

# The Fiscal Impact

January 31, 2005, No. 3

## Important Indicators of the Aging Population in Georgia

Number of Georgians 65 and Older		Number of Georgians 65 and Older with Chronic Conditions	
2000	779,000	2000	545,300
2005	852,000	2005	596,400
2025	1,668,000	2025	1,167,600
Number of Georgians 65 and Older at 225% FPL			
2000	360,677		
2005	394,476		
2025	772,284		

NOTE: FPL is Federal Poverty Level, and 225% of FPL is approximately the income at which one qualifies for Medicaid nursing facility care or home and community-based services (HCBS) waivers.

## Budgetary Implications of Georgia's Aging Population

Georgia's population is currently younger than the average state in the U.S. However, its population is aging at a relatively rapid pace in part because of the in-migration of retirees. For Georgia's budget, the impacts of an aging population are many and varied. We expect that the elderly use different public services than other age-groups: less education, more health care, and possibly more transportation. As the population ages, there might be a change in revenue growth accruing to the State, as the elderly tend to purchase fewer taxable goods, and Georgia's income tax structure grants the elderly substantial tax exemptions (up to \$30,000 in income plus social security income).

The state budget will be affected by the speed of growth in the elderly and non-elderly, as well as the health status of the elderly, among other factors. As shown above, in 20 years, Georgia's population over 65 years of age will nearly double as will the number of Georgians with chronic medical conditions. The number of elderly is growing faster in Georgia than in the nation as a whole, suggesting that Georgia may witness more stress on budgetary expenditures that focus on the elderly than the average state over the next 25 years.

The health status of the elderly is a critical variable in analyzing the potential public sector costs of a growing elderly population. Individuals qualify for Medicaid services based on income and categorical eligibility. At 225 percent of the Federal Poverty Level, individuals qualify for nursing facility (NF) care or HCBS waivers. In 2003, the average cost of NF care was \$21,326 per recipient. If the increase in the cost of health care is relatively flat at 4 percent a year, the cost per person could easily reach \$50,000 by 2025, for a total cost of nursing facility care of over \$4 billion. These issues will be further analyzed in work supported by the Healthcare Georgia Foundation.

This research was conducted by Glenn Landers of the Georgia Health Policy Center and Clare Richie of the Georgia Budget and Policy Institute with financial support from Healthcare Georgia Foundation.

**The Fiscal Research Center** mission is to promote the development of sound public policy and public understanding of issues concerning state and local governments. For more information contact David L. Sjoquist, Director and Sally Wallace, Associate Director at 404-651-2782 or visit our website at [frp.aysps.gsu.edu](http://frp.aysps.gsu.edu).