. 16).[21] Such a relatively young older population is more likely to be healthy and self-sufficient.

—continues

Table 1: Older Population by State and Selected Age Groups, 2006
Ranked by Percentage of Total U.S. Population Age 65+

		Number of Older Residents		Percentage of Total Population		Population Ranks	
State	**Total Population**	**Age 65+**	**Age 85+**	**Age 65+**	**Age 85+**	**Number Age 65+**	***Percent Age 65+***
United States	**299,398,484**	**37,260,352**	**5,296,817**	**12.45%**	**1.77%**	**NA**	**NA**
Florida	18,089,888	3,037,704	462,545	16.79%	2.56%	2	1
West Virginia	1,818,470	278,692	36,073	15.33%	1.98%	34	2
Pennsylvania	12,440,621	1,885,323	294,824	15.15%	2.37%	5	3
Iowa	2,982,085	435,657	75,180	14.61%	2.52%	30	4
North Dakota	635,867	92,874	16,797	14.61%	2.64%	47	5
Maine	1,321,574	192,639	27,012	14.58%	2.04%	39	6
South Dakota	781,919	111,183	19,075	14.22%	2.44%	46	7
Hawaii	1,285,498	179,370	26,888	13.95%	2.09%	40	8
Arkansas	2,810,872	390,421	54,889	13.89%	1.95%	31	9
Rhode Island	1,067,610	147,966	25,123	13.86%	2.35%	43	10
Montana	944,632	130,592	19,000	13.82%	2.01%	44	11
Delaware	853,476	114,574	14,553	13.42%	1.71%	45	12
Connecticut	3,504,809	470,443	76,395	13.42%	2.18%	29	13
Alabama	4,599,030	615,597	79,530	13.39%	1.73%	22	14
Ohio	11,478,006	1,531,994	216,992	13.35%	1.89%	7	15

(continues)

Karen Tam

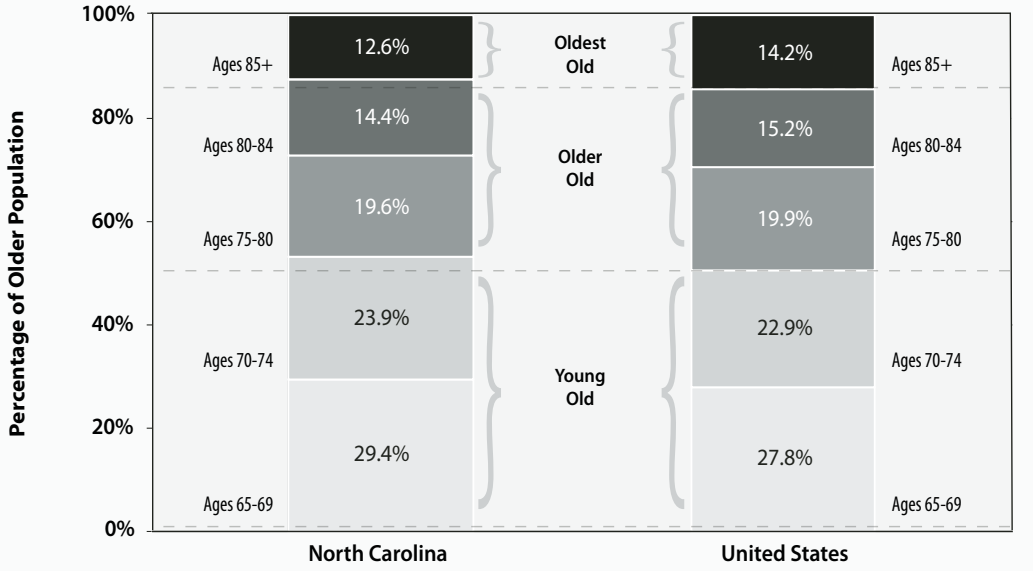
Table 1: Older Population by State and Selected Age Groups, 2006
Ranked by Percentage of Total U.S. Population Age 65+

		Number of Older Residents		Percentage of Total Population		Population Ranks	
State	**Total Population**	**Age 65+**	**Age 85+**	**Age 65+**	**Age 85+**	**Number Age 65+**	***Percent Age 65+***
Missouri	5,842,713	778,891	113,789	13.33%	1.95%	16	16
Vermont	623,908	82,966	11,714	13.30%	1.88%	48	17
Massachusetts	6,437,193	855,962	137,022	13.30%	2.13%	13	18
Nebraska	1,768,331	234,655	39,128	13.27%	2.21%	37	19
Oklahoma	3,579,212	473,545	65,571	13.23%	1.83%	28	20
New York	19,306,183	2,522,686	371,667	13.07%	1.93%	3	21
Wisconsin	5,556,506	724,034	111,159	13.03%	2.00%	19	22
Kansas	2,764,075	357,709	59,518	12.94%	2.15%	33	23
New Jersey	8,724,560	1,127,742	166,529	12.93%	1.91%	9	24
Oregon	3,700,758	478,180	70,969	12.92%	1.92%	26	25
Arizona	6,166,318	790,286	105,104	12.82%	1.70%	14	26
South Carolina	4,321,249	553,396	68,701	12.81%	1.59%	23	27
Kentucky	4,206,074	537,294	69,463	12.77%	1.65%	24	28
Tennessee	6,038,803	769,222	97,712	12.74%	1.62%	17	29
Michigan	10,095,643	1,260,864	174,758	12.49%	1.73%	8	30
Mississippi	2,910,540	362,172	49,582	12.44%	1.70%	32	31
Indiana	6,313,520	784,219	111,190	12.42%	1.76%	15	32
New Mexico	1,954,599	242,600	31,309	12.41%	1.60%	36	33
New Hampshire	1,314,895	162,629	23,118	12.37%	1.76%	42	34
District of Columbia	581,530	71,331	10,770	12.27%	1.85%	49	35
Louisiana	4,287,768	523,346	67,599	12.21%	1.58%	25	36
Wyoming	515,004	62,750	8,367	12.18%	1.62%	50	37
North Carolina	**8,856,505**	**1,076,951**	**136,229**	**12.16%**	**1.54%**	**10**	**38**
Minnesota	5,167,101	627,394	101,634	12.14%	1.97%	21	39
Illinois	12,831,970	1,534,476	227,074	11.96%	1.77%	6	40
Virginia	7,642,884	887,768	112,129	11.62%	1.47%	12	41
Maryland	5,615,727	650,568	85,783	11.58%	1.53%	20	42
Washington	6,395,798	738,369	107,032	11.54%	1.67%	18	43
Idaho	1,466,465	169,173	23,384	11.54%	1.59%	41	44
Nevada	2,495,529	276,943	27,841	11.10%	1.12%	35	45
California	36,457,549	3,931,514	555,473	10.78%	1.52%	1	46
Colorado	4,753,377	477,186	61,232	10.04%	1.29%	27	47
Texas	23,507,783	2,334,459	302,646	9.93%	1.29%	4	48
Georgia	9,363,941	912,874	113,362	9.75%	1.21%	11	49
Utah	2,550,063	225,539	29,235	8.84%	1.15%	38	50
Alaska	670,053	45,630	4,148	6.81%	0.62%	51	51

Source: Administration on Aging, U.S. Department of Health and Human Services. On the Internet at *http://www.aoa.gov/prof/Statistics/statistics.asp.*

Karen Tam

Figure 2: Age Structure of the Older Population, N.C. and U.S., 2006



Source: Administration on Aging, U.S. Department of Health and Human Services.

Gender and Racial Composition

Because women tend to outlive men, the older population is disproportionately female with the discrepancy growing more pronounced with age (see Figure 3, p. 20). In North Carolina, there are 1.4 older women per older man. This ratio varies from 1.2 women per man among the young old to a high of 2.4 among the oldest old.[22] The gender composition of the oldest old is especially important since women over age 85 not only are more likely to be frail physically, but they also are frequently widows who are financially vulnerable.[23]

In terms of race and ethnicity, whites comprise 81 percent of the older population in North Carolina versus 72 percent of the overall population. African Americans, meanwhile, comprise 16 percent of the older population but 22 percent of the total population. Hispanics account for just 1.2 percent of the older population and 5 percent of the total population.[24] Older minorities typically are prone to be sicker and poorer than either the general population or their white peers.[25]

Employment and Income

In 2006, 86 percent of older Tar Heels were not in the labor force.[26] For most, the reason is simple: They choose not to work.[27] They make that choice because they can afford it, thanks largely to the federal government's Social Security program.

A universal retirement system established in 1935 and subsequently expanded, Social Security provides a modest pension to retired individuals, as well as disability and survivors' benefits to qualified individuals. In North Carolina, 95 percent of older residents drew Social Security benefits in 2006, with the average benefit totaling $1,225 per month or $14,702 annually.[28] Virtually all older adults also receive medical insurance through Medicare, a federally-funded acute care insurance program for those

Karen Tam

Table 2: Projected Older Population by State and Selected Age Groups, 2030
Ranked by Percentage of Total U.S. Population Age 65+

		Number of Older Residents		Percentage of Total Population		Population Ranks	
	Total Population	Age 65+	Age 85+	Age 65+	Age 85+	Number Age 65+	*Percent Age 65+*
United States	**363,584,435**	**71,453,471**	**9,603,034**	**19.65%**	**2.64%**	**NA**	**NA**
Florida	28,685,769	7,769,452	943,675	27.08%	3.29%	1	1
Maine	1,411,097	374,017	52,273	26.51%	3.70%	39	2
Wyoming	522,979	138,586	19,352	26.50%	3.70%	49	3
New Mexico	2,099,708	555,184	75,629	26.44%	3.60%	35	4
Montana	1,044,898	269,558	37,394	25.80%	3.58%	43	5
North Dakota	606,566	152,358	23,302	25.12%	3.84%	48	6
West Virginia	1,719,959	426,443	53,375	24.79%	3.10%	37	7
Vermont	711,867	173,940	24,893	24.43%	3.50%	47	8
Delaware	1,012,658	237,823	28,995	23.49%	2.86%	45	9
South Dakota	800,462	185,064	27,974	23.12%	3.49%	46	10
Pennsylvania	12,768,184	2,890,068	415,436	22.63%	3.25%	5	11
Iowa	2,955,172	663,186	104,977	22.44%	3.55%	31	12
Hawaii	1,466,046	326,957	48,254	22.30%	3.29%	42	13
Arizona	10,712,397	2,371,354	265,274	22.14%	2.48%	7	14
South Carolina	5,148,569	1,134,459	141,286	22.03%	2.74%	22	15
Connecticut	3,688,630	794,405	132,440	21.54%	3.59%	29	16
New Hampshire	1,646,471	352,786	44,874	21.43%	2.73%	41	17
Rhode Island	1,152,941	246,507	36,912	21.38%	3.20%	44	18
Wisconsin	6,150,764	1,312,225	182,654	21.33%	2.97%	17	19
Alabama	4,874,243	1,039,160	132,070	21.32%	2.71%	23	20
Massachusetts	7,012,009	1,463,110	211,939	20.87%	3.02%	15	21
Nebraska	1,820,247	375,811	56,186	20.65%	3.09%	38	22
Mississippi	3,092,410	634,067	73,646	20.50%	2.38%	33	23
Ohio	11,550,528	2,357,022	322,497	20.41%	2.79%	8	24
Arkansas	3,240,208	656,406	82,327	20.26%	2.54%	32	25
Missouri	6,430,173	1,301,714	174,196	20.24%	2.71%	18	26
Kansas	2,940,084	593,091	87,969	20.17%	2.99%	34	27
New York	19,477,429	3,916,891	621,771	20.11%	3.19%	4	28
New Jersey	9,802,440	1,959,545	290,911	19.99%	2.97%	11	29
Kentucky	4,554,998	903,450	106,052	19.83%	2.33%	26	30
Louisiana	4,802,633	944,212	126,215	19.66%	2.63%	25	31
Michigan	10,694,172	2,080,725	287,089	19.46%	2.68%	10	32
Oklahoma	3,913,251	757,553	99,559	19.36%	2.54%	30	33
Tennessee	7,380,634	1,417,708	180,192	19.21%	2.44%	16	34
Minnesota	6,306,130	1,193,124	168,459	18.92%	2.67%	21	35

Table 2: Projected Older Population by State and Selected Age Groups, 2030 Ranked by Percentage of Total U.S. Population Age 65+

		Number of Older Residents		Percentage of Total Population		Population Ranks	
	Total Population	Age 65+	Age 85+	Age 65+	Age 85+	Number Age 65+	*Percent Age 65+*
Virginia	9,825,019	1,843,988	250,366	18.77%	2.55%	13	36
Nevada	4,282,102	797,179	82,573	18.62%	1.93%	28	37
Idaho	1,969,624	361,033	47,021	18.33%	2.39%	40	38
Oregon	4,833,918	881,957	121,741	18.25%	2.52%	27	39
Washington	8,624,801	1,563,901	215,899	18.13%	2.50%	14	40
Indiana	6,810,108	1,231,873	169,134	18.09%	2.48%	20	41
Illinois	13,432,892	2,412,177	351,941	17.96%	2.62%	6	42
North Carolina	**12,227,739**	**2,173,173**	**266,881**	**17.77%**	**2.18%**	**9**	**43**
Maryland	7,022,251	1,235,695	176,713	17.60%	2.52%	19	44
Colorado	5,792,357	956,278	132,035	16.51%	2.28%	24	45
Georgia	12,017,838	1,907,837	224,926	15.88%	1.87%	12	46
Texas	33,317,744	5,186,185	638,855	15.57%	1.92%	2	47
Alaska	867,674	127,202	18,057	14.66%	2.08%	50	48
Utah	3,485,367	460,553	59,470	13.21%	1.71%	36	49
District of Columbia	581,530	71,331	10,770	12.27%	1.85%	51	50
California	46,444,861	3,931,514	1,158,537	8.46%	2.49%	3	51

Source: Administration on Aging, U.S. Department of Health and Human Services. On the Internet at *http://www.aoa.gov/prof/Statistics/statistics.asp*

65 and older, while extremely low-income elders also can participate in Medicaid, a joint federal-state health insurance program.

Conventional wisdom holds that retired Americans derive their incomes from a three-legged stool of Social Security, pension benefits, and personal assets, but for many—especially older women—Social Security is the only leg. The typical older household receives 38 percent of its annual income from Social Security, but this average masks variations in income and age. Older households in the bottom 40 percent in income, for example, derive more than 80 percent of their income from Social Security, and even middle-income households draw two-thirds of their income from the program. Also, the oldest old rely heavily upon Social Security—some exclusively.[29]

The other parts of the three-legged stool are concentrated among high-income households. For instance, two-thirds of the older households in the top 25 percent of income receive pensions compared to 8 percent of households in the lowest 20 percent.[30] What makes such data interesting is that the working lives of today's older households occurred during a time in which incomes rose and defined-benefit pensions were more common, yet most older households still possess few financial resources apart from Social Security. Even housing wealth, most households' main asset, is modest; half of all the homes owned by older Tar Heels in 2006 were worth less than $126,500. Without Social Security, many older adults would be unable to retire, and many probably would be poor. Instead, older Tar Heels are less likely to be poor—a

"... an unprecedented number of Americans—one out of every five—will be at least 65 in 2030..."

poverty rate of 11 percent compared to 14 percent of all persons and 20 percent of all children.[31]

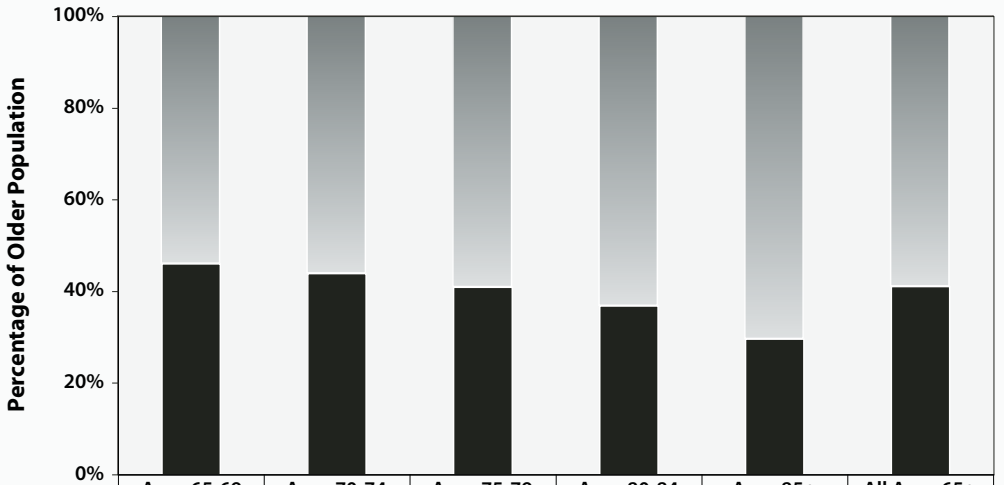
Geographic Distribution

There are important rural/urban differences in North Carolina's older population. According to the N.C. Rural Economic Development Center, North Carolina's 85 rural counties contained 57 percent of the older population—some 611,720 residents—in 2006 (see Table 3, pp. 26–31).[32] Rural counties have more older residents in terms of sheer numbers and as a proportion of the population. Older residents accounted for more than 12 percent of the population in 78 of North Carolina's rural counties with western counties possessing the highest concentrations of older adults. Rural counties also were the state's oldest in terms of median age in 2006. In fact, 72 of the 79 counties with median ages above the statewide level were rural.[33]

Older rural residents confront distinctive challenges. A 2000 study by Jim Mitchell of East Carolina University found that older rural adults in Eastern North Carolina had "higher rates of disability, lower incomes, less education, and lower reading ability than their counterparts in small and larger towns."[34] Rural communities also typically lack the supportive health, transportation, and housing services that older residents need to live independently.

Contrary to popular perception, counties with significant older populations are not all booming retirement magnets. Some, like Brunswick and Moore counties, are, but others, like Warren County, actually are losing residents. Of the 17 counties that shrank between 2000 and 2004, 15 were rural counties with relatively large older populations.[35] Additionally, the N.C. Department of Commerce currently classifies a third of the 15 counties with the greatest concentrations of older residents as severely economically distressed. None rank among the least distressed.[36]

Figure 3: Gender Composition of Older Population by Selected Ages, N.C., 2006



	Ages 65-69	Ages 70-74	Ages 75-79	Ages 80-84	Ages 85+	All Ages 65+
Female	54.0%	56.1%	59.1%	63.1%	70.4%	58.9%
Male	46.0%	43.9%	40.9%	36.9%	29.6%	41.1%

Source: Administration on Aging, U.S. Department of Health and Human Services.

Fearrington Village

Karen Tam

The Aging of the Population, 2000–2030

Between 2000 and 2030, the number of older Americans is expected to more than double, jumping from 35 million to 72 million.[37] This development is tied to the aging of the Baby Boom generation, the second largest generation in American history comprised of roughly 76 million people born between 1946 and 1964. The anomalously large size of this group, combined with lower fertility rates and increasing life expectancy, is pushing American society in an older direction. The first Boomers will reach age 65 in 2011, and by 2030, all living members of the cohort will be between the ages of 65 and 84.

> *"North Carolina's older population is expected to double by 2030, rising from 1.1 million to 2.2 million . . ."*

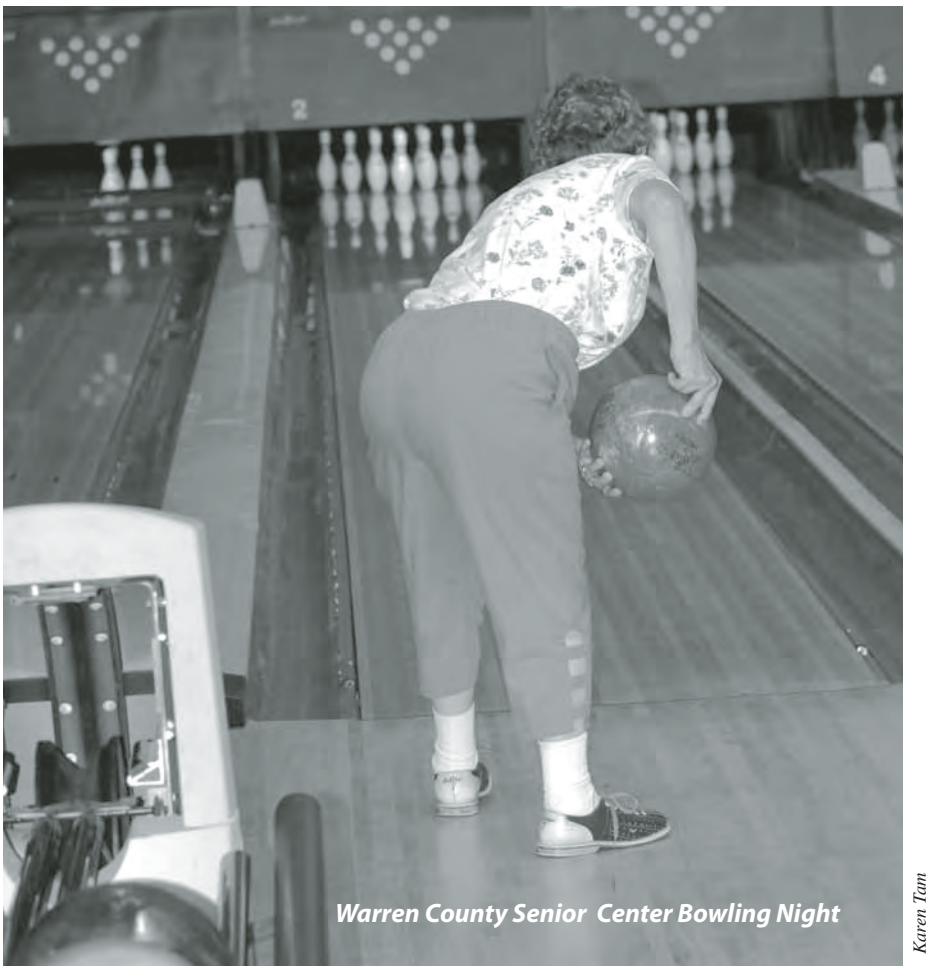
If these projections hold, an unprecedented number of Americans—one out of every five—will be at least 65 in 2030. Compared to today's older adults, Boomers likely will be healthier and live longer. Studies also suggest that Boomer households should have higher real incomes and control more wealth[38] Ultimately, the interplay between the demographic traits and social expectations of the Boomers will shape the policy issues surrounding the aging population.

An Increasing Number of Older Tar Heels . . .

North Carolina's older population is expected to double by 2030, rising from 1.1 million to 2.2 million.[39] If the projections hold, North Carolina's older population not only will be twice as large, but it also will differ demographically from the current population in three respects. First, there will be 2.5 times more Tar Heels older than age 85 than currently is the case. Second, the gender composition of the older population will shift. The ratio of older men to older women is expected to rise from 67

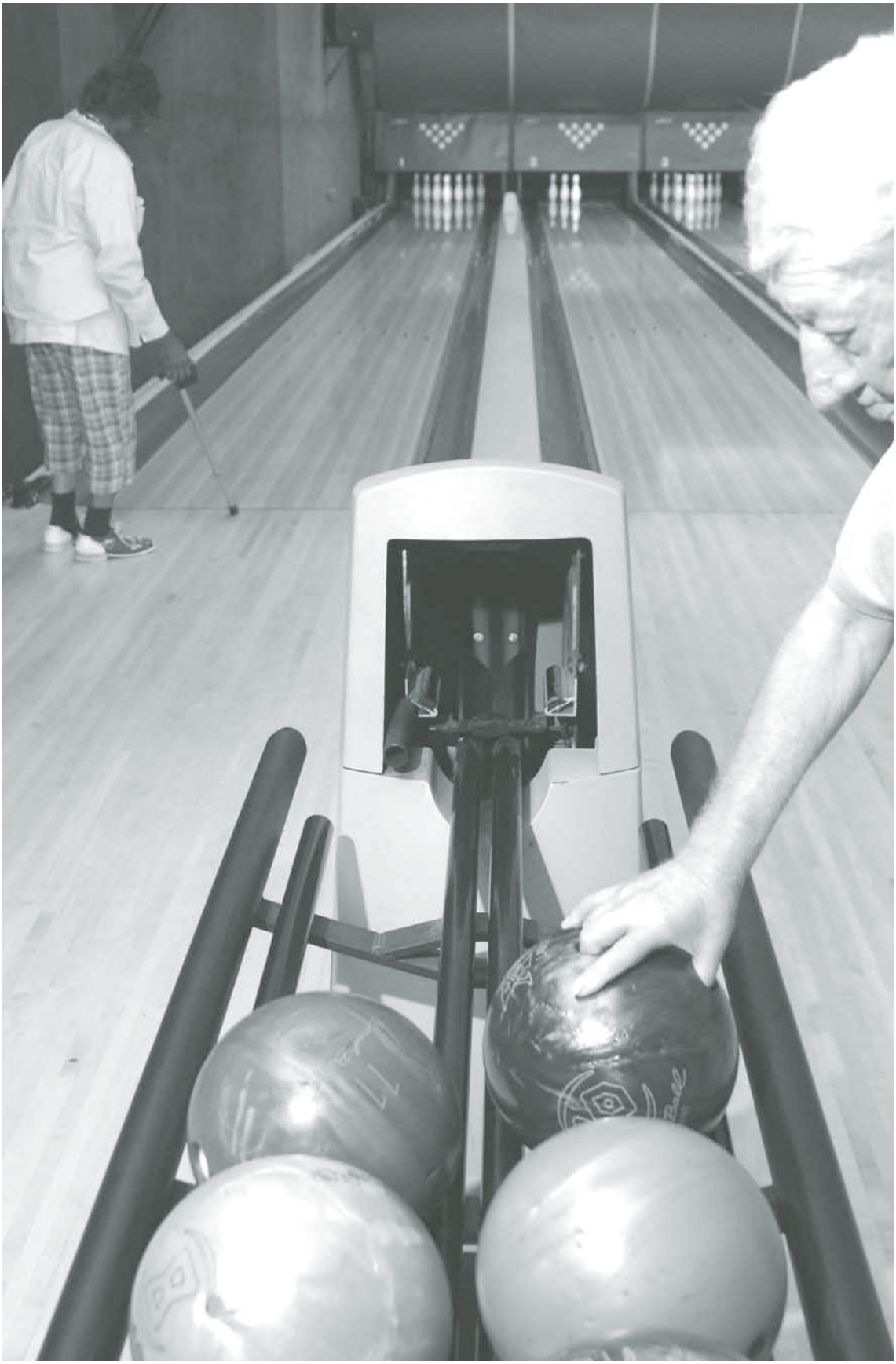
—continues

Karen Tam



Warren County Senior Center Bowling Night

Karen Tam



Karen Tam

men per 100 women to 77 men per 100 women. However, women still will form the bulk of the older population. Plus, changes in marital patterns should lead a greater number of unmarried women reaching age 65. This is significant because unmarried older women are more often financially insecure.[40] Third, non-whites are expected to comprise a larger share of the older population—21 percent in 2030 compared to 19 percent in 2006.

In terms of geographic location, the percentage of the older population living in rural areas is projected to fall over the next quarter century. Some 53 percent of older adults will live in rural counties in 2030, down from the current level of 57 percent (see Table 4, pp. 34-39).[41] Counties in the state's west and northeast still should have the greatest concentrations of older adults. Of the 20 counties expected to have the highest concentrations, 10 are in the west, and seven are in the northeast. The youngest

Fearrington Village

Karen Tam

counties, meanwhile, will fall into two categories: large urban counties like Mecklenburg and Wake and counties with military bases like Cumberland and Onslow.

Karen Tam

. . . Due to Aging and Migration . . .

Two factors should drive the changes in our state's population. One factor is the aging of the 2.4 million Baby Boomers who have lived in North Carolina since 2000.[42] The second factor is North Carolina's increasing appeal as a migration destination, particularly for older in-migrants from other parts of the country.

U.S. Census Bureau data suggest that older Americans are less likely to move than younger ones and that most moves involving older adults occur within the county in which the adult already resides.[43] Long-distance moves are rare. "In any recent five-year period," observed Charles Longino, the late Wake Forest University expert on retirement migration, "people of retirement age are only about half as likely to make long-distance moves as is the U.S. population as a whole."[44] Longino further divided older, long-distance migrants into two categories: "dependency migrants" who move for health or financial reasons and "amenity migrants" who move for lifestyle reasons. While amenity migrants form a small subset of older movers, they represent an elite group of typically well-off "young old."

Longino's studies indicated that amenity migrants long have flocked to a few states, primarily Florida, Texas, and California, but in recent decades, other states, especially in the South Atlantic, have emerged as alternatives. North Carolina came into its own as a retirement destination during the 1990s. Between 1995 and 2000, the rate of older adults moving into North Carolina was the nation's sixth highest. A sizable number of migrants came from the northeast, especially New York, and many were natives who had left North Carolina and chose to return.[45]

North Carolina's attractiveness stems from such factors as its temperate climate, attractive beaches and mountains, comparatively modest living costs, and relatively low taxes. Similar factors also explain the distribution of retirees within the state. Al Stuart, a UNC-Charlotte professor, observes that retirees moving to North Carolina have clustered in a few counties: Brunswick, Currituck, and Dare along the coast, Henderson in the mountains, and Moore in the Piedmont.[46]

. . . Leads to 6 Percent Increase in Percentage of the Population but a Relatively Young North Carolina.

Between 2000 and 2030, the Old North State's overall population is expected to expand by 52 percent—jumping from 8 million to 12.2 million—owing primarily to net migration. Older Tar Heels' share of the population is expected to rise from 12 percent to 18 percent (see Figure 4, p. 32).

Nevertheless, compared to other states, North Carolina should be relatively younger in 2030 than it was in 2000. At the start of the millennium, the Old North State had proportionally fewer older residents than all but 13 states, but by 2030, only seven states are projected to be younger (see Table 2, pp. 18–19).[47] This means that North Carolina will approach the middle of the 21st century just as it approached the middle of the last one: possessing one of the nation's youngest populations. But, the country as a whole will be much older.

—continues on page 32

Table 3: Older Population in N.C. by County and Selected Age Groups, 2006 With Rankings of Percentage of Total Population Age 65+

		Select 2006 Population				
County	Type	Total Population	Median Age (2005)	# Age 65+	% Age 65+	
1. Alamance	Urban	142,661	36.5	19,574	13.72%	
2. Alexander	Rural	36,177	37.8	4,686	12.95%	
3. Alleghany	Rural	10,912	44.6	2,129	19.51%	
4. Anson	Rural	25,472	37.9	3,574	14.03%	
5. Ashe	Rural	25,499	43.7	4,798	18.82%	
6. Avery	Rural	17,674	40.4	3,456	19.55%	
7. Beaufort	Rural	46,355	42.1	7,759	16.74%	
8. Bertie	Rural	19,094	41.1	3,089	16.18%	
9. Bladen	Rural	32,921	38.9	4,943	15.01%	
10. Brunswick	Rural	94,945	44.3	17,094	18.00%	
11. Buncombe	Urban	222,174	39.8	33,885	15.25%	
12. Burke	Rural	90,054	37.9	13,039	14.48%	
13. Cabarrus	Urban	156,395	35.6	16,695	10.67%	
14. Caldwell	Rural	79,841	39.1	11,525	14.43%	
15. Camden	Rural	9,271	40.5	1,080	11.65%	
16. Carteret	Rural	63,584	45.4	11,024	17.34%	
17. Caswell	Rural	23,546	39.6	3,400	14.44%	
18. Catawba	Urban	153,784	36.7	19,730	12.83%	
19. Chatham	Rural	60,052	39.7	8,268	13.77%	
20. Cherokee	Rural	26,309	46.0	5,351	20.34%	
21. Chowan	Rural	14,695	42.9	2,595	17.66%	
22. Clay	Rural	10,008	49.1	2,248	22.46%	
23. Cleveland	Rural	98,373	37.7	14,003	14.23%	
24. Columbus	Rural	54,637	38.2	7,883	14.43%	
25. Craven	Rural	94,875	36.4	14,126	14.89%	
26. Cumberland	Urban	299,060	30.8	27,279	9.12%	
27. Currituck	Rural	23,770	39.8	2,625	11.04%	
28. Dare	Rural	33,935	42.3	4,489	13.23%	
29. Davidson	Urban	156,236	38.2	20,542	13.15%	
30. Davie	Rural	40,035	39.3	5,734	14.32%	
31. Duplin	Rural	52,790	35.0	6,728	12.74%	
32. Durham	Urban	246,896	32.4	23,250	9.42%	
33. Edgecombe	Rural	53,964	37.7	6,434	11.92%	
34. Forsyth	Urban	332,355	36.4	41,402	12.46%	

County	Percentage of Total Population			Population Ranks		
	% Young Old	% Older Old	% Oldest Old	*% Age 65+*	% Young Old	% Oldest Old
Alamance	49.42%	36.01%	14.57%	57	89	13
Alexander	57.77%	32.27%	9.97%	67	8	94
Alleghany	55.19%	31.94%	12.87%	12	21	42
Anson	48.04%	36.12%	15.84%	52	96	4
Ashe	52.33%	34.26%	13.40%	15	63	33
Avery	44.44%	44.47%	11.08%	11	99	87
Beaufort	54.04%	33.25%	12.71%	23	38	50
Bertie	51.44%	37.10%	11.46%	29	78	81
Bladen	50.09%	31.16%	18.75%	38	87	2
Brunswick	58.87%	33.20%	7.93%	17	3	100
Buncombe	49.10%	36.25%	14.66%	35	93	12
Burke	54.34%	32.91%	12.75%	45	33	48
Cabarrus	53.09%	33.47%	13.44%	87	55	32
Caldwell	55.64%	32.46%	11.90%	47	15	73
Camden	57.13%	31.85%	11.02%	83	9	88
Carteret	53.98%	35.17%	10.85%	21	39	90
Caswell	53.94%	33.88%	12.18%	46	43	63
Catawba	54.43%	33.32%	12.25%	68	32	59
Chatham	49.10%	35.38%	15.52%	55	92	5
Cherokee	53.34%	32.59%	14.07%	8	52	21
Chowan	50.21%	35.57%	14.22%	20	85	19
Clay	49.38%	35.23%	15.39%	4	90	8
Cleveland	52.45%	33.90%	13.65%	50	61	28
Columbus	55.60%	31.88%	12.52%	48	16	52
Craven	53.36%	36.25%	10.39%	41	51	93
Cumberland	59.75%	30.77%	9.47%	94	2	97
Currituck	58.06%	31.20%	10.74%	85	7	91
Dare	58.41%	33.35%	8.24%	65	4	99
Davidson	54.81%	33.20%	11.99%	66	26	69
Davie	54.34%	33.61%	12.05%	49	34	67
Duplin	54.22%	33.16%	12.62%	72	35	51
Durham	51.45%	33.75%	14.80%	93	77	11
Edgecombe	53.96%	33.25%	12.79%	80	40	47
Forsyth	52.17%	34.91%	12.92%	75	68	39

(continues)

Table 3: Older Population in N.C. by County and Selected Age Groups, 2006 With Rankings of Percentage of Total Population Age 65+

		Select 2006 Population				
County	Type	Total Population	Median Age (2005)	# Age 65+	% Age 65+	
35. Franklin	Rural	55,886	36.7	5,895	10.55%	
36. Gaston	Urban	199,397	37.6	25,343	12.71%	
37. Gates	Rural	11,527	40.3	1,528	13.26%	
38. Graham	Rural	7,995	43.4	1,412	17.66%	
39. Granville	Rural	54,473	37.2	5,933	10.89%	
40. Greene	Rural	20,157	35.7	2,390	11.86%	
41. Guilford	Urban	451,905	35.4	54,193	11.99%	
42. Halifax	Rural	55,521	39.1	8,472	15.26%	
43. Harnett	Rural	106,283	33.4	10,161	9.56%	
44. Haywood	Rural	56,447	43.6	11,072	19.61%	
45. Henderson	Rural	99,033	43.5	21,314	21.52%	
46. Hertford	Rural	23,581	40.9	3,447	14.62%	
47. Hoke	Rural	42,303	30.9	3,045	7.20%	
48. Hyde	Rural	5,341	41.5	880	16.48%	
49. Iredell	Rural	146,206	37.2	17,921	12.26%	
50. Jackson	Rural	35,562	36.7	4,942	13.90%	
51. Johnston	Rural	152,143	34.7	13,868	9.12%	
52. Jones	Rural	10,204	41.5	1,743	17.08%	
53. Lee	Rural	56,908	36.3	7,810	13.72%	
54. Lenoir	Rural	57,662	39.7	9,053	15.70%	
55. Lincoln	Rural	71,894	37.6	8,478	11.79%	
56. Macon	Rural	32,395	46.3	7,386	22.80%	
57. Madison	Rural	20,355	40.7	3,383	16.62%	
58. Martin	Rural	24,342	40.5	3,925	16.12%	
59. McDowell	Rural	43,414	39.0	6,607	15.22%	
60. Mecklenburg	Urban	827,445	33.8	68,832	8.32%	
61. Mitchell	Rural	15,681	43.5	3,047	19.43%	
62. Montgomery	Rural	27,638	37.7	3,709	13.42%	
63. Moore	Rural	83,162	43.3	17,456	20.99%	
64. Nash	Rural	92,312	37.4	12,480	13.52%	
65. New Hanover	Urban	182,591	37.2	24,166	13.24%	
66. Northampton	Rural	21,247	42.1	3,945	18.57%	
67. Onslow	Rural	150,673	24.0	11,420	7.58%	
68. Orange	Urban	120,100	32.1	11,599	9.66%	
69. Pamlico	Rural	12,785	45.2	2,615	20.45%	

	Percentage of Total Population			Population Ranks		
County	% Young Old	% Older Old	% Oldest Old	% *Age 65+*	% Young Old	% Oldest Old
Franklin	54.69%	32.99%	12.32%	88	29	57
Gaston	53.86%	34.16%	11.97%	73	45	71
Gates	54.91%	33.64%	11.45%	62	25	82
Graham	53.82%	34.07%	12.11%	19	46	65
Granville	55.47%	33.15%	11.38%	86	18	84
Greene	54.18%	31.84%	13.97%	81	36	23
Guilford	51.71%	34.71%	13.58%	79	75	29
Halifax	50.85%	35.69%	13.46%	34	82	31
Harnett	55.01%	32.80%	12.18%	92	23	61
Haywood	51.96%	35.18%	12.86%	10	71	44
Henderson	45.61%	38.95%	15.44%	5	97	7
Hertford	52.28%	34.46%	13.26%	43	64	35
Hoke	58.16%	32.05%	9.79%	100	5	96
Hyde	52.27%	31.36%	16.36%	27	65	3
Iredell	53.67%	34.23%	12.09%	78	47	66
Jackson	56.37%	32.34%	11.29%	54	14	86
Johnston	56.46%	31.96%	11.58%	95	13	78
Jones	52.21%	36.32%	11.47%	22	67	80
Lee	51.97%	36.03%	12.00%	56	70	68
Lenoir	53.13%	35.47%	11.40%	32	54	83
Lincoln	56.53%	32.14%	11.32%	82	12	85
Macon	50.35%	36.57%	13.08%	3	83	38
Madison	52.26%	33.55%	14.19%	25	66	20
Martin	52.13%	34.09%	13.78%	30	69	24
McDowell	53.96%	34.09%	11.96%	37	41	72
Mecklenburg	54.75%	32.42%	12.83%	96	28	45
Mitchell	51.13%	36.69%	12.18%	13	79	64
Montgomery	53.30%	33.89%	12.81%	60	53	46
Moore	45.30%	39.34%	15.36%	6	98	9
Nash	51.86%	35.86%	12.28%	59	73	58
New Hanover	52.89%	34.93%	12.18%	64	58	62
Northampton	49.76%	35.84%	14.40%	16	88	16
Onslow	61.94%	29.57%	8.49%	99	1	98
Orange	53.49%	33.61%	12.91%	91	50	40
Pamlico	54.80%	33.46%	11.74%	7	27	75

(continues)

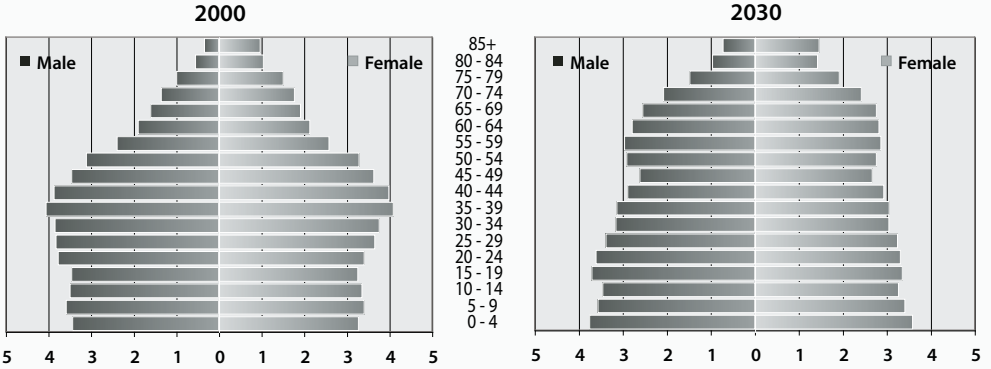
Table 3: Older Population in N.C. by County and Selected Age Groups, 2006 With Rankings of Percentage Percentage of Total Population Age 65+

County	Type	Select 2006 Population				
		Total Population	Median Age (2005)	# Age 65+	% Age 65+	
70. Pasquotank	Rural	39,591	37.3	5,063	12.79%	
71. Pender	Rural	48,630	40.4	7,126	14.65%	
72. Perquimans	Rural	12,337	44.7	2,447	19.83%	
73. Person	Rural	37,341	39.4	5,010	13.42%	
74. Pitt	Rural	145,619	31.8	14,380	9.88%	
75. Polk	Rural	19,226	45.8	4,418	22.98%	
76. Randolph	Rural	140,410	36.9	17,902	12.75%	
77. Richmond	Rural	46,555	36.5	6,383	13.71%	
78. Robeson	Rural	129,021	33.2	13,321	10.32%	
79. Rockingham	Rural	93,063	39.9	14,183	15.24%	
80. Rowan	Urban	136,254	37.0	19,049	13.98%	
81. Rutherford	Rural	63,867	39.8	10,386	16.26%	
82. Sampson	Rural	63,561	35.2	8,118	12.77%	
83. Scotland	Rural	37,094	36.0	4,318	11.64%	
84. Stanly	Rural	59,358	38.0	8,665	14.60%	
85. Stokes	Rural	46,168	38.7	6,507	14.09%	
86. Surry	Rural	72,687	38.9	11,618	15.98%	
87. Swain	Rural	13,445	40.1	2,239	16.65%	
88. Transylvania	Rural	29,780	46.4	7,071	23.74%	
89. Tyrrell	Rural	4,187	40.0	627	14.97%	
90. Union	Rural	175,272	34.7	14,466	8.25%	
91. Vance	Rural	43,810	35.6	5,511	12.58%	
92. Wake	Urban	786,522	33.5	60,565	7.70%	
93. Warren	Rural	19,605	41.3	3,480	17.75%	
94. Washington	Rural	13,227	41.2	2,197	16.61%	
95. Watauga	Rural	42,700	31.6	5,247	12.29%	
96. Wayne	Rural	113,847	35.4	14,011	12.31%	
97. Wilkes	Rural	67,310	39.9	10,279	15.27%	
98. Wilson	Rural	76,624	37.0	10,144	13.24%	
99. Yadkin	Rural	38,056	38.4	5,700	14.98%	
100. Yancey	Rural	18,421	43.5	3,486	18.92%	
North Carolina		**8,856,505**	**36.0**	**1,077,824**	**12.17%**	

County	Percentage of Total Population			Population Ranks		
	% Young Old	% Older Old	% Oldest Old	% *Age 65+*	% Young Old	% Oldest Old
Pasquotank	48.45%	36.99%	14.56%	69	95	14
Pender	55.16%	34.30%	10.54%	42	22	92
Perquimans	52.55%	33.80%	13.65%	9	59	27
Person	53.53%	33.73%	12.73%	61	48	49
Pitt	52.97%	33.91%	13.12%	90	56	37
Polk	43.46%	36.49%	20.05%	2	100	1
Randolph	53.87%	33.65%	12.48%	71	44	54
Richmond	52.37%	35.64%	11.98%	58	62	70
Robeson	55.43%	32.94%	11.63%	89	19	77
Rockingham	51.87%	34.63%	13.50%	36	72	30
Rowan	48.84%	35.67%	15.49%	53	94	6
Rutherford	50.24%	34.70%	15.06%	28	84	10
Sampson	53.52%	33.30%	13.18%	70	49	36
Scotland	54.47%	32.65%	12.88%	84	31	41
Stanly	50.96%	35.28%	13.76%	44	81	25
Stokes	55.52%	32.00%	12.48%	51	17	55
Surry	50.20%	35.52%	14.28%	31	86	17
Swain	52.93%	33.01%	14.07%	24	57	22
Transylvania	49.31%	36.42%	14.27%	1	91	18
Tyrrell	51.04%	35.25%	13.72%	40	80	26
Union	58.12%	30.95%	10.94%	97	6	89
Vance	54.47%	33.32%	12.21%	74	30	60
Wake	56.63%	31.80%	11.57%	98	11	79
Warren	52.50%	35.80%	11.70%	18	60	76
Washington	51.66%	33.91%	14.43%	26	76	15
Watauga	54.05%	33.09%	12.86%	77	37	43
Wayne	56.69%	33.41%	9.90%	76	10	95
Wilkes	54.98%	33.19%	11.83%	33	24	74
Wilson	53.95%	33.56%	12.49%	63	42	53
Yadkin	55.21%	32.46%	12.33%	39	20	56
Yancey	51.81%	34.91%	13.28%	14	74	34
North Carolina	**53.31%**	**34.02%**	**12.68%**			

Sources: Administration on Aging, U.S. Department of Health and Human Services; U.S. Census Bureau; Office of the State Demographer; North Carolina Rural Economic Development Center.

Figure 4: Population Change in N.C., 2000–2030
Changes by Selected Age Groups



Age Group	Census 2000				Projection 2030			
	Number			Percent	Number			Percent
	Total	Male	Female	Total	Total	Male	Female	Total
Total	8,049,313	3,942,695	4,106,618	100.0	12,227,739	6,065,373	6,162,366	100.0
0 - 4	539,509	276,327	263,182	6.7	897,492	458,638	438,854	7.3
5 - 9	562,553	288,493	274,060	7.0	852,589	434,956	417,633	7.0
10 - 14	551,367	281,184	270,183	6.8	821,618	421,558	400,060	6.7
15 - 19	539,931	277,824	262,107	6.7	862,740	452,519	410,221	7.1
20 - 24	577,508	303,418	274,090	7.2	845,712	440,586	405,126	6.9
25 - 29	601,522	307,363	294,159	7.5	810,202	412,819	397,383	6.6
30 - 34	611,893	309,302	302,591	7.6	758,562	385,823	372,739	6.2
35 - 39	655,440	326,356	329,084	8.1	756,616	382,488	374,128	6.2
40 - 44	631,680	310,945	320,735	7.8	711,864	353,043	358,821	5.8
45 - 49	570,411	277,718	292,693	7.1	645,601	318,610	326,991	5.3
50 - 54	514,739	250,294	264,445	6.4	693,638	354,989	338,649	5.7
55 - 59	400,207	192,337	207,870	5.0	712,350	361,211	351,139	5.8
60 - 64	323,505	152,123	171,382	4.0	685,582	339,941	345,641	5.6
65 - 69	282,836	128,908	153,928	3.5	650,060	311,250	338,810	5.3
70 - 74	250,941	108,563	142,378	3.1	548,758	252,578	296,180	4.5
75 - 79	201,444	79,756	121,688	2.5	415,682	180,191	235,491	3.4
80 - 84	128,366	44,416	83,950	1.6	291,792	116,830	174,962	2.4
85+	105,461	27,368	78,093	1.3	266,881	87,343	179,538	2.2

Source: U.S. Census Bureau, Population Division, State Interim Population Projections, 2005.

—continued from page 25

Aging Considerations: Financial Well-Being, Location, Work Force, and Public Finance

In terms of public policy, the critical issues ahead in North Carolina likely will be those relating to financial well-being, the concentration of elderly in rural counties, work force challenges, and state budget finances.

The Financial Well-Being of Older Adults

Compared to previous generations, the Baby Boomers should reach older age having earned more money, having built more wealth, and anticipating higher retirement incomes.[48] This overall prosperity, however, clouds important differences in the distribution of income and wealth, which likely will be much more unequal than has been true in the past. This trend is intertwined with the widening income inequality of recent years, the erosion of retirement security due to the decline of defined-benefit pension plans, and demographic shifts likely to produce more older

households led by minorities and single women—groups more apt to be financially insecure.[49]

The escalating cost of medical care will exacerbate this situation. Medical costs consistently have outstripped the rate of inflation in recent decades. Also, older adults are bearing more of the costs, due in part to the reduction of employer-sponsored health care coverage for retirees. This means that an older household facing a serious illness simply may lack the financial resources needed to respond.

AARP, formerly the American Association of Retired Persons, is a national organization representing older adults. AARP reports that only the top fifth of Boomer households, which most often are dual-income, married-couple households with protection from medical costs, likely will enjoy financially independent retirements. The next 60 percent of Boomer households, meanwhile, are projected to face a future dependent largely upon the strength of employer-sponsored benefits and social insurance systems. And, the bottom 20 percent of Boomer households are expected to struggle.[50] The continuing centrality of Social Security and Medicare to most older households gives state leaders a stake in debates over the future of federal insurance programs and increases the odds that older Tar Heels may turn to Raleigh for help in managing the consequences of unfavorable federal actions.

Geographic Location of the Elderly

The effects of population aging likely will develop differently in rural and urban areas. As discussed previously, rural counties in North Carolina should have the highest proportions of older residents in 2030, with the oldest counties clustering in the economically distressed west and northeast. Older adults in such communities are more apt to be single, poor, and ill, yet those places often lack needed services.[51] Providing those services may emerge as a critical challenge for local governments.

Kathy Heilig of the N.C. Hospital Association, says, "The lack of infrastructure in rural [regions] in the area of home health care, rehab care, pharmaceutical services, outpatient allied health therapies, respite care for families caring for the elderly with dementia, dementia services for patients, end-of-life care, dialysis care, and management of chronic mental-emotional disorders is frequently the motivation for relocation.

—continues on page 40

Karen Tam

Table 4: Older Population in N.C. by County and Selected Age Groups, 2030 With Rankings of Percentage of Total Population Age 65+

		Projected Select 2030 Population				
County	Type	Total Population	Median Age	# Age 65+	% Age 65+	
1. Alamance	Urban	187,203	36.9	31,274	16.71%	
2. Alexander	Rural	44,976	40.4	8,767	19.49%	
3. Alleghany	Rural	12,266	49.3	3,442	28.06%	
4. Anson	Rural	23,748	43.4	5,053	21.28%	
5. Ashe	Rural	29,780	48.6	8,239	27.67%	
6. Avery	Rural	18,846	49.0	4,929	26.15%	
7. Beaufort	Rural	50,207	47.1	13,267	26.42%	
8. Bertie	Rural	17,066	49.2	4,942	28.96%	
9. Bladen	Rural	36,130	42.6	7,915	21.91%	
10. Brunswick	Rural	164,165	47.5	43,132	26.27%	
11. Buncombe	Urban	289,908	42.5	62,082	21.41%	
12. Burke	Rural	97,626	40.1	19,389	19.86%	
13. Cabarrus	Urban	271,194	35.7	39,594	14.60%	
14. Caldwell	Rural	85,966	42.3	18,955	22.05%	
15. Camden	Rural	16,241	41.7	3,190	19.64%	
16. Carteret	Rural	74,116	52.8	23,900	32.25%	
17. Caswell	Rural	25,603	42.9	5,261	20.55%	
18. Catawba	Urban	196,363	37.9	34,403	17.52%	
19. Chatham	Rural	88,671	41.2	18,733	21.13%	
20. Cherokee	Rural	34,177	51.7	10,426	30.51%	
21. Chowan	Rural	16,028	48.0	4,527	28.24%	
22. Clay	Rural	13,709	55.1	4,789	34.93%	
23. Cleveland	Rural	104,933	40.1	20,909	19.93%	
24. Columbus	Rural	57,823	42.1	12,326	21.32%	
25. Craven	Rural	108,411	42.0	26,721	24.65%	
26. Cumberland	Urban	347,460	34.2	51,111	14.71%	
27. Currituck	Rural	40,689	42.0	8,056	19.80%	
28. Dare	Rural	50,831	44.2	12,124	23.85%	
29. Davidson	Urban	191,080	39.8	37,443	19.60%	
30. Davie	Rural	58,682	40.3	11,742	20.01%	
31. Duplin	Rural	72,638	36.5	11,463	15.78%	
32. Durham	Urban	337,743	33.0	50,514	14.96%	
33. Edgecombe	Rural	43,534	43.3	10,333	23.74%	
34. Forsyth	Urban	439,967	36.9	78,412	17.82%	

	Percentage of Total Population			Population Ranks		
County	% Young Old	% Older Old	% Oldest Old	*% Age 65+*	% Young Old	% Oldest Old
Alamance	54.55%	32.72%	12.73%	83	43	40
Alexander	55.08%	32.23%	12.68%	69	37	42
Alleghany	51.86%	33.00%	15.14%	13	82	8
Anson	54.03%	33.86%	12.11%	46	53	57
Ashe	50.38%	34.86%	14.76%	15	91	11
Avery	51.61%	34.33%	14.06%	24	83	21
Beaufort	52.32%	34.82%	12.86%	21	77	37
Bertie	54.23%	33.45%	12.32%	6	51	52
Bladen	54.00%	34.11%	11.89%	42	55	61
Brunswick	53.40%	33.44%	13.16%	23	65	33
Buncombe	52.21%	34.44%	13.35%	44	79	30
Burke	53.64%	32.66%	13.70%	63	63	23
Cabarrus	57.81%	31.29%	10.90%	93	13	83
Caldwell	53.05%	33.46%	13.48%	41	68	27
Camden	59.62%	30.22%	10.16%	66	5	92
Carteret	52.18%	34.29%	13.53%	3	80	26
Caswell	57.18%	32.28%	10.55%	56	18	90
Catawba	53.96%	33.63%	12.40%	79	58	50
Chatham	50.65%	35.19%	14.16%	50	89	20
Cherokee	49.66%	34.92%	15.41%	4	94	6
Chowan	51.91%	33.69%	14.40%	9	81	14
Clay	47.82%	34.91%	17.27%	1	99	2
Cleveland	53.71%	33.32%	12.97%	61	61	35
Columbus	54.73%	33.00%	12.27%	45	40	53
Craven	54.25%	33.36%	12.40%	29	49	51
Cumberland	57.73%	31.05%	11.23%	92	14	76
Currituck	59.66%	30.42%	9.92%	64	4	97
Dare	57.33%	32.39%	10.28%	33	16	91
Davidson	54.55%	32.82%	12.63%	68	42	44
Davie	52.84%	33.50%	13.66%	60	72	24
Duplin	56.10%	32.78%	11.12%	89	25	80
Durham	54.28%	34.07%	11.65%	91	47	69
Edgecombe	55.26%	33.78%	10.96%	35	34	82
Forsyth	53.63%	33.54%	12.83%	76	64	38

(continues)

Table 4: Older Population in N.C. by County and Selected Age Groups, 2030 With Rankings of Percentage of Total Population Age 65+

		Projected Select 2030 Population				
County	Type	Total Population	Median Age	# Age 65+	% Age 65+	
35. Franklin	Rural	86,324	38.4	14,078	16.31%	
36. Gaston	Urban	224,946	41.1	45,319	20.15%	
37. Gates	Rural	15,301	42.9	3,419	22.34%	
38. Graham	Rural	8,699	48.2	2,451	28.18%	
39. Granville	Rural	73,388	40.1	12,906	17.59%	
40. Greene	Rural	26,929	37.8	4,447	16.51%	
41. Guilford	Urban	593,830	36.9	97,259	16.38%	
42. Halifax	Rural	51,328	45.2	12,828	24.99%	
43. Harnett	Rural	159,155	36.3	22,163	13.93%	
44. Haywood	Rural	67,144	46.9	17,720	26.39%	
45. Henderson	Rural	144,989	44.6	37,211	25.66%	
46. Hertford	Rural	23,013	46.9	6,103	26.52%	
47. Hoke	Rural	79,427	32.5	8,273	10.42%	
48. Hyde	Rural	5,073	49.3	1,267	24.98%	
49. Iredell	Rural	237,564	38.1	40,444	17.02%	
50. Jackson	Rural	43,697	41.1	9,757	22.33%	
51. Johnston	Rural	277,292	35.8	36,674	13.23%	
52. Jones	Rural	10,768	47.2	2,863	26.59%	
53. Lee	Rural	79,148	37.9	13,544	17.11%	
54. Lenoir	Rural	55,594	43.4	13,374	24.06%	
55. Lincoln	Rural	102,567	40.0	18,774	18.30%	
56. Macon	Rural	52,144	42.4	10,812	20.73%	
57. Madison	Rural	46,345	47.5	12,958	27.96%	
58. Martin	Rural	24,022	45.1	5,754	23.95%	
59. McDowell	Rural	21,657	46.1	5,635	26.02%	
60. Mecklenburg	Urban	1,391,703	35.2	180,612	12.98%	
61. Mitchell	Rural	16,736	47.5	4,597	27.47%	
62. Montgomery	Rural	32,486	39.8	6,796	20.92%	
63. Moore	Rural	113,638	45.8	30,580	26.91%	
64. Nash	Rural	111,706	39.9	21,921	19.62%	
65. New Hanover	Urban	271,030	41.5	54,675	20.17%	
66. Northampton	Rural	20,973	47.5	5,658	26.98%	
67. Onslow	Rural	166,283	24.7	22,686	13.64%	
68. Orange	Urban	157,806	35.1	26,499	16.79%	
69. Pamlico	Rural	13,942	51.8	4,133	29.64%	

	Percentage of Total Population			Population Ranks		
County	% Young Old	% Older Old	% Oldest Old	*% Age 65+*	% Young Old	% Oldest Old
Franklin	60.59%	29.71%	9.70%	86	3	98
Gaston	54.44%	33.70%	11.86%	59	45	62
Gates	57.59%	30.80%	11.61%	38	15	72
Graham	49.65%	34.68%	15.67%	11	95	5
Granville	59.41%	30.54%	10.05%	78	7	95
Greene	56.40%	31.89%	11.72%	84	23	68
Guilford	54.24%	33.13%	12.63%	85	50	43
Halifax	54.01%	33.56%	12.43%	27	54	49
Harnett	59.43%	30.51%	10.06%	95	6	94
Haywood	51.08%	34.41%	14.51%	22	87	13
Henderson	49.34%	34.95%	15.71%	26	97	4
Hertford	53.30%	33.93%	12.76%	20	67	39
Hoke	63.53%	28.66%	7.81%	100	1	100
Hyde	55.01%	30.62%	14.36%	28	38	16
Iredell	56.89%	31.57%	11.53%	81	19	74
Jackson	52.27%	35.20%	12.53%	39	78	45
Johnston	60.91%	29.97%	9.12%	98	2	99
Jones	55.50%	32.73%	11.77%	19	32	67
Lee	56.02%	32.44%	11.54%	80	27	73
Lenoir	53.96%	34.22%	11.81%	30	59	64
Lincoln	56.78%	31.79%	11.44%	74	20	75
Macon	53.97%	33.54%	12.50%	53	57	46
Madison	49.85%	35.40%	14.76%	14	93	12
Martin	51.27%	34.57%	14.16%	31	85	19
McDowell	52.72%	35.07%	12.21%	25	74	55
Mecklenburg	58.33%	30.98%	10.69%	99	11	86
Mitchell	51.12%	35.48%	13.40%	16	86	28
Montgomery	52.83%	34.70%	12.48%	51	73	48
Moore	50.62%	34.01%	15.36%	18	90	7
Nash	54.64%	34.23%	11.13%	67	41	79
New Hanover	53.04%	34.09%	12.87%	58	69	36
Northampton	53.34%	32.43%	14.23%	17	66	18
Onslow	57.25%	31.91%	10.84%	96	17	85
Orange	53.99%	35.41%	10.60%	82	56	88
Pamlico	54.54%	32.23%	13.23%	5	44	32

(continues)

Table 4: Older Population in N.C. by County and Selected Age Groups, 2030 With Rankings of Percentage of Total Population Age 65+

		Projected Select 2030 Population				
County	Type	Total Population	Median Age	# Age 65+	% Age 65+	
70. Pasquotank	Rural	54,141	41.5	11,475	21.19%	
71. Pender	Rural	78,479	44.1	16,858	21.48%	
72. Perquimans	Rural	15,700	49.2	4,500	28.66%	
73. Person	Rural	46,117	42.4	9,787	21.22%	
74. Pitt	Rural	198,152	34.4	31,486	15.89%	
75. Polk	Rural	24,223	48.2	6,828	28.19%	
76. Randolph	Rural	180,076	38.4	32,111	17.83%	
77. Richmond	Rural	46,757	40.1	9,308	19.91%	
78. Robeson	Rural	155,753	36.9	25,106	16.12%	
79. Rockingham	Rural	94,430	43.2	21,779	23.06%	
80. Rowan	Urban	165,647	38.7	29,393	17.74%	
81. Rutherford	Rural	67,149	43.8	15,980	23.80%	
82. Sampson	Rural	87,624	37.0	13,718	15.66%	
83. Scotland	Rural	37,392	41.1	7,725	20.66%	
84. Stanly	Rural	66,247	40.4	13,099	19.77%	
85. Stokes	Rural	54,723	41.7	11,395	20.82%	
86. Surry	Rural	84,859	40.3	17,551	20.68%	
87. Swain	Rural	17,871	42.3	3,968	22.20%	
88. Transylvania	Rural	34,219	53.1	11,492	33.58%	
89. Tyrrell	Rural	4,377	45.9	926	21.16%	
90. Union	Rural	350,928	35.4	49,595	14.13%	
91. Vance	Rural	49,857	37.5	9,182	18.42%	
92. Wake	Urban	1,464,029	35.4	195,282	13.34%	
93. Warren	Rural	21,457	46.2	5,123	23.88%	
94. Washington	Rural	11,759	48.4	3,402	28.93%	
95. Watauga	Rural	46,866	36.7	9,455	20.17%	
96. Wayne	Rural	127,537	36.4	23,792	18.65%	
97. Wilkes	Rural	72,983	42.5	16,837	23.07%	
98. Wilson	Rural	92,348	39.3	17,796	19.27%	
99. Yadkin	Rural	47,243	39.2	8,859	18.75%	
100. Yancey	Rural	21,063	48.3	5,928	28.14%	
North Carolina		**12,274,433**	**38.0**	**2,161,289**	**17.61%**	

	Percentage of Total Population			Population Ranks		
County	% Young Old	% Older Old	% Oldest Old	% *Age 65+*	% Young Old	% Oldest Old
Pasquotank	54.17%	32.20%	13.63%	48	52	25
Pender	56.71%	32.13%	11.16%	43	21	77
Perquimans	52.53%	33.56%	13.91%	8	75	22
Person	56.68%	32.70%	10.63%	47	22	87
Pitt	55.60%	33.25%	11.15%	88	31	78
Polk	47.25%	35.40%	17.36%	10	100	1
Randolph	55.38%	32.36%	12.27%	75	33	54
Richmond	55.12%	33.09%	11.79%	62	36	66
Robeson	57.87%	32.01%	10.12%	87	12	93
Rockingham	53.03%	33.62%	13.35%	37	70	29
Rowan	55.89%	32.08%	12.03%	77	29	59
Rutherford	51.27%	34.44%	14.29%	34	84	17
Sampson	56.26%	31.80%	11.93%	90	24	60
Scotland	54.25%	33.68%	12.06%	55	48	58
Stanly	55.23%	33.15%	11.63%	65	35	70
Stokes	54.30%	32.98%	12.72%	52	46	41
Surry	51.06%	34.12%	14.82%	54	88	10
Swain	53.68%	33.17%	13.16%	40	62	34
Transylvania	48.87%	34.64%	16.49%	2	98	3
Tyrrell	58.96%	30.45%	10.58%	49	10	89
Union	59.21%	29.94%	10.86%	94	8	84
Vance	54.97%	33.23%	11.81%	73	39	65
Wake	59.13%	30.85%	10.02%	97	9	96
Warren	56.02%	32.36%	11.61%	32	26	71
Washington	49.85%	35.21%	14.93%	7	92	9
Watauga	52.93%	34.57%	12.49%	57	71	47
Wayne	55.91%	33.05%	11.04%	72	28	81
Wilkes	52.53%	34.22%	13.25%	36	76	31
Wilson	53.82%	34.36%	11.82%	70	60	63
Yadkin	55.88%	31.97%	12.16%	71	30	56
Yancey	49.65%	35.96%	14.39%	12	96	15
North Carolina	**55.28%**	**32.71%**	**12.01%**			

Sources: Administration on Aging, U.S. Department of Health and Human Services; U.S. Census Bureau; Office of the State Demographer; North Carolina Rural Economic Development Center.

—continues from page 33

Those demands alone will grow exponentially over the next two decades, and facility expansion cannot begin to accommodate the needs of the elderly population in North Carolina…nor will most be able to afford that. The insurers/payers of health care have not begun to appreciate the value that those services alone would bring to stabilizing expenditures for acute care and skilled nursing services."

Two different sets of issues, meanwhile, could confront communities that have become retirement destinations. First, the rapid influx of relatively affluent people to places like Brunswick County can produce social tensions as newcomers change the environment. A recent study of housing needs in Brunswick County, for example, found that rapid development has pushed up the cost of housing, especially for low-income, minority, younger, and working-age households; in short, it has become more expensive for the county's native work force to live there.[52]

When you see me walking, stumbling,
Don't study and get it wrong.
'Cause tired don't mean lazy
And every goodbye ain't gone.
I'm the same person I was back then,
A little less hair, a little less chin,
A lot less lungs and much less wind.
But ain't I lucky I can still breathe in.

—MAYA ANGELOU, "ON AGING"

Second, retirement migration's long-term impact is unclear. Wake Forest University's Charles Longino noted that the recruitment of retirees has become a short-term economic development strategy championed by proponents claiming that retirees expand the local tax base while consuming few public services. Yet the existing evidence calls both those claims into question. Not only is the economic impact seemingly confined to the housing-related sectors of the economy, but also the claims that retirees require fewer public services appear based on the fact that it is the young old who are most apt to move.[53] Thus, the demand for public services might increase sharply in 20 years once affluent, fit 65-year-olds have aged into less affluent, frail 85-year olds.

However, Longino cautioned, "The rise in the proportion of 60+ or 85+ will no doubt create new market demands and challenges for health care in-state as in the United States generally. For example, the next generation of 65+ will be more inclined to exercise and work on obesity issues than the last generation because of greater awareness of these problems and the link between obesity and flaccidity with many diseases and disabilities. Also, the decline in smoking in that generation should increase their life expectancy." Longino said that some who have moved to North Carolina will move again as they age to be with children in other states.

On a related note, a single-minded focus on retirement communities may blind public leaders to the fact that an increasing number of older adults likely will live in metropolitan areas. Research by Brookings Institution demographer William Frey has documented that "pre-seniors" (ages 55–64) are the fastest-growing age group in thriving Sunbelt cities such as Raleigh. And, because most people age in place, a growing pre-senior population eventually should yield a larger older population.[54] Moreover, the popularity of cities like Charlotte among younger migrants might increase the odds that older migrants will bypass retirement destinations for

the places where their family members live. A narrow focus on retirement centers consequently may lead leaders to ignore the effects of population aging in areas that otherwise appear young.

Charles Dickens, Speaker of the North Carolina Senior Tar Heel Legislature, notes the need for policymakers to focus on "the concentration of senior citizens in a small number of counties." In 2006 and probably in 2030, the largest number of persons ages 60 and over will live in Mecklenburg, Wake, Guilford, Forsyth, and Buncombe counties. Dickens says, "Even if the older population is a lower percentage of the total in these five counties than is the case in rural counties, the five counties may be considered 'senior hot spots.'" Dickens hopes these five counties will offer real opportunities for innovative programming and delivery of services. "The concentration of large numbers of older persons in limited geographic areas should allow relatively more funds to be spent on items other than basic transportation," he says. See Tables 3 and 4, pp. 26–31 and 34–39.

Work Force Challenges

Because most older adults chose to exit the work force, the impending retirement of the Baby Boom generation may deprive North Carolina of the workers needed to compete economically. As the North Carolina Commission on Workforce Development warned in a 2007 report, the "retirement of one-quarter of the state's workforce … has the potential to leave a gaping hole in the supply of workers over the next two decades."[55]

Yet even if the overwhelming majority of Baby Boomers exit the labor force at age 65, overall population growth should produce a state in 2030 in which working-age people still account for 57 percent of the population. And, younger workers (under

Karen Tam

Fearrington Village

Karen Tam

age 45) should comprise 35 percent of the population.[56] Those forecasted percentages are not radically lower than current levels and could be offset by productivity gains. It is worth noting that the Baby Boom generation's replacements in the work force may be people who have grown up in poverty with inadequate resources at home and inadequate educational opportunities at school.[57] The challenge, therefore, is less one of raw numbers than one of ensuring that younger workers have the skills needed to be productive—a challenge fundamentally about education and work force development rather than aging.

> *"There is a recognition that we need to keep people engaged longer in productive work as they age—not just to avoid the so-called pension burden, but also simply to meet labor force demands."*
>
> —Victor Marshall, director of the UNC Institute of Aging

But perhaps work force shortages will encourage Baby Boomers to stay in the work force longer, and employment earnings will become another source of income for those 65 and over. Victor Marshall, director of the UNC Institute of Aging, says, "There is a recognition that we need to keep people engaged longer in productive work as they age—not just to avoid the so-called pension burden, but also simply to meet labor force demands. This economic pressure creates opportunities for people to remain productive and actively engaged in meaningful activities—both socially and economically rewarding to them—just as it sets challenges for employers to create the working conditions, pension and benefits arrangements, and workplace environments that will induce older workers to remain longer in paid employment."

State Budget Challenges

Perhaps the most commonly cited fear associated with an aging population is that a jump in the number of older adults will permit them to use their aggregate numbers to direct spending in ways that unfairly benefit themselves.[58] A related fear is that a

Warren County Senior Center

Karen Tam

Warren County Senior Center

Karen Tam

large increase in the older population will reduce support for public investments that benefit non-elderly citizens. For example, will older households refuse to pay local property taxes that benefit public schools? No conclusive evidence supports such claims, which are grounded in two questionable assumptions. First, this view assumes that older adults do not care for the well-being of their communities or for children and younger relatives. Second, the argument assumes that older voters act as a coherent bloc capable of imposing their political will. While older voters are more likely to vote than other age groups—with 76 percent of adults aged 65 and older voting in North Carolina's 2008 elections versus 70 percent of registered voters overall. Still, there is no distinct, unified older vote.[59] In the 2004 election, for instance, 55 percent of North Carolina's older voters supported President George W. Bush, according to exit polls. This partisan split was virtually identical to those found among younger voters and in the overall electorate. Similarly, little evidence of a unified voting bloc was present among voters belonging to the Baby Boom generation.[60]

In all likelihood, a larger older population will want different kinds of spending, such as funding for recreational amenities reflective of older adults' tastes or improved public transportation to help those unable to drive. A larger older population also may demand tax breaks, such as preferential tax treatment for long-term care insurance or homestead exemptions from income taxes, designed to address certain problems facing older adults. Yet the most worrisome expense linked to the aging of the population is not the cost of golf courses, buses, or selected tax breaks, but the spiraling cost of health care.

It is no secret that the growth in medical costs has outstripped the cost of virtually any other good or service.[61] While most older adults receive health insurance through Medicare (the federal government's national health insurance program for citizens aged 65 and older) or Medicaid (the state-run health insurance program for

low-income North Carolinians) these programs are struggling to keep pace with the increasing cost of medical care, especially as it relates to end-of-life care.[62] Moreover, despite physician coverage and the benefit allowed for pharmaceuticals, Medicare's benefit package has not changed dramatically since the 1960s, thereby resulting in coverage gaps and greater exposure to out-of-pocket costs. Dennis Streets, the state director of the Division of Aging, notes that costs associated with vision and hearing loss remain uncovered services, creating both quality of life and safety issues for seniors. Also. Medicare provides little coverage for long-term care, so people who need such care generally must pay themselves and then, after they have depleted their resources, turn to Medicaid. In fact, Medicaid financed 45 percent of all long-term care costs in the country in 2002 and 45 percent of all long-term care costs in North Carolina for recipients older than 65 in state fiscal year 2005–06.[63]

"Changes in aging demographics will impact communities as diverse as Fearrington Village and Warrenton in different ways."

Left unaddressed, the financial costs associated with health care likely will surge alongside the growth in the older population. Older adults therefore may turn to the public sector for help in affording additional insurance that supplements Medicare and meets out-of-pocket expenses. Additionally, the state budget will be affected directly if Medicaid continues to function as the main source of long-term care coverage. In 2005, 70 percent of nursing home beds in North Carolina were paid for through Medicaid.[64] Because Medicaid is an entitlement program whose costs are split between the federal government (65 percent) and the state (35 percent), North Carolina's financial responsibility will rise as the program grows.[65] Absent fundamental reform, North Carolina likely will face state budget challenges as it strives to help older citizens afford health care.

***

The doubling of North Carolina's older population within a quarter of a century will affect many aspects of Tar Heel life. Changes in aging demographics will impact communities as diverse as Fearrington Village and Warrenton in different ways. The potential policy implications of these changes, which are only beginning to manifest themselves, include the financial well-being of older adults, work force shortages, the need for services, and the costs of health care. Policy responses will need to tap the talents of older North Carolinians, consider the diversity within the aging community itself, and respond to the changes in demographic patterns and well-being expected between now and 2030.

Footnotes

[1] Author's analysis of data from Census 2000, U.S. Census Bureau, Washington, DC. On the Internet at *http://www.census.gov/main/www/cen2000.html.* Note that while Warrenton is an incorporated municipality, Fearrington Village is not. These comparisons consequently are based on data for the zip codes that include, but are not limited to, Warrenton (27589) and Fearrington Village (27312).

[2] James H. Schulz and Robert H. Binstock, *Aging Nation*, Praeger, Westport, CT, 2006, p. 4.

[3] Frank Hobbs and Nicole Stoops, *Demographic Trends in the 20th Century*, U.S. Census Bureau (CENSR-4), Washington, DC, Nov. 2002, p. A-19. On the Internet at *http://www.census.gov/prod/2002pubs/censr-4.pdf*

[4] Dora Costa, *The Evolution of Retirement: An American Economic History, 1880–1990*, University of Chicago Press, Chicago, IL, 1998, p. 188.

[5] Alfred Stuart, "Population," *The North Carolina Atlas Revisited*, The University of North Carolina at Charlotte, Charlotte, NC. Accessed Dec. 2007 on the Internet at *http://www.ncatlasrevisited.org*

[6] Robert L. Clark *et al*., *The Economics of an Aging Society*, Blackwell Publishing, Malden, MA, 2004, pp. 13–14.

[7] Wan He and Jason Schachter, *Internal Migration of the Older Population: 1995 to 2000*, U.S. Census Bureau (CENSR-10), Washington, DC, Aug. 2003, p. 1. On the Internet at *http://www.census.gov/prod/2003pubs/censr-10.pdf*

[8] Hobbs and Stoops, note 3 above, pp. 47 and A-19.

[9] *Ibid.*

[10] Schulz and Binstock, note 2 above, p. 46.

[11] Costa, note 4 above, p. 26.

[12] *Ibid.*, pp. 155 and 27.

[13] *Twelfth Census of the United States*, Vol. 2, U.S. Census Bureau, Washington, DC, 1902, pp. 74–75.

Karen Tam

[14] Hobbs and Stoops, note 3 above, p. 61.

[15] Stuart, note 5 above.

[16] Hobbs and Stoops, note 3 above, p. A-18.

[17] Stuart, note 5 above. Note that measures of international migration track individuals who move directly from abroad to a particular state. So a person moving directly to North Carolina from India, for example, would be recorded as an international migrant, while a person who moves from India to California and then to North Carolina would be a domestic migrant.

[18] Census 2000, note 1 above, and author's analysis of 1900 Census, note 13 above.

[19] Author's analysis of 2006 data compiled by Administration on Aging, U.S. Department of Health and Human Services, Washington, DC. On the Internet at *http://www.aoa.gov/prof/Statistics/statistics.asp*

[20] William H. Frey, *America's Regional Demographics in the '00 Decade: The Role of Seniors, Boomers, and New Minorities*, Research Institute for Housing America, Washington, DC, 2006, pp. 11–12.

[21] Author's analysis of 2006 data compiled by Administration on Aging, note 19 above.

[22] *Ibid*.

[23] Clark *et al*., note 6 above, p. 25.

[24] Author's analysis of 2006 American Community Survey and 2006 data compiled by Administration on Aging, note 19 above.

[25] *Gender, Race, and Class: Enduring Inequalities in Later Life*, UNC Institute on Aging, Chapel Hill, NC, 2005. On the Internet at *http://www.aging.unc.edu/infocenter/resources/2005/grofactsrevised.pdf*

[26] Author's analysis of 2006 American Community Survey.

[27] Costa, note 4 above, p. 155.

[28] Author's analysis of 2006 American Community Survey.

[29] Clark *et al*., note 6 above, pp. 40–42.

[30] *Ibid.*

[31] Author's analysis of 2006 American Community Survey.

[32] The N.C. Rural Economic Development Center defines counties as "rural" or "urban" based on population density as of the 1990 Census of Population. Rural counties contain fewer than 200 persons per square mile. This definition differs from that of the U.S. Census Bureau, which defines as "urban" all territory, population, and housing units located within an "urbanized area" (UA) or an "urban cluster" (UC). UA and UC boundaries include densely populated areas such as census blocks that have a population density of at least 1,000 people per square mile and surrounding census blocks that have an overall density of at least 500 people per square mile. The Census Bureau's classification of "rural" consists of all territory, population, and housing units located outside of UAs and UCs. Under this definition, counties often are "split" between urban and rural territory.

[33] Author's analysis of data from the Administration on Aging and North Carolina State Demographer, note 19 above.

[34] Lucille B. Bearon, editor, "Executive Summary," *Serving Older Adults in Rural North Carolina: Meeting the Challenge*: *A Report from the North Carolina Governor's Advocacy Council Symposium*, UNC Institute on Aging, Chapel Hill, NC, 2000, p. 6 and pp. 9–14. On the Internet at *http://www.aging.unc.edu/infocenter/resources/2000/ruralaging.pdf*

[35] Author's analysis of data presented in Stuart, note 5 above.

[36] *County Tier Designations 2008*, North Carolina Department of Commerce, Raleigh, NC. Accessed Dec. 2007 on the Internet at *www.nccommerce.com/en/BusinessServices/LocateYourBusiness/WhyNC/Incentives/CountyTierDesignations/*

[37] *State Interim Population Projections by Age and Sex 2004–2030,* U.S. Census Bureau, Washington, DC. Accessed Dec. 2007 on the Internet at *http://www.census.gov/population/www/projections/statepyramid.html*

[38] *Boomers Approaching Midlife: How Secure a Future?,* AARP, Washington, DC, 1998. On the Internet at *http://assets.aarp.org/rgcenter/econ/d16687_boomers.pdf*

[39] *State Interim Population Projections by Age and Sex 2004–2030,* note 37 above.

[40] *Aging North Carolina: The 2007 Profile*, North Carolina Division of Aging and Adult Services, Raleigh, NC, p. 4. On the Internet at *http://www.dhhs.state.nc.us/aging/cprofile/2007Profile.pdf*

[41] Author's analysis of data compiled by the North Carolina State Demographer. The geographic analysis applies 2006 urban-rural classification to 2030 population projections. This could result in an undercount, given that some rural counties are likely to become urban ones by 2030.

[42] Census 2000, note 1 above.

[43] He and Schachter, note 7 above, p. 2.

[44] Charles Longino, *Retirement Migration in America*, Vacation Publications, Houston, TX, 1995, pp. 11 and 13.

[45] He and Schachter, note 7 above, p. 6.

[46] Stuart, note 5 above.

[47] Author's analysis of *State Interim Population Projections by Age and Sex 2004–2030*, note 37 above.

[48] *Boomers Approaching Midlife: How Secure a Future?*, note 38 above, pp. 1–2.

[49] *Ibid*., pp. 18–30.

[50] *Ibid.*, note 38 above, p. 60.

[51] Bearon, note 34 above, p. 5.

[52] William Rohe and Spencer Cowan, *Workforce Housing Needs in Brunswick County, North Carolina*, UNC-Chapel Hill Center for Urban and Regional Studies, Chapel Hill, NC, June 2000, pp. 32–35.

[53] Longino, note 44 above, p. 105.

[54] William Frey, *Mapping the Growth of Older Americans: Seniors and Boomers in the Early 21st Century*, The Brookings Institution, Washington, DC, May 2007, pp. 4–5. On the Internet at *http://www3.brookings.edu/views/articles/200705frey.pdf*

[55] North Carolina Commission on Workforce Development, *State of the North Carolina Workforce: An Assessment of the State's Labor Force Demand and Supply 2007–2017,* N.C. Department of Commerce, Raleigh, NC, 2007, p. vi. On the Internet at *http://www.nccommerce.com/en/WorkforceServices/FindInformationForWorkforceProfessionals/PlansPoliciesandReports/#Resource3*

[56] Author's analysis of *State Interim Population Projections by Age and Sex 2004–2030*, note 39 above.

[57] John Quinterno, *North Carolina's Unfinished Transformation: Connecting Working Families to the State's Newfound Prosperity*, N.C. Budget and Tax Center, Raleigh, NC, Winter 2006, p. 19. On the Internet at *http://www.aecf.org/upload/PublicationFiles/north_carolina.pdf*

[58] Schulz and Binstock, note 2 above, pp. 8–10.

[59] N.C. Board of Elections and *Annual County Population Totals 2000–2009,* North Carolina State Data Center, Raleigh, NC. Accessed March 18, 2008, on the Internet at *http://demog.state.nc.us/demog/ncages00.html* and Schulz and Binstock, note 2 above, pp. 204–05.

[60] *2004 U.S President-North Carolina Exit Poll*, CNN.com website. On the Internet at *www.cnn.com/ELECTION/2004/pages/results/states/NC/p/00/epolls.0.html*

[61] *Boomers Approaching Midlife: How Secure a Future?*, note 38 above , p. 43.

[62] Clark *et al.*, note 6 above, pp. 276–80 and 292–93.

[63] *Ibid.,* p. 326, and *Medicaid in North Carolina Annual Report, State Fiscal Year 2006*, N.C. Department of Health and Human Services, Division of Medical Assistance, Raleigh, NC, Apr. 2007, p. 75.

[64] *Medicaid Program Overview*, Fiscal Research Division, N.C. General Assembly, Jan. 31, 2007, p. 15. On the Internet at *http://www.ncga.state.nc.us/fiscalresearch/topics_of_interest/topics_pdfs/medicaid_program_overview_jan_2007.pdf* and Kaiser Family Foundation databases. On the Internet at *www.kff.org*

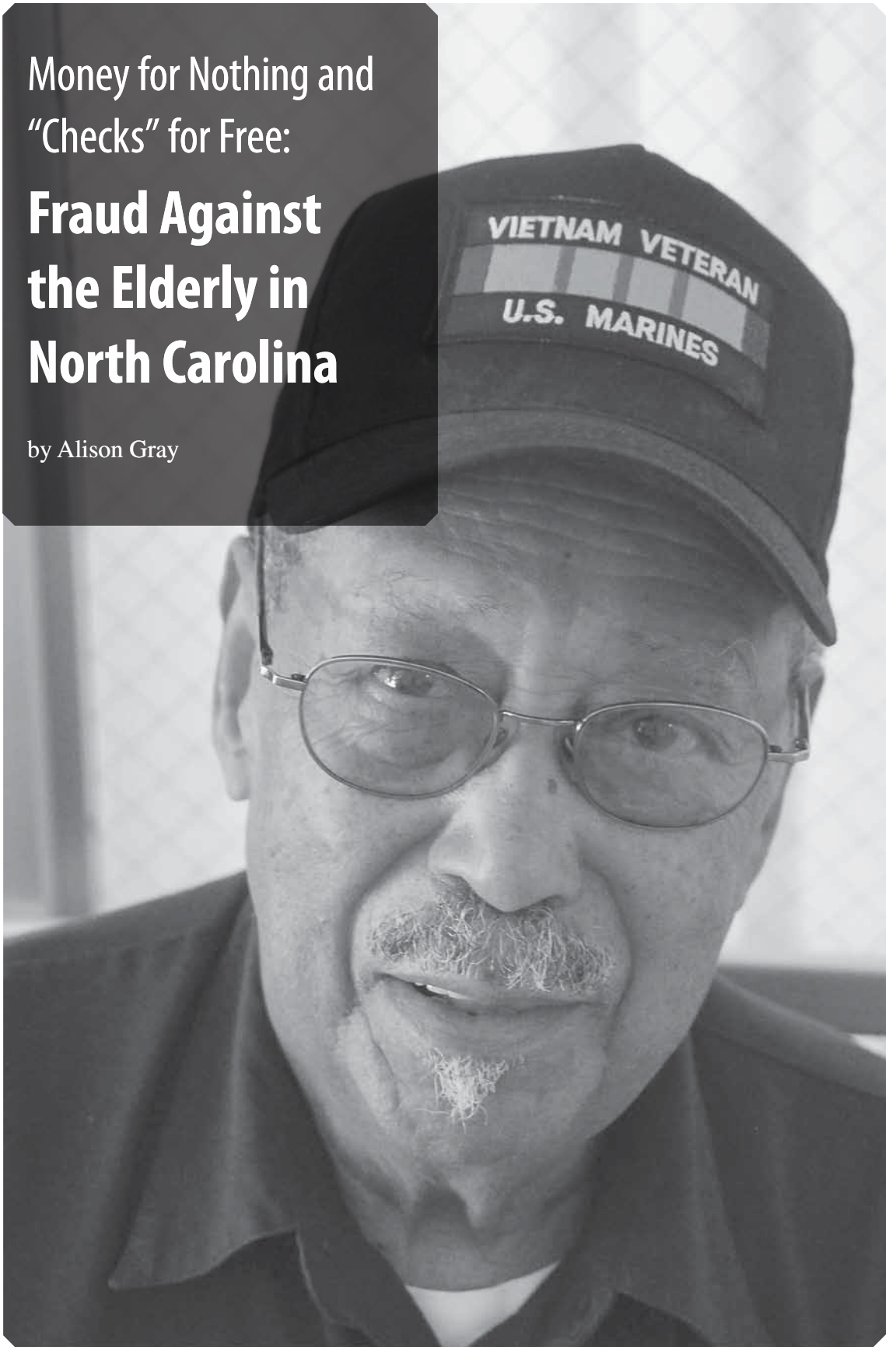
[65] *The Aging of North Carolina: The 2003–2007 North Carolina Aging Services Plan*, North Carolina Department of Health and Human Services Division of Aging, Raleigh, NC, 2003, p. 33. On the Internet at *http://www.dhhs.state.nc.us/aging/sasp2003.pdf*

Karen Tam

Money for Nothing and "Checks" for Free:

Fraud Against the Elderly in North Carolina

by Alison Gray



Karen Tam

As they age, North Carolina's Baby Boom generation may find new meaning in the lyrics of the Dire Straits' song, "Money for Nothing," if they come up against the ever-evolving scam artists whose enticing lures of free money and even false love rob them of their life savings. "Elder fraud," or the financial exploitation of older adults, is not a new phenomenon. What is new, however, is the increasing sophistication and international scope of the fraudulent operations, a continually growing population of older and wealthier citizens, and the widening role of the Internet and other forms of advanced technology as a means of perpetrating new, and often hard to detect, schemes. These factors add additional layers of complexity to an already complex problem where the schemes are as varied as the minds of those who devise them, few generalizations can be made about the victims, and the perpetrators range from complete strangers to trusted family members, caregivers, and advisors.

How Big Is the Problem?

Although the actual extent of fraud against the elderly is not clear because it is an under-reported crime, the impact is substantial and far-reaching. On a national scale, consumers lose in excess of $40 billion a year to telemarketing fraud, only one type of the many fraudulent schemes. On an individual scale, persons can lose anywhere from a few dollars to their life savings and homes. Such losses can be especially devastating to senior citizens who have limited opportunities—because of their age and in some cases accompanying health problems—to recover such losses.

North Carolina is no stranger to this crime. According to the Federal Trade Commission, consumers in the Tar Heel state lodged 14,846 fraud complaints in 2007 and 23,128 in 2008. In 2008, 85 percent of these complaints reported an actual total loss of $25,473,738. In addition, North Carolina consumers lodged 6,069 identity theft complaints in 2007 and 7,609 in 2008. Overall, in 2008, North Carolina ranked 24th among the 50 states in the number of fraud complaints, and 21st in the number of identity theft victims. Nationwide, in 2008, 30 percent of all consumer fraud complaints and 26 percent of identity theft complaints were lodged by individuals aged 50 and over.

The Scammers and Their Schemes

In general, the financial exploitation of the elderly is carried out by two broad categories of perpetrators: (1) strangers; and (2) relatives, family friends, and caregivers. ***Strangers*** *run the gamut from (a) sophisticated, international telemarketing check and sweepstake schemes; to (b) local home repair fraud rings that persuade elderly homeowners to undertake needless repairs based on false reports of crumbling chimneys, rotting roofs, and frozen pipes; to (c) Internet-based identify theft through phishing (an electronic attempt to illegally acquire information such as usernames, passwords, and credit card details by pretending to represent a trustworthy organization) and spam e-mails; to (d) the insidious "sweetheart scam" where an opportunistic*

con artist befriends an elderly widow or widower and over time feigns false love which they use to gain control of the senior citizen's estate and finances.

Unlike strangers, ***family members, friends, and caregivers*** *have a legal, fiduciary, or moral responsibility to take care of, not abuse, the older adults within their care and start out from a position of trust. The methods used by these individuals include, among others: (a) intentional theft of money, property, or valuables from the senior citizen's home; (b) "borrowing" money without any real intent to repay it; (c) withholding services or medical care to conserve the elder person's financial estate; (d) selling or disposing of the elderly person's personal property without permission; (e) misappropriating funds received by the elderly in the form of pension or retirement checks; (f) misusing ATM and credit cards; and (g) forcing the senior citizen to part with resources or sign over property.*

Who Are the Victims?

It is human nature to want something for nothing or feel like one is getting a bargain. Whether older adults are necessarily more vulnerable overall to such impulses than other age groups, however, is unclear. Various studies show that different frauds attract different audiences. Although age alone is not necessarily a good predictor of likely victimization, it is clear that many scam artists specifically target the elderly due to the following risk or lifestyle factors. First, the elderly are the most financially well-off population group, and their assets tend to be easy to convert to cash. Second, as retirees, older individuals are more likely to be at home to respond to telephone calls or door-to-door scams. Third, according to the American Prosecutors Research Institute, "most older Americans are just too polite to hang up."

Efforts by North Carolina To Combat Elder Fraud: Prevention and Enforcement

Those with front-line state responsibility for addressing elder fraud—the Attorney General's Office, the Division of Aging and Adult Services, and the Secretary of State, as well as the nonprofit AARP-NC (formerly the American Association of Retired Persons-North Carolina)—view this issue as a high priority for the state. Their combined work mirrors what is widely viewed as a necessary two-pronged approach to combating fraud against the elderly: prevention and enforcement.

Among North Carolina's earlier efforts in ***prevention*** *was the 1995 creation of the Partnership for Consumer Education, a nonprofit organization with authority to secure financial and other support for the statewide education of consumers in identifying and avoiding fraud. In 1998, the North Carolina Senior Consumer Fraud Task Force was formed to bring together federal, state, and local law enforcement, consumer networks, crime prevention agencies, and North Carolina's aging network in an alliance to address the financial exploitation of the elderly in North Carolina. Then in 1999, the N.C. Attorney General's Office was selected to participate in a pilot project funded by U.S. Department of Justice to fight telemarketing fraud. Other*

successful prevention efforts include SCAM Jams—half-day or full-day events where the elderly and other consumers are invited to listen to presentations and discuss consumer-related topics such as identity theft, telemarketing fraud, and investment fraud—and the accompanying "Shred-a-Thons"—where a truck which contains a huge cross-cutter shredder comes to the SCAM Jam or other public venue so that people can safely shred outdated financial documents.

North Carolina is embracing the role of volunteers in two elder fraud initiatives. First, the Victims Assistance Program uses trained volunteers who are assigned to individuals who are especially vulnerable individuals and/or those already victimized. Second, in 2007, the Fraud Fighters Program began training a number of speakers to go into community groups, civic groups, clubs, and churches and present a 30-minute presentation on elder financial exploitation.

Although preventive efforts are often geared at educating the public, equally important is educating and enlisting the support of local and national businesses, especially financial institutions which are in a front-line position to assist in detecting and halting fraudulent transactions. One success story in this area is a 2005 agreement with Western Union that was negotiated by N.C. Attorney General Roy Cooper and nine other attorneys general on behalf of 48 states to protect consumers from telemarketing scams. Under the agreement, Western Union has agreed to institute better warnings on their materials and in their offices, train their clerks to recognize the telltale signs that a transaction is fraudulent, and provide $8.1 million in funding for consumer counseling. A similar agreement with MoneyGram was reached in summer 2008.

There is no question that fraud against the elderly is a multi-jurisdictional problem that presents a role for local, state, federal, and international law ***enforcement****. Ensuring that all the various law enforcement parts are working in conjunction with each other, however, can be a very difficult process. In North Carolina, the Attorney General's Office does not have original criminal jurisdiction; thus, criminal prosecutions either have to be referred to federal authorities who prosecute telemarketing cases under, for example, wire or mail fraud statutes, or to local district attorneys who prosecute under state laws against obtaining property by false pretenses. Both of these options, however, can be problematic because many times the amount of the loss fails to satisfy federal guidelines, and local district attorneys may be ill-equipped financially and time-wise to handle cases that can be complex and resource-draining in light of the multi-jurisdictional issues. Despite the limitation on its powers, the AG's Office has been very active in prosecuting civil claims under the North Carolina Unfair and Deceptive Trade Practices Act.*

Future Elder Fraud Trends

The expectation is that fraudulent telemarketers will increasingly use computer technology, including spam e-mails, to

contact potential victims because the aging population of Baby Boomers tends to rely on computers twice as much as the current generation of older Americans. The implications of this in terms of fraud against the elderly could be significant. The combination of decreasing costs through technology and the increasing number of seniors, especially seniors with wealth, is a worrisome combination. One foreseeable implication is that law enforcement and prosecutors will have to become fully knowledgeable about how to investigate and prosecute telemarketing fraud and identity theft conducted through the Internet. Such training also will have to include educating prosecutors and investigators on how to obtain and present electronic evidence to juries.

According to the American Prosecutors Research Institute, another troublesome trend is the scam artists' increased use of "disposable technology such as calling cards, cellular phones, and laptop computers, to avoid identification. [Such] tactics pose immense barriers to successful investigation and prosecution." Finally, consumer advocates in North Carolina are becoming concerned about the increased targeting of elderly people in the early stages of dementia or Alzheimer's disease. Those individuals who are most likely to become repeat or "super-victims" are those with mild dementia because "the community around them has not yet appreciated that they're having memory disorders." The targeting of this subset of elderly creates significant enforcement problems because these victims are unlikely to make good witnesses due to their impaired memory function.

North Carolina's public and private consumer advocates have made great strides in implementing programs and creating ongoing partnerships that address the financial exploitation of older adults. However, from defining mistreatment of the elderly to gathering data on the extent of the problem to finding solutions, all agree more needs to be done.

The Center's Recommendations on the Mistreatment of Elders

Fraud against the elderly, or the financial exploitation of older adults, is just a part of the problem. No one knows how many older adults in America suffer from elder fraud, abuse, and mistreatment. According to the National Center on Elder Abuse, a program of the U.S. Administration on Aging, "while evidence accumulated to date suggests that many thousands have been harmed, there are no official national statistics." Even the definitions vary, and in the absence of a uniform reporting system for states or a nationwide tracking system, information on the prevalence of this problem is hard to come by.

The wolves are often those we least expect: a minister, a daughter, a next-door neighbor, a trusted caregiver. To prepare for its aging population, North Carolina needs to update its laws to protect vulnerable adults age 60 and over. The Baby Boomers are a wealthy generation, and the more money Gramps and Grandma have and the longer they live, the more conniving the wolves will be.

Recommendations

The Definition:

The N.C. Center for Public Policy recommends that the N.C. General Assembly clarify and strengthen N.C. General Statute Chapter 108A, the Protection of the Abused, Neglected, or Exploited Disabled Adult Act. The statute has not been amended since 1981, and it needs to support a broader system of protection for older adults. The definition of abuse should include physical abuse, emotional abuse, sexual abuse, financial exploitation, neglect, and abandonment. The act should cover vulnerable adults instead of limiting it to disabled adults. In defining vulnerable, the functional limitations of an individual should be considered in addition to any diagnosis, and the act should also cover vulnerable adults who are at substantial risk of being abused. For those elders that have the capacity to consent to services, the statute should cover voluntary interventions as well as involuntary interventions. And, in keeping with the definition in the federal Older Americans Act, older adults should be defined as those 60 and over.

The Numbers:

The Center recommends that the N.C. General Assembly require reporting on the statewide incidence and prevalence of mistreatment of the elderly, expanding North Carolina's current data collection system.

The Role of the Banks:

The Center recommends that the N.C. General Assembly establish a study commission to examine how the N.C. Commissioner of Banks, the financial management industry, and law enforcement agencies can partner to prevent fraud against the elderly. The study commission should assess whether training for bank employees can help them recognize, report, and reduce the incidence of fraud against the elderly.

The Role of the Attorney General:

The Center recommends that the N.C. General Assembly consider giving the N.C. Attorney General authority to initiate prosecutions for fraud against the elderly. Only five states do not give their Attorney General any authority to initiate local prosecutions—North Carolina, Arkansas, Connecticut, Texas, and West Virginia.

As they age, North Carolina's Baby Boom generation may find new meaning in the lyrics of the Dire Straits' song, "Money for Nothing," if they come up against the ever-evolving scam artists whose enticing lures of free money and even false love rob them of their life savings. "Elder fraud," or the financial exploitation of older adults, is not a new phenomenon.[1] Schemes to bilk unsuspecting senior citizens have been around as long as older citizens with accumulated wealth.

What is new, however, is the increasing sophistication and international scope of the fraudulent operations, a continually growing population of older and wealthier citizens,[2] and the widening role of the Internet and other forms of advanced technology as a means of perpetrating new, and often hard to detect, schemes. These factors add additional layers of complexity to an already complex problem where the schemes are as varied as the minds of those who devise them, few generalizations can be made about the victims, and the perpetrators range from complete strangers to trusted family members, caregivers, and advisors.

How Big Is the Problem?

> *An 88-year-old widow and retired librarian, "MW" has no children, but she sees her niece once a month. One day, MW asked her niece to check her bank stubs. The niece found that MW was 10 days from foreclosure on her house, had spent her entire life savings, had tapped out her overdraft protection of $10,000, and had maxed-out on three different credit cards. After obtaining power of attorney, MW's niece found that her aunt was sending money to more than 90 psychics and sweepstakes and had applied for more credit cards. MW did not understand that this was a problem, and asked her niece to pay the psychics, explaining, "They are my friends."*[3]

Although the actual extent of fraud against the elderly is not clear because it is widely recognized as an underreported crime,[4] it is fair to say that the impact is substantial and far-reaching. On a national scale, the Federal Trade Commission (FTC) estimates that consumers lose in excess of $40 billion a year to telemarketing fraud, only one type of the many fraudulent schemes.[5] The National Fraud Information Center reports that individuals aged 50 and over account for about 48 percent of all victims of this type of fraud.[6] The FTC data for 2008 also show that nationwide 30 percent of all consumer fraud complaints (not just telemarketing) and 26 percent of identity theft complaints were lodged by individuals aged 50 and over.[7]

On an individual scale, persons can lose anywhere from a few dollars to their life savings and homes. Such losses can be especially devastating to senior citizens who have limited opportunities—because of their age and in some cases accompanying health problems—to recover such losses. In a June 15, 2006, speech before the United Nations, Sally Hurme, coordinator of outreach and service for AARP Financial Protection, stated that while most people associate elder abuse with physical violence, financial abuse happens more frequently and:

> "its emotional consequences leave as lasting scars as physical violence. Not only are life savings wiped out with little time to recover financial stability, there is an enormous psychological toll. Loss of assets means loss of independence and security, resulting in being dependent on fam-

---

Alison Gray is a former Center intern whose earlier work with the Center led to a Civil Rights Act for Persons with Disabilities in North Carolina. She is now an attorney living in Washington, DC.

ily or public assistance. Financial abuse isn't just about loss of money. Its ramifications go far beyond the dollars. It causes fearfulness, loss of confidence, depression, hopelessness, and suicide."[8]

North Carolina is no stranger to this crime. According to FTC data, North Carolina consumers lodged 14,846 fraud complaints with the FTC in 2007 and 23,128 in 2008.[9] In 2008, 85 percent of these complaints reported an actual total loss of $25,473,738.[10] Although the FTC's data in this particular instance is not broken down according to age group for each state, studies have shown that senior citizens, especially those aged 70 and older, are more likely than the public at large to fall victim to prize and sweepstakes fraud, the seventh highest fraud complaint category for North Carolina consumers.[11] The remaining categories in the FTC's 2008 top ten list for North Carolina were Third Party and Creditor Debt Collection (1st); Internet Services (2nd); Shop-at-Home and Catalog Sales (3rd); Television and Electronic Media (4th); Credit Bureaus, Information Furnishers, and Report Users (5th); Foreign Money Offers and Counterfeit Check Scams (6th); Computer Equipment and Software (8th); Telecom Equipment and Software (9th); and Health Care (10th).[12] In addition, North Carolina consumers lodged 6,069 identity theft complaints in 2007 and 7,609 in 2008.[13] Overall in 2008, North Carolina ranked 24th among the 50 states in the number of fraud complaints per 100,000 population, and 21st in the number of identity theft victims as recorded by the FTC.[14]

One may smile, and smile, and be a villain.

Shakespeare, *Hamlet* (1600), Act I, Scene 5, line 108

The Internet Crime Complaint Center (IC3), a partnership between the FBI and the National White Collar Crime Center, compiles statistics on Internet fraud. In 2007, the IC3 received 4,625 complaints from North Carolina with reported losses exceeding $3.6 million. Individuals 50 and older accounted for 26.9 percent of reported complaints. Fifty-three percent of complainants were male and 47 percent were female.[15]

Karen Tam

In addition, the following six North Carolina metropolitan areas ranked among the top 50 largest metropolitan areas nationwide for consumer fraud complaints in 2008, according to the FTC: (1) Dunn (fourth with 827 complaints); (2) Thomasville-Lexington (11th with 1,003 complaints); (3) Salisbury (18th with 822 complaints); (4) New Bern (27th with 673 complaints); (5) Statesville-Mooresville (31st with 829 complaints); and (6) Durham (33rd with 2,566 complaints). The ranking was based on the number of fraud complaints per 100,000 inhabitants for each metropolitan area. Thus, even though Dunn had fewer overall fraud complaints (827) than Charlotte-Gastonia-Concord (6,235), Dunn ranked in the top 50 because it had an overall greater number of complaints per 100,000 inhabitants than Charlotte-Gastonia-Concord.[16]

The following five North Carolina metropolitan areas also ranked among the top 50 for identity theft consumer complaints: (1) Thomasville-Lexington (6th with 437 complaints); (2) Dunn (12th with 250 complaints); (3) Salisbury (17th with 286 complaints); (4) Goldsboro (46th with 194 complaints); and (5) Statesville-Morrisville (49th with 246 complaints).[17] In short, these scams, which often originate in other states and countries, have a very real and significant impact in North Carolina.

The Scammers and Their Schemes

In general, financial exploitation of the elderly is carried out by two broad categories of perpetrators: (1) strangers; and (2) relatives, family friends, and caregivers.

Strangers: The Professional Con Artists

The Office of the North Carolina Attorney General (the AG's Office) has identified numerous types of scams perpetrated by professional scam artists affecting North Carolinians. Strangers run the gamut from (a) sophisticated, international telemarketing check and sweepstake schemes; to (b) local home repair fraud rings that persuade elderly homeowners to undertake needless repairs based on false reports of crumbling chimneys, rotting roofs, and frozen pipes; to (c) Internet-based identify theft through phishing (an electronic attempt to illegally acquire information such as usernames, passwords, and credit card details by pretending to represent a trustworthy organization, such as a bank) and spam e-mails; to (d) the insidious "sweetheart scam," where an opportunistic con artist befriends an elderly widow or widower, and over time feigns false love which they use to gain control of the senior citizen's estate and finances.[18]

Debbie Brantley, Chief of the Elder Rights and Special Initiative Section of the N.C. Division of Aging and Adult Services, relates one story where a 92-year-old Army colonel in Raleigh was bilked out of more than $227,000 in 1994-95 by home repair con artists who convinced him, by bringing in rotten pieces of wood and a jar of termites, that his perfectly sound attic needed substantial repairs. The colonel admitted at the time that he had been defrauded and wanted to aid in the scammers' prosecution. However, after Hurricane Fran struck his neighborhood in 1996, the colonel contracted with the scammers to make the necessary repairs. The scammers then took another $22,000 of the colonel's money.[19]

Scam, give me ten, that's the move I give you five
Scam, people say it's the way to stay alive.

—FROM JAMIROQUAI'S "SCAM"

Other schemes are equally devious. Although the "honor" for most prevalent scheme changes yearly, the fake check scam is often identified as the reigning telemarketing scam, according to both Josh Stein, former senior deputy attorney general and now a state Senator, and Susan Grant, former director of the National Consumer League's Fraud Center and now the director of consumer protection at the Consumer Federation of America.[20]

The NCL, which runs its own hotline, has recorded complaints from a number of North Carolinians, including a complaint from a Bessemer City woman, who received

a fake check in the mail for $2,950 with a letter that explained that she had won a $45,000 prize for unclaimed money in a Publishers Clearinghouse and Readers Digest sweepstakes. The letter instructed her to call a number for instructions about how to claim the rest of the money.

Grant notes that had the woman followed the instructions, "She would have been instructed to wire some or all of the $2,950 to pay for taxes, custom fees, bonding or some other up-front charge. Only later would she have learned that the perfectly legitimate looking check was actually a fake check and she would have been liable to the bank for the money." In this particular case, the woman was saved by deciding to check with the customer service line at Publishers Clearinghouse which informed her it was a scam.

According to Grant, not only is the average loss to this type of scam significant in monetary terms, approximately $3,000 to $4,000, but also in the severity of other possible repercussions. "The bank could close your account, garnish electronic direct deposits such as retirement or pension checks or any other electronically deposited funds to pay off the debt if current funds are insufficient to do so, and report you to a special credit reporting bureau for checking account abuse, so that if you try to get an account in another bank you might not be able to do so." Grant also notes that the Fraud Center has even seen instances where the victim has been prosecuted for check fraud. "Falling victim to a fake check scam is a really big problem," she says.

The NCL also uncovered complaints from:

- A Mebane consumer who lost $300 after providing his checking account information in response to a bogus e-mail offer of a credit card and $10,000 loan which he was told he could obtain for a certain fee. Grant notes these types of scams often involve individuals who are "in some kind of financial straits and they're looking for credit cards or loans, having been unsuccessful in getting them from local banks."
- A Fuquay-Varina consumer who lost $150 after purchasing a trial sample of some kind of health-related product with a debit card through the Internet. Grant notes that consumers "need to be really careful with trial offers—they can be made by legitimate companies, but they can also be made by scammers just to get your credit card or bank account information and then charge you later." This is especially problematic with debit card misuse, which lacks the same level of protection as credit card misuse.
- A Carrboro consumer who received an e-mail as part of a phishing scam claiming that there was a problem with his on-line Bank of America checking account. Inevitably, these types of e-mails require the recipient to provide personal financial information or even passwords to sensitive accounts. Grant notes that this individual did not fall for the scam because he did not have a Bank of America account, but "the very nature of these types of scams is that they 'phish' around using different names of financial institutions and other well-known companies or organizations such as the Better Business Bureau, even government agencies such as the FDIC, Social Security Administration, and the IRS. A certain number of people to whom they send these e-mails are going to have a Bank of America account, and of those, a certain number will respond. Even if it's a small number, if you send millions of these out, you are going to make some money."

With respect to this last category, Grant warns that, not only can you lose money and have your identity stolen, but these phishing and other malicious e-mails can secretly download programs that spy on you and track your movements in order to gain further information without your knowledge or redirect you to phony websites when you type in a legitimate website address.

One additional area that has become ripe for identify theft con artists is the new Medicare Part D prescription drug program. Consumer advocates in the N.C. Department of Insurance are hearing reports of con artists attempting to gain access to beneficiaries' Medicare or Social Security numbers as well as bank account and credit card numbers by pretending to represent the Department of Insurance's Seniors' Health Insurance Information Program (SHIIP).

Although studies by the AARP reveal that many elderly consumers have a difficult time believing that con artists are anything other than hard-working and honest salespeople or repairmen,[21] there is no question that the perpetrators are callous criminals who, in many instances, target the elderly, as evidenced by testimony from several convicted telemarketing scammers.[22] For example, in testimony before the U.S. House of Representatives Committee on Government Operations' Subcommittee on Commerce, Consumer, and Monetary Affairs, one perpetrator, caught up in the FBI's Operation Disconnect, a sting operation targeting fraudulent telemarketers in the early 1990s, readily admitted:

> We targeted the wealthy and the elderly in our fraud. Retirees were easily accessible by phone, usually at home during the day, and thus easy to resell. We found the elderly intent on enlarging their nest egg, their limited income, and often interested in generating money for their grandchildren. Many were former businessmen who had routinely committed on deals over the phone in their previous working days.
>
> The elderly are vulnerable because their memory is poor, they rarely memorialize phone conversations into writing, and only occasionally ask for written guarantees . . . Their most notable weakness is that once they recognize the deceit, they are often too embarrassed to relay the events to their offspring, friends, counsel, and law enforcement.[23]

Another convicted perpetrator testified that:

> In the case of senior citizens, who in most cases, had their lives affected by having lived as children or younger adults through the Great Depression, the key is to work on the greed and insecurity caused by those times . . . because most senior citizens are more trusting of supposedly "caring" strangers, because they grew and matured in less threatening times, they are incredibly easy to con out of everything they have.[24]

And, in yet another case, the prosecutors discovered that the perpetrators' *modus operandi* was to routinely collect newspaper obituaries in order to target the elderly during their period of grief in the hopes that they would be less vigilant against scams.[25]

A story related by Josh Stein, formerly of the N.C. Consumer Protection Division, also reflects these criminals' venality. David Kirkman, a long-time elder fraud consumer advocate and Assistant Attorney General, had worked repeatedly to assist an elderly woman in Franklin who had been defrauded a number of times by telemarketing scam artists. Afterwards, when the scam artists called again, she informed them that Kirkman had educated her, and she was not going to be defrauded again. Minutes later, however, the scam artists called her, pretended to be Kirkman, and told her that he had been mistaken about one particular outfit that actually was legitimate. Kirkman says, "It was only because I happened to call her back a few moments after she spoke with the false David Kirkman that she decided not to go to the bank and wire $30,000 to Costa Rica." As Stein notes, "You can just imagine the unbelievable confusion that results from that kind of deviousness."

Equally disturbing are reports that professional telemarketing scammers often receive assistance from large publicly traded companies who compile and then sell consumer information on scores of vulnerable senior citizens.[26] In one reported case, InfoUSA explicitly advertised lists of "Elderly Opportunity Seekers, 3.3 million older


Visit us online for up-to-the-minute information
about your account . . . and much more.

Karen Tam

Karen Tam

people 'looking for ways to make money,'" and expressly characterized another data list as containing names of "gullible" senior citizens "who want to believe their luck can change."[27] The FBI, in several highly successful undercover operations which infiltrated telemarketing "boiler rooms" or phone centers, also discovered that the owners of the boiler rooms typically purchase, often on a weekly basis, lead lists that identify likely victims including "those who have been victimized recently by other telemarketers."[28]

Such lists are sold not only to local perpetrators but also to scam artists worldwide. Stein notes, "For the most part, the perpetrators are not located in North Carolina and, in fact, many of them are not located in the United States." According to the Internet Crime Complaint Center's 2008 data relating to Internet fraud perpetrator demographics,

> Among perpetrators, 77.4 percent were male and half resided in one of the following states: California, New York, Florida, Texas, District of Columbia, and Washington. The majority of reported perpetrators (66.1 percent) were from the United States; however, a significant number of perpetrators were also located in the United Kingdom, Nigeria, Canada, China, and South Africa.[29]

The IC3's data also showed that North Carolina ranked 40th among the states and the District of Columbia with 18.57 perpetrators per 1,000 people, while ranking 15th on total number of perpetrators identified as residing in North Carolina with 1.8 percent.[30]

Stein adds that the international angle is likely to continue to increase as the use of the Internet becomes more and more prevalent, especially among older citizens. "The kind of heartlessness of criminals who would steal from a vulnerable senior has been with us as long as human society has existed, but before it always had to be in a face-to-face context—you had to know the person to get them under your spell, so to speak, but with telephones and even more so with computers—technology has enabled the criminal to search farther and wider for prospective victims," says Stein.

Exploitation by Family Members, Friends, and Caregivers

The second category of perpetrators are those who start out in a position of trust with the elderly such as family members, friends, neighbors, and advisors who have a legal, fiduciary, or moral responsibility to take care of, not abuse, the elderly within their care. According to a report authored by Kelly Dedel Johnson, a criminal justice consultant, the methods used by these individuals include, among others: (a) intentional theft of money, property, or valuables from the senior citizen's home; (b) "borrowing" money without any real intent to repay it; (c) withholding services or medical care to conserve the elderly person's financial estate; (d) selling or disposing of the elderly person's personal property without permission; (e) misappropriating funds received by the elderly in the form of pension or retirement checks; (f) misusing ATM and credit cards; and (g) forcing the senior citizen to part with resources or sign over property.[31]

Such exploitation can come from unexpected quarters. For example, the N.C. AG's Office has reported that in several instances clergy members "have been accused of exploiting their status and the affections and religious sentiments of very elderly people

12 Signs That an Older Adult May Have Been Targeted by Telephone Con Artists

1. Frequent visits to the person's home by overnight courier services.
2. Numerous cheap prizes in the home (*e.g.,* plastic cameras, gold-plated jewelry, vacation certificates, small television sets).
3. Phone bills showing a sudden, unexplained increase in long distance calls to other countries.
4. Several colorful mailings in the home re: international lotteries, puzzle-solving contests.
5. Questions about other countries, foreign taxes, Lloyd's of London insurance policies, wire transfers, "barristers," customs duties, registering bonds overseas.
6. Checking and credit card accounts showing sudden increases in transactions with wire services, numerous unexplained debits or charges from out of state, purchases of money orders, or counter checks in large amounts.
7. Wire transfer receipts showing large sums going to areas near the Canadian border and to various foreign countries.
8. Unexpected or unexplained borrowing patterns; an unexpected inability to pay bills or meet living expenses.
9. A sudden reluctance to be away from home or to have visitors in the home.
10. Visits to wire transfer outlets by a person who normally does not use such services.
11. Unexpected secretiveness or defensiveness regarding any of the above.
12. Social withdrawal, depression, or anxiety that cannot be attributed to other events or conditions, together with any of the above.

Source: Virginia H. Templeton and David N. Kirkman, "Fraud, Vulnerability, and Aging," *Alzheimer's Care Today*, Vol. 8, No. 3, Lippincott Williams & Wilkins, Hagerstown, MD, July-Sept. 2007, p. 276.

There was a time when a fool and his money were soon parted, but now it happens to everybody.

—Adlai Stevenson, *The Stevenson Wit* (1966)

in order to gain control over their finances."[32] In another case reported in Pennsylvania, a bank branch manager and assistant manager were found civilly liable for using undue influence to persuade an 82-year-old customer to consolidate her accounts and deposits totaling $600,000 into a pay-on-death account and to name the bank employees as beneficiaries.[33]

And, in some cases, the "caregivers" walk away with everything but the kitchen sink. In a 2004 case involving a Clinton, North Carolina man, his caretakers took close to $16,000 worth of jewelry, made $14,000 in charges on the elderly man's credit cards, and stole his trailer, valued at nearly $1,000, to cart off the victim's computer, refrigerator, and washing machine.[34]

Although sometimes the victim never even knows that the exploitation is occurring, such as when a caregiver steals a blank check or misuses an ATM card, Johnson reports that, in many instances, the fraud occurs through:

> coercion, intimidation, emotional abuse, or empty promises of lifelong care. Further, they usually try to isolate the victim from friends, family, and other concerned parties. By doing so, they prevent others from asking about the elder's well-being or relationship with the offender, prevent the elder from consulting with others on important financial decisions, and, perhaps most tragically, give the elder the impression that no one else cares about him or her.[35]

Many times the exploitation by family members, caregivers, and advisors is perpetrated through the misuse of legitimate legal and financial arrangements, including joint bank accounts, deed or title transfer, power of attorney or durable power of attorney, and living trusts and wills.[36] Hurme notes that the use of these arrangements makes it exponentially more difficult to detect fraud and recover money because such purportedly legal arrangements raise all sorts of issues such as consent, undue influence, and legal capacity that are complicated to prove in any subsequent litigation.[37]

The Division of Aging and Adult Services' Debbie Brantley adds, "It is appalling that family members use powers of attorney to rob their loved ones. Such cases are difficult because even if Adult Protective Services conducts an investigation and determines that financial abuse has occurred, oftentimes victims resist any enforcement action against their own children. Also, if victims lose all their money and become indigent, they very likely will need some type of public assistance." She notes that this chain reaction not only is detrimental to the victims but also has a substantial impact on the state budget due to the increased need for state services.

Nancy Warren is the program administrator for adult protective services at the Division of Aging and Adult Services in North Carolina. She says there are other ways to protect elders in this situation. "For instance," she says, "a social worker can serve as a liaison to Legal Services to procure a new power of attorney, and mediation and counseling can also be provided to families in distress."

Who Are the Victims?

Who among us has not fantasized about winning the lottery or wished that the sweepstakes car would stop in front of our house? Who also hasn't felt drawn in by the persistent telemarketers' pitch of a "really good deal"? It is human nature to want something for nothing or feel like one is getting a bargain. Whether the elderly are necessarily more vulnerable overall to such impulses than other age groups, however, is unclear.

Susan Grant of the Consumer Federation of America cautions that it is hard to generalize with respect to this issue:

Reprinted with permission from www.cartoonstock.com

> There have been a lot of studies about telemarketing fraud that have exploded some myths about victims being not fully aware of what they are doing or incapacitated in some way or lonely or isolated—that actually isn't true. There will be instances where that's true, but it's not the general description of older telemarketing fraud victims. In fact, experience has shown us that not only are there a wide variety of older people but there's also a wide variety of different scams, and there are audiences for each of them.[38] Some of them, like door-to-door driveway paving scams, may be as simple as people of a certain age being home when the perpetrator comes to the door.[39]

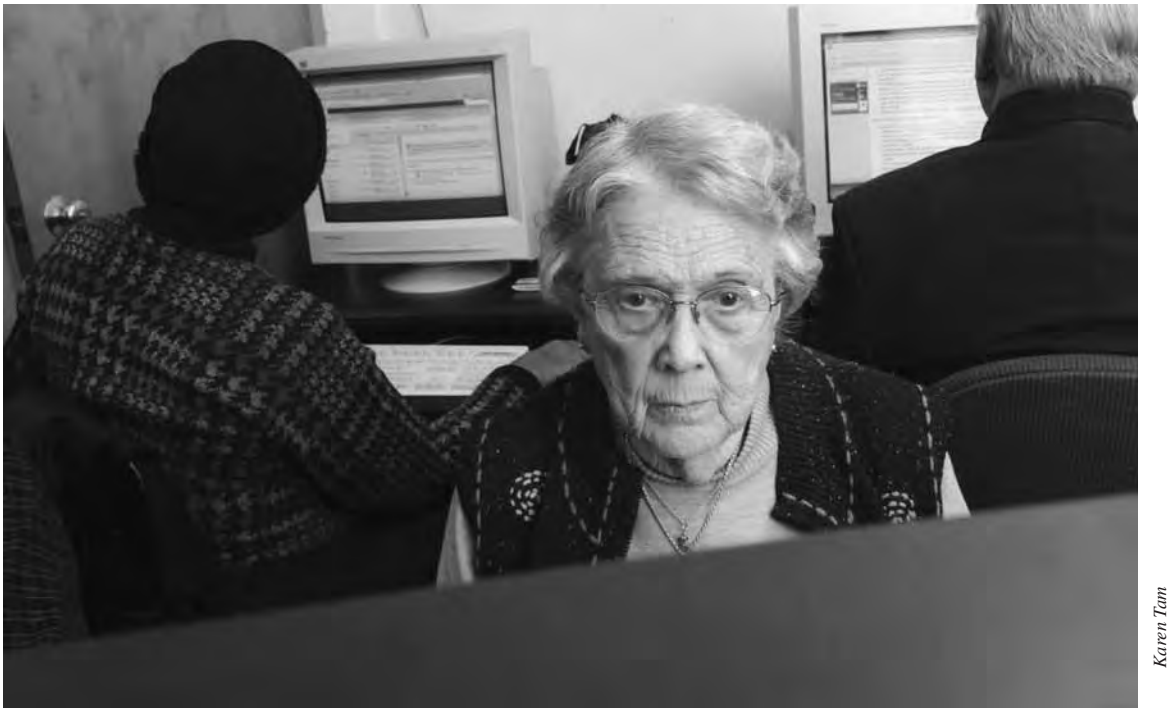
The view that different frauds attract different audiences is supported by a recent study by the AARP Foundation in conjunction with the National Association of Security Dealers Investor Educator Foundation which found that lottery and investment fraud victims have very specific and different psychological profiles.[40] Although anyone can fall victim to these or any other scam, the study confirmed prior research showing that lottery victims are more likely to be female, older (75+), unmarried (often widowed), living alone and less educated (i.e., fewer college degrees) than non-victims.[41] They also tended to: (1) have significantly more negative life events; (2) describe themselves as "very religious" or "extremely religious;" and (3) be more likely to read materials or listen to sales agents whom they do not know.[42] Such victims also are less likely to have, and use, call-screening technology.[43]

In sharp contrast, the study revealed that investment fraud victims are more

It is more tolerable to be refused than deceived.

—**Publilius Syrus, *Moral Sayings***

836 B.C., Translated by Darius Lyman



Karen Tam

likely to be married males with more education and higher income levels than non-victims.[44] Investment fraud victims also are more likely to: (1) listen to sales pitches; (2) rely on their own experience and knowledge when making investment decisions; (3) have experienced more difficulties from negative life events; and (4) be optimistic about the future.[45]

Although age alone is not necessarily a good predictor of likely victimization, as noted above, it is clear that many scam artists specifically target the elderly due to the following risk or lifestyle factors. First, the elderly are the most financially well-off population group and their assets tend to be liquid or easily converted into cash.[46] An article in *SeniorJournal.com* noted that over the next 20-year period, Baby Boomer retirees are expected to have an estimated investment capital of $15.5 trillion which will unquestionably continue to attract scam artists.[47]

Second, as retirees, older individuals are more likely to be at home to respond to telephone calls or door-to-door scams.[48] Especially vulnerable are the elderly "home-bound." As one telemarketing perpetrator admitted, "We targeted to people who were homebound. It was kind of like entertainment for the homebound."[49]

Debbie Brantley notes that for elderly home-bound citizens, the telephone sometimes is their primary vehicle for communicating with other people, and con artists are very adept at befriending them and obtaining the names of their loved ones, which can then be used for future schemes. She describes one case where the con artist learned the name of an elderly man's grandson, and later called pretending to be the grandson who needed his "grandpa" to help him out of a jam by wiring $5,000.

Third, "most older Americans are just too polite to hang up."[50] Helen Savage, associate state director for AARP-NC notes, "The scam artists know that seniors are reluctant to hang up due to long-held cultural practices. The con artist will keep pushing and cajoling and intimidating until the older person gives in." Brantley agrees that "individuals who are seniors now are generally more trusting. They grew up during the Depression when you could leave your doors open and trust your neighbor and take a person at their word."

In a similar vein, Keith Slotter, Assistant Director of Training and Development Division for the FBI Academy, writes, "Most of America's elderly population grew up in an era when trustworthiness was the norm, and a person's word was his bond. They find it hard to comprehend that salespeople could lie in such a straightforward and outrageous fashion, and they are so embarrassed by their losses, they find it difficult to report these crimes."[51]

In addition to the above lifestyle characteristics, one crime prevention expert has pointed to other factors such as "anxieties specific to the elderly—the fear of outliving one's savings, of losing one's financial independence, of failing health—[that] create fertile ground for all types of fraud and financial exploitation."[52]

Brantley agrees that those who become victims run the gamut in terms of their life situations. She described one victim, a retired government worker, who started getting involved in fraudulent sweepstakes after losing her husband in a car accident. The woman, who kept thinking that eventually she'd win, sent over $70,000 to a fraudulent Canadian sweepstakes. "It's really unfortunate. It's not any class; it hits the smartest people. And it just breaks your heart because they're at an age where they're not going to be able to recoup any of this," says Brantley.

Finally, although the elderly exploited by family members, caregivers, and advisors may share many of the same traits as those exploited by strangers, their victimization is different in kind because (1) there is no wish for financial gain that makes them susceptible—often the family member, caregiver, or advisor is robbing them blind behind their backs; and (2) they may fear what the perpetrator may do if they fail to comply with overt commands such as turning over control of their property through the execution of otherwise legal documents.[53]

. . . Most of America's elderly population grew up in an era when trustworthiness was the norm, and a person's word was his bond. . . .

Efforts by North Carolina To Combat Elder Fraud: Prevention and Enforcement

> *"Buddy," a 70-year-old divorced male, struggles with a longstanding bipolar disorder that has been controlled for years with medications, though he currently does not have a psychiatrist. His estranged daughter is now involved in his care after acquiring power of attorney. After following Buddy for a year, experts at Memory Clinic found him to be stable and with no diagnosis of dementia. But, Buddy lost $125,000 in a phony overseas sweepstakes after refusing to listen to his daughter, lawyer, or local police. Eventually, Buddy's name became a household word for scammers, who referenced him when calling other potential victims. One year later, Buddy was diagnosed for dementia based on his dealings with the lottery scammers. But, Buddy still scored well on dementia testing.*[54]

For a number of years, fraud against the elderly has been on the radar of a number of North Carolina governmental agencies including, for example, the AG's Office, the Division of Aging and Adult Services, and the Secretary of State, as well as consumer advocacy groups such as the AARP-NC and the Better Business Bureau Consumer Foundation. Those with front-line state responsibility for addressing elder fraud view this issue as a high priority for the state. The Division of Aging and Adult Services' Debbie Brantley states that "elder fraud is definitely a top priority and should be in light of the magnitude of the problem." Josh Stein, formerly of the AG's office, agrees, saying, "We care a great deal about fraud of any type and any type of victim and we work hard to fight fraud in whatever form it takes, but we do believe that it is appropriate to give special attention to senior victims who constitute a disproportionate percentage of victims."

The combined work of the above and other North Carolina entities mirrors what is widely viewed as a necessary two-front approach to combating fraud against the elderly: prevention and enforcement. As noted by Anita Flores, formerly with the AARP Foundation, "Prevention and enforcement are equally important and equally difficult in terms of prosecuting people on the law enforcement end and changing people's behavior on the prevention end."

An ounce of prevention is worth a pound of cure.

—Benjamin Franklin

Prevention: Prior and Ongoing North Carolina Initiatives

One of North Carolina's earlier efforts in prevention was the 1995 creation, by former Attorney General and then-Governor Michael Easley, of the Partnership for Consumer Education, a nonprofit organization with authority to secure financial and other support for the statewide education of consumers in identifying and avoiding fraud.[55] Although the Partnership was designed to address all types of fraud, it chose to focus on telemarketing fraud during its first year in light of a significantly increased prevalence of reported severe financial losses to that crime across the age spectrum.[56] A key partner in this early educational initiative was the North Carolina Cooperative Extension Service, whose county agricultural agents were uniquely situated to provide outreach education in all 100 North Carolina counties and the Cherokee Reservation after being trained and provided anti-telemarketing materials by Extension Specialists from N.C. State University and Consumer Protection Specialists from the N.C. Department of Justice.[57]

In contrast to this early fraud prevention initiative, which was designed to educate North Carolina consumers of all ages, in 1998, the AG's Office, the Division of Aging and Adult Services, and AARP-NC established the North Carolina Senior Consumer Fraud Task Force to focus specifically on North Carolina's elderly population. The Task Force, which was patterned after a successful Georgia model, was designed to bring together federal, state, and local law enforcement, consumer networks, crime prevention agencies, and North Carolina's aging network in an alliance to jointly address the financial exploitation of the elderly in North Carolina.[58] The primary goals of the Task Force are:

- To identify consumer fraud and deceptive trade practices in North Carolina in order to enhance awareness and prevention.
- To educate older North Carolinians about fraud and how to avoid being victimized and also what to do if they are defrauded.
- To use volunteers as a resource for law enforcement in the fight against fraud.
- To link various agencies to provide updated information on fraud and deceptive practices occurring in the state that target seniors.[59]

Bob Jackson, the State Director of AARP-NC, notes that the Task Force, which meets on a quarterly basis, has been very helpful in keeping all the various entities concerned about and instrumental in addressing elder fraud informed on statewide occurrences. "Everyone has an opportunity to learn from each other about what is happening in their communities," says Jackson. In addition, the Task Force has created a statewide e-mail distribution list that can be used in a fast and cost-effective manner to alert members and, in turn, thousands of their constituents, to new scams or important issues in this area. One report estimated that the e-mail alerts, typically originating in the AG's Office, reach approximately 475,000 individuals or nearly one quarter of the state's population.[60] In addition, many members of the Task Force, which receives no state funding, volunteer their time to give numerous speeches throughout the state to educate consumers and businesses about fraud against the elderly.

Karen Tam

In December 1999, a year after formation of the Task Force, the AG's Office was one of five governmental entities nationwide selected to participate in a pilot project funded by the Bureau of Justice Assistance in the U.S. Department of Justice, to fight against telemarketing fraud.[61] The AG's Office used the federal grant to establish a telemarketing fraud project within its Consumer Protection Division. [62] With respect to prevention efforts, the telemarketing fraud project's goals were to: (1) increase the availability of speakers and special consumer education materials addressing telemarketing fraud for the public at large and the business community; (2) identify and educate key businesses on methods to identify fraudulent schemes; and (3) train a corps of volunteers to continue these efforts.[63] The federal grant also had a law enforcement collaboration component which drew several professions and senior care agencies into the senior fraud awareness approach.

In implementing these goals, the telemarketing fraud project relied heavily on the existing Task Force to help in the dissemination of Senior Fraud Alerts using the above described distribution list.[64] In addition, the fraud project also created special public service announcements (PSAs) funded by settlements reached in civil actions against fraudulent businesses. Moreover, its staff gave numerous speeches throughout the state and alerted newspapers regarding classified advertisements involving fraudulent businesses that promised loans and credit cards for individuals with low credit ratings.[65] Stein says that newspapers are alerted to fraudulent ads through the N.C. Classified Advertising Association, which not only

> *[T]he best way to fight fraud is to stop it from happening in the first place by educating consumers.*
>
> —Roy Cooper, N.C. Attorney General

How do we as individuals and as a nation measure the value of life in old age? And why have we not done more to protect and defend our most vulnerable elders?

The mythology and customs of aging are ancient and varied. At one end of the spectrum is the wise elder, cared for and revered by the community. At the other is the frail elder, consuming precious food, no longer able to contribute to the tribe's needs, shunted off on an ice floe. We take solace in believing that we are not a nation that abandons our elders. But we have overestimated our civility. Because in the end, we subject many of our old people to a plight as bad as, if not worse than, the ice floe.

— Marie-Therese Connolly, "A Hidden Crime," *Washington Post*, Sunday, January 27, 2008, p. B1

will forward the fraud project's e-mail alerts to North Carolina papers, but also to papers in other parts of the country as well. "So it ends up having a real ripple benefit," says Stein.

With the exception of the PSAs—of which there are far fewer following North Carolina legislation prohibiting the use of a state agency or the voice of an elected official in such announcements—these and other efforts of the fraud project continue for now. However, Stein notes, "There are only trace amounts of the federal DOJ grant left at this point. The Governor's Crime Commission has recognized the importance of this effort, so they picked up funding with a two-year grant [2006-08]," which has been renewed so that the program will continue until June 2010. But, if funding sources dry up, the two consumer protection specialists and one support staffer will no longer be able to continue work in this area.

Other successful prevention efforts include SCAM Jams which are sponsored by AARP-NC in conjunction with numerous local, regional, and state offices including the Attorney General, Secretary of State, Department of Insurance, State Treasurer, and Area Agencies on Aging. These are typically half-day or full-day events where the elderly and other consumers are invited to listen to presentations and discuss consumer-related topics such as identity theft, telemarketing fraud, and investment fraud. According to Greg Tanner, Associate State Director of Community Outreach for AARP-NC, these events are held every other week, if not every week, between March and November and cover regions from Murphy to Manteo. "There is no destination that we will not go to get the word out," he says. Sometimes "Shred-a-Thons" also are held in conjunction with the Scam Jams. Tanner explains, "For those events, we bring along the Shred-a-Thon truck which contains a huge cross-cutter shredder so people can bring their outdated financial documents that contain personal information with them and shred them in a safe manner."

Despite the success of the above and other consumer education efforts, one abiding frustration is the need for constant vigilance in this area. Unfortunately, elderly consumers, like many other age groups, suffer from an "out of sight, out of mind" syndrome. As Jackson notes:

> [P]ublic education is always critical but it's tough to educate the public broadly on a regular basis. People unfortunately will see something one week and learn they have to watch out for that type of scam, and three months later it's out of their minds and they fall victim to it. It is tough to change a person's behavior. So we just need to have that constant education about the importance of making good decisions and looking into investments and knowing who you are giving money to.

The need for constant vigilance also can make consumer education a costly endeavor unless the state and consumer organizations are able to rely on volunteers. Flores notes that the AARP Foundation simply would not be able to do its many types of consumer education work without thousands of volunteers. Stein agrees that "volunteers play a very important role." As he explains, "[The AG's Office is] law enforcement. We do a lot of consumer education, but managing a nationwide consumer education program to counter the scam artists is not something that we're going to be the best suited to do. That's where we reach out to the AARP Foundation and others to get them to partner with us."

Prevention: Recent North Carolina Initiatives

North Carolina also is embracing the role of volunteers in two elder fraud initiatives. First, the Division of Aging and Adult Services has established the Victims Assistance Program in collaboration with the Attorney General's Office which uses trained volunteers who are assigned to individuals who are especially vulnerable and/or those already victimized. The victim's assistant works intensively with individual consumers to change their behavior with respect to responding to scams, monitors their ongoing financial situation, takes steps to further shield them by changing their phone and bank account numbers and enrolling them on the Do Not Call registry, and works with the victims to try to get charge backs or reverse wire transfers.

In July 2003, the N.C. General Assembly enacted a state "Do Not Call" law that provides that North Carolinians who sign up for the national Do Not Call Registry will automatically benefit from state protections as well as the federal protections which are incorporated into the state law. In addition, it provides individual consumers and the N.C. Consumer Protection Division in the AG's Office with power to enforce

Karen Tam

the law against telemarketers through state court actions. In addition to preventing legitimate companies from pestering consumers, the primary anti-fraud role of the Do Not Call Registry is to serve as a warning bell for consumers. Stein says, "It has a lot of educational benefit because one of the things we say when working with victims is that if they are on the Do Not Call Registry and they receive a telemarketing call, then they know the callers are up to no good because, from the very outset, they are breaking the law."

In addition to the collaboration between the Division of Aging and Adult Services and the AG's Office, Brantley notes that they are also working with local law enforcement to spread the word. She states that such linkage is critical because often the first person victims might think to call may be the local sheriff's office. So in addition to training volunteers, they are printing bulletins to put where the local police dispatchers work so that local folks will know the victim's assistance program exists and know whom to call for assistance.

Another key linkage is with the county departments of social services because an individual who has lost a large sum of money may very well spend down to being eligible for Medicaid. For example, Brantley knows of one elderly woman in Eastern North Carolina who was estranged from her family and got involved in fraudulent sweepstakes deals. She ended up losing every penny of a sizable estate, went on Medicaid, lost her home, and is now in a long-term care facility. Warren, the administrator of Adult Services, emphasizes the importance of this point of contact. She says, "This is when the need for protective services can be evaluated, and if appropriate, a referral can be made. There is a need for prevention, enforcement, and protection."

Such extra efforts could have significantly positive results because individuals who have fallen victim to scams often are re-targeted and remain vulnerable to fraudulent inducements. Stein notes that the hope is that the victim's assistance program will truly help those individuals who are "super victims," i.e., those who get "reloaded" in the parlance of the perpetrators. As he explains, the con artists "come back at them again and again with a slightly different twist on the same scam. We found a simple phone call explaining that what happened was a crime and that you've been victimized wasn't enough to protect these people."

—continues on page 74

Karen Tam

Reloads, Super Victims, and North Carolina's Fraud Victims Assistance Project:

Excerpts from "Fraud, Vulnerability, and Aging: Case Studies"
By Virginia H. Templeton and David N. Kirkman

Reloads and Recovery Scams

The staff of the North Carolina Attorney General knows of one victim of telemarketing fraud in the state who tried to wire $250,000 to Canadian con artists in a single transaction. Reports of that kind of telemarketing scam remain quite rare. What the Attorney General and his law enforcement colleagues throughout North America usually observe is that elderly super victims of fraud lose their funds in a long series of transactions. The fraud artists accomplish this through a technique they call "reloading." Examples of this are follow-up phone calls from phony U.S. Customs agents or FedEx officials.

> *It appears that one of the surest ways to become a personal fraud victim is to have been a victim.*
>
> – Richard M. Titus, Ph.D.[1]

Each scam in the series sets up the next. When directing the victims to wire money overseas to pay taxes on the award, the scammer may mention "other expenses" that might arise before the prize is delivered, such as customs duties or insurance fees. Later in the series of scams, when the victim expresses skepticism or claims to be out of funds, the criminals shift tactics and exploit the victim's anxiety over having lost so much money already. The ensuing reloads are called recovery scams. In reloading the victim for yet another round of fraud, the scammers may claim to be foreign lawyers or law enforcement officials who have shut down the fraudulent operation and recovered the victim's money and prizes. They state that all the victim needs to do to recover his or her lost payments and undelivered prizes is to pay the taxes on the prizes, duties on the check, retainer fees for the phony lawyer, insurance on the delivery of the prize, etc. The North Carolina Attorney General's Office has encountered desperate victims who mortgaged their homes to make these requested payments.

In home repair fraud transactions, the scammers reload by asking to visit another part of the home to determine whether additional repairs are needed. They repeatedly invoke the specter of water intrusion and water damage. They will ask to visit the attic to determine whether the same water seepage that necessitated a new roof has damaged the rafters and the roof trusses inside the attic. As they emerge from the attic, they lie to the home owner about the rafters and trusses needing extensive bracing and, thereby, gain permission to start another expensive and unneeded project. Later, after invoking the specter of possible water damage yet again, they visit basements and other parts of the house, returning with warnings about other needed repairs.

Home repair scammers, like fraudulent telemarketers, execute recovery scams. Typically they are initiated via the Inspector Scam, wherein a member of the fraud group never seen by the victim arrives and says that the earlier repairs were done incorrectly and could result in the house being condemned if not redone immediately. Then other members of the fraud ring show up and perform the same unnecessary repairs all over again.

The story, above, about the supposed customs official in London's Heathrow Airport is just one example of the many "reload" ploys executed by the Nigerian 419 fraud groups. In 2005, the staff of the North Carolina Attorney General encountered citizens to whom these scammers represented themselves as officials with the Department of Homeland Security. Attempting a new form of reload scam, the bogus officials told them that the funds were sequestered in a special Treasury Department account in Washington, DC, that the funds' origins appeared unusual, and that a special audit needed to be conducted to ensure that they did not represent the proceeds of drug trafficking or fundraising for terrorists. Then they informed their victims that they had to pay the costs of the special audit themselves if they wanted the funds released; otherwise it would be sent back to the country of origin. The costs had to be wired to Washington, DC, immediately. Making this ploy even more believable was the ability of the overseas scammers to "spoof" phony caller ID displays on the victims' phone sets. It read "Dept. of Homeland Security" and gave a Washington, DC area code, 202 (See Case 1).

Case 1: The Florida-Mountains Resident

- 82-year-old part-time resident of NC mountains with background in finance; very bright; lives alone; resides half the year in Florida.
- Lost $110K to overseas sweepstakes and lottery scammers; poised to wire $30K more but bank convinced her to call state Attorney General first
- She told scammers the Assistant Attorney General had convinced her they were frauds; they called her back and convinced her they were the Assistant Attorney General and told her to "Go ahead and wire the money!"
- Real Assistant Attorney General then called; convinced her again not to send money
- Local fraud victim assistance volunteer placed with her that same day
- Transfers ceased

Some Traits and Behaviors of "Super Victims"

In the course of investigating and prosecuting the crimes described above, North Carolina law enforcement officials have encountered certain patterns among the repeat victims. These patterns include the following:

1. Victims tend to be bright, accomplished and capable of conducting their day-to-day affairs without assistance.
2. Victims tend to be in their late 70s or older.
3. Victims often live alone.
4. Victims are familiar with warnings about con artists who might prey upon the elderly.
5. Victims might acknowledge being scammed in earlier incidents, yet succumb to a similar fraud later that same day.
6. Victims often are quite secretive about their transactions.
7. Victims might promise to call law enforcement officials if the scammers contact them again, yet they fail to do so.
8. Many victims neglect their family, church or community activities as they await another call or visit from the con artists.
9. Most repeat home repair fraud victims are quite fond of their victimizers and resistant [to] suggestions that they have been cheated.
10. In the middle and latter stages of a series of scams, many victims respond as if by rote when directed to wire more money overseas or to pay for another home repair.
11. Most victims are worried about the adequacy of their savings or their abilities to remain in their own homes.
12. Repeat victims of phone fraud or home repair fraud often are victims of the other forms of elder fraud.
13. Victims worry about their adult children's reactions to the transactions and seem primed to believe that warnings about their victimizers from children or law enforcement are motivated by the latter's greed or officiousness.
14. Victims seldom complain to law enforcement about being defrauded; reports often are submitted by others who spot the signs of fraud.
15. Repeat victims tend to receive enormous numbers of pitches for lotteries, sweepstakes, and other contests in the mail; these mailings are openly displayed in their homes.
16. Cross-border fraud victims make repeated visits to MoneyGram or Western Union wire transfer counters at their local grocery store.
17. Home repair fraud victims often have the same trucks and vans parked in front of their homes; the "tradesmen" who own those vehicles often drive off when the home owner has a visitor.
18. In a strategy, they often refer to as "blocking the exits," the scammers frequently persuade victims that it is a bad idea to mention the transactions to anyone. For example:
    - Telling friends about the pending arrival of a big prize check could cause one to be robbed while taking the check to the bank.
    - Telling local officials about home repairs could cause them to send the building inspector out, and he might condemn the house before it is fixed.
    - Telling family members about the transactions might cause them to take the checkbook away.
    - Asking a consumer protection agency about the company could cause the agency to seize the check before it is delivered to ensure payment of state taxes.

Case 2: Retired Executive of Top-10 Corporation

- 80-year-old retired executive of a multinational company
- Married; avid golfer; appears very sharp; "high functioning"; and self-assured
- Wired $135K overseas thinking he had won an international lottery; more than 20 money transfers in 7 months
- Sent additional 15K in cash via FedEx after banks and wire transfer companies cut him off
- Ignored all advice from family, CPA, an Assistant Attorney General, and an FBI agent and demanded they prove to him each caller was a crook
- Kept sending money
- Trained fraud victim assistance volunteer assigned. Helped him look for signs of fraud rather than signs the callers were legitimate
- Transfers stopped

North Carolina's Senior Fraud Victims Assistance Project

The North Carolina Division of Aging and Adult Services and the North Carolina Attorney General secured a 2-year Governor's Crime Commission grant to train and place special volunteers with elderly repeat victims of telemarketing fraud last year. The grant is funded through the federal Victims of Crime Act.[3] The volunteers' responsibilities are as follows:

1. Become friends with the victims and counteract the false friendship that the scammers employ.
2. Help victims to recognize the telltale signs that a pitch may be fraudulent rather than looking for the signs (created by the scammers themselves) that the pitch may be legitimate.
3. Help victims to change bank accounts and phone numbers, thereby severing important links with the scammers.
4. Help victims to obtain charge-backs on unauthorized bank debits or to reverse wire transfers that have not been picked up by the scam artists.
5. Place victims' phone numbers in the national Do Not Call Registry and their mailing addresses in the Direct Marketing Association's Do Not Mail Registry; impress upon victims that marketers who contact them are not honoring those registries and should not be trusted.
6. Spot other frauds and scams that might be occurring and report them to authorities.

This program, still in its early stages, has produced some promising results. Of the nine victims who have been assigned volunteers since the initiation of the program, only one has been revictimized by telemarketing con artists.[4]

Reprinted with permission. Originally published in Alzheimer's Care Today*, Vol. 8, No. 3, Lippincott Williams & Wilkins, Hagerstown, MD, July-Sept. 2007, pp. 265-77.*

Footnotes

[1] Richard Titus, *The Victimology of Fraud*, a paper presented at the Restoration of Victims of Crime Conference, Melbourne, Australia, Sept. 1999.

[2] Neal Shover and Glenn Coffey, *The Origins, Pursuits and Careers of Telemarketing Predators,* Final Report to the National Institute of Justice, U.S. Department of Justice, Washington, DC, 2002.

[3] 42 U.S.C. § 10601 *et seq.*

[4] As of publication, 45 victims have been assigned volunteers, and only three have been revictimized.

I didn't want the one-time (victim),
I didn't want the two-timer.
I wanted to sell these people 10 times!
– INTERVIEW QUOTE FROM A TELEMARKETING CON ARTIST [2]

—*continued from page 70*

Second, AARP-NC and the AG's Office are working together to develop a Fraud Fighter's Program. In July 2007, they began training a number of Fraud Fighter speakers to go into community groups, civic groups, clubs, and churches and present a 30-minute presentation on elder financial exploitation. As Jackson explains, "This is a shortened version of the Scam Jam which enables us to reach more people throughout the state in smaller groups." As part of this initiative, the AARP-NC and AG's Office have created an e-mail database of fraud fighters who monitor scams in their local communities across the state. For example, the Fraud Fighters monitor the types of fraudulent mail and phone calls received by members of their community and then report back to the AG's Office for investigation. Jackson says, "The goal is to have a pool of hundreds of people across the state with their eyes and ears open to what's going on in their communities."

Prevention: The Role of Businesses

Although preventive efforts are often geared at educating the public, equally important is educating and enlisting the support of local and national businesses, especially financial institutions which are in a front-line position to assist in detecting and halting fraudulent transactions.

One success story in this area is a 2005 agreement with Western Union that was negotiated by N.C. Attorney General Roy Cooper and nine other attorneys general on behalf of 48 states to protect consumers from telemarketing scams effectuated through fraudulent wire transfers by adequately warning consumers who wire money, educating high-risk consumers, and changing Western Union's practices. This agreement was sought in light of an analysis by North Carolina and six other states finding that "nearly one-third of Western Union transfers of more than $300 from the U.S. to Canada, where many telemarketing rings operate, were the result of fraud in 2002 [and] [a]lmost 65 cents of every dollar wired from North Carolina to the four largest provinces in Canada went to fraud artists."[66] According to Stein, under the agreement, Western Union has agreed to institute better warnings on their materials and in their offices, train their clerks to recognize the telltale signs that a transaction is fraudulent, and pay $8.1 million for consumer counseling to be coordinated by the AARP Foundation over a five-year period.

In summer 2008, according to Kirkman, North Carolina's assistant attorney general, 47 states and territories entered into an agreement with the MoneyGram wire transfer network that is similar to the deal previously struck with Western Union. Says Kirkman, "MoneyGram will be paying $1 million to support the same AARP Foundation senior fraud prevention initiative established under the Western Union agreement. Under both agreements, MoneyGram and Western Union will block overseas wire transfers by vulnerable seniors if the state AG identifies them as fraud victims and requests a block. This has been a very helpful anti-fraud tool."

Another important partnership has developed between the AG's Office, the Division of Aging and Adult Services, and the State Employees Credit Union (SECU), in which one out of every seven North Carolinians is a member, to train SECU employees to recognize and report signs of financial exploitation of their elderly members.[67]

North Carolina consumer advocates have been less successful to date in getting the North Carolina Bankers Association and its local and national member banks on-board. However, efforts by banks in other states have demonstrated the huge dividends in taking such steps. According to Susan Grant, director of consumer protection at the Consumer Federation of America,

> West Suburban Bank in Illinois has demonstrated that if you talk to your customers better about these scams, you can really reduce the instances of fraud. In one year, it reduced losses to these scams by 85 percent by doing three things: (1) training the tellers to talk to people more fully

when they ask questions and explain the difference between funds "being available" and the check "being good"; (2) handing everybody who comes in to deposit a check of $1,000 or more or withdraw $1,000 or more a flier about fake check scams; and (3) using technology in the back room to try to flag suspicious checks. That's an example of business stepping up to the plate and protecting itself and its customers and there needs to be more of that.

According to the EdComm Group, which provides training on elder fraud to the banking industry, 15 states require all businesses, including banks, to report any suspected abuse: Delaware, Indiana, Kentucky, Louisiana, Missouri, New Hampshire, New Mexico, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, and Wyoming.[68] Four other states—California, Florida, Georgia, and Mississippi—require bank employees to specifically report financial elder abuse. For example, in January 2007, California's Financial Elder Abuse Reporting Act of 2005 (FEAR Act) went into effect.[69] The FEAR Act requires all employees of financial institutions to report suspected financial abuse of the elderly and dependent. A financial institution's willful failure to do so could result in a fine of between $1,000 and $5,000.[70]

Grant notes that there are other examples of situations where financial institutions and other types of businesses could be much more proactive. For example, phishers will use e-mail addresses and web addresses that are very similar to the addresses of whomever they are impersonating. Grant suggests, "If banks and other entities that are commonly spoofed by phishers bought up all the website addresses that were remotely similar to theirs, it would deprive the phishers of the ability to use those addresses. That's an example of a small investment that could reap huge rewards in terms of protecting a company's brand name from being abused while at the same time protecting their customers from being fooled and defrauded."

Karen Tam

Another helpful action would be the posting of information by on-line auctions such as eBay about where to report fraud. Grant notes, "There are lots of things that businesses can do—depending on the kind of fraud. They have a responsibility morally and also because we all end up paying—all of the customers end up paying ultimately."

Enforcement

There is no question that fraud against the elderly is a multi-jurisdictional problem that presents a role for local, state, federal, and international law enforcement. As Stein states, "It's really all hands on deck." Ensuring that all the various law enforcement parts are working in conjunction with each other, however, can be a very difficult process. Lessons learned from involvement in the Telemarketing Fraud Prevention Project were that enforcement efforts: (1) appeared most successful in jurisdictions where the perpetrator's fraudulent operations were located; and (2) faced greater challenges where the fraudulent operators and the victims were located in multiple jurisdictions because this factor requires more interagency cooperation and greater resources.[72]

In North Carolina, unlike a number of other states, the AG's Office does not have original criminal jurisdiction; thus, criminal prosecutions either have to be referred to federal authorities who prosecute telemarketing cases under, for example, wire or mail fraud statutes,[73] or to local district attorneys who prosecute under state laws against obtaining property by false pretenses.[74] Both these options, however, can be problematic because many times the amount of the loss fails to satisfy federal guidelines, and local district attorneys may be ill-equipped financially and time-wise to handle cases that can be complex and resource-draining in light of the multi-jurisdictional issues.[75]

According to Stein:

> [W]here there are the face-to-face home repair con artists—you absolutely would need a local district attorney to prosecute, and the AG's Office has a history of working with local DAs to break up home repair fraud rings. But when you have a telemarketing fraud unit that is based in Canada, it is very difficult for a local DA to achieve a prosecution. That's where it's important that the state and federal governments enhance their collaborations with Canadian law enforcement so that, through extradition of suspects to the U.S. or original prosecutions in Canada, more enforcement actions can be taken.

Stein is unaware of any efforts to expand the jurisdiction of the AG's Office to include criminal prosecutions.

Despite the limitation on its powers, the AG's Office has been very active in prosecuting civil claims under the North Carolina Unfair and Deceptive Trade Practices Act.[76] According to Stein, the AG's Office has used the authority very successfully over the last few years to prosecute more than 30 different actions that dealt with shutting down telemarketing and other scammers who are targeting North Carolina's senior citizens. For example, North Carolina's AG Office was the first to pursue Canadian telemarketers in 1994—Regent, Inc., and Darrin Lake of Toronto—and they have filed a half-dozen other cases against Canadian entities since then and currently are planning another.

Also, in October 2006, N.C. Attorney General Roy Cooper obtained a preliminary injunction against two sister companies who were targeting seniors using deceptive sales practices to pressure them into buying living trusts and annuities unsuitable for

their life circumstances. In one instance, an elderly Charlotte couple was induced to cancel an insurance policy, cash in their investments, and put all of their savings into an annuity that the agent promised would earn 7 percent interest. The agent failed to disclose, however, that the promised rate was good for only one year and that early withdrawal came with steep penalties. Only later, when the couple considered buying a house using funds from the annuity, did they learn that they would forfeit nearly 20 percent of their money in fees.

In another instance, an elderly woman in Cary was induced to cash in a $67,000 IRA that she depended on to provide $1,700 a month to cover her living expenses. The agent fraudulently informed her that the IRA would be depleted in five years while the annuity would not and failed to disclose that switching to the annuity would cut her monthly income from $1,700 to $300. As Stein noted, "These companies were going after seniors because these were folks who were starting to focus on what their financial estate was going to look like, and they were able to scare them about probate as opposed to a living trust and strip them of their wealth and put them in unsuitable annuities."

Because of the multi-state nature of crime, telemarketing fraud is a nationwide problem requiring the commitment of state and federal law enforcement. Vigilant law enforcement is necessary to respond to telemarketing fraud, to punish those who perpetrate it, and to deter others from entering the arena.

—**Kathryn Landreth,**
U.S. Attorney for the District of Nevada

In addition to focusing on crimes and deceptive practices that have already occurred, one enforcement area that needs additional attention is preventing lead or list brokers—who locate, recommend and select lists of contact information for targeted groups of consumers (e.g., elderly consumers) from vast consumer and residential databases—from selling lists of elderly targets to illegitimate businesses for use in perpetrating the fraud. According to Stein, this is a potentially difficult area for the AG's Office because "the line between civil and criminal can be close." However, he noted, "We are aware of purely criminal enterprises that engage in penny-ante fraud of $10 or less just in order to create lists in order to sell to the Canadians for bigger telemarketing fraud scams. They are looking for a certain potential victim and if you

—continues on page 80

Mebane Rash

Adult Protective Services: Abuse, Neglect, and Exploitation

County departments of social services receive and evaluate reports of abuse, neglect, and exploitation to determine whether disabled adults are in need of protective services and what services are needed, as required by North Carolina General Statute Chapter 108A, Article 6. Disabled adults or disabled emancipated minors present in North Carolina who are reported to be abused, neglected, or exploited and in need of protective services are eligible to receive this service without regard to income. Adult protective services (APS) receives reports alleging mistreatment, evaluates the need for protective services, and plans with and supports the disabled adult and the family or caregiver to identify, remedy, and prevent problems that result in abuse, neglect or exploitation. APS also mobilizes essential services on behalf of the disabled adult. Evidence of mistreatment is reported to the local district attorney and regulatory agencies, and court action is initiated as necessary to protect the disabled adult.

The North Carolina APS law requires that "*any person having reasonable cause to believe that a disabled adult is in need of protective services shall report such information to the director*." Therefore, the first response when one suspects exploitation of a disabled adult's assets should be to contact APS at the Department of Social Services (DSS) in the North Carolina county where the adult is living. The local county directory is available online at *http://www.ncdhhs.gov/dss/local/index.htm* The reporter's name will be kept confidential unless a court of law requests the name. It is the responsibility of APS to notify the district attorney and law enforcement.

General Indicators of Exploitation:

North Carolina General Statute Chapter 108A-101 defines 'exploitation' as the "*illegal or improper use of a disabled adult or his resources for another's profit or advantage.*" General indicators of exploitation include:

- The victim has a sudden change in behavior.
- The victim tells others someone is taking advantage of them.
- The victim develops new close relationships with someone brand new in their life (for example, a telemarketer who calls daily 'just to say hello').
- The victim has someone living in their home who has no income.
- The victim has someone living in their home who has addictions.
- The victim makes changes in their will to suddenly include a new friend.
- Financial misuse—sudden change in bank accounts, unexplained or unauthorized withdrawal.
- Property misuse—missing personal possessions/antiques, transfers of car titles.
- Real estate misuse—unexplained transfer of real estate, deeds, second mortgages.

Factors Contributing to Victimization:

- Having recently lost a spouse
- Making purchases by phone or on the Internet
- Donating to a charity
- Having a home in need of repairs
- Fear of losing independence
- Disabilities
- Gambling problems
- Belonging to organizations that distribute membership information (potential scam perpetrators may get phone lists)

There are three general categories of perpetrators:

1. *Family members as perpetrator:* Adult children are the most frequent perpetrators of elder abuse. Elder victims of exploitation may believe their adult children, grandchildren, or other relatives are providing financial assistance when in fact they may be using their credit or taking money or property from them. This is the largest category of offenders, and sadly this abuse is often not recognized until the adult's assets have been depleted. Many times these family members feel they are entitled to what they take as they believe they will "get it" eventually anyway.
2. *Professional caregiver:* Caregivers can offer invaluable assistance for those who need help to live independently. However, many times they intercept credit applications, forge or alter checks, take jewelry or other valuables, and may even trick the adult into transferring property to the caregiver's name.
3. *Close friends or others in a position of trust:* These may include persons holding a power of attorney, legal guardians, neighbors, handymen, bank tellers, investment advisors, etc. In general, these offenders may encourage investments and expenditures that benefit only them. They may steal money, property, or arrange for changes in wills, trusts, or mortgage financing for their own benefit.

There are generally two types of perpetrators:

1. The first type of perpetrator includes persons who have low self-esteem who may be abusing substances, feeling stressed, or feeling the weight of caregiving responsibilities. They don't generally seek out victims, but instead take advantage of opportunities as they arise.
2. The second type of perpetrator is someone who methodically seeks out and targets vulnerable adults, establishes power over them, and obtains control over the assets.

NC Adult Protective Services (APS) Register Report State Fiscal Year 2007-08

- 1,504 reports of exploitation of assets evaluated
- Exploitation of assets confirmed in 429 of the reports
- 22% of the confirmed reports involved adults 16 to 59 years old
- 60% of the confirmed reports involved adults 60 to 84 years old
- 18% of the confirmed reports involved adults 85+
- 33% were male victims
- 67% were female victims
- The average number of days to complete an APS evaluation for exploitation was 32.

By Nancy Warren, Program Administrator for Adult Protective Services, Division of Aging and Adult Services, Raleigh, NC. Information about the Division is available on the Internet at http://www.ncdhhs.gov/aging/index.htm

—*continued from page 77*

are a victim of small fraud, you're more likely to be a victim of big fraud. For that reason, those lists have value." Stein indicated that these types of list brokers definitely exist in North Carolina, and this is an issue on which the AG's Office is working.

Future Elder Fraud Trends

> *By the time "Mrs. D" reached her early eighties, she had no support network left. She had left her church and had no family nearby. Mrs. D became a repeat sweepstakes fraud victim, and she knew it. An investigator for the Attorney General intercepted and returned a $10,000 check that Mrs. D had written to the scammers and made her promise to call him before sending money again. Mrs. D responded, "Oh, I've learned my lesson!" The next morning, however, Mrs. D called the investigator and said, "I think I made another mistake last night…"*[77]

The expectation is that fraudulent telemarketers will begin to increasingly use computer technology, including spam e-mails, to contact potential victims because the aging population of Baby Boomers tends to rely on computers *twice* as much as the current generation of older Americans.[78] The implications of this in terms of elder fraud could be significant. In a report titled "Are 'Wired Seniors' Sitting Ducks?," Susannah Fox, Associate Director of Pew/Internet, writes:

> Currently, the vast majority of Americans age 65 and older do not go online. But that will likely change in a big way as the "silver tsunami" of Internet-loving Baby Boomers swamps the off-line senior population in the next 10 years.[79] That demographic shift, paired with a rising tide of viruses, spyware, and other online critters, is cause for concern since there is evidence that older users are less likely than younger ones to take precautions against software intrusions and fraud.[80]

Stein agrees that "even though the crimes are the same basic structure that have gone on through time immemorial, now with technology, a single criminal can touch so many more people. The combination of decreasing costs through technology and the increasing number of seniors, especially seniors with wealth, is a worrisome combination."

Grant notes that the National Consumer League's (NCL's) Fraud Center already is starting to see a gradual growth of Internet fraud complaints overall and from the 60+ population: "Right now, about a third of the people we hear from about telemarketing fraud are 60+ and about 8 percent of Internet fraud victims are older people. It goes up by a percentage every year and I think it is just going to gradually increase over time."

One foreseeable implication of this potential shift in terms of state funding is that law enforcement and prosecutors will have to become fully knowledgeable about how to investigate and prosecute telemarketing fraud and identity theft conducted through the Internet.[81] Such training also will have to include educating prosecutors and investigators on how to obtain and present electronic evidence to juries.[82]

Another troublesome trend identified by the American Prosecutors Research Institute is the scam artists' increased use of "disposable technology such as calling cards, cellular phones, and laptop computers, to avoid identification. [Such] tactics pose immense barriers to successful investigation and prosecution."[83]

Finally, consumer advocates in North Carolina are becoming concerned about the increased targeting of elderly people in the early stages of dementia or Alzheimer's. Stein notes that the Consumer Protection Division has found that those individuals who are most likely to become repeat or "super-victims" are those with mild dementia versus severe dementia because "the community around them has not yet appreciated

that they're having memory disorders." Brantley notes that the Division of Aging and Adult Services consumer advocates also spot this trend, but so far, all remain puzzled as to how the con artists are obtaining information concerning who falls within this category. The targeting of this subset of elders, however, creates significant enforcement problems because these victims are unlikely to make good witnesses due to their impaired memory function.

North Carolina's public and private consumer advocates have made great strides in implementing programs and creating ongoing partnerships that address the financial exploitation of older adults. However, from defining mistreatment of the elderly to gathering data on the extent of the problem to finding solutions, all agree more needs to be done.

The Center's Recommendations on the Mistreatment of Elders

Ethel and Fred were Christians and without any children of their own, they chose to give all of their discretionary income to the local Methodist church, which they attended every Sunday, or to televangelist ministries, which they watched day and night. Ethel loved church on TV, singing along as she watched the choir, nodding her head as she affirmed the minister, and raising her hands as she reached towards heaven. Once Ethel and Fred were homebound, the television shows gave meaning to their lives. Somewhere along the way, Ethel and Fred saw an evangelist on television who wanted to spread Christianity in the Middle East. They started giving money to the minister who lived across the country, and over time they became acquainted, and he started visiting them at their home in western North Carolina.

Eventually, Fred needed more care than Ethel could provide at home, so he moved to a local nursing home. One day, the minister visited them in the nursing home. He brought legal documents that had been drafted by a local attorney, and the minister asked them to sign health care powers of attorney, general powers of attorney, wills, and a deed to their house, retaining only a life estate. All of the money was to go to his ministry. The owner of the nursing home called the sheriff. The documents were destroyed, and Medicare fraud charges were investigated. However, Fred passed away shortly thereafter, and Ethel was not able to testify because of her mental capacity. The charges were never filed.

The minster returned weeks later, and Ethel signed the legal documents again. This time, there was no one there to protect her, no one to call the sheriff. How do we protect Gramps and Grandma?

The Definition

Fraud against the elderly, or the financial exploitation of older adults, is just a part of the problem. No one knows how many older adults in America suffer from elder fraud, abuse, and mistreatment. According to the National Center on Elder Abuse, a program of the U.S. Administration on Aging, "While evidence accumulated to date suggests that many thousands have been harmed, there are no official national statistics."[1] Even the definitions vary, and in the absence of a uniform reporting system for states or a nationwide tracking system, information on the prevalence of this problem is hard to come by.

To assess this issue, the National Institute on Aging and the National Research Council convened a panel of experts to evaluate the current state of knowledge in the area of mistreatment of the elderly. In 2003, the panel published a book, *Elder Mistreatment: Abuse, Neglect, and Exploitation in an Aging America*, which found:

> Elder mistreatment is a recognized social problem of uncertain, though probably increasing, magnitude. According to the best available estimates, between 1 and 2 million Americans age 65 or older have been injured, exploited or otherwise mistreated by someone on whom they depended for care or protection. The frequency of occurrence of elder mistreatment will undoubtedly increase over the next several decades, as the population ages. Yet little is known about its characteristics, causes, or consequences or about effective means of prevention.[2]

1 The N.C. Center for Public Policy recommends that the N.C. General Assembly clarify and strengthen N.C. General Statute Chapter 108A, the Protection of the Abused, Neglected, or Exploited Disabled Adult Act. The statute has not been amended since 1981, and it needs to support a broader system of protection for older adults. The definition of abuse should include physical abuse, emotional abuse, sexual abuse, financial exploitation, neglect, and abandonment. The act should cover vulnerable adults instead of limiting it to disabled adults. In defining vulnerable, the functional limitations of an individual should be considered in addition to any diagnosis, and the act should also cover vulnerable adults who are at substantial risk of being abused. For those elders that have the capacity to consent to services, the statute should cover voluntary interventions as well as involuntary interventions. And, in keeping with the definition in the federal Older Americans Act, older adults should be defined as those 60 and over.

The National Center on Elder Abuse uses a very broad definition: "Elder abuse is any knowing, intended, or careless act that causes harm or serious risk or harm to an older person—physically, mentally, emotionally, or financially."[3] The intention is to include in the definition physical abuse, emotional abuse, sexual abuse, financial exploitation, neglect, and abandonment.

In 1973, North Carolina enacted the first elder abuse law in the United States, "The Protection of the Abused, Neglected, and Exploited Disabled Adult Act."[4] Disabled adult is defined to include "organic brain damage caused by advanced age or other physical degeneration in connection therewith," and abuse is defined as "the willful infliction of physical pain, injury or mental anguish, unreasonable confinement, or the willful deprivation by a caretaker of services which are necessary to maintain mental and physical health." While well-intentioned and ahead of its time, this act has not been updated since 1981. It needs to be amended to support a broader system of protection for older adults. The North Carolina Study Commission on Aging's 2009 Report to the Governor and the General Assembly contained a recommendation to fund a two-year pilot program to assess needed changes to the adult protective services statutes.

The definition of abuse should include physical abuse, emotional abuse, sexual abuse, financial exploitation, neglect, and abandonment. The act should cover vulnerable adults instead of limiting it to disabled adults. In defining vulnerable, the functional limitations of an individual should be considered in addition to any pertinent diagnosis. For those elders that have the capacity to give informed consent to services, the statute should cover voluntary interventions as well. It also should cover vulnerable adults who are at substantial risk of being abused. In keeping with the definition in the federal Older Americans Act, older adults should be defined as those 60 and over.[5] In the past, the N.C. Department of Health and Human Services has supported many of these proposed changes to the law.[6]

The Numbers

2 The Center recommends that the N.C. General Assembly require reporting on the statewide incidence and prevalence of mistreatment of the elderly, expanding North Carolina's current data collection system.

In July 2008, the *Journal of Gerontology: Social Sciences* reported on the first population-based, nationally representative study to ask those aged 57 to 85 about mistreatment. Thirteen percent of those involved in the study reported mistreatment—9 percent was verbal, 3.5 percent was financial, and 0.2 percent was physical.[7]

Estimates of the population in North Carolina by age indicate that there were 1,451,352 persons aged 57 to 85 in July 2008.[8] If 13 percent of those were mistreated, then we are looking at a prevalence of about 188,672 persons. The state needs better data if it is to tackle this problem in a meaningful way.

In February 2006, the National Committee for the Prevention of Elder Abuse and the National Adult Protective Services Association prepared a report for the National Center on Elder Abuse, entitled "The 2004 Survey of State Adult Protective Services: Abuse of Adults 60 Years of Age and Older." The report highlights information that needs to be collected at the state level. "Accurate and uniform data must be continuously collected at both the state and national levels so that abuse trends can be tracked and studied. A concerted effort is necessary to create uniform definitions of, and measures for reporting abuse. … States should collect detailed age and gender specific information on race and ethnicity of victims and alleged perpetrators. … It is critical that states collect outcome data in the clients served."[9]

In May 2006, the American Bar Association released a policy paper it authored for the National Center on Elder Abuse on "The Availability and Utility of Interdisciplinary Data on Elder Abuse."[10]

The paper recommends a national incidence and prevalence study. "Population-based surveys of elder mistreatment occurrence are feasible and should be given a high priority by funding agencies," says the National Research Council to Review Risk and Prevalence of Elder Abuse and Neglect.[11]

In response to national studies that document the importance of establishing reliable information on incidence and prevalence of elder mistreatment, the Center recommends that the N.C. General Assembly require reporting on the statewide incidence and prevalence of mistreatment of the elderly, including statistics on age, gender, and ethnicity of victims and perpetrators, as well as information on outcomes.[12]

North Carolina currently collects information about adult mistreatment in the Adult Protective Services Register database. Having more comprehensive information about how widespread elder mistreatment is in North Carolina and the frequency of its occurrence would enhance the data that is now collected and what is known about these vulnerable adults and the perpetrators.

The Role of the Banks

3 The Center recommends that the N.C. General Assembly establish a study commission to examine how the N.C. Commissioner of Banks, the financial management industry, and law enforcement agencies can partner to prevent fraud against the elderly. The study commission should assess whether training for bank employees can help them recognize, report, and reduce the incidence of fraud against the elderly.

"Banks are on the first line of defense against these scams because they are in the best position to give consumers information at the key moment they need it—when they are depositing the checks or withdrawing the money to send to crooks," said Susan Grant in a speech at the 2007 Interagency Consumer Complaint Conference.[13]

In 2004, Wachovia Corporation instituted a loss management elder fraud abuse prevention program, noting that such a program was a win-win: "We are not only able to protect our clients from being exploited, but early detection also reduces the bank's exposure for fraud losses." Despite the program, the *New York Times* reported in 2007 that "Wachovia accepted $142 million of unsigned checks from companies that made unauthorized withdrawals from thousands of accounts, federal prosecutors say. Wachovia collected millions of dollars in fees from those companies, even as it failed to act on warnings, according to records."[14]

According to a report by the American Bar Association, *Can Bankers Tell?,* banks are in the best position to report an unusual volume of banking activity, banking activity inconsistent with a customer's usual habits, sudden increases in debt where the elder appears unaware of transactions, withdrawal of funds by a fiduciary or someone else handling the elder's affairs with no apparent benefit to the elder, and implausible reasons for banking activity if given by the elder or someone accompanying the elder.[15] According to the report, "The major obstacle to widespread participation of banks in reporting projects is concern about potential legal liability. … The primary concern is the possibility that the bank may incur civil and/or criminal penalties for violation of federal and state laws regulating the disclosure of personal financial information."

The report notes that "the primary purpose of mandatory reporting laws is to induce those in a position to observe abuse to bring their suspicions to the attention of APS [Adult Protective Services]. The goal is to encourage reporting, rather than punish potential reporters for failing to report." Mandatory reporting may actually protect banks. "The bank is in a better position to defend itself in such a suit if the bank made the report under a mandatory reporting law than under a voluntary reporting law—that is, the bank would have the defense that it was legally obligated to make the report." A good faith effort to follow policies and protocols for identifying, preventing, and reporting elder fraud will also mitigate the chances that a bank is exposed to liability.

According to the EdComm Group, which provides training on elder fraud to the banking industry, 15 states require all businesses, including banks, to report any suspected abuse: Delaware, Indiana, Kentucky, Louisiana, Missouri, New Hampshire, New Mexico, **North Carolina,** Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, and Wyoming.[16] Four other states—California, Florida, Georgia, and Mississippi—require bank employees to specifically report financial abuse of the elderly. In North Carolina, this requirement is derived from North Carolina General Statute 108A-102(a) which requires that any person, not just businesses or banks, "having reasonable cause to believe that a disabled adult is in need of protective services shall report such information to the director [of the county Department of Social Services]. According to the American Bar Association report, however, it is "the presence of a mandatory reporting law … coupled with educational efforts and/or a formal

bank reporting project, [that] can have a significant impact."[17]

The N.C. General Assembly should establish a study commission to examine how the N.C. Commissioner of Banks, the financial management industry, and law enforcement agencies can partner to prevent fraud against the elderly. The study commission should assess whether training for bank employees can help them recognize, report, and reduce the incidence of fraud against the elderly.

The Role of the Attorney General

4 The Center recommends that the N.C. General Assembly consider giving the N.C. Attorney General authority to initiate prosecutions for fraud against the elderly. Only five states do not give their Attorney General any authority to initiate local prosecutions—North Carolina, Arkansas, Connecticut, Texas, and West Virginia.

In North Carolina, unlike a number of other states, the Office of the Attorney General does not have original criminal jurisdiction. Thus, criminal prosecutions for fraud against the elderly either have to be referred to federal authorities (who prosecute telemarketing cases under, for example, wire or mail fraud statutes),[18] or to local district attorneys (who prosecute under state laws against obtaining property by false pretenses).[19] Both these options, however, can be problematic. Many times the amount of the loss fails to satisfy federal guidelines. And, local district attorneys may be ill-equipped financially and time-wise to handle cases that can be complex and resource-draining in light of the multi-jurisdictional issues.[20]

Consumers in the Tar Heel state lodged 14,846 fraud complaints in 2007 and 23,128 in 2008. In addition, North Carolina consumers lodged 6,069 identity theft complaints in 2007 and 7,609 in 2008. Overall, in 2008, North Carolina ranked 24th among the 50 states in the number of fraud complaints, and 21st in the number of identity theft victims. Nationwide, in 2008, 30 percent of all consumer fraud complaints and 26 percent of identity theft complaints are lodged by individuals aged 50 and over. [21]

According to Josh Stein, former director of the N.C. Consumer Protection Division and now a state Senator, situations involving face-to-face home repair con artists require prosecution by a local district attorney. Historically, the AG's Office often has worked with DAs to break up locally-based home repair fraud rings. However, situations involving foreign-based telemarketing fraud units present substantial barriers to prosecution by a local DA. In such cases, it's critical for state and federal governments to be able to collaborate with foreign law enforcement.

Only five states do not give their Attorney General any authority to initiate local prosecutions—North Carolina, Arkansas, Connecticut, Texas, and West Virginia.[22] Thirty states give their Attorney General the authority to initiate local prosecutions under certain statutes for particular crimes.[23] The N.C. General Assembly should consider giving the N.C. Attorney General the power to prosecute fraud against the elderly.

Conclusion

For Gramps and Grandma, the wolves are often those they least expect: a minister, a daughter, a next-door neighbor, a trusted caregiver. To prepare for its aging population, North Carolina needs to update its laws to protect vulnerable adults age 60 and over. The panel of experts convened by the National Institute on Aging, noted in their book, "The occurrence and severity of elder mistreatment are likely to increase markedly over the coming decades, as the population ages, caregiving responsibilities and relationships change, and increasing numbers of older persons require long-term care."[24] The Baby Boomers are a wealthy generation, and the more money Gramps and Grandma have and the longer they live, the more conniving the wolves will be.

— Alison Gray and Mebane Rash

Footnotes

[1] Fact Sheet on Elder Abuse Prevalence and Incidence, National Center on Elder Abuse, Washington, DC, 2005, p. 1.

[2] Richard J. Bonnie and Robert B. Wallace, Editors, *Elder Mistreatment: Abuse, Neglect, and Exploitation in an Aging America*, National Academies Press, Washington, DC, 2003, p. 1 of the Executive Summary.

[3] "15 Questions &Answers About Elder Abuse," National Center on Elder Abuse, Washington, DC, June 2005, p. 5.

[4] N.C. Gen. Stat. § 108A-99 to -111. See also 10 N.C. Administrative Code § 71A.

[5] 42 U.S.C. § 3002 (35).

[6] Adult Protective Services Task Force, Report to North Carolina Study Commission on Aging and House Study Commission on State Guardianship Laws Pursuant to Session Law 2005-23, 2006 (presented on May 10, 2008), pp. 20-23.

[7] Edward O. Laumann *et al*., "Elder Mistreatment in the United States: Prevalence Estimates From a Nationally Representative Study," *Journal of Gerontology: Social Sciences*, Vol. 63B, No. 4, July 2008, pp. S248-S254.

[8] On the Internet at *http://www.osbm.state.nc.us/ncosbm/facts_and_figures/socioeconomic_data/population_estimates/demog/ncages00.html*

[9] Joanne M. Otto, "The 2004 Survey of State Adult Protective Services: Abuse of Adults 60 Years of Age and Older," the

National Committee for the Prevention of Elder Abuse and the National Adult Protective Services Association for The National Center on Elder Abuse, Boulder, CO, Feb. 2006, p. 6.

[10] Erica F. Wood, American Bar Association, "The Availability and Utility of Interdisciplinary Data on Elder Abuse: A White Paper for the National Center on Elder Abuse," Washington, DC, May 2006, p. 8.

[11] *Ibid*.

[12] See the National Center on Elder Abuse, *The National Elder Abuse Incidence Study*, 1998, for an example of how such a study can be constructed.

[13] Susan Grant, 2007 Interagency Consumer Complaint Conference, Houston, TX, Oct. 16, 2007, p. 4.

[14] Charles Duhigg, "Bilking the Elderly, With a Corporate Assist," *New York Times,* May 20, 2007, p. A1.

[15] Sandra L. Hughes, J.D., "Can Bankers Tell?—Legal Issues Relating To Banks Reporting Financial Abuse of the Elderly," American Bar Association, Washington, DC, 2003, pp. 8-9, 11, 13-14.

[16] Email from EdComm dated Aug. 25, 2008.

[17] "Can Bankers Tell?," note 15 above, p. 27.

[18] 18 U.S.C. § 1343 and 18 U.S.C. § 1341. These statutes carry a maximum term of imprisonment of five years. Other federal statutes that can be invoked include: (1) conspiracy to commit wire or mail fraud statute, 18 U.S.C. § 371, which also carries a maximum five-year sentence; (2) money laundering statutes (if fraudulent telemarketing proceeds are used to pay the costs of the illegal business activities), 18 U.S.C. §§ 1956-57, which carry maximum 20- and 10-year sentences, respectively, and provide the U.S. Department of Justice with a basis to obtain criminal forfeiture of the telemarketers' property; and (3) financial institution fraud statute (if the telemarketers have misled banks when they applied for merchant accounts to process victims' credit card charges), 18 U.S.C. § 1344, which carries a maximum term of 30 years. In addition, under a statute enacted in 1994 as part of the Senior Citizens Against Marketing Scams Act, 18 U.S.C. § 2326, "federal courts can impose an additional term of up to five years' imprisonment where the mail, wire, or bank fraud offense was committed in connection with the conduct of telemarketing, and can impose an additional term of imprisonment of up to 10 years' imprisonment if the offense targeted persons 55 and older or victimized 10 or more persons 55 and older." On the Internet at *http://www.usdoj.gov/criminal/fraud/telemarket/ask/doj.html#disconnect*

[19] N.C. Gen. Stat. § 14-100. North Carolina law also makes identity theft a felony. N.C. Gen. Stat. § 14-113.20.

[20] Sean Morgan and Rebekah Finley, "Telemarketing Fraud Prevention and Prosecution," American Prosecutors Research Institute, July 2003, p. 27.

[21] *Consumer Fraud and Identity Theft Complaint Data, January-December 2007,* FTC, Feb. 2008, p. 53, on the Internet at *http://www.ftc.gov/opa/2008/02/fraud.pdf* and *Consumer Sentinel Network Data Book for January-December 2008,* FTC, Feb. 2009, p. 51, on the Internet at *http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2008.pdf*

[22] The Council of State Governments, *The Book of the States,* Vol. 40, Lexington, KY, 2008, Table 4.21, pp. 235-36.

[23] *Ibid*.

Footnotes

[1] Although precise legal definitions vary according to jurisdiction, in broad terms, "financial exploitation is the illegal or improper use of a vulnerable adult's funds or property for another person's profit or advantage." Sally Hurme, "Keeping the Wolves from Grandma's Door: Financial Exploitation of the Elderly," Speech Before the United Nations (June 15, 2006), on the Internet at *http://www.aarp.org/research/frauds-scams/fraud/june15_06_shurme.html* There also is no precise definition of "elder" or "senior citizen." The AARP defines its membership as those 50 and older, whereas the National Consumers League (NCL), which is the nation's oldest consumer organization, defines elder fraud victims as those over 60. Federal legislation also is inconsistent. The Older Americans Act of 1965, 42 U.S.C. § 3001, *et seq*., which established the federal Administration on Aging, and provides funding to the states, authorizes programs for those 60 and older. By contrast, under a 1994 statute enacted as part of the Senior Citizens Against Marketing Scams Act, 18 U.S.C. § 2326, enhanced penalties are authorized where the mail, wire or bank fraud targets persons 55 and older. On the Internet at *http://www.usdoj.gov/criminal/fraud/telemarket/ask/doj.html#disconnect*

[2] In 2000, there were 34 million U.S. citizens over the age of 65. That figure is projected to more than double by 2030. U.S. Department of Justice, *Justice for All*, "Department of Justice Focuses on Protecting Elderly Americans," Oct./Nov. 2000, on the Internet at *http://www.usdoj.gov/archive/jmd/fs/jfa112000.htm,* and Jennifer Cheeseman Day, "*Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1993 to 2050*," U.S. Bureau of the Census, Current Population Reports, P25-1130, U.S. Government Printing Office, Washington, DC, 1996, on the Internet at *http://www.census.gov/prod/1/pop/p25-1130/p251130.pdf* ("The number of people age 65 and over is projected to increase from 39 million in 2010 to 69 million in 2030. This is when the surviving Baby Boomers will become 65+. About 20 percent of the total population would be over 65 in 2030, compared to about 13 percent now.") In 2005, persons 65 and older constituted 12.1 percent of North Carolina's population (1,054,098 elders) which was on par with the national average of 12.4 percent (36,790,113 elders). On the Internet at *http://quickfacts.census.gov/qfd/states/37000.html*

[3] Virginia H. Templeton and David N. Kirkman, "Fraud, Vulnerability, and Aging," *Alzheimer's Care Today*, Vol. 8, No. 3, Lippincott Williams & Wilkins, Hagerstown, Md., July-Sept. 2007, p. 268.

[4] In November 1991, the U.S. House of Representatives Committee on Government Operations' Subcommittee on Commerce, Consumer, and Monetary Affairs issued a report entitled "The Scourge of Telemarketing Fraud: What Can Be Done Against It?" in which the Committee estimated that only 1 in 10,000 victims of telemarketing fraud report the crime. See also Hurme, note 1 above ("One study has estimated that there are at least 5 million financial abuse victims in the United States each year, but officials only hear of about perhaps 1 in 25 cases."). A 2003 study by the AARP Foundation "found that 73 percent of investment fraud victims did not acknowledge having lost money, and only half of lottery fraud victims reported recent losses." On the Internet at *http://www.aarp.org/research/fraudsscams/telemarketing/a2003-08-13-telemarketing.html*

[5] On the Internet at *http://www.nocallsnc.com/telemarketing.htm* The FTC receives data from its own toll-free hotline and online complaint forms as well as outside data from contributors such as the FBI's Internet Crime Complaint Center (IC3), Canada's Phonebusters, local Better Business Bureaus, the U.S Postal Inspection Service, the Social Security Administration's Office of Inspector General, the NCL's Fraud Center and numerous state and local law enforcement agencies including the North Carolina Department of Justice. Lois C. Greisman, "Identifying and Fighting Consumer Fraud Against Older Americans," Prepared Statement of the FTC Before the Senate Special Committee on Aging, July 27, 2005, p. 2 of Greisman Statement, on the Internet at *www.ftc.gov/os/testimony/050727confraudolder.pdf* All complaints are

entered into the FTC's Consumer Sentinel system, "a web-based network that links more than 1,300 law enforcement agencies throughout the United States, Canada, and Australia to more than 2 million fraud and identify theft complaints" which can then be used to develop cases, locate witnesses, and seek enhanced penalties. Greisman Statement, pp. 2-3. See also *Consumer Sentinel Network Data Book for January-December 2008,* FTC, Feb. 2009, at Appendices A2 and A3, pp. 70-71, on the Internet at *http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2008.pdf* As a result of efforts by N.C. Attorney General Roy Cooper and the N.C. Consumer Protection Division, North Carolina trails only California as the state with the most number of Consumer Sentinel law enforcement agency members ranging from small-town sheriff departments, to more urban police departments, to the N.C. Attorney General's Office. Online since 1997, Consumer Sentinel recognizes that sharing information among local, state, federal, and international law enforcement entities makes law enforcement stronger and more effective by enhancing cross-border consumer education and prevention efforts.

[6] On the Internet at *http://www.fraud.org/toolbox/2005_Telemarketing_Fraud_Report.pdf*

[7] *Consumer Sentinel Network Data Book*, note 5 above, pp. 10 and 13.

[8] Hurme, note 1 above.

[9] *Consumer Fraud and Identity Theft Complaint Data, January-December 2007,* FTC, Feb. 2008, p. 53, on the Internet at *http://www.ftc.gov/opa/2008/02/fraud.pdf* and *Consumer Sentinel Network Data Book,* note 5 above, p. 51.

[10] *Consumer Sentinel Network Data Book*, note 5 above, p. 82.

[11] Greisman Statement, note 5 above, p. 1, and *Consumer Fraud and Identity Theft Complaint Data*, *January-December 2007,* note 9 above, p. 53.

[12] *Consumer Sentinel Network Data Book*, note 5 above, p. 51.

[13] *Consumer Fraud and Identity Theft Complaint Data*, *January-December 2007,* note 9 above, p. 53, and *Consumer Sentinel Network Data Book*, note 5 above, p. 51.

[14] *Consumer Sentinel Network Data Book*, note 5 above, p. 14.

[15] Internet Crime Complaint Center, *North Carolina's IC3 2007 Internet Crime Report,* on the Internet at *http://www.ic3.gov/media/annualreport/2007/North%20Carolina%202007%20Report.pdf* See also the Internet Crime Complaint Center, *IC3 2008 Internet Crime Report,* on the Internet at *http://www.ic3.gov/media/annualreport/2008_IC3Report.pdf* At the time of publication, the state reports for 2008 were not available.

[16] *Consumer Sentinel Network Data Book*, note 5 above, p. 15. The other North Carolina metropolitan areas that were included in the 2008 study but fell outside the top 50 consumer fraud ranking were: (1) Asheville (1,412 complaints); (2) Burlington (489 complaints); (3) Fayetteville (1,424 complaints); (4) Goldsboro (314 complaints); (5) Greensboro-High Point (2,257 complaints); (6) Greenville (655 complaints); (7) Hickory-Lenoir-Morganton (1,393 complaints); (8) Jacksonville (587 complaints); (9) Lumberton (384 complaints); (10) Raleigh-Cary (3,914 complaints); (11) Rocky Mount (545 complaints); (12) Wilmington (1,231 complaints); and (13) Winston-Salem (1,528 complaints). *Ibid*. at Appendix D1, pp. 83-90.

[17] *Ibid.*, p. 16.

[18] "Some Frauds, Scams and Questionable Business Practices Currently Targeting Our Seniors," N.C. Department of Justice, 2007, on the Internet at *http://www.ncdoj.com/DocumentStreamerClient?directory=Publications&file=NCSeniorFrauds.pdf* This report identifies 21 different telemarketing scams, 11 home repair fraud scams, predatory mortgage lending practices, 20 miscellaneous consumer fraud scams, and five troublesome or deceptive business practices that have been reported to the N.C. Consumer Protection Division.

[19] Templeton and Kirkman, note 3 above, p. 269.

[20] On the Internet at *http://www.nclnet.org/news/2007/2006_fraud_trends_01232007.htm*

[21] *E.g.*, "Off-the-Hook: Reducing Participation in Telemarketing Fraud," AARP, 2003, on the Internet at *http://assets.aarp.org/rgcenter/consume/d17812_fraud.pdf*

[22] *E.g., http://www.ftc.gov/reports/Fraud/fraudcon.shtm* ("Scam artists are ruthless and relentless in their pursuit of older American consumers.")

[23] On the Internet at *http://thomas.loc.gov/cgibin/query/F?r103:1:./temp/~r1032VA1Df:e434573*; Sean Morgan and Rebekah Finley, "Telemarketing Fraud Prevention and Prosecution," American Prosecutors Research Institute, July 2003, pp. 2-3 (citing U.S. Department of Justice/Federal Bureau of Investigation, Operation Disconnect Press Briefing Material 10 (1993)) on the Internet at *http://www.ndaa.org/pdf/telemarketing_fraud_web.pdf*

[24] On the Internet at *http://www.ftc.gov/reports/Fraud/fraudcon.shtm*

[25] *Ibid.* (referencing testimony from the U.S. Attorney for the District of Nevada before the U.S. Senate Special Committee on Aging).

[26] Charles Duhigg, "Bilking the Elderly, With a Corporate Assist," *New York Times*, New York, NY, May 20, 2007, Section 1, p. 1.

[27] *Ibid.*

[28] Keith Slotter, "Hidden Faces: Combating Telemarketing Fraud," *FBI Law Enforcement Bulletin*, Vol. 67, No. 3, Washington, DC, Mar. 1998, p. 10.

[29] *IC3 2008 Internet Crime Report,* note 15 above, p. 1.

[30] *Ibid.,* pp. 23 and 25.

[31] Kelly Dedel Johnson, "Financial Crimes Against the Elderly," U.S. Department of Justice, Office of Community-Oriented Policing Services, Problem-Oriented Guides for Police, Problem-Specific Guides Series No. 20, 2004, p. 5, on the Internet at *www.cops.uddoj.gov*

[32] "Some Frauds, Scams and Questionable Business Practices Currently Targeting Our Seniors," N.C. Department of Justice Report, on the Internet at *http://www.ncdoj.com/DocumentStreamerClient?directory=Publications&file=NCSeniorFrauds.pdf*

[33] Hurme, note 1 above, n. 15 (*citing Owens v. Mazzei*, 2004 Pa. Super. 106, Apr. 7, 2004).

[34] Chris Berendt, "Elderly Clinton Man Robbed by Caretakers," *The Sampson Independent*, Clinton, NC, Dec. 29, 2004. On the Internet at *http://www.zwire.com/site/news.cfm?BRD=1117&dept_id=88473&newsid=13638178&PAG=461&rfi=9*

[35] Johnson, note 31 above, p. 6.

[36] *Ibid.*; Hurme, note 1 above (noting use of coercion, duress with threats, persuasion, and professed affection to commit financial exploitation).

[37] Hurme, note 1 above.

[38] The Fraud Center's 2006 list of the top 10 telemarketing and Internet scams revealed that consumers age 60 and older represented: (1) 32 percent of those who reported telemarketing fraud and were especially vulnerable to magazine sales scams, prizes/sweepstakes, and phishing by phone; and (2) 8 percent of those who reported Internet fraud and were especially vulnerable to phishing, lotteries/lottery clubs, Internet access services, prizes/sweepstakes, and Nigerian money offers. In contrast, people under 30 accounted for: (1) 15 percent of telemarketing fraud overall and were especially vulnerable to opportunities to borrow or make money; advance fee loans, work-at-home plans, and bogus credit card offers; and (2) 27 percent of all Internet fraud complaints and were especially vulnerable to auctions, general merchandise, advance fee loans and fake check scams. "Fake Check Scams, Wire Transfers Dominate 2006 Fraud Lists (January 23, 2007)," on the Internet at *http://www.nclnet.org/news/2007/2006_fraud_trends_01232007.htm*

[39] In contrast to the exhaustive telemarketing fraud studies,

Grant contends that no group as of yet has sufficiently studied Internet fraud to determine what types of victims are more prone to that type of fraud. The FTC defines an Internet-related fraud as one that "concerns an Internet product or service; the company initially contacts the consumer via the Internet; or the consumer responds via the Internet." Greisman Statement, note 5 above, p. 5.

Internet-related fraud drops off substantially for consumers age 70 and older. *Ibid*.

[40] *Off-the-Hook Again: Understanding Why the Elderly Are Victimized by Economic Fraud Crimes*, May 12, 2006, p. 9. On the Internet at *http://www.nasdfoundation.org/WISE_Investor_Fraud_Study_Final_Report.pdf* This study followed up on a 2003 study by the AARP Foundation entitled "Off-the-Hook: Reducing Participation in Telemarketing Fraud," 2003; on the Internet at *http://assets.aarp.org/rgcenter/consume/d17812_fraud.pdf*

[41] *Ibid.*, p. 8.

[42] *Ibid.*

[43] On the Internet at *http://www.aarp.org/research/frauds-scams/telemarketing/a2003-08-13-telemarketing.html*

[44] *Off-the-Hook Again*, note 40 above, p. 6.

[45] *Ibid.*, p. 7.

[46] APRI Report, note 23 above, p. 2.

[47] Elizabeth Wilkerson, "States, SEC Work to Protect Elderly Investors," *SeniorJournel.com* (July 12, 2006), on the Internet at *http://www.seniorjournal.com/NEWS/Alerts/6-07-12-StateSECWork.htm*

[48] APRI Report, note 23 above, p. 2.

[49] On the Internet at *http://www.usdoj.gov/criminal/fraud/telemarket/ask/sound.html* (Transcript of sentencing hearing in *United States v. St. Marie* (Central District of California))

[50] APRI Report, note 23 above, p. 2.

[51] Slotter, note 28 above, p. 17.

[52] Johnson, note 31 above, p. 13.

[53] *Ibid.*

[54] Templeton and Kirkman, note 3 above, p. 270.

[55] Janice Holm Lloyd, "Preventing Consumer Fraud," *The Forum for Family and Consumer Issues,* Vol. 1, No. 1, Raleigh, NC, Winter 1996. On the Internet at *http://www.ces.ncsu.edu/depts/fcs/pub/fraud.html*

[56] *Ibid.*

[57] *Ibid.*

[58] On the Internet at *http://www.dhhs.state.nc.us/aging/fraud/alert.htm* There are currently about 30 active members of the Task Force including, for example: (1) the Better Business Bureau Consumer Foundation, Charlotte, N.C.; (2) Better Business Bureau of Eastern North Carolina; (3) Corporation for National Service; (4) Federal Bureau of Investigation; (5) State Bureau of Investigation; (6) local police departments in Chapel Hill, Charlotte, and Raleigh; (7) Governor's Advisory Council on Aging; (8) N.C. Coalition on Aging; (9) N.C. Senior Tar Heel Legislature; (10) Governor's Crime Commission; (11) N.C. Association of Area Agencies on Aging; (12) National Association of Retired Federal Employees; (13) N.C. Cooperative Extension Service; (14) N.C. Division of Aging and Adult Services; (15) N.C. Office of the Attorney General; (16) N.C. Secretary of State; (17) N.C. Senior Citizens Federation; (18) SAFE, Inc.; (19) Seniors Health Insurance Information Program; (20) U.S. Department of Justice; and (21) U.S. Postal Inspection Service. *Ibid.*

[59] *Ibid.*

[60] APRI Report, note 23 above, p. 25.

[61] Other participants included the California Department of Corporations, the Georgia Governor's Office of Consumer Affairs, the Vermont Attorney General's Office, and the Hillsborough County (Florida) State Attorney's Office. APRI Report, note 23 above, p. v.

[62] *Ibid.*, p. 24.

[63] *Ibid*., pp. 24-25.

[64] *Ibid*., p. 25.

[65] *Ibid*.

[66] On the Internet at *http://ncdoj.gov/DocumentStreamerClient?directory=PressReleases/&file=western%20union%20final.pdf*

[67] *SECU, State Partner on Elder Financial Abuse* (June 1, 2007); On the Internet at *http://www.cuna.org/newsnow/printer_version.php?story_id=31509*

[68] Email from EdComm dated Aug. 25, 2008. See N.C. Gen. Stat. § 108A-103(a), which requires any person and not just businesses and banks to report.

[69] On the Internet at *http://dca.lacounty.gov/artElderFinancialAbuse.html* ("California Bank Teller Law")

[70] *Ibid*.

[71] Kathryn Landreth, *Tele-Scams Exposed: How Telemarketers Target the Elderly*, Statement Before the U.S. Senate Special Committee on Aging, 104th Congress, 2nd Session, Mar. 31, 1996. On the Internet at *http://www.ftc.gov/reports/Fraud/fraudcon.shtm*

[72] APRI Report, note 23 above, pp. v-vi.

[73] 18 U.S.C. § 1343 and 18 U.S.C. § 1341. These statutes carry a maximum term of imprisonment of five years. Other federal statutes that can be invoked include: (1) conspiracy to commit wire or mail fraud statute, 18 U.S.C. § 371, which also carries a maximum five-year sentence; (2) money laundering statutes (if fraudulent telemarketing proceeds are used to pay the costs of the illegal business activities), 18 U.S.C. §§ 1956-57, which carry maximum 20- and 10-year sentences, respectively, and provide the U.S. Department of Justice with a basis to obtain criminal forfeiture of the telemarketers' property; and (3) financial institution fraud statute (if the telemarketers have misled banks when they applied for merchant accounts to process victims' credit card charges), 18 U.S.C. § 1344, which carries a maximum term of 30 years. In addition, under a statute enacted in 1994 as part of the Senior Citizens Against Marketing Scams Act, 18 U.S.C. § 2326, "federal courts can impose an additional term of up to five years' imprisonment where the mail, wire, or bank fraud offense was committed in connection with the conduct of telemarketing, and can impose an additional term of imprisonment of up to 10 years' imprisonment if the offense targeted persons 55 and older or victimized 10 or more persons 55 and older." On the Internet at *http://www.usdoj.gov/criminal/fraud/telemarket/ask/doj.html#disconnect*

[74] N.C. Gen. Stat. § 14-100. North Carolina law also makes identity theft a felony. N.C. Gen. Stat. § 14-113.20.

[75] APRI Report, note 23 above, p. 27.

[76] N.C. Gen. Stat. §§ 75-1.1 *et seq.*

[77] Templeton and Kirkman, note 3 above, p. 272.

[78] APRI Report, note 23 above, p. 41. According to a 2007 survey by the Pew Internet & American Life Project, Internet usage by age group was as follows: (1) 87 percent of 18-29 year olds; (2) 83 percent of 30-49 year olds; (3) 64 percent of 50-64 year olds, and (4) 32 percent of those 65 and older. "February 15-March 7, 2007 Tracking Survey, Demographics of Users," Pew Internet & American Life Project, on the Internet at *http://www.pewinternet.org/trends/User_Demo_6.11.07.htm*

[79] The term "silver tsunami" was coined by William Kreager, a Seattle architect, to describe the tidal wave of Baby Boomers about to impact the housing market. Linda F. Ettinger, "Reaching Asynchronous Learners within the Silver Tsunami," University of Oregon, Applied Information Management Master's Degree Program; on the Internet at *http://www.sloan-c.org/publications/jaln/v10n3/pdf/v10n3_4ettinger.pdf*

[80] Susannah Fox, "Are 'Wired Seniors' Sitting Ducks," Pew/Internet, Pew Internet & American Life Project, Apr. 2006, on the Internet at *http://www.pewinternet.org/pdfs/PIP_Wired_Senior_2006_Memo.pdf*

[81] APRI Report, note 23 above, p. 41.

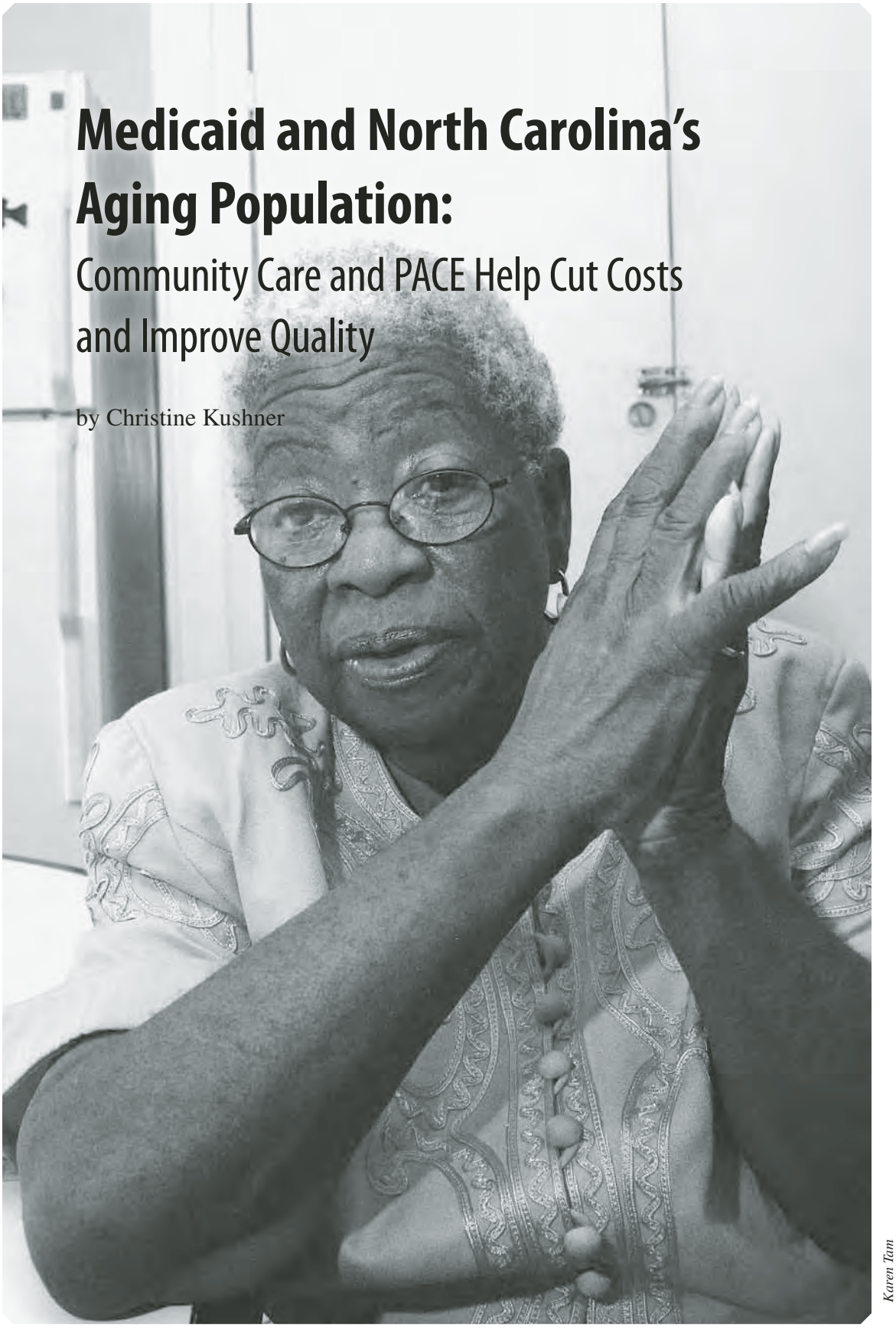
[82] *Ibid*.

[83] *Ibid*., pp. 41-42.

Medicaid and North Carolina's Aging Population:

Community Care and PACE Help Cut Costs and Improve Quality

by Christine Kushner



Karen Tam

Executive Summary

In 2007, Addie Shipman, then aged 69, went to dialysis three times each week as she awaited a kidney transplant. A Medicaid and Medicare recipient living in Whiteville, she had a multitude of other medical conditions, including heart problems and diabetes. Fortunately, Addie said she felt secure about her access to medical care. An aide came to her home to help her, and despite her many health problems, she said she always received the health care she needed.

The Baby Boomers are going to start turning 65 in 2011, and by 2030, North Carolina's older population is expected to double, rising from 1.1 million to 2.2 million. As the elderly population grows, many will need long-term care, and more will qualify for Medicaid. With the aging of the Baby Boomers, the state's future Medicaid spending is likely to continue to increase and consume an even greater portion of the state budget, threatening the availability of quality care for Addie Shipman and others. Is North Carolina on a path that is fiscally unsustainable? Or are there ways for the state to improve the quality of care and decrease costs?

Cost of Medical Care Rising Faster Than Other Goods

In part because of the rising cost of medical care, national health spending is expected to grow from $2.2 trillion in 2007 to $4.3 trillion in 2017. The cost of medical care in the United States has risen faster than inflation over the years, as measured by the Consumer Price Index. For the last 20 years, the growth in medical care costs has exceeded inflation by an average of 1.9 percent each year.

Several studies have analyzed the impact of aging on health care costs overall. One study found that from 2000 to 2030 there would be a 20 percent increase in health care costs due to aging—or 0.6 percent per year. Another study found an 18 percent increase between 2000 and 2050 due to aging—0.3 percent per year.

North Carolina's Medicaid Program

***Medicaid** is the state-run health insurance program for low-income North Carolinians, and **Medicare** is the federal government's national health insurance program for citizens aged 65 and older. Generally, Medicaid provides health insurance for individuals with low incomes, long-term care for the elderly, and services for persons with disabilities.*

*States must provide 16 basic services for the elderly on Medicaid—including hospital inpatient services, hospital outpatient services, physician services, nursing facility services, home health care for persons eligible for skilled nursing services, and laboratory and x-ray services. But, other services are optional, such as rehabilitation, physical therapy, hospice, prescription drugs, and transportation. North Carolina offers 27 of the optional services allowed by the federal government. The term **optional** means the state is not required by the federal government to provide the services, but any the state opts to provide will be eligible for federal matching funds.*

*Medicaid is a **federal entitlement.** If individuals are eligible, then legally they cannot be denied services, even if the state is facing a budget shortfall. Waiting lists are not allowed, nor can enrollment be capped.*

Medicaid and North Carolina's State Budget

The confidence of elderly North Carolinians like Addie Shipman in being assured of access to health care comes at an increasing price for the state's General Fund. Medicaid spending has increased steadily in the past three decades and continues to consume a greater proportion of the state's tax dollars. Medicaid spending has grown because of the increase in the number of eligible people, expansion of the services provided, increases in life expectancy, economic downturns, medical advances, and the increase in the number of very old persons requiring extensive acute and/or long-term health care—factors that have increased the costs for all states and all health plans. Nationally, Medicaid spending is expected to average 8.4 percent growth per year between 2009–18.

The total Medicaid budget for fiscal year 2008–09 in North Carolina was $9.9 billion. In North Carolina, Medicaid is funded jointly by the federal government (65.13 percent) and state government (34.87 percent). Until recently, the counties paid 2.7 percent. The county share was phased out on July 1, 2009.

In fiscal year 2006–07, total Medicaid expenditures were $9 billion, and $1.8 billion, or 20 percent, was spent on the elderly. Almost 50 percent of the Medicaid dollars spent on the elderly—$895 million—was spent on nursing facilities. There were 151,763 elderly recipients of Medicaid services, and the average expenditure per recipient was $11,675. While only 10 percent of the recipients of services are elderly, more than 20 percent of total service dollars in North Carolina are spent on the elderly.

One cost driver is Medicaid's coverage of long-term care, which is compounded by North Carolina's reliance on nursing home care instead of in-home care. In 2007, 48.9 percent of total Medicaid dollars spent on the elderly was for nursing facility care—up from 43.9 percent the year before.

Ranking ninth among states in total Medicaid spending, North Carolina's Medicaid program has worked hard not just to cut spending to keep the program solvent, but also to contain costs while improving the quality of health care. Two innovative programs are aimed at improving care while saving money and keeping seniors healthier—Community Care of North Carolina, a nationally-recognized program that manages Medicaid recipient care, and the PACE model for care of the frail elderly.

The Community Care Program: Controlling Costs with Coordination of Care

In 1986, North Carolina's Medicaid expenditures were increasing by more than 18 percent per year, more recipients were relying on emergency rooms because of the difficulty finding a primary care physician, and the overall eligible population for Medicaid was growing. In response, the state's Medicaid program partnered with

the N.C. Foundation for Advanced Health Programs and the N.C. Office of Research, Demonstrations, and Rural Health to develop and test health care management for Medicaid recipients. This collaboration began with the Wilson County Health Plan and then expanded statewide as the Carolina ACCESS program over a 15-year period.

The current incarnation of Carolina ACCESS is called Community Care of North Carolina (CCNC). It has evolved into a statewide initiative to implement health care management, evidence-based disease management, and case management for Medicaid recipients. The Community Care program also is the primary vehicle for controlling the growth in Medicaid spending. Medicaid recipients enrolled in the program are linked to a ***medical home****—a primary care provider who is part of one of 14 regional, community-based networks that cover all 100 counties and involve about 90 percent of the state's primary care providers. About 925,000 of almost 1.7 million Medicaid enrollees are part of the Community Care program.*

The program saves money by replacing fragmented health care visits for individual illnesses with a lifelong, coordinated approach to primary health care. Physicians serve as gatekeepers to more specialized—and expensive—services, including emergency room care. An article in The New York Times *in January 2009 noted another way the Community Care program saves the state money:*

> *The most striking difference . . . between Community Care of North Carolina and other state Medicaid programs is the complete absence of insurance companies. Most states partner with an insurance company to deliver care to Medicaid patients; any residual profits go to the insurance company. But in North Carolina, state Medicaid administrators and health care providers manage the program exclusively and then funnel profits directly back into patient care.*

Leaders of the Community Care program offer up a concrete record of accomplishments. In 2003, the program's successes included a 35 percent decrease in hospitalization rates for asthma, a 13 percent decrease in emergency room utilization, and $6 million in savings from a nursing home pharmacy project that examined multiple medications taken by nursing home patients. The Cecil Sheps Center for Health Services Research at UNC-Chapel Hill found $3.3 million in savings for the asthma management program and $2.1 million in savings for the diabetes management program in fiscal year (FY) 2001–02.

Mercer Government Human Services Consulting also has been tracking estimated cost savings from the Community Care program since 2002. An actuarial study by the group found the program saved the state $60 million in FY 2002–03 and $124 million in FY 2003–04. In FY 2004–05, the program saved $77 million to $85 million, and in FY 2005–06, it saved $154 million to $170 million. Mercer released its latest report in February 2009, and it estimates that the Community Care program saved North Carolina $135 million to $149 million in FY 2006–07.

The 2009 N.C. General Assembly is beginning to require comprehensive

evaluation of the cost savings provided by the Community Care program. The legislature instructed the N.C. Department of Health and Human Services to identify baseline data and performance measures to be used to evaluate cost savings and to develop data systems needed to implement the performance measures. Beginning December 31, 2010, a report on cost savings achieved by the CCNC networks will be required annually.

Now the Community Care program has received permission from the federal government to serve recipients who are dually eligible—that is, recipients who because of their age (65 and older) and their low incomes are eligible to receive services from both the state-run Medicaid program and the federal Medicare program. In early 2009, the federal Centers for Medicare and Medicaid Services (CMS) granted a 646 waiver—named after section 646 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003—allowing the expansion of the Community Care program to provide services to dually eligible patients. Waivers allow states to operate programs outside of federal guidelines.

The Community Care program's success has garnered national attention. The Medicaid program was one of seven national winners of the 2007 Innovations in American Government Awards from Harvard University's Kennedy School of Government. It also received the 2007 Annie E. Casey Innovations Award in Children and Family Systems Reform. The Kaiser Commission on Medicaid and the Uninsured features the Community Care program in its May 2009 policy paper on how Medicaid can serve as a platform for health care reform. This comes as President Barack Obama is emphasizing the need for expanded health coverage for uninsured Americans as part of broader national health reform.

Testifying before the U.S. Senate on the significance of community care for health care reform nationally, Dr. Allen Dobson, chair of the N.C. Community Care Network, said:

> *We believe Community Care can serve as an important national model for healthcare reform. Community Care's local infrastructure will work in both urban and rural as well as public and private settings. The path forward for the U.S. healthcare system can clearly be informed by the important work of some of our best and most integrated healthcare systems. However the majority of the nation's healthcare is still provided in communities where there is no 'system' at all. Lessons learned in Community Care can provide a road map to organizing all local communities regardless of size in order to focus on quality, costs, and improvement in the health of its citizens.*

PACE: Cutting Costs by Helping the Elderly Remain at Home

In addition to reducing costs for nursing home patients, the state also contains Medicaid costs by helping frail elderly patients avoid entering nursing homes and instead remain in their homes, where health care costs can be lower and outcomes often are better. The Program of All-inclusive Care for the Elderly (PACE) offers coordination of health care services for frail elders who qualify for nursing home care through Medicaid but want to remain living at home.

There are currently 61 PACE projects nationally in 29 states, including three in North Carolina located in Burlington, Southern Pines, and Wilmington. One of these is Elderhaus, a nonprofit program in Wilmington, which provides daytime care and social services for elderly and disabled adults. Under PACE, Elderhaus enrolls 31 Medicaid patients and provides basic medical care, personal care services, transportation, and day care, as well as occupational, physical, recreational, and other therapies. By coordinating this care, participants stay healthier and remain out of a costly nursing home facility.

Piedmont Health SeniorCare is the PACE program located in Burlington that serves Alamance and Caswell counties. Using a newly renovated 15,000 square-foot facility, it enrolled its first participants in December 2008. It currently has 33 participants, who all have multiple chronic conditions. But instead of entering a nursing home, they are working with PACE to "age in place" by remaining in their homes.

Nationally, fewer than 10 percent of PACE participants go into nursing homes, and they also have fewer emergency room visits. Less time spent in nursing homes saves Medicaid money, and fewer emergency room visits saves Medicare money. The PACE programs may expand across North Carolina: The Moses Cone Health System is working with partners to develop PACE sites in Greensboro and Charlotte, and there are feasibility studies underway by Volunteers of America, a national, faith-based nonprofit, to develop other sites in North Carolina.

Conclusion

For patients like Addie Shipman, the Community Care program allows them to live at home and stay out of more costly nursing home care. Up until her death, Addie received care from the Whiteville physician practice she called her medical home, as well as case management from Access III of the Lower Cape Fear, her community care network. On August 1, 2008, Addie was admitted to the hospital, and she passed away three days later.

Estimates of the future costs of Medicaid vary because spending on long-term care will depend on the number of elderly who qualify for assistance, the type of care the elderly will use (nursing home or in-home care), and the availability of private and public providers of care. North Carolina's medical home model and emphasis on building a network of care may be important in implementing cost savings nationally under national health care reform. Otherwise, Medicaid spending is expected to average 8.4 percent growth per year and could consume more than 6 percent of the nation's gross domestic product by 2080.

According to recent estimates from the Fiscal Research Division of the N.C. General Assembly, Medicaid is the fastest-growing program in the state budget. In 2009, the authorized state budget for Medicaid was $3.2 billion, or 15 percent of the state's 21.2 billion authorized operating budget—an increase of 9 percent from 2008. With the first Baby Boomers turning 65 in 2011, North Carolina has to be sure it has the capacity to care for all of its low-income elderly residents in the future.

In 2007, Addie Shipman, then aged 69 and living in Whiteville, went to dialysis three times each week as she awaited a kidney transplant. She had a multitude of other medical conditions, including heart problems and diabetes. Fortunately, Addie, a recipient of both Medicare and Medicaid, said she felt secure about her access to medical care. "I feel good about my doctors," she said. An aide came to her home to help her with everyday activities, and despite her many health problems, Addie said she always received the health care she needed.

But according to testimony presented to Congress in 2007 by the U.S. Government Accountability Office,

> projections show that the federal budget is on a path that is fiscally unsustainable, in large part because of growth in spending for Medicare and Medicaid. Mandatory spending for these entitlements, together with spending for Social Security, threatens to crowd out discretionary spending for a vast array of domestic programs. It is largely the public payers who will bear the cost burden associated with the baby boom generation. . . .[1]

"With the aging of the Baby Boomers ... the state's future Medicaid spending is likely to continue to increase and consume an even greater portion of the state budget."

The Baby Boomers are going to start turning 65 in 2011, and by 2030, North Carolina's older population is expected to double, rising from 1.1 million to 2.2 million.[2] Eighteen percent of the population in North Carolina will be 65 or older, and more of the state's elderly will be older than 85 as life expectancy continues to increase.[3] As the elderly population grows, many will need long-term care, and more will qualify for Medicaid.

With the aging of the Baby Boomers, the need for more intensive medical care at the end of life, and our ongoing reliance on nursing home care, the state's future Medicaid spending is likely to continue to increase and consume an even greater portion of the state budget. Is North Carolina also on a path that is fiscally unsustainable? Or are there ways for the state to improve the quality of care and decrease costs?

Cost of Medical Care Rising Faster Than Other Goods

For more than 25 years, the cost of medical care in the United States has risen faster than inflation, as measured by the Consumer Price Index (CPI).[4] In 1985, for example, it cost $107.60 to buy household goods that would have cost $100 in 1982–84, but it cost $113.50 for medical care. In 2008, it cost $215.30 to buy those same goods, and it cost $364.07 for medical care. In 2008, the cost of medical care outpaced the costs of goods by 148 index points (see Figure 1), and for 20 years the growth in medical care costs has exceeded inflation by an average of 1.9 percent each year (see Table 1).

National health spending is expected to grow from $2.2 trillion in 2007 to $4.3 trillion in 2017.[5] By type of service, 31.1 percent of national health expenditures are for hospital care, 21.4 percent for physician and clinical services, 10.1 percent for prescription drugs, 5.9 percent for nursing home care, and 2.6 percent for home health care (see Figure 2). "The impact of population aging is expected to account for a relatively small share of future health care spending growth on a per enrollee basis but to have a substantial influence on the public share of spending growth, as the leading edge of the baby-boom generation becomes eligible for Medicare"[6] and Medicaid.

Several studies have analyzed the impact of aging on costs overall. One study found that from 2000 to 2030 there would be a 20 percent increase in health care costs due to aging—or 0.6 percent per year.[7] Another study found an 18 percent increase

---

Christine Kushner is a freelance writer and consultant living in Raleigh. She provides consulting and staff support to N.C. Community Care Networks, a nonprofit based in Raleigh that works closely with Community Care of North Carolina.

between 2000 and 2050 due to aging—0.3 percent per year. According to the study, *The Boomers Are Coming,* "The rate of change is steepest from 2000 to 2035 as Baby Boomers enter retirement, and then levels off from 2035 to 2050 as the age structure of the population stabilizes."[8] Eighty percent of the increase in cost per capita will occur for seven medical reasons: heart and vascular conditions, orthopedic and arthritic conditions, gastric and intestinal conditions, lung conditions, neurological disorders, endocrinal conditions, and urologic conditions.[9]

North Carolina's Medicaid Program

As a member of North Carolina's growing aging population, Addie Shipman qualified for Medicare, the federal government's national health insurance program for citizens aged 65 and older. She also received Medicaid, the health insurance program for low-income citizens (see Table 2 on the differences between Medicare and Medicaid). Medicare and Medicaid were both passed as part of the Social Security Act of 1965.[10] North Carolina submitted its original Medicaid State Plan in 1969, and the program was implemented on January 1, 1970.[11] Initially housed under the N.C. Division of Social Services, since 1978 the program has been administered by a separate Division of Medical Assistance within the Department of Health and Human Services. Generally, Medicaid provides health insurance for individuals with low incomes, long-term care for the elderly, and services for persons with disabilities.[12]

Addie Shipman, a recipient of Medicaid and Medicare.

Karen Tam

The federal government provides matching funds to North Carolina for its Medicaid program, but the state determines "who will be covered, the services they may receive, how much will be spent, and where Medicaid should rank among competing demands for limited state dollars."[13] North Carolina has a *state plan* which is the funding agreement between the Division of Medical Assistance and the federal government, but the state also uses *waivers* to operate programs outside federal guidelines. "The U.S. Secretary of Health and Human Services has the legal authority to waive compliance with certain provisions of Medicaid law. In the past, states have used waivers to expand coverage, provide services that could not otherwise be offered, expand home and community services, and require beneficiaries to enroll in managed care programs." [14]

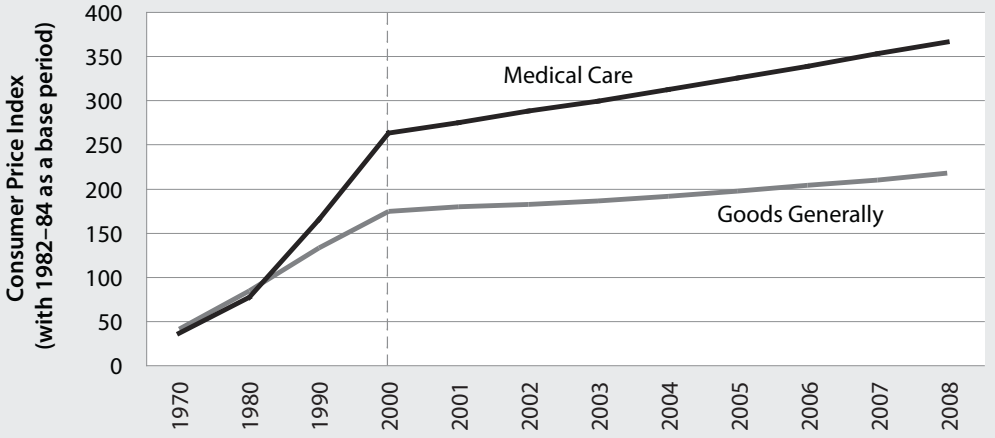
States must provide 16 basic services for the elderly on Medicaid—including hospital inpatient services, hospital outpatient services, physician services, nursing

Table 1. Annual Percent Change, Consumer Price Index and Medical Care, 1988-2008

Year	Annual CPI-U Increase	Annual Medical Care Increase
1988	4.1%	6.5%
1989	4.8%	7.7%
1990	5.4%	9.0%
1991	4.2%	8.7%
1992	3.0%	7.4%
1993	3.0%	5.9%
1994	2.6%	4.8%
1995	2.8%	4.5%
1996	3.0%	3.5%
1997	2.3%	2.8%
1998	1.6%	3.2%
1999	2.2%	3.5%
2000	3.4%	4.1%
2001	2.8%	4.6%
2002	1.6%	4.7%
2003	2.3%	4.0%
2004	2.7%	4.4%
2005	3.4%	4.2%
2006	3.2%	4.0%
2007	2.8%	4.4%
2008	3.8%	3.7%

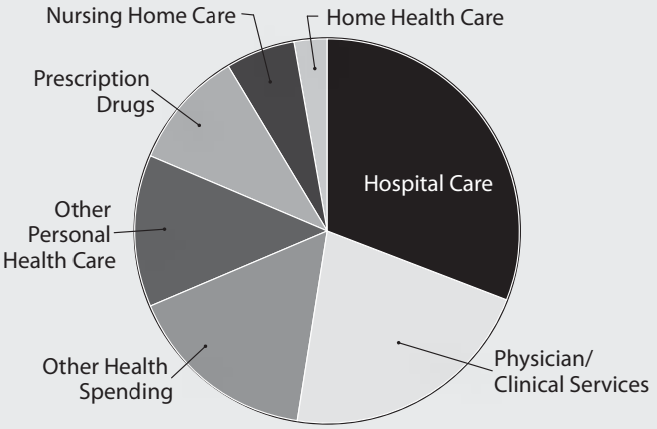
Source: Consumer Price Index – All Urban Consumers, U.S. City Average, Not Seasonally Adjusted, Base Period is 1982-84. On the Internet at *http://www.bls.gov/cpi/,* accessed on July 13, 2009.

Figure 1. The Cost of Goods Generally and the Cost of Medical Care, 1970–2008



Source: Consumer Price Index – All Urban Consumers, U.S. City Average, Not Seasonally Adjusted.

Figure 2. Distribution of National Health Expenditures, by Type of Service, 2007



Hospital Care	31.1%	Prescription Drugs	10.1%
Physician/Clinical Services	21.4%	Nursing Home Care	5.9%
Other Health Spending	16.2%	Home Health Care	2.6%
Other Personal Health Care	12.7%		

Source: Kaiser Family Foundation, Trends in Health Care Costs and Spending, Pub. No. 7692-02, March 2009. On the Internet at *http://www.kff.org/insurance/upload/7692_02.pdf,* accessed Sept. 25, 2009. The Kaiser Family Foundation calculations used National Health Expenditures data from the Centers for Medicare and Medicaid Services, Office of the Actuary, and National Health Statistics Group.

In the future people will be born with just enough money to last until they get seriously ill.

George Carlin

facility services, home health care for persons eligible for skilled nursing services, and laboratory and x-ray services (see Table 3). But, other services are optional, such as rehabilitation, physical therapy, hospice, prescription drugs, and transportation.[15] North Carolina offers 27 of the optional services allowed by the federal government, according to the Division of Medical Assistance. The term *optional* means the state is not required by the federal government to provide the service, but if they opt to provide it, then they will be eligible for federal matching funds.[16]

Medicaid provides funding for health care for individuals who are both financially and categorically eligible. To be *financially eligible,* a recipient's income and assets must be low enough to qualify for services.[17] In North Carolina, an older single adult in North Carolina must meet federal poverty guidelines. For a single person, monthly income must be $903 or less to qualify for Medicaid, or $10,830 a year. For a couple or two-person household, the maximum monthly income is $1,215, or $14,570 a year (see Table 4).[18] "It's easy to forget how poor someone needs to be to qualify for Medicaid," says Denise Levis Hewson, director of quality improvement and clinical operations for N.C. Community Care Networks, Inc.

To be *categorically eligible,* recipients must fall into one of the covered population categories, like the aged, blind, or disabled. Again, there are both *mandatory* eligibility groups (those required by the federal government, like the elderly receiving Supplemental Security Income[19]) and *optional* eligibility groups (states may elect to serve other categorically needy groups).[20]

Medicaid is a *federal entitlement,* which means that if an individual is eligible then legally they cannot be denied services, even if the state is facing a budget shortfall.[21] Waiting lists are not allowed,[22] nor can enrollment be capped.[23] *Dual eligibility* refers to the group of people, like Addie Shipman, enrolled in both Medicare and Medicaid. "Virtually all elderly Medicaid enrollees are also enrolled in Medicare," notes a report on Medicaid for state legislators.[24]

The confidence of elderly North Carolinians like Addie when it comes to being assured of access to health care comes at an increasing price for the state's General Fund. Medicaid spending has increased steadily in the past three decades and continues to consume a greater proportion of the state's tax dollars. Medicaid spending has grown because of the increase in the number of eligible people, expansion of the services provided, increases in life expectancy, economic downturns, medical advances, and the "increase in the number of very old and disabled persons requiring extensive acute and/or long-term health care."[25] These are factors that have increased the costs of Medicaid for all states and all health plans.

While total federal and state Medicaid spending decreased from 6.1 percent growth in 2007 to 4.7 percent growth in 2008, federal Medicaid spending in 2008 increased 8.4 percent—the highest rate of growth since 2003. The federal government temporarily increased its percentage of Medicaid payments for 27 months as part of the American Recovery and Reinvestment Act of 2009 to help states during the recession. This retroactive legislation shifted $7 billion of Medicaid spending from the states to the federal government in the fourth quarter of 2008. Nationally, Medicaid spending is expected to average 8.4 percent growth per year between 2009 and 2018.[26]

Medicaid and North Carolina's State Budget

The total Medicaid budget for fiscal year 2008–09 in North Carolina was $9.9 billion, including $2.4 billion in state funds.[27] In North Carolina, Medicaid is funded jointly by the federal government (65.13 percent) and state government (34.87 percent). Until recently, the counties paid 2.7 percent.[28] The county share was phased out completely on July 1, 2009.[29]

Table 2. How Does Medicaid Differ From Medicare?

	Medicaid	Medicare
Basics	Medicaid is designed for low-income and disabled people. By federal law, states must cover low-income pregnant women, children, the elderly, and the disabled. Childless adults are not covered, and many poor individuals earn too much to qualify.	Medicare is a federal program that covers individuals aged 65 and over, as well as some disabled individuals.
Administration	The states are responsible for administering the Medicaid program.	The federal government is responsible for administering the Medicare program.
Financing	Medicaid is financed jointly by the states and federal government. Every dollar that a state spends on Medicaid is matched by the federal government. Overall, the federal government pays for 57 percent of Medicaid costs. *[In North Carolina, the federal government pays for 65.13 percent.]*	Medicare is financed by federal income taxes, a payroll tax shared by employers and employees, and individual enrollee premiums (for Part B and Part D).
Benefits	Medicaid offers a fairly comprehensive set of benefits, including prescription drugs.	Medicare Part A covers hospital services, Medicare Part B covers physician services, and Medicare Part D offers a prescription drug benefit. There are many gaps in Medicare coverage, including incomplete coverage for skilled nursing facilities, dental, hearing, and vision.

Source: Reprinted from the Council of State Governments, *Medicaid 101: A Primer for State Legislators,* Lexington, KY, Jan. 2009, p. 6. On the Internet at *http://www.csg.org/pubs/Documents/Medicaid_Primer_final_screen.pdf,* accessed Sept. 25, 2009.

Table 3. Services Covered in N.C. by Medicaid, Mandatory and Optional Categories

	Mandatory		Optional
1.	Ambulance and Other Medical Transportation	1.	Case Management
2.	Durable Medical Equipment	2.	Chiropractor
3.	Family Planning	3.	Clinic
4.	Federally Qualified Health Centers & Rural Health Centers	4.	Community Alternatives Programs (CAP)
5.	Health Check (EPSDT)	5.	Dental and Dentures
6.	Hearing Aids (children)	6.	Diagnostic
7.	Home Health	7.	Eyeglasses
8.	Hospital Inpatient	8.	Health Maintenance Organization (HMO) Membership
9.	Hospital Outpatient	9.	Home Infusion Therapy
10.	Nurse Midwife	10.	Hospice
11.	Nurse Practitioner	11.	Intermediate Care Facilities for the Mentally Retarded
12.	Nursing Facility	12.	Mental Health
13.	Other Laboratory and X-ray	13.	Nurse Anesthetist
14.	Physician	14.	Optometrist
15.	Psychiatric Residential Treatment Facility Services and Residential Services (treatment component only)	15.	Orthotic and Prosthetic Devices (children and adults)
16.	Routine Eye Exams & Visual Aids (children)	16.	PACE
		17.	Personal Care
		18.	Physical and Occupational Therapy and Speech/Language Pathology
		19.	Podiatrist
		20.	Prescription Drugs
		21.	Preventive
		22.	Private Duty Nursing
		23.	Rehabilitative
		24.	Respiratory Therapy (children)
		25.	Routine Eye Exams & Visual Aids (adults)
		26	Screening
		27.	Transportation

Note: All optional services are available to children under age 21 if they are medically necessary.

Source: N.C. Division of Medical Assistance, July 10, 2009.

In fiscal year 2006–07, total Medicaid expenditures in North Carolina were $9 billion, and $1.8 billion, or 20 percent, was spent on the elderly (see Table 5). Only 50 percent of the Medicaid dollars spent on the elderly—$895 million—was spent on nursing facilities (see Table 6). There were 151,763 elderly recipients of Medicaid services, and the average expenditure per recipient was $11,675. While only 10 percent of the recipients of services are elderly (see Table 7), more than 20 percent of total service dollars in North Carolina are spent on the elderly.[30]

North Carolina spent 16.9 percent ($3.3 billion) of its General Fund on Medicaid in 2007, up from 10.5 percent ($1.5 billion) in 2000 (see Table 5). And costs continue to rise. Program service expenditures increased by 19 percent in 2005, 13 percent in 2006, and 12 percent in 2007.[31] Almost 19 percent of the population in North Carolina is now eligible for Medicaid services (see Table 7).

One cost driver is Medicaid's coverage of long-term care, which is compounded by the reliance on nursing home care instead of in-home care. There are more than 400 certified nursing homes in North Carolina,[32] and in 2007, 48.9 percent of Medicaid service dollars spent on the elderly was for nursing home care—up from 43.9 percent the year before.[33] As the Baby Boom ages, there will be an increased demand to build more nursing home beds. But, building more beds to meet growing demand will drive up Medicaid costs. "We can't build enough beds to keep up with the growth in the aging population, so we need to keep them [patients older than 65] healthier," says Dr. Allen Dobson,[34] a family physician in Mount Pleasant and former Assistant Secretary for Health Policy and Medical Assistance for the N.C. Department of Health and Human Services.

"One cost driver is Medicaid's coverage of long-term care, which is compounded by North Carolina's reliance on nursing home care instead of in-home care."

For decades, states have attempted to control Medicaid costs, or at least stem the rate of growth.[35] Some states have cut or frozen provider payments, while others have limited eligibility or the range of optional services. Others reduced pharmacy benefits, and some implemented greater cost-sharing such as higher copayments.

Legislatures across the country are once again looking at Medicaid as they try to find ways to keep their states fiscally healthy.[36] Medicaid is a target in tough budget times because it is one of the fastest growing and largest pieces of state budgets. During a 2008 special session of its legislature, Utah first cut optional services, such as physical therapy, vision and hearing services, and visits to chiropractors. Then they trimmed administrative costs and cut increases for inflation.[37]

But some cuts create more problems than they solve. In Nevada, Medicaid covered so few services and the reimbursement rates were so low that "a card verged on becoming meaningless, an insurance card doctors won't honor."[38] A report on Medicaid by the National Conference of State Legislatures notes that "[a]nother Medicaid problem haunts states. Even in good times, health care costs are skyrocketing faster than state revenues. Each year Medicaid gobbles up a greater piece of the budget pie."[39]

Ranking ninth among states in total Medicaid spending (see Table 8), North Carolina's Medicaid program has worked hard not just to cut spending to keep the program solvent, but also to contain costs while improving the quality of health care. Two innovative programs are aimed at improving care while saving money and keeping seniors healthier—Community Care of North Carolina, a nationally-recognized program that manages Medicaid recipient care, and the PACE model for care of the frail elderly.

Table 4. Financial Eligibility for Medicaid Based on Federal Poverty Guidelines, 2009

Family Size	100% of Federal Poverty Level
1	$10,830
2	14,570
3	18,310
4	22,050
5	25,790

Source: The 2009 U.S. Department of Health and Human Services Poverty Guidelines. On the Internet at *http://aspe.hhs.gov/poverty/09poverty.shtml*, accessed on Sept. 25, 2009.

The Community Care Program: Controlling Costs with Coordination of Care

Like other states in the mid-1980s, North Carolina's Medicaid program faced a serious funding problem. In 1986, Medicaid expenditures were increasing by more than 18 percent per year, more recipients were relying on emergency rooms because of difficulty in finding a primary care physician, and the overall eligible population for Medicaid was growing.[40] The state's Medicaid program partnered with the nonprofit N.C. Foundation for Advanced Health Programs[41] and the N.C. Office of Research, Demonstrations, and Rural Health (now called the Office of Rural Health and Community Care) in the N.C. Department of Health and Human Services to develop and test health care management for Medicaid recipients.

This collaboration began with a single county demonstration (the Wilson County Health Plan) to improve access to care for the poor and contain health care costs. Over a 15-year period, the Carolina ACCESS program expanded statewide. The

Table 5. N.C. Medicaid Eligibility

State Fiscal Year	# Eligible for Medicaid	# 65 and Over Eligible for Medicaid	Total Medicaid Expenditures	Federal Expenditures	
1970	456,000		$ 49,862,059[1]		
1980	455,702	82,859	410,053,625		
1990	639,351	80,266	1,427,672,567		
2000	1,221,266	154,222	4,783,840,430	$2,998,403,878	
2001	1,354,593	154,284	5,480,241,286	3,430,145,921	
2002	1,390,028	153,282	6,185,038,224	3,827,151,587	
2003	1,447,283	151,672	6,605,712,421	4,172,894,036	
2004	1,512,360	151,478	7,404,741,424	4,868,510,671	
2005	1,563,751	151,512	8,170,028,897	5,168,013,772	
2006	1,644,457	149,961	8,583,463,472	5,209,510,606	
2007	1,682,028	147,813	9,012,613,680	5,286,618,011	

current incarnation of Carolina ACCESS is a program called Community Care of North Carolina (CCNC). Available in all of North Carolina's 100 counties, it utilizes health care management, evidence-based disease management, and case management for Medicaid recipients to control costs. The Community Care program is the primary vehicle for controlling the growth in Medicaid spending in North Carolina.

A Medical Home

The premise of *health care management* is linking patients with a *medical home* to control health care costs and improve care for Medicaid recipients. Each patient is assigned to a medical home—a primary care physician or provider who assumes responsibility to serve as a coordinator for that recipient's medical care.[42] Other health professionals such as nurses, certified nursing assistants, social workers, and lay health advisors work with the physician or provider to maintain and coordinate

and Expenditures, State Fiscal Years 1970-2007

	State Expenditures	Local Expenditures	N.C. General Fund (in millions)	Total State Budget (in millions)	State Fiscal Year
					1970
					1980
			$ 7,360.0	$ 11,996.4	1990
	$1,531,441,167	$253,995,385	14,561.7	24,290.4	2000
	1,740,075,518	310,019,848	14,350.1	24,501.7	2001
	2,004,262,173	353,624,465	15,135.3	26,565.9	2002
	2,061,550,446	371,267,939	15,205.1	27,152.6	2003
	2,164,109,962	372,120,792	15,930.8	29,397.0	2004
	2,574,797,253	427,217,872	17,107.3	31,221.5	2005
	2,916,023,074	457,929,792	18,033.9	34,539.6	2006
	3,261,308,502	464,687,167	19,319.5	36,761.0	2007

The North Carolina State Budget, Summary of Recommendations, 2009-2011, Office of State Budget and Management, Raleigh, NC, March 2009, p. 23. On the Internet at *http://www.osbm.state.nc.us/new_content/historical_budget_data.pdf,* accessed Sept. 26, 2009.

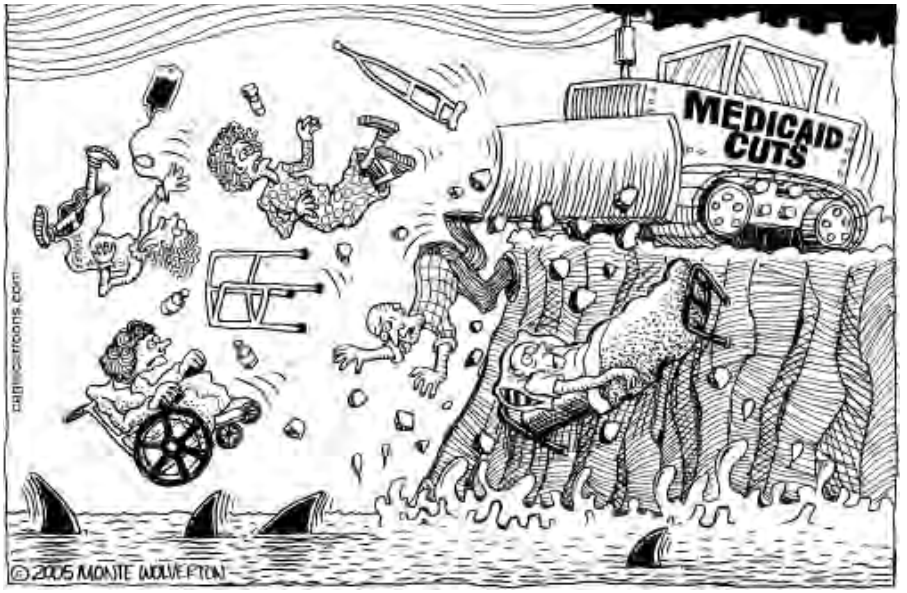
[1] Expenditures for six months: Medicaid began on January 1, 1970, and the state fiscal year ended on June 30, 1970.

Table 6. N.C. Medicaid Expenditures on the Elderly, State Fiscal Year 2006-07

Type of Service	Elderly	Percent of Total Medicaid Dollars in N.C., State Fiscal Year 2006-07
Inpatient Hospital`	$ 12,073,303	0.7
Outpatient Hospital	19,995,400	1.1
Mental Hospital	7,742,200	0.4
Physician	44,983,518	2.5
Clinics	10,735,139	0.6
Nursing Facility	894,727,384	48.9
Intermediate Care Facility for Mental Retardation	30,693,265	1.7
Dental	12,396,877	0.7
Prescribed Drugs	8,495,283	0.5
Home Health	39,390,795	2.2
Community Alternative Programs Disabled Adult	177,152,766	9.7
Community Alternative Programs Mentally Retarded	8,138,739	0.4
Personal Care	150,152,139	8.2
Hospice	37,647,128	2.1
Early and Periodic Screening, Diagnosis, and Treatment (Health Check)	64	0.0
Laboratory & Imaging Services	566,851	0.0
Adult Home Care	88,640,409	4.8
Other Services	37,305,062	2.0
TOTAL SERVICES	1,580,836,322	86.5
Medicare, Part A Premiums	50,988,814	2.8
Medicare, Part B Premiums	193,349,350	10.6
HMO Premiums	2,842,883	0.2
TOTAL PREMIUMS (see note)	247,181,047	13.5
GRAND TOTAL SERVICES AND PREMIUMS	$ 1,828,017,369	100.0
Medicare Crossovers	$ 106,041,911	
Total Elderly Recipients	151,763	
Expenditures per Recipient	11,675	
Medicare Part D Payments	$ 132,081,660	

Note: Medicare-Aid is a program that helps pay for Medicare expenses, including deductibles, premiums, and coinsurance charges for the elderly 65 and over that qualify for Medicaid.

Source: Medicaid in North Carolina, Annual Report, State Fiscal Year 2007, Division of Medical Assistance, Raleigh, NC, Dec. 2008, Table 12, p. 65. On the Internet at *http://www.dhhs.state.nc.us/dma/2007report/2007report.pdf,* accessed Sept. 26, 2009. Some numbers updated by Steve Owen, chief business operations officer for N.C. Division of Medical Assistance.



services. Case managers work with patients on improving their health. For example, in Addie Shipman's case, after she visited her primary care physician, a nurse at the physician's office would routinely call her to check on her status, and an aide would come into her home to provide one-on-one assistance.

In North Carolina, providers are part of 14 regional, community-based networks that cover all 100 counties and involve about 90 percent of the state's primary care providers (see Table 9).[43] About 925,555 of almost 1.7 million Medicaid enrollees are part of the Community Care program. The initiative has built a care management system for Medicaid recipients organized and operated by community providers.

Cost Savings of the Community Care Program

The Community Care program saves money by offering "a patient-centered form of care that replaces episodic treatment based on individual illnesses with a long-term coordinated approach."[44] The program enrolls primary care physicians "to serve as patients' gatekeepers to more specialized—and expensive—services. In return, Medicaid pays participating physicians a modest care coordination fee."[45] An article in *The New York Times* in January 2009 noted another way the Community Care program saves the state money:

Table 7. Percent of State Population Eligible for Medicaid and Percent of Recipients Who Are Elderly, 2007

N.C. Population	8,860,341
Percent Eligible for Medicaid	1,682,028
Percent of State Population Eligible for Medicaid	18.98%
Number of Elderly Eligible for Medicaid	161,722
Percent of Medicaid Recipients Who Are Elderly	9.9%

Source: Medicaid in North Carolina, Annual Report, State Fiscal Year 2007, Division of Medical Assistance, Raleigh, NC, Dec. 2008, p. 10, p. 57, p. 63. On the Internet at *http://www.dhhs.state.nc.us/dma/2007report/2007report.pdf*, accessed Sept. 26, 2009.

> The most striking difference, . . . between Community Care of North Carolina and other state Medicaid programs is the complete absence of insurance companies. Most states partner with an insurance company to deliver care to Medicaid patients; any residual profits go to the insurance company. But in North Carolina, state Medicaid administrators and health care providers manage the program exclusively and then funnel profits directly back into patient care.[46]

Jeffrey Simms, former assistant director for Medicaid in the N.C. Department of Health and Human Services, says, "At the heart of the program is a concentrated effort to improve clinical performance." Many patients experience problems taking multiple medications or seeing too many specialists, he says. Physician leaders from each Community Care network meet regularly, and physicians and personnel develop program-wide strategies to improve care.

"Community Care has taken community-based medicine and care management and implemented it statewide," says Torlen Wade, executive director of N.C. Community Care Networks, Inc. (NCCCN, Inc.). "Community-based medicine has rarely been implemented on a grand scale."

The Community Care program has piloted innovative practices in a few areas of the state and then implemented successful strategies statewide in all the networks. For example, the program piloted initiatives in dental fluoride varnishing for high-risk Medicaid recipients. Dental fluoride varnishing is a protective coating painted on teeth to help prevent new cavities from forming and to keep cavities that have already started from expanding. Now those services have been implemented statewide, says Denise Levis Hewson, the Medicaid specialist at NCCCN, Inc. Current pilot initiatives include management of chronic obstructive lung disease, congestive heart failure, depression, hypertension, and mental health services.

Leaders of the Community Care program offer up a concrete record of accomplishments. In 2003, the program's successes included a 35 percent decrease in hospitalization rates for asthma, a 13 percent decrease in emergency room utilization, and $6 million in savings from a nursing home pharmacy project that examined multiple

Alone and Old, Without a Medical Home

It does make a difference to have a doctor you know, someone you can call, someone you know will fill your prescriptions when they run out. Dennis Streets, the director of North Carolina's Division of Aging and Adult Services shares the story of an 83-year-old resident of Four Oaks in Johnston County, about 35 miles southeast of Raleigh. The woman's family physician of seven years left town to join a practice in Clayton that was not accepting any more Medicare or Medicaid patients. Shortly thereafter, the woman's endocrinologist moved to another out-of-area practice without making arrangements for her to see another doctor. The woman's daughter called all of the other medical practices in the area, but none of them were accepting Medicare or Medicaid patients. Writes the daughter, "The last office I spoke with told me that they didn't know of any doctors in the Raleigh area that were taking Medicare patients, that I would have to call Durham or Chapel Hill." But her mother is 83 years old and frail, a widow who does not drive. When the daughter called an endocrinologist to explain that her mother was low on her medication, she never heard back. Her mother just says, "What is the sense?"

—Mebane Rash

Karen Tam

medications taken by nursing home patients.[47] The Cecil Sheps Center for Health Services Research at UNC-Chapel Hill found $3.3 million in savings for the asthma management program and $2.1 million in savings for the diabetes management program in fiscal year (FY) 2001–02.[48]

Mercer Government Human Services Consulting also has been tracking estimated cost savings from the Community Care program since 2002. An actuarial study by the group found the program saved the state $60 million in FY 2002–03[49] and $124 million in FY 2003–04.[50] In FY 2004–05, the program saved $77 million to $85 million, and in FY 2005–06, it saved $154 million to $170 million.[51] Mercer released its latest report in February 2009, and it estimates that the Community Care program saved North Carolina $135 million to $149 million in FY 2006–07.[52]

The 2009 N.C. General Assembly is beginning to require comprehensive evaluation of the cost savings provided by the Community Care program. The legislature instructed the N.C. Department of Health and Human Services to identify baseline data and performances measures to be used to evaluate cost savings, and to develop data systems needed to implement the performances measures. Beginning December 31, 2010, a report on cost savings achieved by the CCNC networks will be required annually.[53]

> *"The most striking difference, … between Community Care of North Carolina and other state Medicaid programs is the complete absence of insurance companies."*
>
> —Pauline Chen

Table 8. Total Medicaid Spending, 2007

Total Medicaid Spending by State	
United States	$319,676,945,585
1. New York	44,339,402,218
2. California	35,967,973,808
3 Texas	20,590,458,601
4. Pennsylvania	15,929,772,590
5. Florida	13,583,925,509
6. Ohio	13,055,536,533
7. Illinois	12,662,317,482
8. Massachusetts	10,295,026,778
9. North Carolina	9,829,512,415
10. Michigan	9,269,125,201
11. New Jersey	8,917,247,008
12. Tennessee	7,129,518,417
13. Georgia	7,008,880,080
14. Arizona	6,617,354,876
15. Missouri	6,592,655,741
16. Minnesota	6,191,584,929
17. Washington	5,790,755,733
18. Maryland	5,435,635,386
19. Louisiana	5,382,488,715
20. Indiana	5,120,212,952
21. Virginia	4,962,886,260
22. Wisconsin	4,937,145,634
23. Kentucky	4,592,658,490
24. Connecticut	4,351,097,846
25. South Carolina	4,163,992,140

Total Medicaid Spending by State	
26. Alabama	4,117,497,718
27. Oklahoma	3,373,421,013
28. Mississippi	3,286,383,258
29. Arkansas	3,097,083,201
30. Colorado	2,927,993,070
31. Oregon	2,894,603,853
32. New Mexico	2,634,223,335
33. Iowa	2,537,531,126
34. West Virginia	2,173,717,591
35. Kansas	2,137,147,780
36. Maine	1,991,445,967
37. Rhode Island	1,727,509,804
38. Nebraska	1,536,659,100
39. Utah	1,390,594,747
District of Columbia	1,387,540,411
40. Nevada	1,243,947,007
41. New Hampshire	1,165,227,603
42. Hawaii	1,097,894,199
43. Idaho	1,096,537,275
44. Delaware	990,917,350
45. Alaska	954,000,419
46. Vermont	904,331,790
47. Montana	732,621,232
48. South Dakota	619,710,508
49. North Dakota	508,004,001
50. Wyoming	433,236,885

Note: The number listed for North Carolina in this chart is higher than the number – 9,012,613,680 – used in Table 5 from *Medicaid in North Carolina: Annual Report State Fiscal Year 2007.* In this chart, the number includes *all* state and federal expenditures. Expenditures include benefit payments and disproportionate share hospital payments, but do not include administrative costs, accounting adjustments, or the U.S. Territories.

Source: The Henry J. Kaiser Family Foundation. On the Internet at *http://www.statehealthfacts.org/comparetable.jsp?ind=177&cat=4&sub=47&yr=30&typ=4&sort=a,* accessed on Sept. 26, 2009.

Expanding the Community Care Program to Those Dually Eligible for Medicare and Medicaid

Now, the Community Care program has received permission from the federal government to serve recipients who are dually eligible—that is, those who because of their age (65 and older) and their low incomes are eligible to receive services from both the state-run Medicaid program and the federal Medicare program.[54] In early 2009, the federal Centers for Medicare and Medicaid Services (CMS) granted a 646 waiver[55] to expand the Community Care program to provide services to dually eligible patients.[56]

Working with the Office of Rural Health and Community Care, the Division of Medical Assistance, and the 14 provider networks, N.C. Community Care Networks, Inc. (NCCCN, Inc.), a private nonprofit, will administer the 646 waiver. Torlen Wade, executive director of the nonprofit, says, "We need to change the health care system from an acute care model to a continuum of care model that includes prevention, acute care, chronic care, and social supports." The 646 waiver will move dually eligible patients toward that continuum, he says. The initial three-year pilot is limited to 26 counties. After targeting dually eligible recipients in its first two years, the waiver will take the next three years of a five-year demonstration project to target the inclusion of Medicare-only recipients.

No one is sure how much money the waiver will save North Carolina, in part because the agreement between the NCCCN, Inc. and the federal Centers for Medicare and Medicaid Services has not been finalized. The waiver will encourage better care and care coordination for those that are dually eligible, an important goal in and of itself. It is expected to translate into better patient outcomes and cost savings. Allen Feezor, Deputy Secretary for the N.C. Department of Health and Human Services, says, "The savings from the waiver is to be shared between the federal Centers for Medicare and Medicaid Services and NCCCN, Inc.—based on a negotiated formula. While the state should save some money on Medicaid for its coverage of these folks, it remains to be seen how much that will be. The real plus will be better care and care coordination for these individuals, most of whom are heavy users of the health care delivery system."

Most of the cost savings from the waiver will be realized by Medicare through decreased acute care and other high-level costs. For example, an elderly person in a nursing home will have access to comprehensive care, led by the community-based

To treat, and how to treat –
Two of many hard questions.
…
Use this drug or that one? That procedure or none?
How long did s/he live, and did s/he have fun?
What function was gained? What function was lost?
And, you may wonder, how much did it cost?

—Excerpted from MEDical Treatment Effectiveness Program Poem (MEDTEPP), by Clair W. Maklan, as printed in *The Milbank Quarterly*, New York, NY, Vol. 68, No. 2, 1990, p. 170.

Table 9. Community Care Networks

1. Access Care (150 provider sites including UNC)
2. Access II Care of Western NC (Buncombe, Henderson, Madison, Mitchell, McDowell, Polk, Transylvania, and Yancey)
3. Access III of the Lower Cape Fear (Bladen, Brunswick, Columbus, New Hanover, Onslow, and Pender)
4. Carolina Collaborative Community Care (Cumberland)
5. Carolina Community Health Partnership (Cleveland and Rutherford)
6. Northwest Community Care (Davie, Forsyth, Stokes, Surry, Wilkes, and Yadkin)
7. Community Care Partners of Greater Mecklenburg (Anson, Mecklenburg, and Union)
8. Community Care of Wake and Johnston Counties (Wake and Johnston)
9. Community Care Plan of Eastern Carolina (Beaufort, Bertie, Camden, Carteret, Chowan, Craven, Currituck, Dare, Duplin, Edgecombe, Gates, Greene, Halifax, Hertford, Hyde, Jones, Lenoir, Martin, Nash, Northampton, Pamlico, Pasquotank, Perquimans, Pitt, Tyrrell, Washington, and Wilson)
10. Community Health Partners (Gaston and Lincoln)
11. Northern Piedmont Community Care (Durham, Franklin, Granville, Person, Vance, and Warren)
12. Partnership for Health Management (Guilford, Randolph, and Rockingham)
13. Sandhills Community Care Network (Harnett, Hoke, Lee, Montgomery, Moore, Richmond, and Scotland)
14. Southern Piedmont Community Care Plan (Cabarrus, Rowan, and Stanly)

Source: Community Care of North Carolina, Community Care Fact Sheet, Jan. 2009.

network that enrolls the patient. The goal is to reduce emergency room visits and other higher level and costly medical services by managing chronic diseases such as diabetes and congestive heart failure more effectively. For example, nursing home patients could have physicians, physician assistants, nurse practitioners, nurses, and other front-line health workers visiting or calling more frequently. And, potentially, every nursing home could have electronic medical records that could improve efficiency and reduce costs during hospitalizations of patients.

A Model for Health Care Reform Nationally

The Community Care program's success has garnered national attention. The Medicaid program was one of seven national winners of the 2007 Innovations in

American Government Awards from Harvard University's Kennedy School of Government. The Community Care program also received the 2007 Annie E. Casey Innovations Award in Children and Family Systems Reform. The Kaiser Commission on Medicaid and the Uninsured featured the program in its May 2009 policy paper on how Medicaid can serve as a platform for health care reform.[57] This comes as President Barack Obama is emphasizing the need for expanded health coverage for uninsured Americans as part of broader national health reform.

In the case of Addie Shipman, the Community Care program gave her greater confidence to manage her own health care, and despite her age and chronic illnesses, she was able to live at home. Nurses monitored her health and her medications through home visits and frequent phone calls. Addie said she had routine screenings and felt like the system cared for her. "The nurses help me take care of myself," she said.

PACE: Cutting Costs by Helping the Elderly Remain at Home

In addition to reducing costs for patients in nursing homes, the state also contains Medicaid costs by helping frail elderly patients avoid entering nursing homes and remain in their homes, where health care costs can be lower and outcomes often are better. The Program of All-inclusive Care for the Elderly (PACE) offers coordination of health services for frail elders who qualify for nursing home care through Medicaid but wish to remain in their homes. The PACE model began in the early

—continues on page 116

Medicaid Fraud in North Carolina

As the number of people eligible for Medicaid in North Carolina increases, so does the opportunity for financial fraud and patient abuse. At the North Carolina Attorney General's Medicaid Investigative Unit, we look into complaints, returning millions to the state and sending wrongdoers to prison.

The Medicaid Investigative Unit prosecutes cases of physical abuse of Medicaid recipients and theft of personal funds belonging to Medicaid recipients. For example, in 2009 we investigated and prosecuted state employees accused of beating patients at Cherry Hospital and other state mental health facilities.

Last year, the majority of cases involved allegations of personal care aides and mental health community support providers billing for more hours of service than they provided and recruiting recipients who did not need services; drug manufacturers engaging in the improper off-label marketing of drugs and offering kickbacks to doctors to prescribe drugs; and transportation companies billing ambulance transports that were not provided or were medically unnecessary.

It is our work to ensure that public funds dedicated to health care are used properly and to root out those who mistreat patients or rob the system. During the federal fiscal year that ended September 30, 2008, the Medicaid Investigative Unit won 17 criminal convictions and 15 civil settlements that recovered more than $52 million from Medicaid abusers. This followed several years of record-setting Medicaid fraud busts, which resulted in more than $300 million recovered over the last seven years. A review in 2007 showed that for each $1 in state funds spent on MIU operations, the state obtained $22 in recoveries for Medicaid and other related benefits. Much of the success of the Medicaid Investigative Unit is due to cooperation with federal and state partners, including other Medicaid fraud control units, the United States Attorney's Office, and the Office of Inspector General.

—Charles Hobgood

Charles Hobgood is the Director, Medicaid Investigations Unit, Office of the North Carolina Attorney General.

Profiles in Health Care

Erma Cofield of Rocky Mount is 70 years old, and she has diabetes, hypertension, and heart failure. Erma is on Medicaid and enrolled in Community Care. She lives in a home for senior citizens. She says she does not feel any stigma associated with being on Medicaid or Community Care.

Erma arrives for her appointment at Heritage Hospital Chronic Heart Failure Clinic with a plastic bag filled with all of the bottles of pills she takes. Caroline Gardner, RN, BSN, is a nurse case manager in Edgecombe County with the Community Care Plan of Eastern Carolina. She checks the medications and realizes that Erma has two bottles of the same medicine. Erma cannot read, but she had realized the names of the medications matched. If Erma had taken pills from both bottles, she would have ended up dehydrated and in the hospital. This is an example of the health benefits and cost savings provided by Community Care. Erma sees her primary care physician, but she has been referred to heart and lung specialists. This is why she often has duplicate medications. Nurse Caroline's job is to work directly with the patient to keep it all straight.

Erma used to end up in the hospital at least once a year, but it has been 18 months since she was hospitalized. "Our number one job is to keep clients out of the hospital," says Denise Poland-Torres, a Physician's Assistant with the Heart Failure Clinic.

Medicaid pays for a personal care assistant to come to Erma's home three days a week for two hours. The helper cleans, cooks, and checks Erma's sugar levels.

Erma also likes having her own nurse that she "loves to death." The relationships are close; enough so that practical jokes are not uncommon. When Caroline was visiting Erma one day, they decided to play a joke on Denise. Erma called Denise to report that she had a hot dog and a dill pickle for lunch. Denise was upset, knowing these foods are not good for Erma, given her medical conditions. Then, Erma told Denise it was a joke, and the three women are still laughing about it to this day. Erma said, "They know their stuff!" And while Erma may not know she has a "medical home" or understand what "Community Care" is, Erma knows that Caroline is her Medicaid nurse.

Karen Tam

Josephine Johnson of Tarboro is 80 years old. She was born in North Carolina, but lived in Connecticut and New York doing housework for most of her life. She lives by herself now. Her only son passed away, so she does not have family to check in on her. She has diabetes, high blood pressure, and pulmonary fibrosis.

Josephine is happy to be able to stay in her home, and she says she has no money worries when it comes to health care. She is on Medicaid, and she has been with Community Care for more than two years now. Her doctor referred her to Caroline. Josephine needs help controlling her blood sugar.

Angela Murphy is the personal care aide who comes to Josephine's home about two hours each day, seven days a week, to cook Josephine's food, help her buy groceries, and take her to the doctor's office. Angela also works with Caroline, who visits Josephine once a month.

Josephine has trouble keeping track of her medications, and she sometimes takes a medicine twice. One time, when she ran out of a medication, Caroline was able to refill it at the pharmacy and get Josephine back on the medication quickly enough that it kept her out of the emergency room. About her pills, Josephine says, "I do my best to stay on them."

Josephine loves MoonPies, and without supervision, she might eat four or five or six of them a day. Little things are monitored, but they make a big difference. Angie says, "Community Care gives a person back a part of their life."

Karen Tam

—*continued from page 111*

1970s in a San Francisco immigrant neighborhood. The immigrants viewed institutionalized care as financially unfeasible and against their culture of family care. At many PACE sites, much of the work is done through volunteers and community workers recruited by the PACE providers. These programs provide full medical services to their enrollees through their network of providers. As Medicaid recipients, PACE participants receive all services covered under the Medicaid program except emergency services.

Karen Tam

In the mid-1980s, the federal government began to look at the PACE model as a means of containing Medicare and Medicaid costs, and both government and private grantmaking foundations have experimented with PACE.[58] The federal Balanced Budget Act of 1997 authorized reimbursement for PACE programs under the Medicare program and authorized PACE as a state option under Medicaid.[59] There are currently 61 PACE projects nationally in 29 states,[60] approved by the federal Centers for Medicare and Medicaid Services (CMS). There are three in North Carolina in various stages of development: Elderhaus, Inc.; Piedmont Health Services, Inc.; and St. Joseph's of the Pines.[61]

Elderhaus: Providing Medicaid Services Through Adult Day Care

After about 10 years of planning, Elderhaus, a nonprofit adult day care program in Wilmington, received certification and approval from CMS in January 2008 to be a PACE project, and it began recruiting enrollees.[62] Elderhaus has provided adult daytime care and social services for elderly and disabled adults since 1981. Larry Reinhart, the PACE Director for Elderhaus, says PACE gives Elderhaus an entirely new role as a Medicare and Medicaid certified medical care provider. Under PACE, Elderhaus is enrolling Medicaid patients and providing all their basic medical care, personal care services, transportation, and day care, as well as occupational, physical, recreational, and other therapies. A physician and/or nurse practitioner is present every day in Elderhaus' medical facility. While most PACE programs are paired with nursing homes or hospitals, Elderhaus relies on its experience as an agency well-versed in the social and therapeutic needs of the elderly, Reinhart says, making it an exciting model for PACE and medical development. "We're working on a gravel road," he says. "It's not paved yet." Elderhaus has 31 participants enrolled as of July 2009, is enrolling about 3 to 4 new participants each month, and expects to enroll 125 participants over the next four years.

Reinhart says Elderhaus initially received referrals of patients from hospitals and emergency rooms, but now they also are getting referrals from private physicians and long-term care facilities. This is significant because it means they are getting patients in nursing homes to leave those high-cost facilities and enroll in PACE. This can happen "especially when there's motivation in the family" to have a loved one leave a nursing home to return to their or a relative's home with support provided by PACE.

Piedmont Health SeniorCare: Helping the Elderly "Age in Place"

Operated by Piedmont Health Services, a Carrboro-based nonprofit, Piedmont Health SeniorCare is the PACE program located in Burlington that serves Alamance, Caswell, and Orange counties. Using a newly renovated 15,000 square-foot facility, it enrolled its first participants in December 2008 after receiving certification by CMS in September 2008, says Marianne Ratcliffe, its executive director. As of September 1, 2009, it had 33 participants, who all have multiple chronic conditions. But instead of entering a nursing home, they are working with PACE to "age in place" by remaining

in their homes and out of costly nursing home care. The participants visit Piedmont Health SeniorCare at least once a week and as often as every weekday.

Piedmont Health SeniorCare's 20 staff members include a physician, a nurse practitioner, a registered nurse, a physical therapist, an occupational therapist, a speech therapist, an activities coordinator, a social worker, a pharmacist, and a dietician, as well as support staff and aides who assist patients and administrators. Each morning, the clinical staff reviews the day's appointments and discusses different aspects of each participant's care in an interactive case management system. The pharmacist may point out drug side effects to the physician or nurse, and the social worker may make an observation on which the physician can follow up. Piedmont hopes to enroll 150 participants eventually and expand its staff to 50 clinicians and administrative staff.

As of June 30, 2009, when there were 24 participants, 75 percent of them were female and 25 percent were male. The average participant is 75 years of age and deficient in five out of six of the Instrumental Activities of Daily Living (IADL),

Karen Tam

such as paying bills and driving; deficient in six out of eight of the Activities of Daily Living (ADL), such as feeding, bathing, and grooming; has 10 diagnoses; and enters the program on 10.67 medications. By three months into the program, the average number of medications has been reduced by 1.67, to a total of nine medications, with the hope of continuing to decrease medications. Of the 24 participants, 15 (or 62.5 percent) have some form of dementia; six are reliant on oxygen; seven utilize home care services; six are reliant on wheelchairs; 13 rely on walkers; one relies on a cane; and four walk independently (however, three of the four who walk independently require standby assistance due to wandering). Under the medical director's leadership, the interdisciplinary team is focusing its quality improvement efforts this year on preventing skin breakdowns, reducing medications, and preventing falls.[63]

Ratcliffe says North Carolina's Division of Medical Assistance has been greatly supportive of Piedmont's efforts and is encouraging the PACE model. Given the area's demographics, Piedmont hopes eventually to have multiple PACE sites in the organization's service area. "PACE is recognized as an innovative model for the most fragile clients," she says. "PACE offers the flexibility to provide preventive measures and services not normally covered by Medicare and Medicaid."

Establishing PACE Programs

PACE programs in the state have to be certified on two levels—by the Centers for Medicare and Medicaid Services at the federal level and by the N.C. Division of Medical Assistance at the state level. Each level of certification takes time. Both Reinhart and Ratcliffe say that securing funding for the start-up costs was difficult, especially given their agencies' nonprofit status. Piedmont Health SeniorCare was one of 14 programs nationally to receive $500,000 from the CMS rural grant program. They also received more than $600,000 from the Kate B. Reynolds Charitable

Karen Tam

> *PACE is recognized as an innovative model for the most fragile clients.*
>
> —Marianne Ratcliffe

Trust and The Duke Endowment, two leading foundations making grants for health care projects in North Carolina. Piedmont received additional support from the Blue Cross and Blue Shield of North Carolina Foundation. Elderhaus received $400,000 from the Kate B. Reynolds Charitable Trust and the Duke Endowment, in addition to $150,000 from the Cape Fear Memorial Foundation in Wilmington.

Reinhart says, "The outcome will be [that PACE enrollees] will spend less time in costly nursing homes." Nationally, fewer than 10 percent of PACE participants go into nursing homes, and they also have fewer emergency room visits. Less time spent in nursing homes saves Medicaid money, and fewer emergency room visits saves Medicare money.

Nationally, none of the PACE programs have failed financially and Marianne Ratcliffe says, "As a financial model, PACE has proven to be self-sustaining once start-up costs are met." PACE has the longest history of any model managing total care for the frail elderly on a fixed income. The state of Tennessee found its PACE program generated a 17 percent cost savings, and the state of Texas found a 14 percent cost savings.[64]

Michael Howard, acting director of PACE for Medicaid, said the Moses Cone Health System is working with partners to develop PACE sites in Greensboro and Charlotte. There also are feasibility studies underway by Volunteers of America, a national, faith-based nonprofit, to develop other sites in North Carolina.[65]

Federalizing Care for Those Dually Eligible for Both Medicare and Medicaid

Another potential cost-saving mechanism has been proposed by David C. Grabowski of Harvard Medical School. Grabowski says, "A more dramatic proposal . . . is to shift financial responsibility for the care of the dually eligible population, including long-term care, to the federal government. The idea is that this shift—to either Medicare or some new federal program—would improve the coordination of care for dually eligible enrollees and also offer substantial fiscal relief to the states." While the idea of federalizing care for the dually eligible originated in the early 1980s and received an endorsement in 2005 from the National Governors' Association, it has yet to garner a critical mass of political support.[66] Given the massive federal budget deficit, which just hit a trillion dollars for the first time, it is unlikely to be enacted in the foreseeable future.

Conclusion

Despite numerous health problems and some dementia, the Community Care Program enabled Addie Shipman to live at home and stay out of more costly nursing home. Up until her death, she received care from the Whiteville physician practice she called her medical home, as well as case management from Access III of the Lower Cape Fear, her Community Care network. On August 1, 2008, Addie was admitted to the hospital, and she passed away three days later.

> *We could certainly slow the aging process down if it had to work its way through Congress.*
>
> —Will Rogers

For the nation, the medical home model and emphasis on building a network of care may be important in implementing cost savings under national health care reform. On January 2,

Table 10. Fastest Growing Programs in the State Budget, Ranked by Percentage Increase

		Total Authorized State Budget, FY 2008–09	% of Authorized State Budget, FY 2008–09	% Increase from FY 2007–08
1.	Medicaid (including administration)	$ 3.2 billion	15.00%	9.04%
2.	Debt Service	0.64 billion	3.03%	5.40%
3.	Education	12.3 billion	57.38%	4.06%
4.	Total Authorized State Budget	12.3 billion		

Source: Fiscal Research Division, N.C. General Assembly, Dec. 9, 2009.

2009, Dr. Allen Dobson, chair of N.C. Community Care Networks, Inc., testified before the Committee on Health, Education, Labor, and Pensions in the U.S. Senate about state initiatives that improve health and control costs:

> We believe Community Care can serve as an important national model for healthcare reform. Community Care's local infrastructure will work in both urban and rural as well as public and private settings. The path forward for the U.S. healthcare system can clearly be informed by the important work of some of our best and most integrated healthcare systems. However the majority of the nation's healthcare is still provided in communities where there is no 'system' at all. Lessons learned in Community Care can provide a road map to organizing all local communities regardless of size in order to focus on quality, costs, and improvement in the health of its citizens.
>
> There are a number of lessons from Community Care. . . . These are 1) primary care physicians and the medical home are essential to providing improved access to care and prevention; 2) public-private partnerships that develop and strengthen local healthcare systems are important; 3) providers are best motivated when the focus is on quality, population health, and how care is delivered locally; 4) a shared responsibility and shared incentives are important; 5) the program must have flexibility that allows communities to organize themselves based on their unique characteristics and resources; 6) strong physician leadership is needed; 7) to create meaningful and lasting improvement you have to engage the physicians and other community providers who care for our patients; and 8) a portion of the savings must be reinvested to further develop local systems and programs.

Estimates of the future cost of Medicaid vary because spending on long-term care will depend on the number of elderly who qualify for assistance, the type of care the elderly will use (nursing home or in-home care), and the availability of private and public providers of care. "Absent significant changes in the availability of payment sources, future spending will continue to rely on public payers, particularly Medicaid," says Kathryn Allen, the director of health care for the Government Accountability Office.[67] *Otherwise, Medicaid spending may consume more than 6 percent of the nation's gross domestic product by 2080* (see Figure 3).

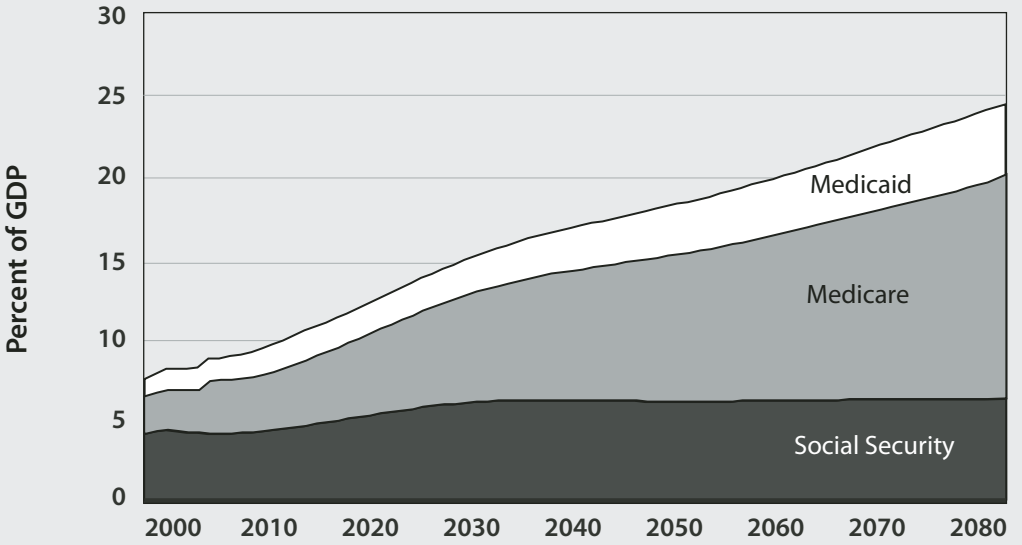
For North Carolina, it is important for the state to continue to invest in the network of care it has built through programs like Community Care and PACE, programs that both control the costs of Medicaid while providing care to those entitled to services. Physicians, state agencies, and legislators worked together to build this network for Medicaid recipients in North Carolina.[68]

According to recent estimates from the Fiscal Research Division of the N.C. General Assembly, Medicaid is the fastest-growing program in the state budget. In 2009, the authorized state budget for Medicaid was $3.2 billion, or 15 percent of the state's 21.2 billion authorized operating budget—an increase of 9 percent from 2008 (see Table 10). Medicaid is expected to be $250 million over budget by June 2010, creating a problem for next year's budget, which begins in July 2010.

"Nationally, Medicaid spending may consume more than 6 percent of the nation's gross domestic product by 2080."

Governor Beverly Perdue went to Washington, DC, in December 2009 to seek federal relief for the extra costs of the Medicaid program that are due in part to enrollment increases because people are out of work. With the first Baby Boomers turning 65 in 2011, it is time for the state to make sure it has the capacity to care for the state's low-income elderly residents in the future.

Figure 3. Federal Spending for Medicaid, Medicare, and Social Security as a Percentage of GDP, 2000 through 2080



Notes: Medicaid spending in this chart includes federal, but not state, expenditures. Social Security and Medicare projections based on the intermediate assumptions of the 2005 Trustees' Reports. Medicaid projections based on the Congressional Budget Office's (CBO) January 2005 short-term Medicaid estimates and the CBO's December 2003 long-term Medicaid projections under mid-range assumptions.

Source: GAO analysis based on data from the Office of the Chief Actuary, Social Security Administration; Office of the Actuary, Centers for Medicare & Medicaid Services; and the Congressional Budget Office.

Footnotes

[1] A. Bruce Steinwald, Director of Health Care, "Health Care Spending: Public Payers Face Burden of Entitlement Program Growth, While All Payers Face Rising Prices and Increasing Use of Services," Testimony Before the Subcommittee on Military Construction, Veterans Affairs, and Related Agencies on Appropriations, U.S. House of Representatives, Feb. 15, 2007, p. 2.

[2] John Quinterno, "The Demographics of Aging in North Carolina," *North Carolina Insight*, Vol. 23, Nos. 2-3, N.C. Center for Public Policy Research, Raleigh, NC, June 2009, p. 21. According to Jennifer Song at the N.C. Office of State Budget and Management, OSBM has changed the way it calculates projections, and projections currently are available only through July 1, 2029. The OSBM projection for the population in North Carolina aged 65 and older is 2,194,126 on July 1, 2029. On the Internet at *http://www.osbm.state.nc.us/demog/countytotals_agegroup_2029.html,* accessed on October 20, 2009.

[3] *Ibid.,* pp. 21 and 25.

[4] Inflation describes the concept of how prices rise over time. The Consumer Price Index (CPI) measures inflation as felt by consumers as they buy the goods they need to live. The most comprehensive CPI is the CPI-U, which is the all items index (including food, housing, clothing, transportation, medical care, recreation, education, and other goods and services) for urban consumers. It uses 1982–84 as the reference base where the index is 100, and it measures change in relation to that figure.

[5] Sean Keehan *et al.*, "Trends: Health Spending Projections Through 2017: The Baby-Boom Generation Is Coming To Medicare," *Health Affairs—Web Exclusive,* Bethesda, MD, Feb. 26, 2008, p. w145.

[6] *Ibid.,* p. w150.

[7] Berhanu Alemayehu and Kenneth E. Warner, "The Lifetime Distribution of Health Care Costs," *Health Services Research,* Vol. 39, Issue 3, Chicago, IL, May 2004, pp. 627–42.

[8] E. Mary Martini *et al.*, "The Boomers Are Coming: A Total Cost of Care Model of the Impact of Population Aging on Health Care Costs in the United States by Major Practice Group," *Health Services Research,* Vol. 42, Issue 1, Chicago, IL, Feb. 2007, p. 208.

[9] *Ibid.*

[10] Medicaid was established by Title XIX of the Social Security Act of 1965, 42 U.S. Code Chapter 7, Subchapter XIX, §§ 1396–1396v.

[11] *Medicaid in North Carolina,* Annual Report, State Fiscal Year 2007, Division of Medical Assistance, Raleigh, NC, Dec. 2008, p. 7. On the Internet at *http://www.dhhs.state.nc.us/dma/2007report/2007report.pdf*, accessed Sept. 26, 2009. See also N.C. Gen. Stat. 108A and N.C. Admin. Code, Title 10A, Chapters 21 and 22.

[12] Melanie Bush, Fiscal Research Division, *Medicaid Overview,* March 11, 2009, p. 3. On the Internet at *http://www.ncleg.net/fiscalresearch/frd_reports/frd_reports_pdfs/Session%20Briefings/2009%20Medicaid%200verview.pdf,* accessed Sept. 26, 2009.

[13] Council of State Governments, *Medicaid 101: A Primer for State Legislators,* Lexington, KY, Jan. 2009, p. 5. On the Internet at *http://www.csg.org/pubs/Documents/Medicaid_Primer_final_screen.pdf,* accessed Sept. 26, 2009.

[14] *Ibid.,* p. 5.

[15] Earl Dirk Hoffman, Jr. *et al.*, "Brief Summaries of Medicare & Medicaid," Office of the Actuary, Centers for Medicare & Medicaid Services, Nov. 1, 2008, pp. 21–22. On the Internet at *http://www.amsa.org/business/MedicareMedicaidSummaries2007.pdf,* accessed Sept. 26, 2009.

[16] Kaiser Commission on Medicaid and the Uninsured, "Medicaid: An Overview of Spending on 'Mandatory' vs. 'Optional' Populations and Services," Washington, DC, June 2005. On the Internet at *http://www.kff.org/medicaid/7331.pdf,* accessed on Sept. 26, 2009.

[17] *Medicaid in North Carolina 2007*, note 11 above, p. 8.

[18] The 2009 U.S. Department of Health and Human Services Poverty Guidelines. On the Internet at *http://aspe.hhs.gov/poverty/09poverty.shtml,* accessed Sept. 26, 2009.

[19] Supplemental Security Income (SSI) is a federal insurance program for those that have lost their incomes because of a disability.

[20] Council of State Governments, note 13 above, p. 7; *Medicaid in North Carolina 2007,* note 11 above, pp. 8–9.

[21] Bush, note 12 above, p. 19.

[22] Council of State Governments, note 13 above, p. 8.

[23] Rachel Brand, "Medicaid: Under the Weather," *State Legislatures,* Vol. 35, No. 4, National Conference of State Legislatures, Denver, CO, April 2009, p. 13. According to William Lamb at the UNC Institute of Aging, "North Carolina participates in the Community Alternative Program for Disabled Adults (CAP-DA). This is a Medicaid waiver program and is outside of the regular Medicaid program policies. It is possible to have waiting lists on this program, and we do, and it is possible to freeze the program when we confront a fiscal crisis, and we have. It is important to note that the institutional components of Medicaid are entitlements, but a significant portion of the home and community care 'option' is not."

[24] Council of State Governments, note 13 above, p. 8.

[25] Hoffman *et al.*, note 15 above, p. 24.

[26] Micah Hartman *et al.*, "Health Spending at a Historic Low in 2008," *Health Affairs,* Vol. 29, No. 1, Project HOPE: The People-to-People Foundation, Bethesda, MD, Jan. 2010, pp. 148 and 153. On the Internet at *http://content.healthaffairs.org/cgi/reprint/29/1/147*, accessed on Jan. 7, 2010. See also the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and the National Health Expenditure Fact Sheet, Centers for Medicare & Medicaid Services, March 11, 2009. On the Internet at *http://www.cms.hhs.gov/NationalHealthExpendData/25_NHE_Fact_Sheet.asp,* accessed Sept. 26, 2009.

[27] Email correspondence with Melanie Bush, Fiscal Research Division, N.C. General Assembly, Sept. 28, 2009. Actual expenditures for state fiscal year 2009 were $9,927,578,697, including $2,444,878,684 in state funds. Actual expenditures for state fiscal year 2008 were $9,540,256,465, including $2,776,882,395 in state funds.

[28] On the Internet at *http://aspe.hhs.gov/health/fmap10.htm,* accessed on Sept. 26, 2009.

[29] Bush, note 12 above, p. 22. North Carolina's 100 counties traditionally paid 15 percent of the non-federal share of Medicaid costs. In 2007, the N.C. General Assembly passed legislation that phases out the county portion. N.C. Session Law 2007–323, § 10.36 (a). Beginning Oct. 1, 2007, the counties paid 11.25 percent of the non-federal share; on July 1, 2008, the county share was reduced to 7.5 percent; and on July 1, 2009, the state began paying 100 percent of the non-federal share. *Medicaid in North Carolina 2007,* note 11 above, p. 31.

[30] *Medicaid in North Carolina 2007,* note 11 above, Table 10, p. 63.

[31] *Ibid.,* Table 6, p. 56.

[32] Kaiser State Health Facts, Total Number of Certified Nursing Facilities, 2008. On the Internet at *http://www.statehealthfacts.kff.org*, accessed Jan. 6, 2010.

[33] *Medicaid in North Carolina 2007,* note 11 above, Table 12, p. 65; *Medicaid in North Carolina,* Annual Report, State Fiscal Year 2006, Division of Medical Assistance, Raleigh, NC, April 2007, Table 12, p. 75. On the Internet at *http://www.dhhs.state.nc.us/dma/2006report/2006report.pdf,* accessed on Sept. 26, 2009.

[34] Dr. Dobson resigned his post as Assistant Secretary on Aug. 31, 2007, and he has returned to practicing medicine full-time in Cabarrus County. He is the chair of N.C. Community Networks.

[35] Medicaid Cost Containment Strategies in North Carolina and Other States, North Carolina Family Impact Seminar (convened by the Center for Child and Family Policy at Duke University and the School of Government at UNC-Chapel Hill), Durham, NC, May 24, 2005, pp. 14–32.

[36] Brand, note 23 above, pp. 12–16.

[37] *Ibid.,* p. 14.

[38] *Ibid.,* p. 16.

[39] *Ibid.,* p. 13.

[40] *Early History of Carolina Access,* N.C. Foundation for Advanced Health Programs, Inc., Raleigh, NC. On the Internet at *www.ncfahp.org.* For more information on the Community Care program, see Stephen Wilhide and Tim Henderson, "Community Care of North Carolina: A Provider-Led Strategy for Delivering Cost-Effective Primary Care to Medicaid Beneficiaries," American Academy of Family Physicians, Washington, DC, June 2006.

[41] The North Carolina Foundation for Advanced Health Programs is a statewide nonprofit that works to make affordable, quality health care available to everyone in North Carolina.

[42] The federal statutory definition of a medical home is "a physician practice that—(1) is in charge of targeting beneficiaries for participation in the project; and (2) is responsible for—(A) providing safe and secure technology to promote patient access to personal health information; (B) developing a health assessment tool for the individuals targeted; and (C) providing training programs for personnel involved in the coordination of care." Public Law No. 109–432, Division B, § 204 of the Tax Relief and Health Care Act of 2006, Dec. 20, 2006. See also 42 U.S.C. § 1395b-1.

[43] Data for Community Care of North Carolina provided by the N.C. Department of Health and Human Resources.

[44] John Buntin, "Health Care Comes Home," *Governing Magazine,* Washington, DC, March 1, 2009. On the Internet at *http://www.governing.com/node/633/,* accessed on Sept. 26, 2009.

[45] *History of North Carolina Medicaid Program: State Fiscal Years 1970 to 2007,* p. 13. On the Internet at *http://www.dhhs.state.nc.us/dma/pub/historyofmedicaid.pdf,* accessed Sept. 26, 2009.

[46] Pauline W. Chen, M.D., "Building a Healthy Community: One Child at a Time," *The New York Times,* New York, NY, Jan. 23, 2009. On the Internet at *http://www.nytimes.com/2009/01/23health/22chen.html,* accessed Sept. 26, 2009.

[47] Community Care Chart Reviews and Data, confirmed with Shelley Keir at Community Care of North Carolina.

[48] Thomas C. Ricketts, III *et al.*, *Evaluation of Community Care of North Carolina Asthma and Diabetes Management Initiatives: January 2000-December 2002,* N.C. Rural Health Research and Policy Analysis Program, Chapel Hill, NC, April 15, 2004, pp. 2–3. On the Internet at *http://www.shepscenter.unc.edu/research_programs/health_policy/Access.pdf,* accessed on Sept. 26, 2009.

[49] Letter to Jeffrey Simms, ACCESS Cost Savings—State Fiscal Year 2003 Analysis, June 25, 2004. On the Internet at *http://www.communitycarenc.com/PDFDocs/Mercer%20SFY03.pdf,* accessed on Sept. 26, 2009.

[50] Letter to Jeffrey Simms, ACCESS Cost Savings—State Fiscal Year 2004 Analysis, March 24, 2005. On the Internet at *http://www.communitycarenc.com/PDFDocs/Mercer%20SFY04.pdf,* accessed Sept. 26, 2009.

[51] Letter to Jeffrey Simms, CCNC/Cost Savings—State Fiscal Year 2005 and 2006 Analysis, Sept. 19, 2007. On the Internet at *http://www.communitycarenc.com/PDFDocs/Mercer%20SFY05_06.pdf,* accessed on Sept. 26, 2009.

[52] Letter to Chris Collins, CCNC/ACCESS Cost Saving—State Fiscal Year 2007 Analysis, Feb. 26, 2009. On the Internet at *http://www.communitycarenc.com/PDFDocs/Mercer%20SFY07.pdf,* accessed on Sept. 26, 2009.

[53] N.C. Session Law 2009–451 § 10.36(a)-(f).

[54] The federal Medicare program provides medical care for the elderly and covers the costs of primary and acute medical care, drug prescriptions, and other services. It often requires payment of a Medicare premium, a payment required for health care or prescription drug coverage. The state-based Medicaid program provides medical care for low-income residents, according to various state eligibility regulations. It pays for long-term nursing home care and other services for the poor older than 65 who qualify for the program.

[55] Named after section 646 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law No. 108–173.

[56] The cooperative agreement with the federal government was signed in Dec. 2009. On Jan. 1, 2010, the demonstration project began in 26 counties. For more information on the effects of care coordination for Medicare recipients, see Deborah Peikes *et al*., "Effects of Care Coordination on Hospitalization, Quality of Care, and Health Care Expenditures Among Medicare Beneficiaries," *Journal of the American Medical Association,* Vol. 301, No. 6, American Medical Association, Chicago, IL, Feb. 11, 2009, pp. 603-18.

[57] Kaiser Commission on Medicaid and the Uninsured, "Community Care of North Carolina: Putting Health Reform Ideas into Practice in Medicaid," Pub. No. 7899, May 12, 2009. On the Internet at *http://kff.org/medicaid/7899.cfm%20,* accessed on Sept. 26, 2009.

[58] More information on community-based PACE programs can be found at the National PACE Association website, on the Internet at *www.npaonline.org.*

[59] Federal Balanced Budget Act of 1997, Public Law No. 105–33.

[60] National PACE Association. On the Internet at *http://www.npaonline.org/website/article.asp?id=12,* accessed on Sept. 26, 2009.

[61] Elderhaus, Inc. of Wilmington began operation on Feb. 1, 2008, and it serves New Hanover and Brunswick counties. Piedmont Health Services, Inc. of Carrboro began operation on Oct. 1, 2008. The program is located in Burlington, and it serves Alamance and Caswell counties. St. Joseph's of the Pines in Southern Pines expects to begin operations in late 2009 or early 2010, and it plans to serve Fayetteville.

[62] *Development of PACE in North Carolina Status Report,* N.C. Division of Medical Assistance, Raleigh, NC, March 1, 2005, p. 1. See additional information on the Internet at *http://www.dhhs.state.nc.us/dma/services/pace.htm,* accessed on Sept. 26, 2009.

[63] Email correspondence with Marianne Ratcliffe.

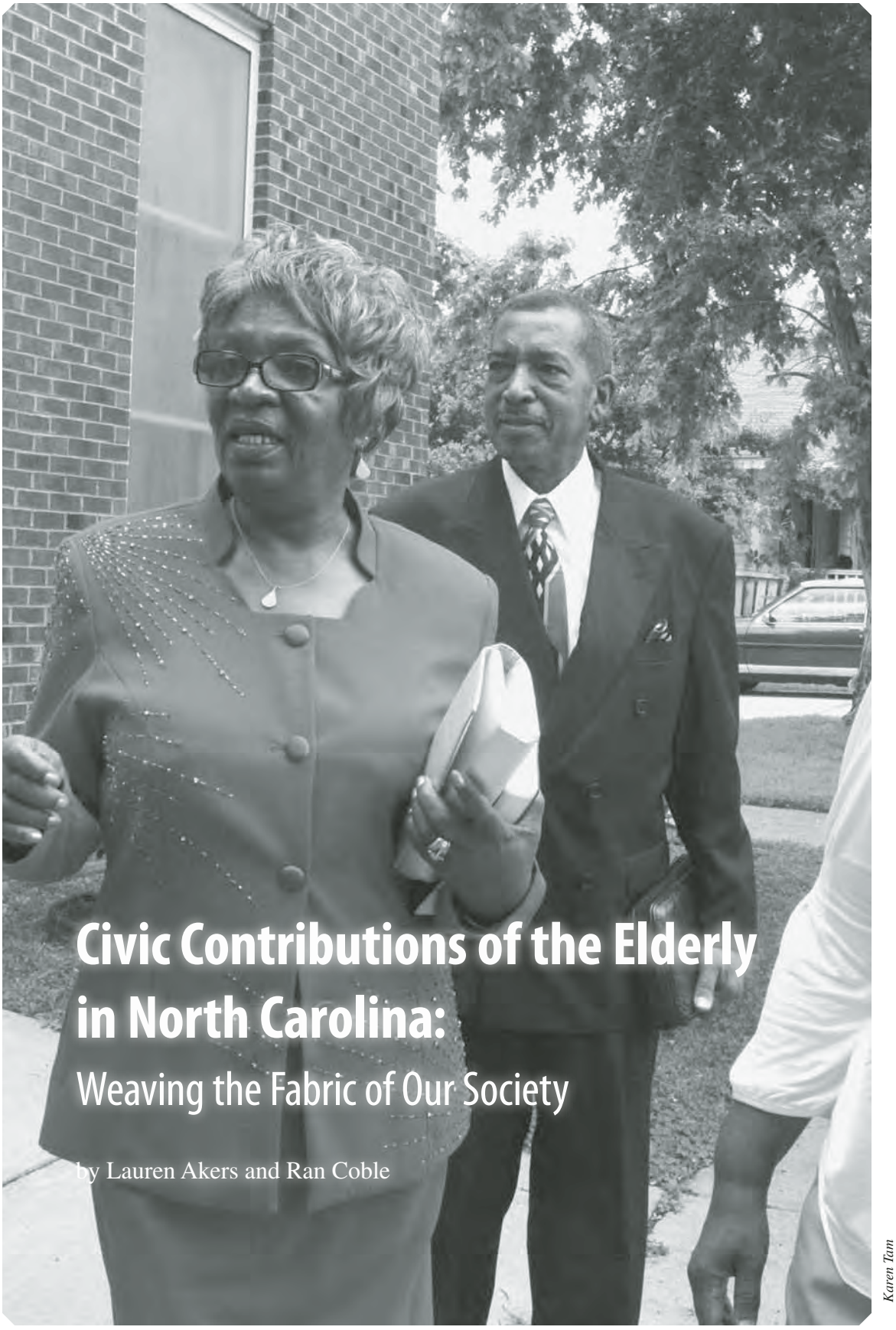
[64] "What can PACE do for your State?" On the Internet at *http://npaonline.org/website/article.asp?id=203,* accessed on Sept. 26, 2009.

[65] More information about PACE is available on the Internet at *http://www.ncdhhs.gov/dma/services/pace.htm* and *http://www.cms.hhs.gov/PACE/.*

[66] David C. Grabowski, "Medicare and Medicaid: Conflicting Incentives for Long-Term Care," *The Milbank Quarterly,* Vol. 85, No. 4, Blackwell Publishing, Malden, MA, Dec. 2007, pp. 596–97.

[67] Kathryn G. Allen, "A Look at Our Future: When Baby Boomers Retire," Presentation to the Medicaid Commission, March 14, 2006, Atlanta, GA, Slide 17. In May 2005, the Secretary of the U.S. Department of Health and Human Services established a Medicaid Commission to advise the Secretary on ways to update the Medicaid program so that it can provide high-quality health care to its beneficiaries in a financially sustainable way. On the Internet at *http://aspe.hhs.gov/medicaid/.*

[68] Chen, note 46 above.



Civic Contributions of the Elderly in North Carolina:

Weaving the Fabric of Our Society

by Lauren Akers and Ran Coble

Karen Tam

Executive Summary

Call it what you want—the Greatest Generation, the G.I. Generation, the Long Civic Generation, the World War II Generation—most people agree that the generation that lived through the Depression and World War II was something special. According to Robert Putnam, a Harvard professor, "This cohort has been exceptionally more civic—voting more, joining more, reading more, trusting more, giving more." The question is will succeeding generations continue to be as involved in civic life as the Greatest Generation.

The Baby Boomers will follow in their footsteps, and it is the contributions of everyday Baby Boomers that will be important as the country's population ages: for example, in voting, returning the census, donating money to charity, volunteering, and serving on juries. The social fabric of our society is woven as people do these things.

As North Carolina's 2.3 million Baby Boomers born between 1946 and 1964 begin to reach age 65 in 2011, the proportion of the state's population aged 65 and older, now 12 percent, will increase. By 2030, when the youngest Baby Boomers turn 65, that proportion is projected to increase to 18 percent, or 2.2 million older North Carolinians. Given the numbers, North Carolina has a vested interest in making sure that the Boomers are civically engaged.

In his seminal work called ***Bowling Alone****, Putnam argues that the health of a democracy depends upon certain forms of social capital, which "refers to connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them." As a way of measuring social capital, Putnam looks at Americans' historical levels of civic engagement through political participation; involvement in religious, community, and work-related groups; philanthropy; and volunteering.*

Voting: An Individual Right, A Collective Force

In the November 2008 elections, there were 1.14 million registered voters aged 65 and over in North Carolina. They turned out to vote at a higher percentage (76 percent) than voters statewide (70 percent). The United States Election Project does not calculate turnout based on ***percentage voting among registered voters;*** *instead, they calculate turnout as a percentage of the voting-eligible population. Using this method, the turnout nationally was 61.7 percent, and the turnout in North Carolina was 65.8 percent.*

In North Carolina, Baby Boomers constitute the largest voting bloc, and that will likely only increase as they age. Only the Millennial Generation (1977–1990) rivals the Boomers in power of the generational vote.

Census Return Rates: Older Americans Want To Be Counted

Nationwide, the final U.S. Census return rate in 2000 was 78.4 percent. Those aged 65 and older had the highest return rate:

89.1 percent. Those aged 45 to 64 followed with a return rate of 82.4 percent.

Charitable Giving: Will the Boomers Give Back?

The Center on Wealth and Philanthropy at Boston College has developed a way to estimate charitable giving. The N.C. Center for Public Policy Research commissioned them to estimate religious and secular giving to give us an idea about patterns of charitable giving by age cohort in our state.

The Center on Wealth and Philanthropy estimates that in 2002 there were 594,978 heads of household aged 50 to 59 in North Carolina, and they donated an average of $2,247 that year (3.75 percent of their income). There were 363,651 heads of household aged 60 to 69, and they gave an average of $1,680 (4.47 percent of their income). And, there were 502,046 heads of household aged 70 or older, and they gave an average of $1,334, the highest percentage of income (5.54 percent). Boomers likely will follow the normal tendency of giving a higher percentage of their income as they age.

Although those aged 70 and older give a larger percentage of their incomes, Boomers are more likely to give. In a 2008 survey, 72.8 percent of the Leading Boomers (1946–1955) had given money in the past 12 months to a nonprofit; 70.8 percent had given money to a place of worship; and 23.1 percent had given money to a political candidate or party.

Over the next several decades, the United States will see an estimated $7.2–13.7 trillion transferred from members of the World War II Generation to Baby Boomers through bequests. According to one estimate, charities nationwide could receive as much as $3 trillion between 2001 and 2010, which is nearly double the $1.6 trillion received during the 1990s. This transfer could reshape the nonprofit sector. The Boomers give less money to religious organizations than the Greatest Generation—opting to donate money to umbrella organizations that provide different services, such as the United Way or Salvation Army, and to youth and family organizations.

Volunteering: Helping Organizations and Improving Health and Well-being

Just over 25 percent of all North Carolinians volunteer. According to the Corporation for National and Community Service, in 2008, 1.7 million North Carolinians volunteered with an organization, performing 221.1 million hours of service. Nationwide, 26.4 percent of residents engaged in civic life by volunteering, attending public meetings, or working with neighbors informally to improve their communities. Of those, 35.9 percent volunteered with a religious organization and 26.7 percent with an educational service in 2008, as compared to 49.4 and 11.5 percent, respectively, in 1989. In North Carolina, almost 42 percent of those who volunteer do so with a religious organization.

In 2008, North Carolina's volunteer rate (25.3 percent) ranked 35th among the 50 states and the District of Columbia. In terms of the average annual volunteer hours per state resident, North Carolina ranked 37th at 32.1 hours per year. North

Carolina ranked 32nd in volunteer retention rates (64.5 percent), which represents the percentage of volunteers who continue their service for more than one year.

The older adult (aged 65 and older) volunteer rate in North Carolina was 22.7 percent, ranking 34th nationally. The Baby Boomer volunteer rate was higher at 29 percent, also ranking 34th nationally. Baby Boomer volunteer rates were surpassed only by college student volunteer rates in North Carolina—ranked 14th at 32.9 percent. Nationally, the volunteer rate of Baby Boomers was 30 percent, while that of college students was lower at 26.3 percent.

According to the Corporation for National and Community Service, "Baby Boomers in their late 40s to mid-50s have higher volunteer rates than past generations had at the same ages." State and local governments could leverage this trend toward rising civic engagement. Volunteering is good for the individual as well. There is a positive relationship between volunteering and better health. As they age, volunteers often have lower mortality rates, greater mobility, and lower rates of depression.

Civic Contribution Survey Results: Boomers Are Engaged

In September 2009, the Pew Internet and American Life Project released the results of a survey of Internet users and civic engagement. The Center obtained the survey responses and generated results for the questions by generation.

When considering the responses, Boomers aged 44 to 62 often appear more civically engaged than those aged 63 and over; in part, this may not be as much a generational difference as it is a result of age, health, and well-being. Even so, it is interesting to note how both generations—the Baby Boomers and the World War II Generation—choose to be engaged. For instance, between August 2007 and August 2008, almost 25 percent of Leading Boomers aged 54 to 62 attended a political meeting on local, town, or school affairs. And, 16.7 percent of the Leading Boomers were an active member of a group that tries to influence public policy or government.

For those who use the Internet, the survey also looked at the role of the Internet in civic engagement. Perhaps surprisingly, those aged 63 and over were more likely than Boomers to be engaged online. The pattern continued when respondents were asked about discussing politics and public affairs with others. For those aged 72 and over, 17.3 percent do so by Internet at least once a week, and 8.1 percent do so every day. For the Leading Boomers, they are more likely to discuss these issues in person, by phone, or in a letter: 37 percent do so at least once a week, and 22.1 percent do so every day.

Service on Jury Duty: Older Americans Are Excused

Looking around a jury room, it often seems as though a disproportionate number of jurors are aged 65 and older. But, age provides potential jurors an excuse from jury duty in 26 states: age 65 in six states, age 70 in 16 states, age 72 in two states, including North Carolina; and age 75 in two states.

Help Wanted: Boomers Needed To Stay in the Workplace, a Source of Social Capital

According to Putnam, "The American workplace generates social capital in three broad ways. First, the job is where people build trusting relationships based on mutual assistance. Second, workplaces act as recruiting grounds for individuals and community organizations that are building social capital outside the office or factory walls. Third, employers contribute as organizations—by sponsoring volunteer teams, by donating money to worthy causes, and by instituting 'work-life' programs to make it easier for employees to meet family and community obligations."

In 2007, almost four million North Carolina workers made an average of $41,499 in yearly earnings. Of those, 898,650 were younger Baby Boomers (aged 45 to 54) making the highest average yearly earnings of any age group at $51,036. The 522,639 older working Boomers (aged 55 to 64) made an average of $47,757. By contrast, there were 147,555 older adult workers (aged 65 and older) making a yearly average of $29,151.

Because more than 85 percent of Tar Heels aged 65 and over choose to exit the work force, the impending retirement of the Baby Boom generation may deprive North Carolina of the workers needed to compete economically. Thus, it is important to encourage seniors to stay in the work force longer. This may happen with the Boomers. The age for collecting full federal Social Security benefits will increase from age 65 to age 67 in 2022. And, according to the Center on Aging and Workplace Flexibility at Boston College, "A growing number of older workers are expressing an interest in retiring gradually. The passage of the [federal] Pension Protection Act as well as changes in employers' pension plans may make it possible for older workers to phase into full retirement though reduced work hours and job responsibilities." The U.S. Bureau of Labor Statistics estimates that the labor force participation rate for those aged 65 to 74 will rise from 15.2 percent in 1986 to 29.5 percent in 2016. For those aged 75 and older, the rate is projected to rise from 4 percent in 1986 to 10.5 percent in 2016. Extending retirement ages will be even more important as advances in health care continue to lead to longer life expectancies.

Lifelong Learning: Keeping Boomers in the Classroom and Civically Involved

Partly because the Baby Boomers have higher levels of education than their predecessors, the percentage of older adults with postsecondary education is projected to rise from 12 percent in 2002 to 20 percent in 2010. That percentage is expected to continue to rise dramatically. This trend might even be augmented if a high percentage of Baby Boomers seek post-retirement careers requiring continuing education.

Baby Boomers in North Carolina make up almost one-third of community college enrollment and 3.5 percent of public university enrollment. In a poll conducted during the summer of 2009, the AARP found that 21 percent of adults aged 50 to 64 were likely to go back to school this year. Of adults aged 65 and older, only 7 percent said they were likely to go back to school this year. Of those that thought they

would go back to school, the reasons varied by age group. For those aged 50–64, they were most likely to go back to school to sharpen skills that would help on the job (52 percent). For those aged 65 and older, they were overwhelmingly most likely to go back to school strictly for pleasure (71 percent). As the number of older students increases, more colleges, charities, companies, and governments may begin accommodating and even encouraging adults to return to the classroom.

Will the Baby Boomers' Civic Contribution Be Great?

Despite their advancing age, the World War II Generation continues to be civically engaged. They vote at higher rates than the population at large. They return the census at higher rates than other age groups. They give a higher percentage of their income to charity. And, they are more likely than Baby Boomers to be civically engaged online.

As we evaluate the civic engagement of the Boomers as they age, it will be important to consider both their individual and collective contributions. More than 80 percent of Boomers return the census. Boomers give more and are more likely to give than those aged 63 and older. They have higher volunteer rates than earlier generations did at their age. In large numbers, Boomers attend political meetings and belong to groups that try to shape public policy.

Boomers may alter our concept of retirement if they choose to work later in life. They may go back to school. Many will volunteer or give money to a charity, and they may reshape the giving patterns and the nonprofit sector by supporting a broader range of nonprofits. They may vote more. And in the process, collectively they may generate different ways of creating a very precious commodity—social capital.

Call it what you want—the Greatest Generation, the G.I. Generation, the Long Civic Generation, the World War II Generation—most people agree that the generation that lived through the Depression and World War II was something special (see Table 1). Born in 1945 and earlier, they invented vaccines and launched rockets. Charles Schulz gave us Snoopy, and Walt Disney gave us Mickey Mouse. Joe DiMaggio of the New York Yankees gave us a 56-game hitting streak in baseball, still a record 69 years later. And, six American presidents were members of this generation: Dwight Eisenhower, John F. Kennedy, Richard Nixon, Jimmy Carter, and George H.W. Bush. "This cohort has been exceptionally more civic—voting more, joining more, reading more, trusting more, giving more."[1] The question is will succeeding generations continue to be as involved in civic life as the Greatest Generation.

> *... while the state's population as a whole will increase by an estimated 55 percent between 2000 and 2030, the population aged 65 and older will grow by 125 percent and the population aged 85 and older by 137 percent.*

The Baby Boomers will follow demographically in their footsteps, and the contributions of the Boomers to the world as we know it are undeniable already. Bill Gates is a Baby Boomer. He gave us Microsoft. Steve Jobs is a Boomer. Thanks to him we have Apple computers, iPods, iTouches, and iPhones. Oprah and Madonna are Boomers. Bill Clinton, George W. Bush, and Barack Obama are Baby Boomers. Michael Jordan, perhaps North Carolina's most famous Boomer, is a member of the Basketball Hall of Fame and arguably the best basketball player of all time.

But it is the contributions of everyday Baby Boomers that will be more important as the country's population ages: for example, in voting, returning the census, donating money to charity, volunteering, and serving on juries. The hard work of being a citizen. The social fabric of our society is woven as people do these things. But given the Boomers reputation for individualism,[2] the question is how involved will they choose to be as they age?

As the state's 2.3 million Baby Boomers born between 1946 and 1964 begin to reach age 65 in 2011, the proportion of the state's population aged 65 and older, now 12 percent, will increase. [3] By 2030, when the youngest Baby Boomers reach retirement age, that proportion is projected to increase to 18 percent, or 2.2 million older North Carolinians.[4] In other words, while the state's population as a whole will increase by an estimated 55 percent between 2000 and 2030, the population aged 65 and older will grow by 125 percent and the population aged 85 and older by 137 percent.[5] Given the numbers, North Carolina has a vested interest in making sure that the Boomers are civically engaged.

Meet Bobbie and Bernard Jones. Bobbie is a Boomer. Born in 1948, she is 61 years old. Bernard is 68 years old, a member of the World War II Generation. They live in College Park, a neighborhood in central Raleigh. Even as Bernard has struggled with cancer, the couple pushes each other to be involved in the community. Bobbie says, "I have always felt that it is my place to do what I can to help and to make the world a better place. The Golden Rule is to 'do unto others as you would have them do unto you.' It does not always work out that way, but at least I will know that I did my part. That is what's so special about Bernard and myself—I get on him for doing so much for people, and he gets on me for the same thing. We try our best to make it better for someone every day."

In his seminal work called *Bowling Alone,* Robert Putnam argues that the health of a democracy depends upon certain forms of social capital, which "refers to connections among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them."[6] As a way of measuring social capital, Putnam looks at Americans' historical levels of civic engagement through political participation; involvement in religious, community, and work-related groups; philanthropy; and volunteering.[7] Putnam shows that volunteering is related to good citizenship, as

---

Lauren Akers is a policy analyst living in Chapel Hill. Ran Coble is the executive director of the N.C. Center for Public Policy Research.

volunteers are more interested in politics and less cynical about political leaders than non-volunteers.[8] Putnam also says that community involvement is the most consistent predictor of giving time and/or money.[9] In other words, civic engagement generates social capital, and the production of social capital spurs on the production of even more social capital. So, he argues the more civically engaged (or socially integrated) older adults become, the better off our society will be.

> *"... the more civically engaged older adults become, the better off our society will be."*

Voting: An Individual Right, A Collective Force

Number 437. That was Bobbie's number at her precinct in the November 2008 election. She took three people with her to the polls that day. None of them had ever voted before. Bobbie says, "Voting is very important to me. Consider this. If you don't vote, I don't need to hear your complaints!"

In the November 2008 elections, there were 1.14 million registered voters aged 65 and over in North Carolina. They turned out to vote at a higher percentage (76 percent) than voters statewide (70 percent). Male voters aged 65 and over had a turnout rate of 78 percent (see Table 2). The United States Election Project does not calculate turnout based on *percentage voting among registered voters;* instead, they calculate turnout as a *percentage voting of the voting-eligible population.* Using the latter method, the turnout nationally was 61.7 percent, and the turnout in North Carolina was 65.8 percent.[10]

Despite his advancing cancer, Bobbie and Bernard are active in the community.

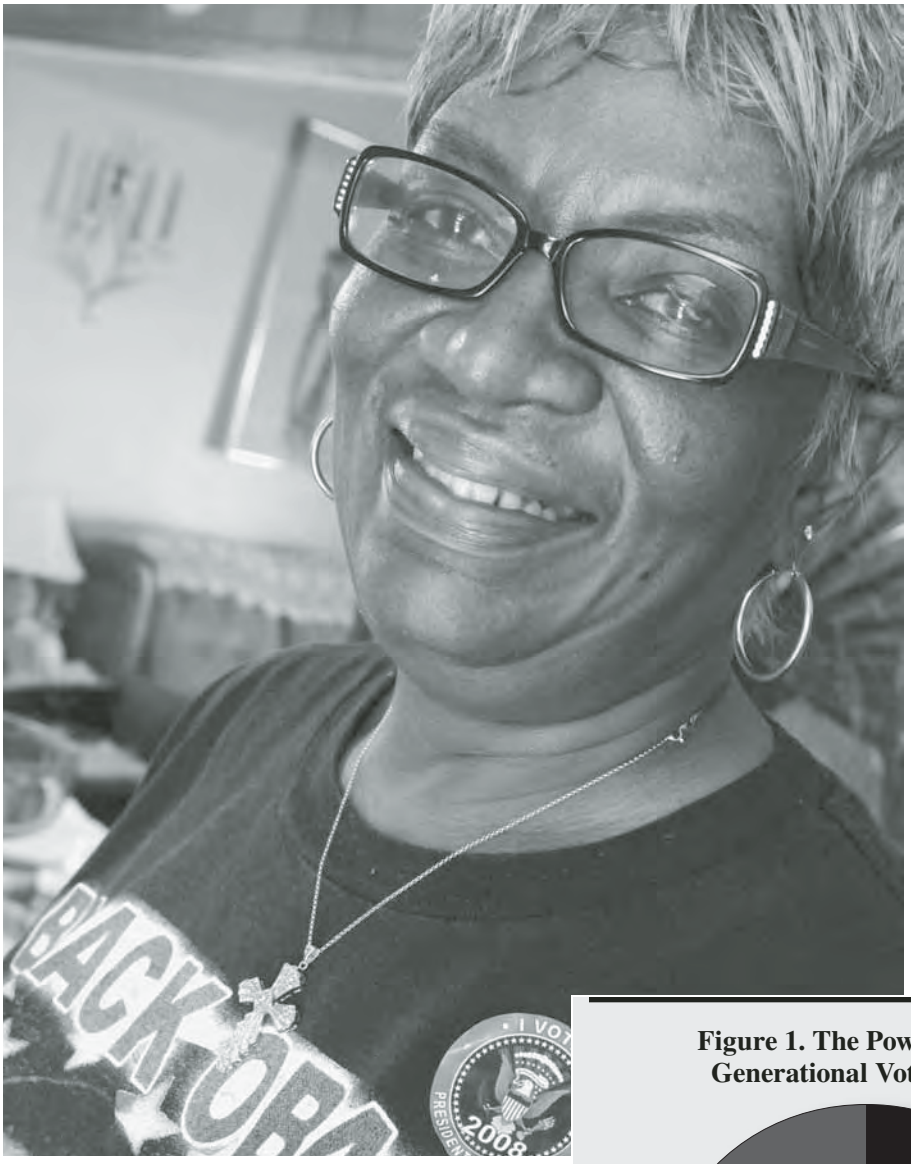
Karen Tam

Table 1. American Generations, 2009

Cohort	Birth Years	Ages in 2009	Size	Events in Late Adolescence and Early Adulthood
Millennials / Gen Y	1977-90	19-32	About 58 million	Late 1990s economic boom, Clinton presidency, George W. Bush presidency, 9/11, Iraq War, Hurricane Katrina
Gen X	1965-76	33-44	About 50 million	Reagan presidency, fall of Berlin Wall, George H.W. Bush presidency, low inflation, AIDS, Gulf War
Late Boomers / Trailing Boomers / Generation Jones	1956-64	45-53	About 41 million	Iran hostage crisis, high inflation
Early Boomers / Leading Boomers	1946-55	54-63	About 37 million	Vietnam War; end of civil rights movement; Assassinations of John Kennedy, Robert Kennedy, and Martin Luther King, Jr.; Nixon presidency; Watergate scandal; women's rights movement
World War II Generation /Long Civic Generation[1]	1945 and earlier	64 and older	About 48 million	Depression, World War II, Cold War, start of civil rights movement, economic boom of 1950s

Source: Excerpted from Scott Keeter, "The Aging of the Boomers and the Rise of the Millennials," in Ruy Teixeira, ed., *Red, Blue & Purple America,* Brookings Institution Press, Washington, DC, 2008, Table 7-1, p. 226.

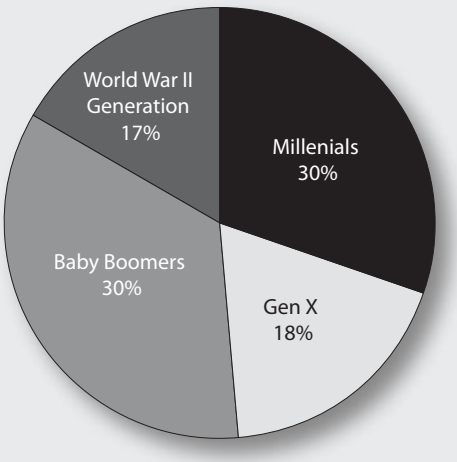
[1] Also broken down into two generations: the G.I. Generation or Greatest Generation, 1901-24; and the Silent Generation, 1925-45.



Karen Tam

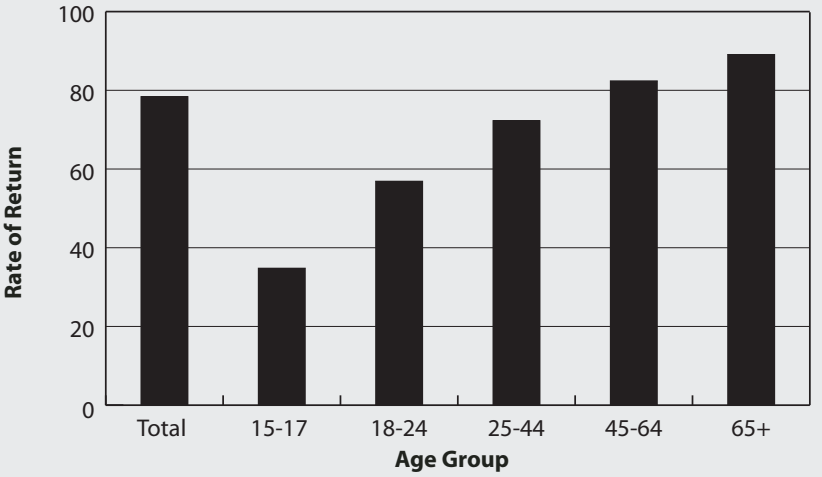
"As people age, their propensity to vote goes up. . . . With the expected rise in the proportion of the elderly in the population, and given their higher voting rates, the issues that affect senior citizens will gain greater importance."[11] An AARP (American Association of Retired Persons) Bulletin says that "[b]y using our voices and votes to cut through political gridlock, we can give the country a gift that will last for generations to come."[12] Only the Millennial Generation (1977–1990) rivals the Boomers in power of the generational vote (see Figure 1). In North Carolina, Baby Boomers constitute the largest voting bloc, and that will likely only increase as they age.

Figure 1. The Power of the Generational Vote, 2008



Source: U.S. Census Bureau, Current Population Survey, Table 1, Reported Voting and Registration, by Sex and Single Years of Age, Nov. 2008, released on the Internet in July 2009.

Figure 2. Final U.S. Census Return Rates, by Age Group, 2000



Source: Herbert F. Stackhouse and Sarah Brady, "Census 2000 Mail Return Rates," Final Report, U.S. Census Bureau, Washington, DC, Jan. 30, 2003, Table 8, p. 19.

Table 2. Voter Turnout Percentages for Age 65 and Over in North Carolina, November 2008

	Total Voters	Registered Voters	Turnout Percentage
North Carolina	**4,354,052**	**6,262,566**	**70%**
Age 65 and over	**868,889**	**1,140,618**	**76%**
Democrats	471,528	630,610	75%
Republicans	288,206	364,358	79%
Unaffiliated	109,023	145,470	75%
Libertarian	132	180	73%
Black	134,686	176,568	76%
White	716,935	938,490	76%
American Indian	3,743	6,264	60%
Asian	1,892	2,680	71%
Multi-Race	589	757	77%
Hispanic	2,366	3,431	76%
Female	482,878	645,519	75%
Male	382,657	490,456	78%

Source: Based on data provided by Jacque Blaeske, N.C. State Board of Elections.

Census Return Rates: Older Americans Want To Be Counted

Nationwide, the final U.S. Census return rate in 2000 was 78.4 percent. Those aged 65 and older had the highest return rate: 89.1 percent. Those aged 45 to 64 followed with a return rate of 82.4 percent (see Figure 2).

Mandated by Article I, section 2 of the United States Constitution, the census is a headcount of everyone residing in the United States. It includes people of all ages, races, ethnic groups, citizens, and non-citizens. The next census will be in 2010.[13]

Neither Bobbie nor Bernard remembers seeing a census form in 2000. They don't think they received one in the mail. And, they don't remember anybody coming door-to-door to make sure they were counted. In fact, Bobbie and Bernard do not think that either of them has ever seen or filled out a census form. Bobbie says, "The census is important to me. I want to be counted."

"We turn not older with years, but newer every day."
—Emily Dickinson

Charitable Giving: Will the Boomers Give Back?

> [R]esearch suggests there is a strong connection between volunteering and giving. Thus, it makes sense to find ways of encouraging substantial volunteering because it will produce substantial in-kind gifts and could simultaneously produce considerable monetary gifts.
>
> –*Keeping Baby Boomers Volunteering*[14]

The Center on Wealth and Philanthropy at Boston College has developed a way to estimate charitable giving. The N.C. Center for Public Policy Research commissioned them to estimate religious and secular giving in North Carolina by age and also by income, marital status, education, and race (see Table 3). The research is based on 2002 data and dollars, but it gives an idea about patterns of charitable giving in our state.[15]

Karen Tam

Table 3: Estimated Religious and Secular Giving for North Carolina

	Number of Households	Average Household Income	Average Giving per Household	Average % of Income Given	
Income					
Less than $10,000	363,654	$5,085	$513	9.54%	
$10,000 - $24,999	760,833	$17,196	$616	3.76%	
$25,000 - $49,999	927,012	$36,174	$1,367	3.71%	
$50,000 - $99,999	870,248	$70,102	$2,218	3.16%	
$100,000 - $149,999	239,965	$118,426	$2,631	2.24%	
$150,000 - $199,999	79,526	$167,983	$4,126	2.45%	
$200,000 or More	63,750	$346,903	$10,771	2.97%	
ALL	3,304,988	$52,455	$1,664	3.94%	
Age					
Under Age 40	1,184,473	$46,993	$1,298	3.37%	
Age 40-49	659,840	$66,426	$2,036	3.62%	
Age 50-59	594,978	$71,656	$2,247	3.75%	
Age 60-69	363,651	$46,455	$1,680	4.47%	
Age 70 or Older	502,046	$28,572	$1,334	5.54%	
ALL	3,304,988	$52,455	$1,664	3.94%	
Marital Status					
Married	1,720,391	$70,343	$2,219	3.72%	
Not Married Male	597,881	$42,705	$1,290	3.54%	
Not Married Female	986,716	$27,175	$922	4.60%	
ALL	3,304,988	$52,455	$1,664	3.94%	
Education					
No HS Diploma	653,839	$26,312	$830	4.40%	
HS Diploma	1,570,659	$44,177	$1,453	3.97%	
Associate Degree	269,682	$61,937	$1,966	3.67%	
Bachelors Degree	556,390	$78,740	$2,240	3.55%	
Masters Degree	168,746	$93,978	$3,261	3.84%	
Prof Degree – MD, JD	55,260	$140,466	$4,567	3.46%	
Doctorate	30,412	$86,780	$3,145	4.24%	
ALL	3,304,988	$52,455	$1,664	3.94%	
Race/Ethnicity*					
Non-Latino					
White	2,400,669	$57,259	$1,760	3.93%	
African American	688,261	$39,329	$1,563	4.23%	
Asian	49,850	$35,304	$1,323	3.53%	
Native American	72,944	$31,385	$983	4.22%	
Latino	127,055	$45,775	$747	2.47%	
ALL	3,304,988	$52,455	$1,664	3.94%	

Source: Calculated at Center on Wealth and Philanthropy based on data from 2003 Panel Study of Income Dynamics, 2003 Current Population Survey, and IRS Federal Income Tax data for 2003.

by Income, Age, Marital Status, Education, and Race (2002 Dollars)

	Average Amount Given to Religion	% of Income Given to Religion	Average Amount of Secular Giving	% of Income to Secular Giving
	$283	5.21%	$230	4.33%
	$419	2.54%	$196	1.22%
	$732	1.99%	$635	1.73%
	$1,385	1.95%	$834	1.21%
	$1,295	1.11%	$1,336	1.12%
	$1,840	1.08%	$2,287	1.36%
	$2,358	0.83%	$8,413	2.15%
	$881	2.29%	$782	1.66%
	$648	1.66%	$651	1.71%
	$1,086	2.03%	$950	1.58%
	$1,066	2.16%	$1,181	1.59%
	$954	2.82%	$726	1.65%
	$892	3.84%	$442	1.70%
	$881	2.29%	$782	1.66%
	$1,304	2.41%	$915	1.31%
	$438	1.56%	$852	1.98%
	$413	2.52%	$510	2.08%
	$881	2.29%	$782	1.66%
	$542	2.82%	$288	1.58%
	$823	2.29%	$630	1.68%
	$1,174	2.23%	$792	1.43%
	$1,132	1.94%	$1,109	1.62%
	$1,207	1.72%	$2,053	2.13%
	$1,252	1.67%	$3,314	1.78%
	$1,565	2.17%	$1,581	2.07%
	$881	2.29%	$782	1.66%
	$888	2.28%	$872	1.66%
	$979	2.57%	$584	1.66%
	$921	2.35%	$401	1.18%
	$440	1.49%	$543	2.74%
	$374	1.09%	$373	1.38%
	$881	2.29%	$782	1.66%

This work was partially underwritten by a grant from The Boston Foundation.

* Race totals are greater than the number of households because a person can identify as more than one race.

The Center on Wealth and Philanthropy estimates that in 2002 there were 594,978 heads of households aged 50 to 59 in North Carolina, and they donated an average of $2,247 that year (3.75 percent of their income). There were 363,651 heads of households aged 60 to 69, and they gave an average of $1,680 (4.47 percent of their income). And, there were 502,046 heads of households aged 70 or older, and they gave an average of $1,334, the highest percentage of income (5.54 percent).[16] Boomers likely will follow the normal tendency of giving a higher percentage of their income as they age.

Although those aged 70 and older give a larger percentage of their incomes, Boomers are more likely to give. In a 2008 survey, 72.8 percent of the Leading Boomers (1946–1955) had given money in the past 12 months to a nonprofit; 70.8 percent had given money to a place of worship; and 23.1 percent had given money to a political candidate or party (see Table 4).

Even when times are tight, Bobbie Jones figures out a way to tithe between $150–300 each month to her church. Her husband, Bernard, won't tell how much he tithes.

Table 4. Giving Survey Results, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you contributed money to a political candidate or party, or any other political organization or cause?	Yes	21.5%	21.5%	23.1%	19.6%
	No	78.4%	78.0%	76.6%	79.9%
In the past 12 months, have you contributed money, property, or other items to your church, synagogue, mosque, or other place of worship?	Yes	65.1%	66.1%	70.8%	60.0%
	No	34.6%	33.9%	29.0%	39.7%
In the past 12 months, have you contributed money, property, or other items to a charity or nonprofit organization OTHER THAN your church or place of worship?	Yes	60.9%	68.40%	72.8%	67.8%
	No	38.5%	31.6%	26.7%	31.8%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

Karen Tam

Not even Bobbie knows. The couple also finds a way to give money to the Salvation Army, the Red Cross, Amateur Athletic Union basketball, soldiers in Iraq, and to Women and Families of Domestic Violence. Saving money so there is money to give is a priority for both of them.

Over the next several decades, the United States will see an estimated $7.2–13.7 trillion transferred from members of the World War II Generation to Baby Boomers through bequests.[17] According to one estimate, charities nationwide could receive as much as $3 trillion between 2001 and 2010, which is nearly double the $1.6 trillion received during the 1990s.[18] This transfer "could influence the average retirement age (enabling some Baby Boomers to accelerate their retirements)" and reshape the nonprofit sector.[19] The Boomers give less money to religious organizations than the Greatest Generation—opting to donate money to umbrella organizations that provide different services, such as the United Way or Salvation Army, and to youth and family organizations.[20]

Volunteering: Helping Organizations and Improving Health and Well-being

> Baby Boomers—the generation of 77 million Americans born between 1946 and 1964—represent a potential boon to the volunteer world. Based on U.S. Census data, the numbers of volunteers age 65 and older will increase 50 percent over the next 13 years, from just under 9 million in 2007 to more than 13 million in 2020. What's more, that number will continue to rise for many years to come, as the youngest Baby Boomers will not reach age 65 until 2029.
>
> *–Keeping Baby Boomers Volunteering* [21]

Just over 25 percent of all North Carolinians volunteer (see Table 5).[22] According to the Corporation for National and Community Service, in 2008, 1.7 million North Carolinians volunteered with an organization, performing 221.1 million hours of service. Nationwide, 26.4 percent of residents engaged in civic life by volunteering, attending public meetings, or working with neighbors informally to improve their communities.[23] Of those, 35.9 percent volunteered with a religious organization and 26.7 percent with an educational service in 2008, as compared to 49.4 and 11.5 percent, respectively, in 1989.[24] In North Carolina, almost 42 percent of those who volunteer do so with a religious organization.

In 2008, North Carolina's volunteer rate (25.3 percent) ranked 35th among the 50 states and the District of Columbia. In terms of the average annual volunteer hours per state resident, North Carolina ranked 37th at 32.1 hours per year. North Carolina ranked 32nd in volunteer retention rates (64.5 percent), which represents the percentage of volunteers who continue their service for more than one year.[25]

The older adult (aged 65 and older) volunteer rate in North Carolina was 22.7 percent, ranking 34th nationally. The Baby Boomer volunteer rate was higher at 29 percent, also ranking 34th nationally. Baby Boomer volunteer rates were surpassed only by college student volunteer rates in North Carolina—ranked 14th at 32.9 percent. Nationally, the volunteer rate of Baby Boomers was 30 percent, while that of college students was lower at 26.3 percent (see Figure 3).[26] According to the Corporation for National and Community Service, "Baby Boomers in their late 40s to mid-50s have higher volunteer rates than past generations had at the same ages."[27] It makes good sense for "state and local governments [to] leverage this trend toward rising civic engagement and philanthropy to meet the mounting responsibilities in the face of declining resources as a ratio of government expenditure."[28]

By and large, it is in North Carolina's interest to encourage older adults to volunteer. Volunteer opportunities provide an arena in which older adults may contribute their time and energy to society, which in turn invigorates volunteers' health and well-being.[29] In a research brief on the health benefits of volunteering, the Corporation

Acknowledgments of a lifetime of community service by Bobbie and Bernard Jones

Karen Tam

Volunteerism Is a "Must Do:" North Carolina Needs To Get Involved

Surveys show that those aged 50 and older are volunteering at record levels and have plans to do more in retirement. State, municipal, and nonprofit leaders are beginning to recognize their potential to increase volunteerism and their ability to use this desire to give back as a catalyst to solve social problems. For example, AARP was instrumental in working with 18 mayors who gathered in New York City on September 10, 2009, to recognize that the service of volunteers is critical to address issues such as education, health, and financial insecurity. Knowing this, California and New York have elevated their Office of Volunteerism to cabinet-level positions in their state governments. The goal is to change the perception of service and volunteerism from "nice to do" to "must do."

"The goal is to change the perception of service and volunteerism from "nice to do" to "must do."

Leadership is necessary to harness the service potential to build livable communities, to encourage positive social change, and to drive innovation in the marketplace. AARP's research indicates that the primary reason people do not volunteer is that no one has asked them! Nearly seven in 10 non-volunteers have never been asked.

AARP is strengthening our capacity to ask. Currently we are targeting two new approaches to expand engagement opportunities. First, we are a major sponsor of a new coalition called ServiceNation, which works with more than 100 other groups to solve problems through civic engagement and citizen service. We are also initiating a new online community destination called *AARP.org/CreatetheGood* to encourage individuals to get involved on their own schedules and according to their own interests. The name "Create the Good" comes from a quote from AARP's founder, Dr. Andrus: "The challenge, to live up to our better selves, to believe well of our fellow men and perhaps by doing so, to help create the good."

"...the idea is to 'leverage boomer talent to improve the quality of life in communities nationwide—in other words, to generate an experience dividend.'

If North Carolina is to realize the potential inherent in the talents and wisdom of older citizens, then it must have an effective system in place to develop opportunities for engagement, seek out volunteers, and help make those connections. According to a report titled *Building an Experience Dividend: State Governments Lead the Call to Engage Boomers,* the idea is to "leverage boomer talent to improve the quality of life in communities nationwide—in other words, to generate an experience dividend."[1] This is the cutting edge of civic engagement, which has the ability to be a major force for positive social change, social entrepreneurship, and personal growth in our state, the nation, and the world.

—Bonnie Cramer

[1] John Greenya with Ilana Golin, "Building an Experience Dividend: State Governments Lead the Call to Engage Boomers," Civic Ventures, Washington, DC, 2008, p. 4.

Bonnie Cramer lives in Raleigh. She spent a decade working as North Carolina's Director of the Division of Aging, and from 2008-10, she is the national board chair of AARP. See also Bonnie Cramer, MSW, "Creating the Good: Americans Aged 50 and Older as Agents for Change," North Carolina Medical Journal*, Vol. 69, No. 5, North Carolina Institute of Medicine, Morrisville, NC, Sept./Oct. 2008, pp. 374–76.*

Table 5. National and State Volunteering, by Age Cohort, 2008

	U.S.	N.C.	N.C. Rank
Volunteer rates	26.4 %	25.3 %	35
Volunteer hours per resident	34.7	32.1	37
Volunteer retention rates	64.5 %	64.5 %	32
Older adult volunteer rates	26.4 %	22.7 %	34
Baby Boomer volunteer rates	30.0 %	29.0 %	34
Young adult volunteer rates	26.4 %	20.6 %	36
College student volunteer rates	26.3 %	32.9 %	14

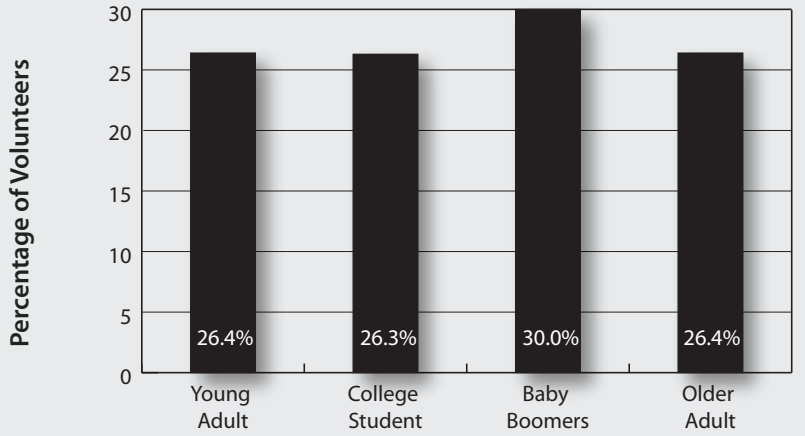
Note: Rates and rankings are based on a three-year moving average.

Source: Volunteering in America Website, Corporation for National and Community Service, Washington, DC. On the Internet at *http://www.volunteeringinamerica.gov/rankings/States/Volunteer-Rates/2008*, accessed on Oct. 20, 2009.

for National and Community Service found, "While these volunteer activities may be performed with the core intention of helping others, there is also a common wisdom that those who give of themselves also receive." Social benefits include "the positive feeling referred to as 'helper's high,' increased trust in others, and increased social and political participation." But research also established "a strong relationship between volunteering and health: those who volunteer have lower mortality rates, greater

Karen Tam

Figure 3. U.S. Volunteering Rates by Generation, 2008



Note: Rates and rankings are based on a three-year moving average.

Source: Volunteering in America Website, Corporation for National and Community Service, Washington, DC. On the Internet at *http://www.volunteeringinamerica.gov/rankings/States/Volunteer-Rates/2008*.

functional ability, and lower rates of depression later in life than those who do not volunteer."[30]

Although the rate of volunteering at a religious organization may be declining nationally, it is still a priority for Bobbie Jones and for many North Carolinians. Bobbie has been a member of Smith Temple Freewill Baptist Church in Raleigh all of her life. Her family—she was one of 10 children—helped establish the church. Bobbie loves to usher, and she and her husband, Bernard, take great pride in setting the church up for meals for members of the church. But several times each year, Bobbie and Bernard also invite the homeless into their home to feed them a meal.

This type of volunteering, a less formal way of serving the community, is on the rise nationally. "[Thirty-one] percent more Americans worked with their neighbors in 2008 than 2007," according to the Corporation for National and Community Service.[31] Putnam's *Bowling Alone* confirms this trend: "[I]ndividualized civic acts . . . have diminished less rapidly than collective civic acts," and "individualized acts of benevolence . . . have resisted the nationwide decline in civic involvement."[32]

Civic Contribution Survey Results: Boomers Are Engaged

In September 2009, the Pew Internet and American Life Project released the results of a survey on Internet use and civic engagement.[33] The Center obtained the survey responses and generated results for the questions by generation.

When considering the responses, Boomers aged 44 to 62 often appear more civically engaged than those aged 63 and over; in part, this may not be as much a generational difference as it is a result of age, health, and well-being. Even so, it is interesting to note how both generations—the Baby Boomers and the World War II Generation—choose to be engaged. For instance, from August 2007 to August 2008, almost 25 percent of Leading Boomers aged 54 to 62 attended a political meeting on local, town, or school affairs. And, 16.7 percent of the Leading Boomers were an active member of a group that tries to influence public policy or government (see Table 6).

Table 6. Survey Results on Civic Participation, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you attended a political rally or speech?	Yes	9.9%	12.9%	12.5%	11.1%
	No	89.5%	86.1%	87.4%	88.9%
In the past 12 months, have you attended a political meeting on local, town, or school affairs?	Yes	14.6%	17.6%	24.9%	24.8%
	No	85.0%	82.2%	74.9%	75.2%
In the past 12 months, have you worked or volunteered for a political party or candidate?	Yes	6.4%	6.8%	9.9%	6.4%
	No	93.3%	93.2%	90.1%	93.6%
In the past 12 months, have you made a speech about a community or political issue?	Yes	3.2%	3.9%	6.5%	5.6%
	No	96.5%	96.1%	93.2%	94.1%
In the past 12 months, have you been an active member of any group that tries to influence public policy or government, not including a political party?	Yes	6.2%	13.4%	16.7%	15.4%
	No	93.5%	86.6%	82.9%	84.5%
In the past 12 months, have you called into a live radio or TV show to express an opinion?	Yes	2.5%	3.2%	9.4%	7.1%
	No	97.0%	96.8%	90.6%	92.9%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

For those who use the Internet, the survey also looked at the role of the Internet in civic engagement.[34] Perhaps surprisingly, those aged 63 and over were more likely than Boomers to be engaged online. For those aged 63 to 71, 39.2 percent had sent an email to a national, state, or local government official about an important issue, and 23.9 percent had signed a petition online. They were more likely to send a letter to the editor via email than regular mail (14.3 percent compared to 4.9 percent). And yet only 3.7 percent of those aged 63 to 71 in 2008 had posted comments on a website or blog about a political or social issue (compared with 9.1 percent for Leading Boomers; see Tables 7–10).

Bobbie uses the Internet to raise money online for charities. Most recently, she sent an email to 72 of her friends and family to help raise money for the National Foundation for Transplants. Alice Myatt, the sister of a friend of hers from grade school, needed a kidney transplant. In addition to donations, Bobbie hoped to generate support for a cookout and yard sale to raise money for NFT's North Carolina Kidney Fund in honor of Myatt. They raised more than $1,800, and it was matched. Alice received her transplant, and she is doing very well.

The pattern continued when respondents were asked about discussing politics and public affairs with others. For those aged 72 and over, 17.3 percent do so by Internet at least once a week, and 8.1 percent do so every day. For the Leading Boomers, they are more likely to discuss these issues in person, by phone, or in a letter: 37 percent do so at least once a week, and 22.1 percent do so every day (see Table 11).

Table 7. Survey Results on Contacting a Government Official, Offline and Online, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you contacted a national, state, or local government official in person, by phone, or by letter about an issue that is important to you?	Yes	23.6%	30.5%	33.0%	24.5%
	No	75.3%	69.0%	67.0%	75.3%
In the past 12 months, have you sent an email to a national, state, or local government official about an issue that is important to you?	Yes	31.6%	39.2%	35.4%	28.1%
	No	68.4%	60.5%	64.3%	71.9%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

Table 8. Survey Results on Signing a Petition, Offline and Online, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you signed a paper petition?	Yes	17.6%	22.0%	27.3%	25.0%
	No	81.6%	77.6%	72.0%	74.4%
In the past 12 months, have you signed a petition online?	Yes	13.8%	23.9%	21.2%	20.3%
	No	86.2%	76.1%	78.6%	79.4%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

Table 9. Survey Results on Letters to the Editor, Offline and Online, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you sent a "letter to the editor" through the U.S. Postal Service to a newspaper or a magazine?	Yes	5.1%	4.9%	6.7%	4.9%
	No	94.6%	95.1%	93.3%	94.8%
In the past 12 months, have you emailed a "letter to the editor" or your comments to a newspaper or a magazine?	Yes	9.7%	14.3%	11.9%	8.2%
	No	90.3%	85.7%	88.1%	91.8%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

Service on Jury Duty: Older Americans Are Excused

Looking around a jury room, it often seems as though a disproportionate number of jurors are aged 65 and older. Generally, however, court systems nationwide do not keep track of the age of jurors.

But, age provides potential jurors an excuse from jury duty in 26 states: age 65 in six states, age 70 in 16 states, age 72 in two states, including North Carolina; and age 75 in two states.[35] North Carolina General Statute section 9–6.1 says, "Any person summoned as a juror who is 72 years or older and who wishes to be excused, deferred, or exempted may make the request without appearing in person by filing a signed statement of the ground . . . at anytime five days before the date upon which the person is summoned to appear." Thus, age is an excuse for potential jurors in North Carolina but does not exclude them from service.

Bobbie says, "No jury duty for me, thank God. Bernard got out of his." An article on "The Older Juror" in *A Handbook of Jury Research* says,

> Several factors affect elders' involvement in jury duty. In general, civic awareness appears to increase with age, irrespective of education and income levels. . . . However, legislated and court-imposed requirements and common sources of inconveniences may, in practice, serve to exclude elders from jury duty.[36] . . . The rapidly increasing number of healthy elders has led to a redefinition of their role in society. Courts could draw upon this resource for jury selection purposes.[37]

Help Wanted: Boomers Needed To Stay in the Workplace, a Source of Social Capital

"While everyone pays attention to the rising cost of oil, few realize or discuss the fact that the median age of an energy worker in our country is 49 years old," said Bill Shore, chair of the Institute for a Competitive Workforce for the U.S. Chamber of Commerce in a speech on North Carolina's aging work force.[38] Shore is the Director of U.S. Community Partnerships for GlaxoSmithKline in Research Triangle Park, N.C. "Many gripe about the status of health care in our country, but how many Americans know that more than 50 percent of our registered nurses will be over 50 years old within 20 years? Arguably the hottest topic of debate is the status of our economy and our ability to compete globally. Yet lurking behind the public discourse is the fact that more than a third of our work force will be older than 50 before [President Barack Obama's] first term is over, with 77 million Baby Boomers approaching retirement." Shore concludes, "With a multi-generational work force, a shrinking labor pool, and a shortage of skilled workers, companies that are more flexible about their labor policies are able to retain older workers longer. . . ."

"With a multi-generational work force, a shrinking labor pool, and a shortage of skilled workers, companies that are more flexible about their labor policies are able to retain older workers longer. . . "

Robert Putnam and Lewis Feldstein conduct research on social capital and its importance in the workplace through a nonprofit called BetterTogether. In a report for the Saguaro Seminar on Civic Engagement in America, they write,

> The American workplace generates social capital in three broad ways. First, the job is where people build trusting relationships based on mutual assistance. Second, workplaces act as recruiting grounds for individuals and community organizations that are building social capital outside the office or factory walls. Third, employers contribute as organizations—by sponsoring volunteer teams, by donating money to worthy causes, and by instituting 'work-life' programs to make it easier for employees to meet family and community obligations.[39]

In 2007, almost four million North Carolina workers made an average of $41,499 in yearly earnings. Of those, 898,650 were younger Baby Boomers (aged 45 to 54) making the highest average of any age group at $51,036. The 522,639 older working Boomers (aged 55 to 64) made an average of $47,757. By contrast, there were 147,555 older adult workers (aged 65 and older) making a yearly average of $29,151 (see Table 12).

Boomers dominate North Carolina's work force in terms of participation and income levels. Work force participation levels within age cohorts rise until age 45, at which point they begin to decline. Given this pattern, we can expect the Baby Boomers' work force participation level to decline as they age. In fact, because more than 85 percent of Tar Heels aged 65 and over choose to exit the work force, the impending retirement of the Baby Boom generation may deprive North Carolina of the workers needed to compete economically.[40] As the North Carolina Commission on Workforce Development warned in a 2007 report, the "retirement of one-quarter of the state's workforce . . . has the potential to leave a gaping hole in the supply of workers over the next two decades."[41]

However, the N.C. Division of Aging and Adult Services notes, "Many have speculated that boomers will work longer, even beyond the increased ages to qualify for Social Security, primarily because they have done a poorer job of saving for their retirement. Whether or not this is the case, it is likely that working for pay will remain a viable option only for a very small proportion of those over age 75."[42] So, although the Boomers' dominating presence in the work force serves the state well at the moment, their retirement could burden state resources as they become economically dependent unless the state encourages them to stay in the work force longer or provides arenas outside the workplace in which they can contribute.

According to a Deloitte Research study entitled *Serving the Aging Citizen,* an increase in *old-age dependency*—a ratio used by economists for the number of elderly as a share of those in the labor force—can mean "reduced labor supply, less consumption, slower economic growth, increased government spending in light of declining

Table 10. Survey Results on Posting Comments on the Internet, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
In the past 12 months, have you posted comments on a website or blog about a political or social issue?	Yes	6.1%	3.7%	9.1%	8.5%
	No	93.9%	96.6%	90.0%	91.1%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

Karen Tam

Bernard worked at the Raleigh Convention Center for 26 years before retiring at age 67.

revenues, and more regional disparities and new fiscal pressures."[43] And, the rate of work force participation among older adults is one of the dominant factors in determining old-age dependency ratios.

The study found, "Another way to influence old-age dependency rates is to encourage seniors to stay in the workforce longer."[44] This may happen with the Boomers. The age for collecting full federal Social Security benefits will increase from age 65 to age 67 in 2022.[45] And, according to the Center on Aging and Workplace Flexibility at Boston College, "A growing number of older workers are expressing an interest in retiring gradually. The passage of the [federal] Pension Protection Act as well as changes in employers' pension plans may make it possible for older workers to phase into full retirement though reduced work hours and job responsibilities."[46] The U.S. Bureau of Labor Statistics estimates that the labor force participation rate for those aged 65 to 74 will rise from 15.2 percent in 1986 to 29.5 percent in 2016. For those aged 75 and older, the rate is projected to rise from 4 percent in 1986 to 10.5 percent in 2016.[47]

This development is significant considering recent changes in life expectancies. "Longer life expectancies make the financial implications of extending retirement ages even more important. The longer elderly workers can be encouraged to remain in the work force, even as part-time workers, the more taxes they pay to contribute to the revenues needed to meet the burgeoning expenditures for social security and health care systems," says the Deloitte study.[48]

Bobbie and Bernard Jones do not plan to go back to work any time soon. She worked in state government, as an administrative assistant in the corporate world, and as a certified nursing assistant. Given the work force shortages in health care, she

> *"We are fast approaching an era in which our retirees will be better educated than our work force – backwards momentum that we must reverse in order to reclaim our leadership position on the world stage."*
>
> **Richard Mourdock, Indiana State Treasurer**

Table 11. Survey Results on Frequency of Discussing Politics, Offline and Online, by Generation, 2008

Generation:		After work (age 72+)	Matures (age 63-71)	Leading Boomers (age 54-62)	Trailing Boomers (age 44-53)
How often do you discuss politics and public affairs with others in person, by phone, or by a letter?	Every Day	14.1%	21.0%	22.1%	19.8%
	At Least Once a Week	30.7%	33.8%	37.0%	32.4%
	At Least Once a Month	12.9%	12.0%	12.4%	13.4%
	Less Than Once a Month	11.3%	12.8%	9.4%	12.3%
	Never	28.5%	20.4%	18.1%	22.2%
How often do you discuss politics and public affairs with others on the Internet —by email or instant message, on a social networking site, or in an online chat?	Every Day	8.1%	1.9%	2.7%	4.7%
	At Least Once a Week	17.3%	10.6%	12.0%	10.4%
	At Least Once a Month	7.1%	5.3%	9.1%	6.9%
	Less Than Once a Month	9.6%	9.0%	9.8%	9.4%
	Never	57.9%	73.3%	66.4%	68.6%

Source: "The Internet and Civic Engagement," Pew Internet and American Life Project, Washington, DC, Aug. 2008. On the Internet at *http://www.pewinternet.org/Shared-Content/Data-Sets/2008/August-2008--Civic-Engagement.aspx*, accessed Oct. 20, 2009. Outputs generated by the N.C. Center for Public Policy Research.

says she would accept a private duty nursing assignment if the right one came along. Bernard worked at the Raleigh Convention Center for 26 years before retiring at age 67. When asked about whether the economic downturn could force them back into the work force, Bobbie says, "We have not gone back to work because of the economy and really don't plan to. We have always stretched a dollar. Whereas some are just learning about Wal-Mart, Dollar Tree, Goodwill Foundation, and yard sales, hey, we have already been there. We know how to wear the used and unused, to eat the no names, we know how to make it last. This economy has not bothered us. We have done more with the bad economy than we did with the good. Having always looked for lower prices, now they are just getting lower."

Lifelong Learning: Keeping Boomers in the Classroom and Civically Involved

Research by Dr. Ron Manheimer, the former director of UNC-Asheville's Center for Creative Retirement, shows that the "degree of prior education remains the chief predictor of educational participation for adults of all ages."[49] Partly because the Baby Boomers have higher levels of education than their predecessors, the percentage of older adults with postsecondary education is projected to rise from 12 percent in 2002 to 20 percent in 2010. That percentage is expected to continue to rise dramatically. Consequently, as the Baby Boomers age, the nation's older adult population will increase not only in size, but also in the rate of education

Table 12. Employment and Earnings in North Carolina, by Age Cohort, 2007

Age	Number Employed	Average Yearly Earnings
14-18	124,570	$ 8,955
19-21	202,746	13,989
22-24	240,447	22,476
25-34	863,755	35,580
35-44	966,978	47,520
45-54	898,650	51,036
55-64	522,639	47,757
65-99	147,555	29,151
Total	3,967,340	$ 41,499

Source: LEHD State of North Carolina WIA Reports – Quarterly Workforce Indicators, U.S. Census Bureau, Washington, DC. On the Internet at *http://lehd.did.census.gov/led/datatools/qwiapp.html*, accessed on Aug. 6, 2009.

enrollment. This trend might even be augmented if a high percentage of Baby Boomers seek post-retirement careers requiring continuing education.[50]

According to Matilda White Riley, a former scientist at the National Institute on Aging, lifelong learning is important to all students—young and old. Riley says there are real benefits to having students of all ages in class together. Younger students stimulate older students, educators, or researchers, strengthening their thinking. In turn, younger students learn from the life experiences of older adults in the classroom, gaining valuable perspective. Riley concludes, "Moreover, each state, and society as a whole, gains the invaluable asset of an informed citizenry."[51]

Baby Boomers in North Carolina make up more than 30 percent of community college enrollment and 3.5 percent of public university enrollment. During the 2006–07 academic school year, there were 279,113 adults aged 40 to 64 enrolled as students in the N.C. Community College System, making up almost 33 percent of total enrollment (up from 276,732 in 2005–06).[52] By contrast, there were 29,798 students aged 65 and up enrolled in 2006–07, comprising 3.5 percent of total enrollment (up from 28,918 in 2005–06). In the fall of 2008, there were about 5,800 students aged 41 to 64 in North Carolina's 16 public universities, or 3.4 percent of total enrollment, while there were fewer than 200 students aged 64 and older, or 0.1 percent of enrollment.[53]

In a poll conducted during the summer of 2009, the AARP found that 21 percent of adults aged 50 to 64 were likely to go back to school this year. Of adults aged 65 and older, only 7 percent said they were likely to go back to school this year. Of those that thought they would go back to school, the reasons varied by age group. For those aged 50 to 64, they were most likely to go back to school to sharpen skills that would help on the job (52 percent), followed by strictly for pleasure (32 percent), to make more money (24 percent), to increase opportunities for promotion (24 percent), and to complete a degree (22 percent). For those aged 65 and older, they were overwhelmingly most likely to go back to school strictly for pleasure (71 percent), followed by to sharpen skills that might help on the job (23 percent), to complete a degree (7 percent),

Karen Tam

to make more money (7 percent), and to increase opportunities for promotion (4 percent).[54]

Dr. Manheimer, the former director of the Center for Creative Retirement, says, "Unprecedented participation rates of older adults in adult education confirm an overall pattern—emergence of a so-called 'lifelong learning society.'"[55] And in 2007, an article in *U.S. News & World Report,* noted:

> Around the country, baby boomers are streaming back to school. The number of college students ages 40 to 64 has jumped by almost 20 percent to nearly 2 million in the past decade. And those numbers are expected to keep growing as boomers—neither financially nor emotionally prepared for the shuffleboard court—retrain themselves to strengthen their employability and relive their youths. . . . [A]s the demographic tide of older students begins to rise, a growing number of colleges, charities, companies, and governments are starting to accommodate—and even encourage—adults who return to the classroom.[56]

"The old shouldn't be with just the old. The old should be with the young."

Joseph Heller, Good as Gold

Whether the Boomer is an empty nester looking to join the labor force, a victim of corporate downsizing that needs retraining to get back to work, a professional who needs more education to climb the corporate ladder, or a dreamer who always wanted to change careers, North Carolina should expect to see more older adults back in school.

On the other hand, Bobbie Jones is an important reminder that education is not a prerequisite for Boomers to be integrally involved in our communities. She says, "Often the hardest thing to do is to get these people who had a chance to get out and to receive this 'higher education' to come back to the neighborhood. I don't feel that education has a thing to do with your heart and what you want for your community."

Encouraging a Wave of Civic Engagement

In *Bowling Alone,* Robert Putnam details the "humpback pattern," or the "natural arc of life's engagements . . . rising from early adulthood toward a plateau in middle age, from which it gradually declines."[57] Putnam says:

> If this normal cycle of life's events entirely explained age-related differences in civic engagement, older Americans should be much less involved civically than middle-aged people. Classic sociological studies in the 1950s and 1960s found exactly that. By the 1990s, however, middle-aged men and women were, unexpectedly, not much more engaged than their elders.
>
> Moreover, as baby boomers passed through the normal civic life cycle, like a pig in a python, America should have experienced waves of increasing civic involvement, as the boomers ascended the normal life cycle of rising community involvement. We should have seen a boom in PTA membership in the 1970s and 1980s, along with rapidly rising church membership, and a profusion of civic involvement in the 1990s. (By this same logic, we should look forward to a boom in volunteering and philanthropy as the boomers begin to retire in the 2010s.) So far, however, none of those past waves of civic engagement has materialized—quite the contrary . . . the boomers and their successors have not trod the same ascending civic path traced by previous generations. This civic 'dog that didn't bark' is an important clue to America's civic decline in the past several decades, for the expected life cycle upswings must have been swamped by unexpected generational downswings. Political interest and

Honoring elders is a community event for Bobbie and Bernard at her mother's 80th birthday celebration.

Karen Tam

> participation, church attendance, community projects, charitable giving, organizational involvement . . . all these forms of civic involvement and more besides have declined largely, if not exclusively, because of the inexorable replacement of a highly civic generation by others that are much less so.[58]

While Putnam's account does not take into consideration such forms of Baby Boomer service as caring for dependent family members—as Boomers care for their own even older parents or their grandchildren—his assessment indicates the need to further engage Boomers and succeeding generations. In order to minimize the possible economic dependency of Baby Boomers as they approach old age and maximize the potential benefits of such a large cohort with discretionary time and income, North Carolina should encourage Baby Boomers to be civically engaged—whether in the workplace, the classroom, a nonprofit, or the voting booth. According to the Corporation for National and Community Service, "Baby Boomers are a highly talented and motivated group who can help solve some of our most challenging social problems, including helping seniors live independently."[59]

Will the Baby Boomers' Civic Contribution Be Great?

Despite their advancing age, the World War II Generation continues to be civically engaged. They vote at higher rates than the population at large. They return the census at higher rates than other age groups. They give a higher percentage of their income to charity. And, they are more likely than Baby Boomers to be engaged online.

"Likewise, while the civic contributions of individuals are important, as a whole we are talking about the fabric of our society."

The Baby Boomers watched the assassinations of President John F. Kennedy, Senator Robert F. Kennedy, and Martin Luther King, Jr., on television. They watched as American astronauts walked on the moon. But, they also lived through the Cold War, the Vietnam War, and Watergate. Boomers grew up on transistor radios instead of iPods, listening to the Beatles and Motown instead of U2 and hip hop. The Baby Boom Generation was selected as *Time* magazine's Man of the Year in 1967.

As we evaluate the civic engagement of the Boomers as they age, it will be important to consider both their individual and collective contributions. In his book entitled *Boomers, Generation X and Social Cycles,* demographer Edward Cheung says, "The study of demographics is sometimes like the folk story of the blind men and the elephant. Having never seen an elephant before, upon touching the elephant's leg, one man exclaims it's a tree. Upon touching the trunk, another man exclaims it's a snake. Yet another exclaims it's a rope after touching the tail. Each man interprets the elephant depending on what he is touching without a complete concept of the whole."[60] Likewise, while the civic contributions of individuals are important, as a whole we are talking about the fabric of our society.

More than 80 percent of Boomers return the census. Boomers give more and are more likely to give than those aged 63 and older. They have higher volunteer rates than earlier generations did at their age. In large numbers, Boomers attend political meetings and belong to groups that try to shape public policy.

Boomers may alter our concept of retirement if they choose to work later in life. They may go back to school. Many will volunteer or give money to a charity, and they may reshape the giving patterns and the nonprofit sector by supporting a broader range of nonprofits. They may vote more. And in the process, collectively they may generate different ways of creating a very precious commodity—social capital.

Footnotes

[1] Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community,* Simon & Schuster, New York, NY, 2000, p. 254.

[2] John Foster-Bey *et al.*, *Keeping Baby Boomers Volunteering: A Research Brief on Volunteer Retention and Turnover,* Corporation for National & Community Service, Washington, DC, March 2007, Executive Summary, p. 2. See also Putnam, note 1 above, p. 258.

[3] N.C. Study Commission on Aging, *Report to the Governor and the 2009 Regular Session of the 2009 General Assembly,* Raleigh, NC, Jan. 2009, p. 9.

[4] *Ibid.* See also John Quinterno, "The Demographics of Aging in North Carolina," *North Carolina Insight,* Vol. 23, Nos. 2–3, N.C. Center for Public Policy Research, Raleigh, NC, June 2009, p. 21. According to Jennifer Song at the N.C. Office of State Budget and Management, OSBM has changed the way it calculates projections, and projections currently are available only through July 1, 2029. The OSBM projection for the population in North Carolina aged 65 and older is 2,194,126 on July 1, 2029. On the Internet at *http://www.osbm.state.nc.us/demog/countytotals_agegroup_2029.html,* accessed on October 20, 2009.

[5] *2009 Aging Study Commission Report,* note 3 above, p. 10.

[6] Putnam, note 1 above, p. 19. "[P]eople who trust others are all-round good citizens, and those more engaged in community life are both more trusting and more trustworthy. . . . The causal arrows among civic involvement, reciprocity, honesty, and social trust are as tangled as well-tossed spaghetti." *Ibid.*, p. 137.

[7] *Ibid.*, p. 27.

[8] *Ibid.*, p. 132.

[9] *Ibid.*, pp. 118–21.

[10] United States Election Project. On the Internet at *http://elections.gmu.edu/Turnout_2008G.html,* accessed on Oct. 15, 2009.

[11] William D. Eggers, *Serving the Aging Citizen,* Deloitte Research, New York, NY, March 2007, p. 14. On the Internet at *http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/dtt_AgingCitizen032607.pdf,* accessed on Oct. 15, 2009.

[12] Bill Novelli, "Cutting Political Gridlock, *AARP Bulletin,* Jan.-Feb. 2008, p. 32.

[13] More information about the United States Census is available on the Internet at *http://2010.census.gov/2010census/.*

[14] Foster-Bey *et al.,* note 2 above, Executive Summary, p. 4.

[15] These trends may have shifted because of the sharp recession occurring since 2008.

[16] Data analysis by Boston College's Center on Wealth and Philanthropy, April 2008, in special research commissioned by the N.C. Center for Public Policy Research.

[17] Eggers, note 11 above, p. 13.

[18] *Ibid.*

[19] *Ibid.*

[20] Giving USA Foundation, *Giving USA 2009: The Annual Report on Philanthropy for the Year 2008,* Glenview, IL, 2009, p. 46

[21] Foster-Bey *et al.*, note 2 above, Executive Summary, p. 1

[22] Corporation for National and Community Service, Volunteering in America Website, Washington, DC. On the Internet at *http://www.volunteeringinamerica.gov/NC,* accessed on Oct. 15, 2009.

[23] *Ibid.* On the Internet at *http://www.volunteeringinamerica.gov/national,* accessed on Oct. 15, 2009.

[24] Corporation for National and Community Service, *Volunteering in America: 2007 State Trends and Rankings in Civic Life,* Washington, DC, April 2007, pp. 103–04.

[25] Corporation for National and Community Service, note 22 above. On the Internet at *http://www.volunteeringinamerica.gov/rankings.cfm,* accessed on Oct. 15, 2009.

[26] *Ibid.*

[27] Foster-Bey *et al.*, note 2 above, Executive Summary, p. 2.

[28] Eggers, note 11 above, p. 14.

[29] Barbara A. Butrica *et al.*, "Retaining Older Volunteers Is Key to Meeting Future Volunteer Needs," *Perspectives on Productive Aging,* No. 8, The Urban Institute's Retirement Project, Washington, DC., December 2007, p. 1.

[30] Robert Grimm, Jr. *et al.,* "The Health Benefits of Volunteering: A Review of Recent Research," Corporation for National and Community Service, Washington, DC, April 2007, p. 1 of the Introduction.

[31] Corporation for National and Community Service, note 22 above. On the Internet at *http://www.volunteeringinamerica.gov/national,* accessed on Oct. 15, 2009.

[32] Putnam, note 1 above, p. 132.

[33] The survey was conducted in August 2008 by Princeton Survey Research Associates International using telephone interviews. The sample included 2,251 adults. For results based on the total sample, there was 95 percent confidence that any error is plus or minus 2.4 percentage points. For results based on Internet use (sample size was 1,655), there was 95 percent confidence that any error was plus or minus 2.8 percentage points. On the Internet at *http://www.pewinternet.org/Reports/2009/15—The-Internet-and-Civic-Engagement.aspx*, accessed on Oct. 15, 2009.

[34] These survey questions were asked only of Internet users. While older Internet users are quite politically active online, particular online activities are not as prevalent when you compare entire cohorts within each age group, including both Internet users and non-users.

[35] David Rottman and Shauna Strickland, "State Court Organization 2004," U.S. Bureau of Justice Statistics, Washington, DC, Aug. 2006, Table 40, pp. 223–27. On the Internet at *http://www.ojp.usdoj.gov/bjs/abstract/sc004.htm,* accessed on Oct. 15, 2009.

[36] Max Rothman *et al.,* "The Older Juror," in Walter Abbott and John Batt, eds., *A Handbook of Jury Research,* The American Law Institute, Philadelphia, PA, 1999, § 9.02, p. 9–6.

[37] *Ibid.* at § 9.01, p. 9–1.

[38] Available on the Internet at *http://www.aging.unc.edu/groups/work/forum2008/presentations/ShoreBill.pdf,* accessed on Oct. 15, 2009.

[39] Saguaro Seminar on Civic Engagement in America, "Work and Social Capital," *BetterTogether,* John F. Kennedy School of Government, Harvard University, Cambridge, MA, first ed., Dec. 2000, p. 2. On the Internet at *http://www.bettertogether.org/thereport.htm,* accessed on Oct. 15, 2009.

[40] Quinterno, note 4 above, p. 41.

[41] North Carolina Commission on Workforce Development, *State of the North Carolina Workforce: An Assessment of the State's Labor Force Demand and Supply 2007–2017,* N.C. Department of Commerce, Raleigh, NC, 2007, p. vi. On the Internet at *http://www.nccommerce.com/en/WorkforceServices/FindInformationForWorkforce Professionals/PlansPoliciesandReports/#Resource3, accessed on Oct. 15, 2009.*

[42] *North Carolina Aging Services Plan 2007–2011: Putting the Pieces Together,* N.C. Department of Health and Human Services' Division of Aging and Adult Services, Raleigh, NC, March 2007, p. 13.

[43] Eggers, note 11 above, p. 7.

[44] *Ibid.*, p. 11.

[45] The federal Social Security Amendments of 1983 (H.R. 1900, Public Law 98–21). More information is available on the Internet at *http://www.ssa.gov/pressoffice/IncRetAge.html,* accessed on Oct. 15, 2009.

[46] Jason Dobbs *et al., Phased Retirement: Fact Sheet 08,* The Center on Aging and Workplace Flexibility at Boston College, Boston, MA, June 2007, p. 1. On the Internet at *http://agingandwork.bc.edu/documents/FS08_PhasedRetirement_001.pdf,* accessed on Oct. 15, 2009.

[47] The U.S. Bureau of Labor Statistics, Employment Projections, Civilian Labor Force Participation Rates by Age, Table 3, Dec. 2007. On the Internet at *http://www.bls.gov/emp/emplab05.htm*, accessed on Oct. 15, 2009.

[48] Eggers, note 11 above, p. 11.

[49] Ronald J. Manheimer, *Older Adult Education in the United States: Trends and Predictions,* North Carolina Center for Creative Retirement, University of North Carolina at Asheville, 2002. On the Internet at *http://www.unca.edu/ncccr/Reports/older_adult_education_in_the_US.htm,* accessed on Oct. 15, 2009.

[50] *Ibid.*

[51] Matilda White Riley, "Age-Integration: Challenge to a New Institute," speech delivered at the UNC Institute on Aging, Chapel Hill, NC, April 24, 1997, p. 11.

[52] *A Matter of Facts: The North Carolina Community College System Fact Book 2008,* N.C. Community College System, Raleigh, NC, 2008, pp. 62 and 75. On the Internet at *http://www.nccommunitycolleges.edu/Publications/docs/Publications/fb2008.pdf,* accessed on Oct. 15, 2009. *A Matter of Facts: The North Carolina Community College System Fact Book 2007,* N.C. Community College System, Raleigh, NC, 2007, pp. 62 and 78. On the Internet at *http://www.nccommunitycolleges.edu/Publications/docs/Publications/fb2007.pdf*, accessed on Oct. 15, 2009. Total enrollment in the community colleges for 2006–07 was 852,237.

[53] *Statistical Abstract of Higher Education in North Carolina 2008–09,* The University of North Carolina, Chapel Hill, NC, July 2009, Table 7, p. 19. On the Internet at *http://www.northcarolina.edu/stat_abstract/index.php?tag=2008–2009,* accessed on Oct. 15, 2009. Total enrollment in the UNC System for 2008–09 was 170,472.

[54] AARP Bulletin, Sept. 2009, p. 4. Survey of 1,006 adults age 50 and older conducted by ICR from July 22-Aug. 2, 2009.

[55] Manheimer, note 49 above.

[56] Kim Clark, "Heading Back to College: Universities are doing more than ever to attract older students," *U.S. News & World Report,* Oct. 26, 2007. On the Internet at *http://www.usnews.com/articles/business/retirement/2007/10/26/heading-back-to-college.html?PageNr=1,* accessed on Oct. 15, 2009.

[57] Putnam, note 1 above, pp. 249–50.

[58] *Ibid.*

[59] Grimm, note 30 above, Introduction, p. 2.

[60] Edward Cheung, *Baby Boomers, Generation X and Social Cycles,* Vol. 1: North American Long-waves, Longwood Press, Toronto, Canada, July 30, 2007, p. xvii.

Bernard died on December 27, 2009. This article celebrates his life and his civic contributions.

Karen Tam

Current Contributors to the N.C. Center for Public Policy Research

Major funding for the North Carolina Center is provided by:

THE Z. SMITH REYNOLDS FOUNDATION

THE NORTH CAROLINA GLAXOSMITHKLINE FOUNDATION

THE KATE B. REYNOLDS CHARITABLE TRUST

THE MOSES CONE~WESLEY LONG COMMUNITY HEALTH FOUNDATION

THE WINSTON-SALEM FOUNDATION

THE CITI FOUNDATION

FOUNDATION FOR THE CAROLINAS

THE HILLSDALE FUND

THE PARK FOUNDATION

THE TRIANGLE COMMUNITY FOUNDATION

THE CUMBERLAND COMMUNITY FOUNDATION

THE A.J. FLETCHER FOUNDATION

THE COMMUNITY FOUNDATION OF GREATER GREENSBORO

THE MCMICHAEL FAMILY FOUNDATION

THE WARNER FOUNDATION

THE JANIRVE FOUNDATION

THE JOHN REX ENDOWMENT

THE MARY NORRIS PREYER FUND

REIDSVILLE AREA FOUNDATION

Corporate and Individual Support for the Center is provided by:

BENEFACTORS

Progress Energy

IBM Corporation

The Duke Energy Foundation

Alphanumeric Systems

Altria Client Services

Asheboro Elastics Corporation

AT&T North Carolina

The BB&T Charitable Foundation

Blue Cross and Blue Shield of N.C.

Cisco Systems, Inc.

The New York Times Company Foundation

Piedmont Natural Gas Company

Pearsall Operating Company

Quintiles Transnational Corporation

PATRONS

Active Data Services

Bank of Granite Foundation

The Bolick Foundation

The Broyhill Family Foundation

Burlington Industries Foundation

Capstrat, Inc.

Carolinas HealthCare Foundation

Coastal Federal Credit Union

CommunityOne Bank

Credit Suisse

Fidelity Investments

First Citizens Bank

Hanesbrands, Inc.

Medical Mutual Insurance Company of N.C.

National Gypsum Company

Novartis Vaccines & Diagnostics

PSNC Energy

RBC Bank

Red Hat

The Redwoods Group Foundation

SAS Institute, Inc.

S2Tech

Talecris Biotherapeutics

SUPPORTERS

Asheville Savings Bank
Bank of the Carolinas
Bank of North Carolina
Biltmore Farms, Inc.
BioDelivery Sciences International
Capitol Broadcasting Company
The Charlotte Observer
Clariant Corporation
Coca-Cola Bottling Company Consolidated
CommScope, Inc.
Crosland, LLP
The Curtis Foundation
The Dickson Foundation
Dominion N.C. Power
The East Carolina Bank
Embarq
The Fayetteville Observer
First Bank
Food Lion
Glen Raven, Inc.
Goodrich Corporation
Guilford Mills Fund
John & Maria Huson Charitable Fund
Little Diversified Architectural Consulting
N.C. Beverage Association
N.C. Farm Bureau Federation
N.C. Hospital Association
N.C. Pork Council
New Hanover Regional Medical Center
O'Brien/Atkins Associates, P.A.
Parkdale Mills
PCS Phosphate Company, Inc.
Pfizer
PPD Development, LP
Greater Raleigh Chamber of Commerce
Randolph Hospital
Southern Community Bank & Trust
The Transylvania Times
University Health Systems of Eastern Carolina
VF Corporation
Volvo Construction Equipment
Greater Wilmington Chamber of Commerce
Womble Carlyle Sandridge & Rice
Wyrick, Robbins, Yates & Ponton

CORPORATE DONORS and MEMBERS

Advocare
Batchelor, Tillery & Roberts, LLP
Bessemer Improvement Company
Blount Street Advisors, LLC
Bone and Associates
DB Alex.Brown
Carolina Asphalt Pavement Association
Charlotte Chamber of Commerce
Randolph Cloud & Associates
Mike Davis Public Relations, Inc.
The Duke Endowment
ElectriCities of NC, Inc.
The 4th Branch
Golden Corral Charitable Fund
Hartzell & Whiteman, LLP
Insurance Federation of N.C.
Mayview Convalescent Center
McGuire, Wood & Bissette, PA
MCNC
Mid-East Commission Area Agency on Aging
Moore & Van Allen, PLLC
N.C. Academy of Physician Assistants
N.C. Association of Defense Attorneys
N.C. Association of Educators
N.C. Association of Insurance & Financial Advisors
N.C. Association of Realtors, Inc.
N.C. Bar Association
N.C. Community Foundation
N.C. Conservation Network
N.C. Institute of Minority Economic Development
N.C. Press Association
N.C. Retired Governmental Employees Assn.
N.C. School Boards Association
N.C. Telecommunications Industry Association
OpenSource Leadership Strategies
Pinehurst LLC
Gregory Poole Equipment Co.
Poyner Spruill LLP
Security Savings Bank, SSB
Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, LLP
Twiggs Beskind Strickland & Rabenau
Van Winkle, Buck, Wall, Starnes & Davis, PA
The Weaver Foundation
Wilkes Chamber of Commerce
Williams Mullen Clark & Dobbins

SPECIAL DONORS

John Alexander
Rep. Martha Alexander
Jan Allen
Alzheimers North Carolina, Inc.
Leslie Anderson
Richard N. L. Andrews
Linda Ashendorf
Thomas J. Bacon
The Hon. Cass Ballenger
Melinda Baran
Wade Barber
Mark Bardill
Andrea Bazán
Karen Bean
Thad L. Beyle
Dr. Robert & Carol Bilbro
Richard & Pam Bostic
Erskine Bowles
Richard Boyette
Joseph M. Bryan, Jr.
Judge Wanda Bryant
Bob Burgin
Edmond W. Caldwell, Jr.
Dorothy Cansler
Rick Carlisle
Katherine Merritt Chambers
Elishka Chanlett
Linda Cheek
George & Deborah Christie
Dumont Clarke, IV
Howard Clement III
Ned Cline
Sen. Dan Clodfelter
Randolph Cloud
Ran Coble & Jane Kendall
Steve & Louise Coggins
Sue Cole
Michael Colombo
Philip & Judith Cook
Arthur & Jean Cooper

Betty Craven
Keith and Jane Crisco
David & Jan Crotts
Raymond Cummings
Rennie Cuthbertson
Margaret B. Dardess
Cynthia Davis
John N. & Terrie Davis, III
Stephen Dear
Douglas S. Dibbert
Phillip R. Dixon
David Dodson
Cathy Dunn
Martin Eakes
Jenny Eblen
Mr. & Mrs. Robert Eubanks
Ken Eudy
Allen Feezor
Barbara M. Fletcher
Marilyn Foote-Hudson
John A. Forlines, Jr.
Loleta Wood Foster
Randy Fraser
William C. Friday
Joyce Gallimore
David Gantt
Karen Gottovi
John Graybeal
Sandra Greene
Dr. & Mrs. Marion W. Griffin
Dr. Gregory Griggs
Sen. Kay Hagan
Rep. R. Phillip Haire
John Hammond
Gerry Hancock
Mr. & Mrs. James G. Hanes, III
Ellis Hankins
Lori Ann Harris
Rep. Pricey Taylor Harrison
J. Jerome Hartzell

H. Parks Helms
Rick Herndon
Leonard Herring
Heather Hesketh
Alex Hess
Lawrence F. Himes
Dr. & Mrs. Martin & Ruth Hines
Don Hobart
Bill Holman & Stephanie Bass
Lynn R. Holmes
Bertha M. Holt
Sen. David W. Hoyle
Daniel Hudgins
Dr. George Huffmon
Joel & Brenda Huneycutt
Judge Robert C. Hunter
Judge Robert N. Hunter, Jr.
Dr. & Mrs. Clyde Ingle
Sen. Clark Jenkins
James D. Johnson
David L. Jones
Dr. Jim Jones
Robert Jordan, III
Betsy Justus
Claudia Kadis
Harry Kaplan
Keith & Chancy Kapp
Leah R. Karpen
Martine C. Kendall
Marianne & Matt Kersey
David Kiel
Glenn & Mary Kiger
Cy & Carolyn King
Bryant Kinney
Phil Kirk
Ed Kizer
Sue Kozik
Lynn Lail
Arnold Lakey
Tom & Donna Lambeth

SPECIAL DONORS, *continued*

Martin Lancaster
James Laney
Mark Lanier
Marian Lowry
Susan Lupton & Robert Schall
Connie Majure-Rhett
Rosalind Mangum
The Hon. Elaine Marshall
Dr. Helen Martikainen
Dr. Dennis Massey
Rep. Daniel McComas
Mac McCorkle
Mary Ann McCoy
Larry McDevitt
Ed McMahan
Karen McNeil-Miller
Mayor Charles Meeker & Dr. Anne McLaurin
E.S. (Jim) Melvin
Robert E. & Cama C. Merritt
Laura Meyer
Michael & Donna Miller
Richard Moore
Sandy Moulton & Thomas Wong
Kenneth F. Mountcastle, Jr.
Chuck Neely
Jim Newlin
Cecile & Marc Noel
Pat & Mary Norris Preyer Oglesby
Dr. John S. Olmsted
John V. Orth
William D. Parmelee
Michael Patrick & Meg Kemper
George Penick
Governor Beverly Perdue
Francella Poston
Congressman & Mrs. David & Lisa Price
Sen. William R. Purcell
Sen. Tony Rand
Stephen W. Raper
Dennis & Betty Chafin Rash
Mebane Rash
Tom Ricketts, III
Franklin T. Roberts
Thomas W. Ross
Sally Hunt Royster
Dr. Charles A. Sanders
John L. Sanders
Evelyn Schmidt
Anne Firor Scott
Pam Silberman
Katherine Skinner
Lanty L. & Margaret Smith
Molly Richardson Smith
Sherwood H. Smith, Jr.
Jim Smoak
John Soltys
Jeff Sossamon
Robert W. Spearman
Edwin M. Speas, Jr.
Fred Stanback
Fred Stang
Jack Stanley
Jerry Stephens
Russ Stephenson
Pearson Stewart
Amanda Stone
Leonorah H. Stout
Brenda Summers
Gwynn Swinson
Dr. David Tayloe
Anna Tefft
Nancy H. Temple
Bruce Thompson, II
Lawrence E. Thompson, III
Charlotte Todd
"B" Townes
Rep. Alice G. Underhill
Dr. Bertram E. Walls
Bill Warden
Judith Wegner
Annette West
Katherine White
John S. Willardson
Malcolm L. Williams
T. Jerry Williams
Nina & Ralph Yeager
Smedes York
Charles Zeigler
Dr. Tony Zeiss
Jolanta Zwirek

North Carolina Center for Public Policy Research
P.O. Box 430
Raleigh, North Carolina 27602

Nonprofit Org.
U.S. Postage
P A I D
Raleigh, N.C.
Permit No. 1121