AGING AND RETIREMENT

Long-Term Services and Supports in California's Overlooked Middle

Assessing Needs and Affordability

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Executive Summary

One of the greatest financial risks older people face is the possibility of developing physical or cognitive limitations that leave them unable to care for themselves and in need of long-term services and supports (LTSS), such as home care, assisted living, and nursing home care.[1] Paid LTSS is generally expensive, costs are not usually covered by Medicare or private Medigap plans, and few people have private insurance for long-term care. Medi-Cal, California's Medicaid program, covers many types of LTSS but only for people whose income net of LTSS and medical expenses falls below 139 percent of the federal poverty level (FPL) and whose assets do not exceed a certain level. Consequently, middle-income California residents who receive paid LTSS generally pay out of pocket until they deplete most of their resources and then turn to Medi-Cal.

In this report, we measure the number and characteristics of older California residents who need help with basic personal care or have serious cognitive impairment and assess their ability to afford paid LTSS. We focus on the "overlooked middle," defined as people with income between 139 and 500 percent of the FPL. In 2024, this income range corresponded with $20,933 to $75,300 for a single person and $28,412 to $102,200 for a couple. This income group generally has too much income to qualify for Medi-Cal but not enough income to cover paid LTSS out of pocket without cutting back on basic living expenses.

LTSS Needs

We classify people as needing LTSS if they require help with two or more activities of daily living (ADLs), such as eating, dressing, and getting in and out of bed, or if they have severe cognitive impairment. Our results show the following:

- About 1.4 million California residents ages 50 and older had LTSS needs in 2024, including about 800,000 state residents ages 75 and older. People with LTSS needs accounted for 10 percent of the state population ages 50 and older and 30 percent of the population ages 75 and older.
- Within the overlooked middle, about 571,000 state residents ages 50 and older had LTSS needs in 2024, comprising 41 percent of all residents ages 50 and older with these needs. At ages 75 and older, 334,000 residents with LTSS needs belonged to the overlooked middle, 42 percent of that age group with such needs.

- LTSS needs are concentrated among low-income older adults. Among California residents ages 75 and older in 2024, 41 percent of those with income below 139 percent of the FPL had LTSS needs, compared with 28 percent of those with income between 139 and 500 percent of the FPL and 19 percent of those with income above 500 percent of the FPL.
- Women, unmarried adults, and Black adults are also more likely than other groups to develop LTSS needs.
- The aging of the California population will roughly double the number of older state residents with LTSS needs over the next 26 years. We project that, in 2050, the number of California residents ages 50 and older who have LTSS needs will reach 2.6 million, including about 1.1 million in the overlooked middle.

LTSS Affordability

We assess LTSS affordability by measuring the share of the older state population who could pay for a certain amount of paid LTSS out of their income and financial wealth, which includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, and bonds. Because the intensity and duration of LTSS vary, we consider the capacity of families to cover moderate care, which we set at $50,000 annually in 2024, and high-intensity care, which we set at $100,000 annually in 2024, for one, two, or three years. Our results include the following:

- In 2024, we estimate that 49 percent of California residents ages 50 and older in the overlooked middle have enough financial resources to cover basic spending needs and a moderate amount of paid LTSS for themselves for two years. If they must cover a spouse's LTSS costs at the same time, the share that could afford paid LTSS drops to 42 percent.
- When we consider high-intensity LTSS, the estimated share of California residents ages 50 and older in the overlooked middle that could afford paid LTSS for two years drops to 37 percent if they only need to cover themselves and 28 percent if they also need to cover a spouse (if married).
- Because LTSS needs are more prevalent at lower incomes than higher incomes, people who develop LTSS needs are generally less able to afford paid help than the general population. Our projections show that only 40 percent of California residents ages 50 and older in the overlooked middle with LTSS needs in 2024 can afford a moderate amount of LTSS for two

years for themselves. If household resources must simultaneously cover a spouse, we estimate that only 34 percent of state residents ages 50 and older in the overlooked middle with LTSS needs can afford a moderate amount of LTSS for two years.

- We project that a moderate amount of paid LTSS that lasts more than a year will be somewhat less affordable for older California residents in 2050 than in 2024. In 2050, our projections indicate that 47 percent of state residents ages 50 and older have enough income and financial wealth to cover basic living expenses and two years of moderate LTSS for themselves only, compared with 49 percent in 2024. The projected share who can afford three years of moderate LTSS for themselves declines from 45 percent in 2024 to 40 percent in 2050.

Medi-Cal Eligibility After LTSS Onset

To understand how many older people in California with LTSS needs eventually qualify for Medi-Cal, we follow a cohort of California residents who were born between 1942 and 1955 and track their financial resources, LTSS needs, and use of paid LTSS. About half of this cohort uses paid LTSS at some point after turning age 50. For those LTSS users, a little more than half (55 percent) qualify for Medi-Cal at some point while receiving paid LTSS. About a third (34 percent) are eligible for Medi-Cal when they first start receiving LTSS, and about another fifth (21 percent) become eligible over the course of their paid LTSS use by spending their income, assets, or both on qualified expenses to meet Medi-Cal's eligibility threshold. Within the overlooked middle, about a third (35 percent) of people who receive paid LTSS qualify for Medi-Cal by spending down their resources.

Methods

We estimate whether an older state resident could afford paid LTSS by determining if they could cover the cost of basic living expenses and either moderate or high-intensity LTSS with their annual income and financial wealth, excluding $25,000 that we assume they hold in reserve for emergencies, such as medical expenses or home repairs. In 2024, we set the cost of moderate paid LTSS at $50,000 annually, which would cover about 107 hours of care per month or close to four hours of home care per day for a full year, slightly less than the average amount of home care provided to recipients nationally. We set the cost of high-intensity LTSS at $100,000 annually, which would cover about 214 hours of home care per month or seven hours per day, about the average amount of home care provided to recipients with severe cognitive impairment nationally. Basic living expenses come from the Elder Index™ for

California. The index, developed by the Gerontology Institute at UMass Boston, estimates how much money older adults need to cover the cost of housing, health care, food, transportation, and miscellaneous expenses. For California, those estimates range from $26,712 for a single adult who owns their home free and clear to $63,192 for a couple with a mortgage.

Our results are based on the Urban Institute's Dynamic Simulation of Income Model 4 (DYNASIM), which generates projections for a wide range of outcomes, including activity limitations and cognitive impairment. We reweighted the DYNASIM sample so that the model's California projections approximate state population estimates from the US Census Bureau and the California Department of Finance.

Long-Term Services and Supports in California's Overlooked Middle: Assessing Needs and Affordability

As people age, one of the greatest financial risks they face is the possibility of developing physical or cognitive limitations that leave them unable to care for themselves without assistance (Johnson, Mermin, and Uccello 2005). More than half of older adults will need significant help with basic personal care, or long-term services and supports (LTSS),[2] at some point in their lives (Belbase, Chen, and Munnell 2021; Johnson and Dey 2022). Most people who need help rely predominantly on family members and loved ones for assistance, but many turn to paid helpers when family caregivers are unavailable or unable to provide necessary care.

Paid LTSS, which includes home care provided by paid helpers as well as care received in nursing homes or other residential settings, such as assisted living, is generally expensive. Nationally, the 2024 median monthly cost of care totaled about $9,300 for a semi-private room in a nursing home, $6,500 for a home health aide who provided 44 hours of assistance per week, and $5,900 for assisted living (CareScout LLC 2025). These costs are generally not covered by Medicare or private Medigap plans, and few people have private long-term care insurance coverage (Johnson 2016). Medicaid covers many types of LTSS, but only for people with limited income and wealth. Consequently, middle-income recipients of paid LTSS generally pay out of pocket until they deplete most of their resources and then turn to Medicaid.

Although Medicaid offers a crucial lifeline for people with LTSS needs, relying on Medicaid is not ideal. Not all nursing homes and assisted living facilities accept Medicaid residents, and waiting lists delay access to Medicaid home- and community-based services (HCBS) in most states (Burns et al. 2024). Many states, including California, allow Medicaid applicants to subtract their out-of-pocket medical and LTSS costs from their income when determining program eligibility. However, the income standard is usually too low to sustain a middle-class lifestyle, especially for people receiving Medicaid HCBS (Johnson and Lindner 2016). These shortcomings have fueled an ongoing policy debate about how to improve LTSS financing options, especially for middle-income people (LeadingAge LTSS Center at UMASS Boston, The SCAN Foundation, and ATI Advisory 2025a, 2025b).

In this report, we measure the distribution of LTSS needs across the older population in California and assess LTSS affordability for older state residents, with a special focus on middle-income people. Our affordability analysis measures the share of older state residents with enough financial resources—income plus savings—to cover certain amounts of paid LTSS on their own, after paying for necessities such as food, housing, and medical care. Because the intensity and duration of LTSS vary, we consider the capacity of families to cover moderate care and high-intensity care for either one, two, or three years. When estimating the prevalence of LTSS needs, we focus on people with significant limitations, defining LTSS needs as requiring help with two or more activities of daily living (ADLs) or having severe cognitive impairment. We estimate outcomes for 2024 and generate projections for 2030, 2040, and 2050. Because California's population is aging and shifting in other ways, LTSS affordability and need will likely change over the coming decades. Our analyses cover the overall state population ages 50 and older. We also report outcomes for the subset of state residents ages 75 and older, who are especially likely to need LTSS.

We show how LTSS affordability and need vary across the older California population. We measure how outcomes differ by demographic characteristics, but we focus on differences across the income distribution. Our analysis devotes special attention to middle-income adults, classified as people with income between 139 and 500 percent of the federal poverty level (FPL). This group, whom we describe as the "overlooked middle," generally has too much income to qualify for Medi-Cal, California's Medicaid program, but not enough income to cover paid LTSS out of pocket comfortably (Cohen and Alkema 2026).

The final part of our report estimates the share of California residents currently in their 60s and 70s projected to receive paid LTSS at some time in their lives. We project the portion who qualify for Medi-Cal when they first receive paid services and the fraction who eventually qualify as they deplete their financial resources. Our analysis also reveals how Medi-Cal eligibility for LTSS varies with income.

Our estimates are based on the Urban Institute's Dynamic Simulation of Income Model 4 (DYNASIM). The model starts with a nationally representative sample of individuals and families from a large household survey and uses a series of equations and probability matrices to age people year by year, simulating key demographic, economic, and health events. DYNASIM projects outcomes for a wide range of outcomes, including household income and wealth, activity limitations, cognitive impairment, and demographic characteristics. Although DYNASIM is a national model, it identifies observations by state of residence. The model includes enough California residents to generate reliable estimates for the state. We reweighted our sample so that DYNASIM's California projections approximate state population estimates from the US Census Bureau's American Community Survey and

population projections for 2030, 2040, and 2050 from the California Department of Finance.[3] The appendix provides additional information about DYNASIM.

Our results show that 10 percent of California residents ages 50 and older and 30 percent ages 75 and older had LTSS needs in 2024. The number of state residents ages 50 and older with LTSS needs will roughly double over the next 26 years as the state population ages. Only about half of older people in the overlooked middle could afford a moderate amount of paid LTSS without financial assistance in 2024 and most would be unable to cover a substantial amount of paid LTSS out of their own financial resources. By contrast, most older state residents with income above 500 percent of the FPL have enough financial resources to cover paid LTSS on their own. Because LTSS needs are especially prevalent among lower-income people, paid LTSS is less affordable among people with LTSS needs than among the general population. In 2024, only 40 percent of state residents ages 50 and older in the overlooked middle with LTSS needs could cover two years of moderate paid care for themselves with their own financial resources. We project that about a third of older people in the overlooked middle who use paid LTSS do not immediately qualify for Medi-Cal but will eventually qualify as they deplete their financial resources. Consequently, any additional public support offered to the overlooked middle for LTSS costs would reduce Medi-Cal spending.

LTSS Needs, 2024

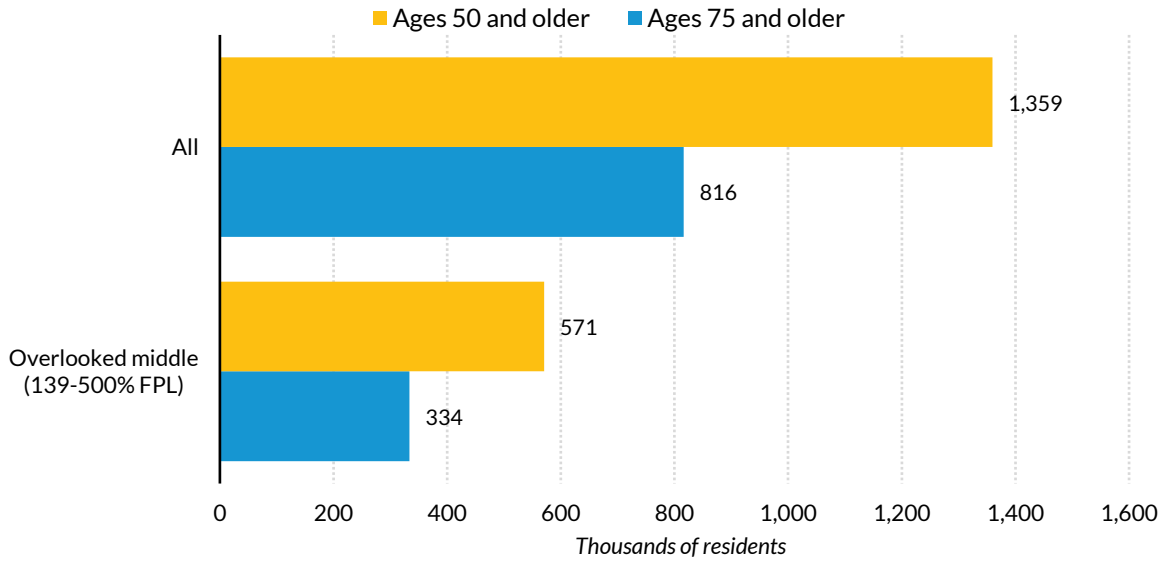
We begin by using DYNASIM to estimate the proportion and number of older state residents with LTSS needs. Our analysis counts only state residents ages 50 and older with significant limitations, defining LTSS needs as requiring help with two or more ADLs expected to last at least 90 days or having severe cognitive impairment. DYNASIM uses equations estimated mostly from household survey data collected from the Health and Retirement Study to project activity limitations and cognition. The model projects cognitive status using scores from the Telephone Interview for Cognitive Status, a standardized battery of memory and cognition questions that was administered to Health and Retirement Study respondents (Ofstedal, Fisher, and Herzog 2005). We classify people as having severe cognitive impairment if they score 7 or less on the cognitive test.

We estimate that about 1.4 million California residents ages 50 and older had LTSS needs in 2024, including about 800,000 residents ages 75 and older (figure 1). About 4 in 10 had income between 139 and 500 percent of the FPL, so that 571,000 residents ages 50 and older in the overlooked middle and 334,000 residents ages 75 and older in the overlooked middle had LTSS needs that year.

FIGURE 1

Number of Older California Residents with LTSS Needs, 2024

Thousands, by age



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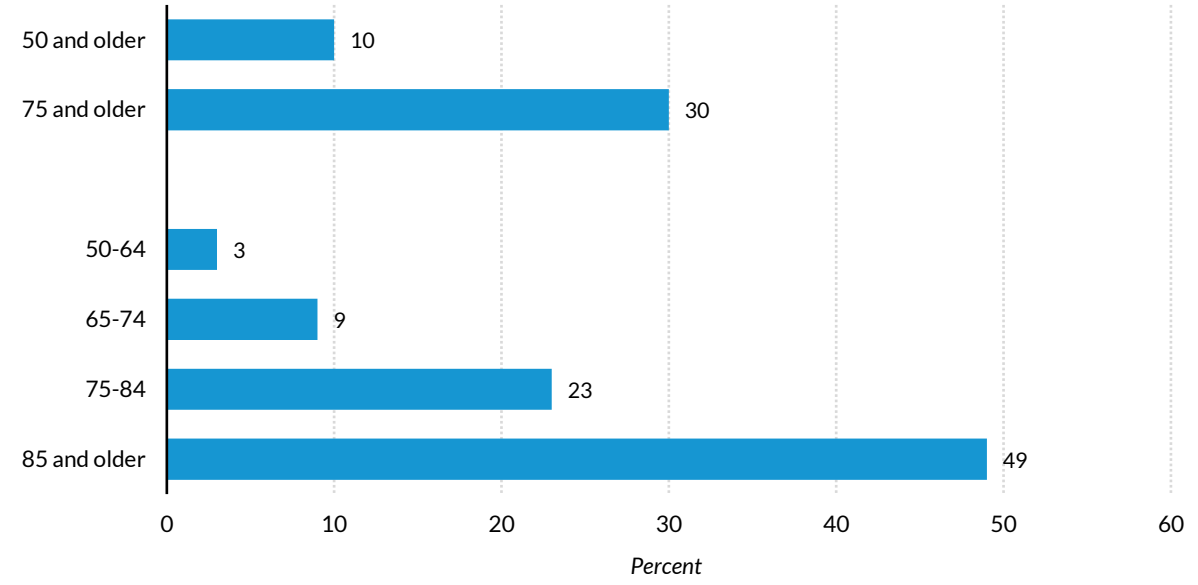
Source: Authors' calculations from DYNASIM4, runid 1009.

Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment. FPL = federal poverty level.

FIGURE 2

Percentage of Older California Residents with LTSS Needs, 2024

By age



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Source: Authors' calculations from DYNASIM4, runid 1009.
Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment.

People with LTSS needs accounted for 10 percent of the 2024 state population ages 50 and older (figure 2). The prevalence of LTSS needs increased sharply with age, rising from 3 percent at ages 50 to 64, 9 percent at ages 65 to 74, 23 percent at ages 74 to 84, and 49 percent at ages 85 and older. Thirty percent of California residents ages 75 and older had LTSS needs in 2024.

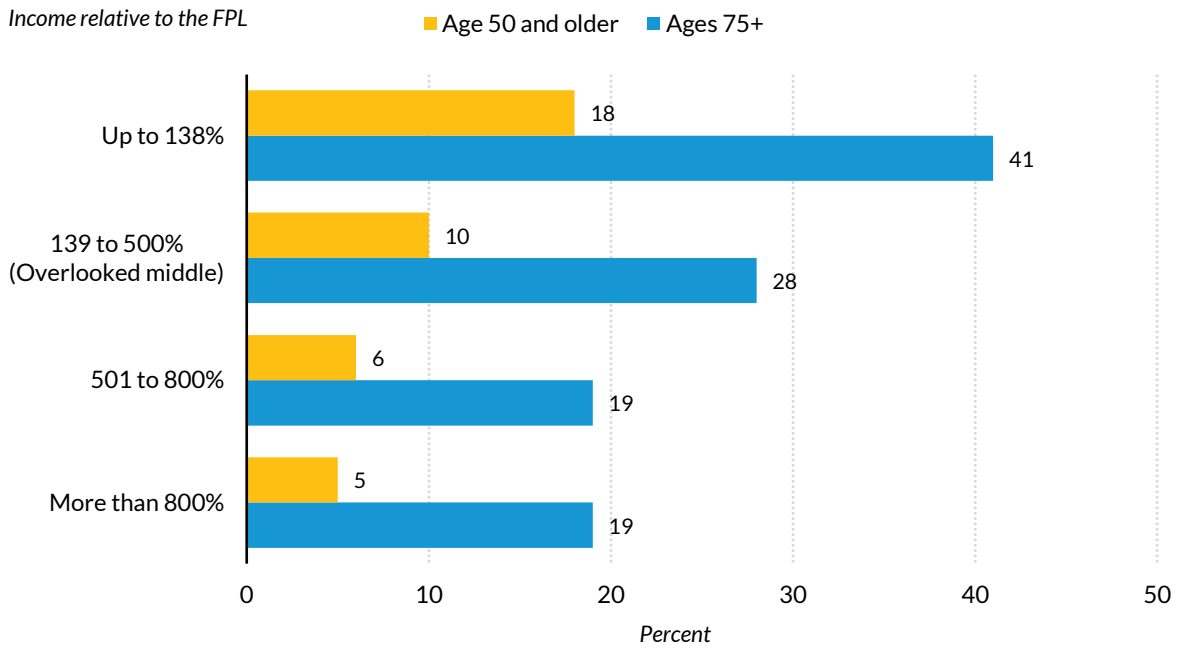
LTSS needs are concentrated among low-income older adults. Among California residents ages 75 and older in 2024, 41 percent of those with income below 139 percent of the FPL had LTSS needs, compared with only 28 percent of those with income between 139 and 500 percent of the FPL (the overlooked middle) and 19 percent of those with income above 500 percent of the FPL (figure 3). These disparities reflect the well-documented association between health status and socioeconomic status (Woolf et al. 2015). Although researchers are still working to understand the link between health and financial resources, health problems and relatively short life expectancy may be especially common among lower-income people because many are unable to afford quality health care, have limited access to a healthy lifestyle (such as nutritious meals and opportunities for regular exercise), live in unhealthy neighborhoods that expose them to pollutants, crime, and violence, and routinely experience stress.

Women, unmarried adults, and Black adults are also more likely than other groups to develop LTSS needs. At ages 75 and older, unmarried California residents were 21 percentage points more likely to have LTSS needs than married residents in 2024, women were 6 percentage points more likely to need LTSS than men, and non-Latino Black residents were 6 percentage points more likely to need LTSS than non-Latino white residents (figure 4).

FIGURE 3

Percentage of Older California Residents with LTSS Needs, 2024

By income and age



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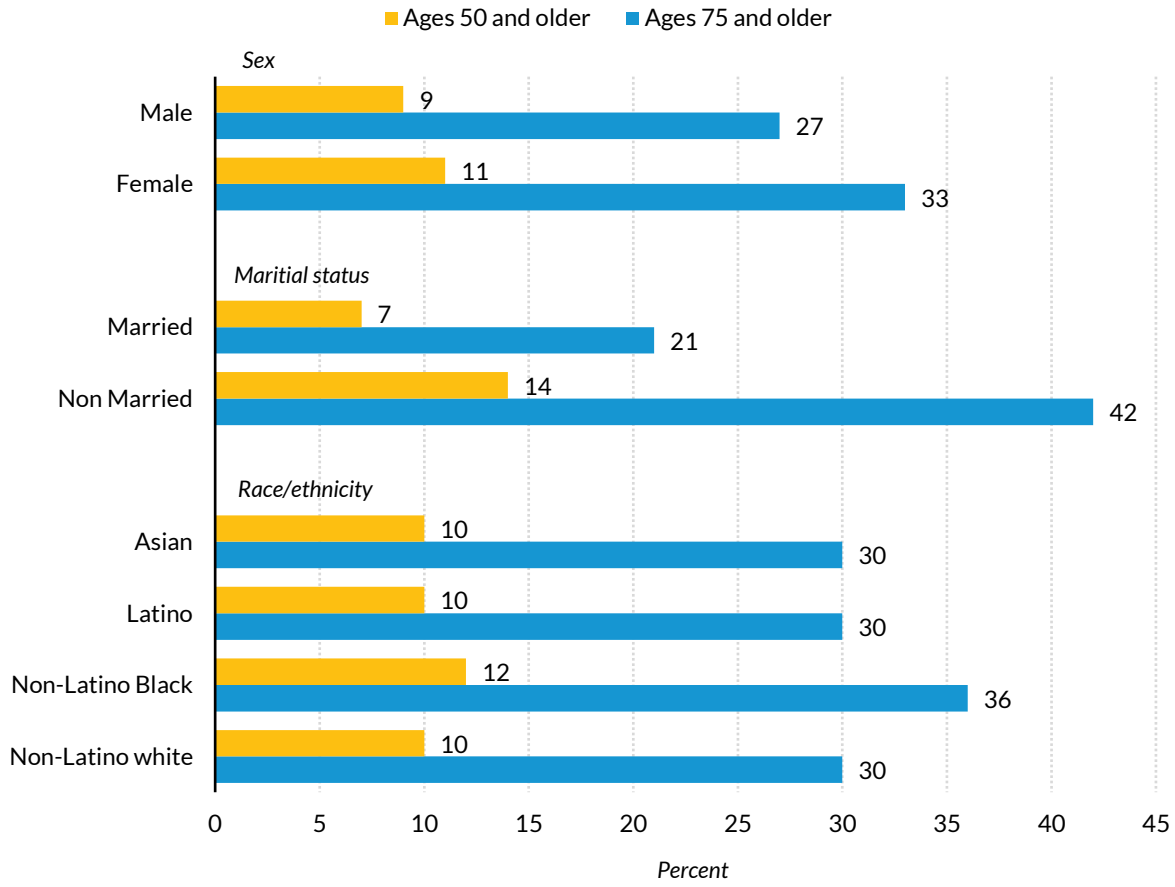
Source: Authors' calculations from DYNASIM4, runid 1009.
Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment. FPL = federal poverty level.

FIGURE 4

Percentage of Older California Residents with LTSS Needs, 2024

By demographic characteristics and age



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Source: Authors' calculations from DYNASIM4, runid 1009.

Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment.

LTSS Affordability, 2024

We estimate the affordability of LTSS by comparing household financial resources with basic spending needs and LTSS costs. We compare affordability across income groups, defined relative to the FPL, which is set annually in the federal poverty guidelines published by the US Department of Health and Human Services.[4] Those guidelines are used to determine eligibility for many public benefit programs, including Medi-Cal.[5]

Financial Resources

Financial resources consist of income (from all sources, including salaries and wages, self-employment income, Social Security benefits, Supplemental Security Income, interest, dividends, rent, and any income from other sources) and financial assets (including retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, and bonds). We exclude the value of real assets (such as homes, other real estate, automobiles and other vehicles, clothing, jewelry, and home furnishings) and life insurance policies. The income measure includes income received only by the reference person and that person's spouse, excluding income from any other members of the household, such as the reference person's co-resident adult children.

Household Income

Table 1 shows how income is distributed across the state population of adults ages 50 and older. In 2024, household income was no more than 138 percent of the FPL, the income cutoff for Medi-Cal eligibility, for 22 percent of California adults ages 50 and older. At the other end of the income distribution, income exceeded 800 percent of the FPL for 20 percent of adults ages 50 and older. Fifteen percent received income that fell between 139 and 250 percent of the FPL, 26 percent received income that fell between 251 and 500 percent of the FPL, and 18 percent received income that fell between 501 and 800 percent of the FPL.

Compared with adults ages 50 and older, those ages 75 and older, who generally have greater LTSS needs, are more likely to have income below 139 percent of the FPL and less likely to have income above 800 percent of the FPL. In 2024, 31 percent of state residents ages 75 and older had income below 139 percent of the FPL, while 12 percent had income above 800 percent of the FPL. The share of California residents with income between those extremes does not differ much between adults ages 50 and older and those ages 75 and older.

TABLE 1

Income Thresholds and Income Distribution Relative to the FPL for Older California Residents, 2024

By marital status and age

	Income Relative to the FPL				
		Overlooked Middle			
Characteristics	**Up to 138%**	**139 to 250%**	**251 to 500%**	**501 to 800%**	**> 800%**
Income limits ($)					
Single adults					
Minimum	NA	20,784	37,651	75,301	120,481
Maximum	20,783	37,650	75,300	120,480	NA
Married adults					
Minimum	NA	28,208	51,101	102,201	163,521
Maximum	28,207	51,100	102,200	163,520	NA
Percentage of population					
Ages 50 and older	22	15	26	17	20
Ages 75 and older	31	18	25	14	12

Source: Authors' estimates from DYNASIM4, ID1009.

Notes: Income thresholds are based on federal poverty guidelines. FPL = federal poverty level. NA = not applicable.

Financial Wealth

The overall median financial wealth for California state residents ages 50 and older was $188,200 in 2024 (Table 2). Financial wealth increases sharply with income. The median value was $16,000 for those with income below 139 percent of the FPL, compared with $1,013,900 for those with income above 800 percent of the FPL. Median financial wealth was $61,300 for adults ages 50 and older with income between 139 and 250 percent of FPL and $180,800 for those with income between 251 and 500 percent of the FPL.

TABLE 2

Median Household Financial Wealth for Older California Residents, 2024 ($)

By income relative to the FPL and age

		Income Relative to the FPL				
			Overlooked Middle			
Age categories	**All**	**Up to 138%**	**139 to 250%**	**251 to 500%**	**501 to 800%**	**More than 800%**
Ages 50 and older	188,200	16,000	61,300	180,800	441,700	1,013,900
Ages 75 and older	121,400	4,000	47,400	236,400	773,200	1,477,300

Source: Authors' estimates from DYNASIM4, ID1009.

Notes: Estimates are reported in 2024 inflation-adjusted dollars and rounded to the nearest $100. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. FPL=federal poverty level.

Compared with all California residents ages 50 and older, those ages 75 and older held less financial wealth in 2024 among adults in the lower portion of the income distribution and more financial wealth among those in the upper portion of the income distribution. In 2024, overall median financial wealth for adults ages 75 and older was $121,400, $66,800 less than for adults ages 50 and older. Median financial wealth in 2024 was lower for the state population ages 75 and older than for the population ages 50 and older among those with income at or below 250 percent of the FPL, but higher at ages 75 and older than at ages 50 and older for people with income above 250 percent of the FPL.

Basic Spending Needs

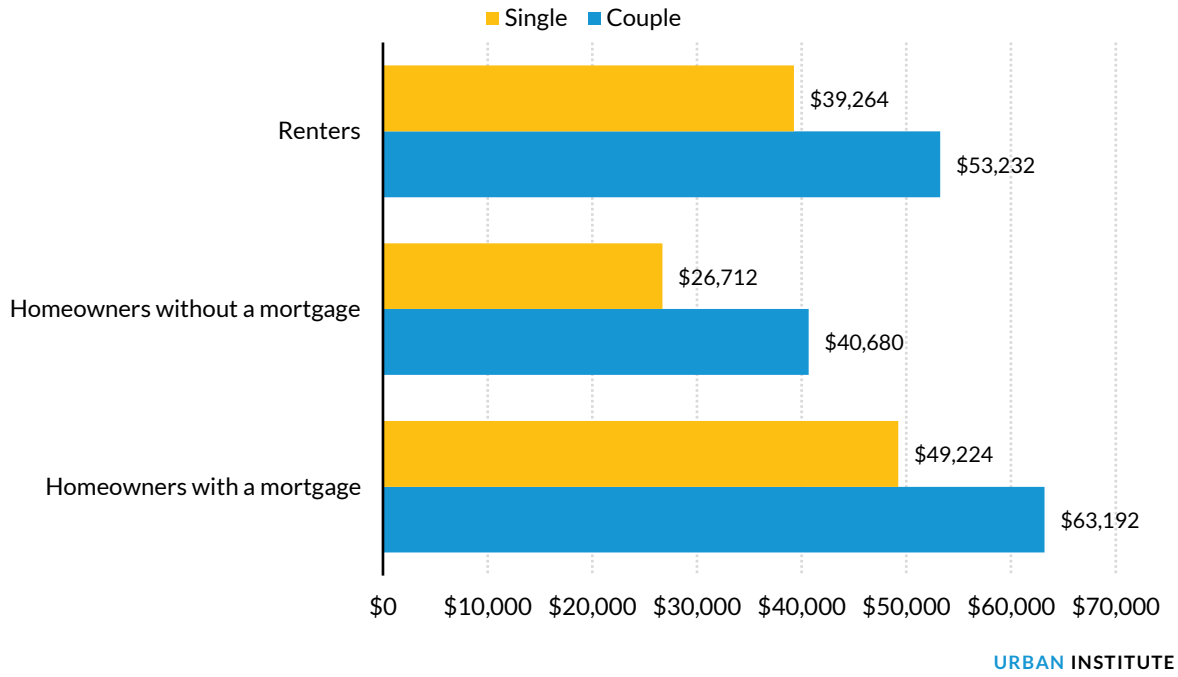
In addition to financial resources, LTSS affordability depends on how much people need to spend on basic needs. We based our estimates of basic spending needs on the Elder Economic Security Standard Index (Elder Index), developed by the Gerontology Institute at UMass Boston (2025). For all 50 states and the District of Columbia, the Elder Index estimates how much money older adults need to cover the cost of housing, health care, food, transportation, and miscellaneous expenses. Costs vary with household size (single or couple), health status (excellent, good, or poor), and housing tenure (renter, homeowner with mortgage, homeowner without a mortgage). We consider spending needs only for people in poor health, because many people with LTSS needs have significant health problems.[6] We obtained spending needs estimates for 2024, the latest year available when we completed our study.[7]

Figure 5 reports 2024 annual basic spending needs for older adults in California. Estimated needs were highest for homeowners with a mortgage and lowest for homeowners without a mortgage. Estimates range from $26,712 for a single homeowner without a mortgage to $63,192 for a married couple with a mortgage. These estimates are much higher than the official poverty threshold set by the US Census Bureau, which in 2024 was $15,045 for a single person ages 65 and older and $18,961 for a couple in which the head of household is ages 65 and older.[8] The income thresholds for the two measures differ because the official poverty threshold is based on a subsistence budget, whereas the Elder Index measures how much income older people need to maintain a middle-class lifestyle.

FIGURE 5

Annual Basic Spending Needs for Older California Residents, 2024

By marital status and housing tenure



Source: Authors' calculations from the Elder Index.
Notes: Estimates are for adults in poor health.

LTSS Costs

Our estimates of LTSS costs depend on the intensity and duration of care. We consider two alternatives for each cost dimension. For intensity, we consider moderate care, which we assume would cost $50,000 a year in 2024, and high-intensity care, which we assume would cost $100,000 a year in 2024. A $50,000 LTSS budget would cover about 107 hours of care per month from a home health aide for a full year in 2024, or almost four hours of care per day for an entire year, under the assumption that a home health aide in California costs $39 per hour, the median 2024 cost in the state, according to the annual survey from Genworth (CareScout 2025). A $100,000 LTSS budget would cover about 214 hours of care per month for a year, or about seven hours of care per day for an entire year. On average, paid home care recipients receive about 138 hours of paid care per month, while paid home care recipients with severe cognitive impairment receive about 206 hours of paid care per month (Johnson and Wiener 2006). By comparison, the 2024 annual median cost of a semi-private room in a California nursing home is about $140,000 (CareScout 2025).

When simulating the duration of LTSS, we assume that average care needs can last one, two, or three years. About half (49 percent) of paid LTSS users receive care for less than two years (Johnson 2019). Another 23 percent receive paid care for two to four years, and 28 percent receive paid care for more than four years.

A final dimension along which LTSS affordability varies is how we treat married people. Should we base affordability on the ability to cover just one spouse, or both spouses simultaneously? In our estimates, we consider both alternatives.

LTSS Affordability Estimates

Comparing financial resources with basic spending needs and potential LTSS costs, we show how LTSS affordability varies with income and other personal characteristics. We assume people use their income to meet their basic needs and then devote the remainder to potential LTSS costs. When people lack enough income to meet their basic needs, we assume they annuitize some of their financial assets, on an actuarially fair basis, to make up the difference. For people with enough income (including any annuitized wealth) to meet basic needs, we estimate how much LTSS they could purchase with their remaining financial resources, which consist of income and financial wealth. However, our calculations exclude up to $25,000 of a family's financial wealth, which we assume families hold in reserve to help cover any unexpected emergencies, such as home repairs or medical expenses. We generate our estimates at the individual level; they show the share of individuals with enough household financial resources to cover their household's basic spending needs plus a certain amount of LTSS.

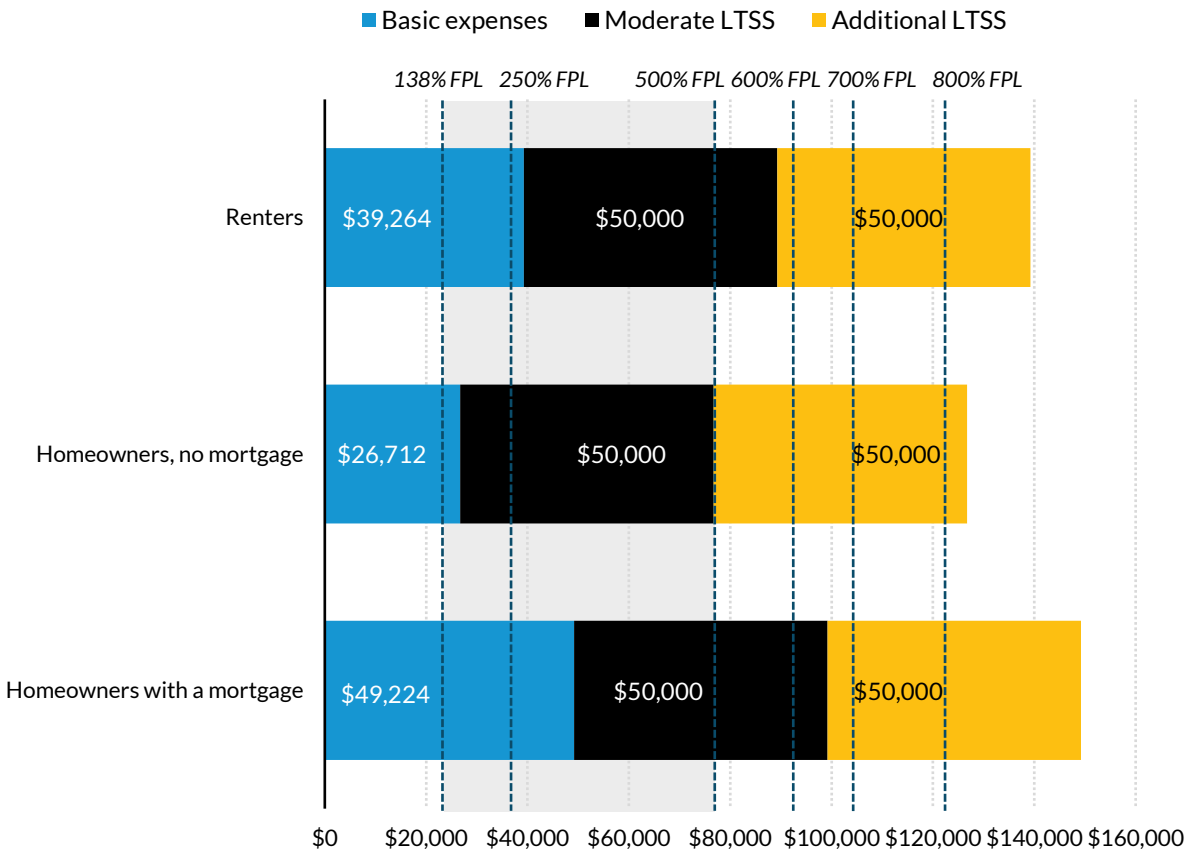
Income Needed to Cover Basic Living Expenses and LTSS

To provide context for our results, figure 6 compares 2024 basic living expenses, LTSS costs, and income for single adults ages 50 and older in California. Our analysis here excludes any financial wealth that people may hold. We show comparisons separately for renters, homeowners without a mortgage, and homeowners with a mortgage. Single adults with income equal to 138 percent of the FPL, or $20,783 in 2024, cannot cover their basic spending needs. With income equal to 250 percent of the FPL, or $37,650, single homeowners without a mortgage could cover their basic living expenses and a little paid LTSS, but renters and homeowners with a mortgage could not cover their basic living expenses using only their income. Income equal to 500 percent of the FPL ($75,300, the upper income bound for the overlooked middle) would be nearly sufficient to cover basic living expenses and a moderate amount of paid LTSS for homeowners without a mortgage, whereas renters and homeowners with a mortgage who collect that income and receive a moderate amount of paid LTSS could cover only

between about one-half and three-quarters of their LTSS costs after meeting basic living expenses. An annual income equal to 700 percent of FPL ($105,420) would be sufficient to cover moderate LTSS plus basic living expenses for older adults in all types of housing, whereas even an annual income equal to 800 percent of the FPL ($120,480) could not fully cover high-intensity LTSS.

FIGURE 6

Cost of Basic Living Expenses and LTSS, Single California Residents Ages 65 and Older, 2024



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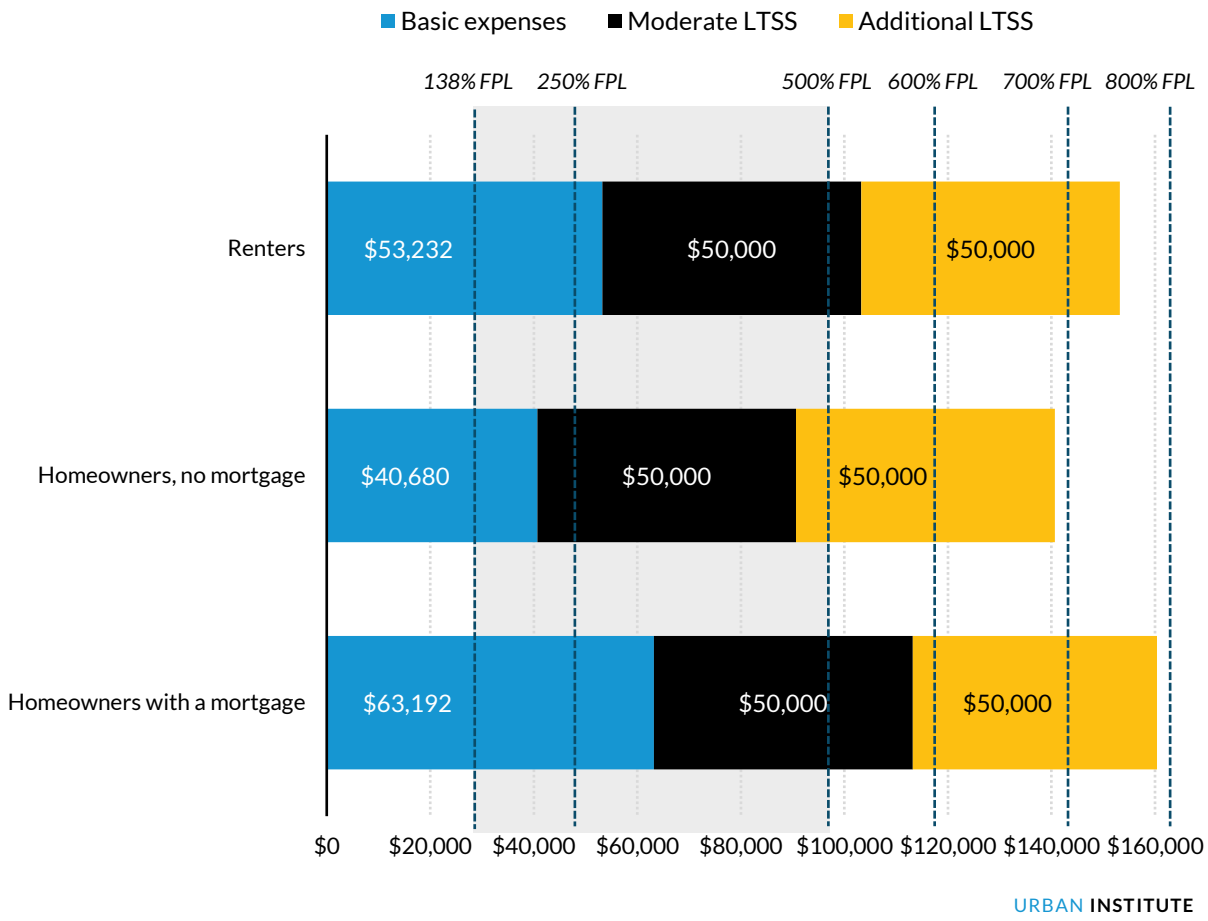
Source: Authors' calculations from the Elder Index and DYNASIM4, runid 1009.
Notes: The analysis assumes that moderate LTSS costs $50,000 annually in 2024 and that high-intensity LTSS costs $100,000 (equal to moderate and additional LTSS in the figure). The gray box indicates the income bounds of the overlooked middle. FPL = federal poverty level.

The affordability of LTSS, when only income is considered and not financial wealth, is similar for married couples (figure 7). Married couples with income equal to 138 percent of the FPL ($28,207 in 2024) could not cover their basic living expenses by relying on their income alone. At 250 percent of the

FPL ($51,100), homeowners without a mortgage could cover basic living expenses, while renters and homeowners with a mortgage could not. Married adults in all types of housing could cover moderate LTSS plus basic living expenses with an income equal to 600 percent of the FPL ($122,640), and they could cover high-intensity LTSS with an income equal to 800 percent of the FPL ($163,520).

FIGURE 7

Cost of Basic Living Expenses and LTSS, Married Couples Ages 65 and Older Residing in California, 2024



Source: Authors' calculations from the Elder Index and DYNASIM4, runid 1009.
Notes: The analysis assumes that moderate LTSS costs $50,000 annually in 2023 and that extensive LTSS costs $100,000 (equal to moderate and additional LTSS in the figure). The gray box indicates the income bounds of the overlooked middle. FPL = federal poverty level.

Share of Older California Residents Who Can Afford LTSS

The next step is to add financial wealth to the analysis, estimating the percentage of older California residents with enough financial resources, including both income and financial wealth, to cover certain

amounts of paid LTSS along with basic living expenses. We first consider the ability to cover basic living expenses, showing how the share with sufficient resources to cover basic expenses varies with income. In 2024, 18 percent of California residents ages 50 and older with income between 139 and 250 percent of the FPL could cover their basic needs using only their income (excluding the value of any annuitized assets; table 3). The share increases to 39 percent when we add the annuitized value of financial assets to the annual income measure. Among adults with income between 251 and 500 percent of the FPL, 91 percent could cover basic needs with their income alone, and 96 percent could cover basic needs when we add the annuitized value of their assets. Everyone with income above 500 percent of the FPL could cover their basic needs, but only 5 percent of people with income below 139 percent of the FPL could do so even when the annuitized value of their financial assets is factored in.

TABLE 3

Percentage of Older California Residents Who Could Cover Their Annual Basic Spending Needs with Their Financial Resources, 2024

By age and income relative to the FPL

	Income Relative to the FPL				
		Overlooked Middle			
Characteristics	**Up to 138%**	**139 to 250%**	**251 to 500%**	**501 to 800%**	**> 800%**
Ages 50 and older					
With income only	0	18	91	100	100
With income and annuitized financial wealth	5	39	96	100	100
Ages 75 and older					
With income only	0	28	91	100	100
With income and annuitized financial wealth	5	52	97	100	100

Source: Authors' estimates from DYNASIM4, ID1009.

Notes: The analysis assumes that people with insufficient income to meet their basic needs will annuitize up to 80 percent of their financial wealth to make up the difference. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. FPL = federal poverty level.

The ability of state residents to cover basic living expenses is similar at ages 75 and older. However, adults ages 75 and older with income between 139 and 250 percent of the FPL are more likely than their counterparts ages 50 to 74 to be able to cover basic expenses. Among adults ages 75 and older in that income range, about a quarter (28 percent) can cover basic expenses using their annual income alone and about half (52 percent) can cover basic expenses if they annuitize their financial wealth. The difference between the two age groups arises because within the 139 to 250 percent of the FPL income range the older group is more likely to receive income in the upper portion of the range.

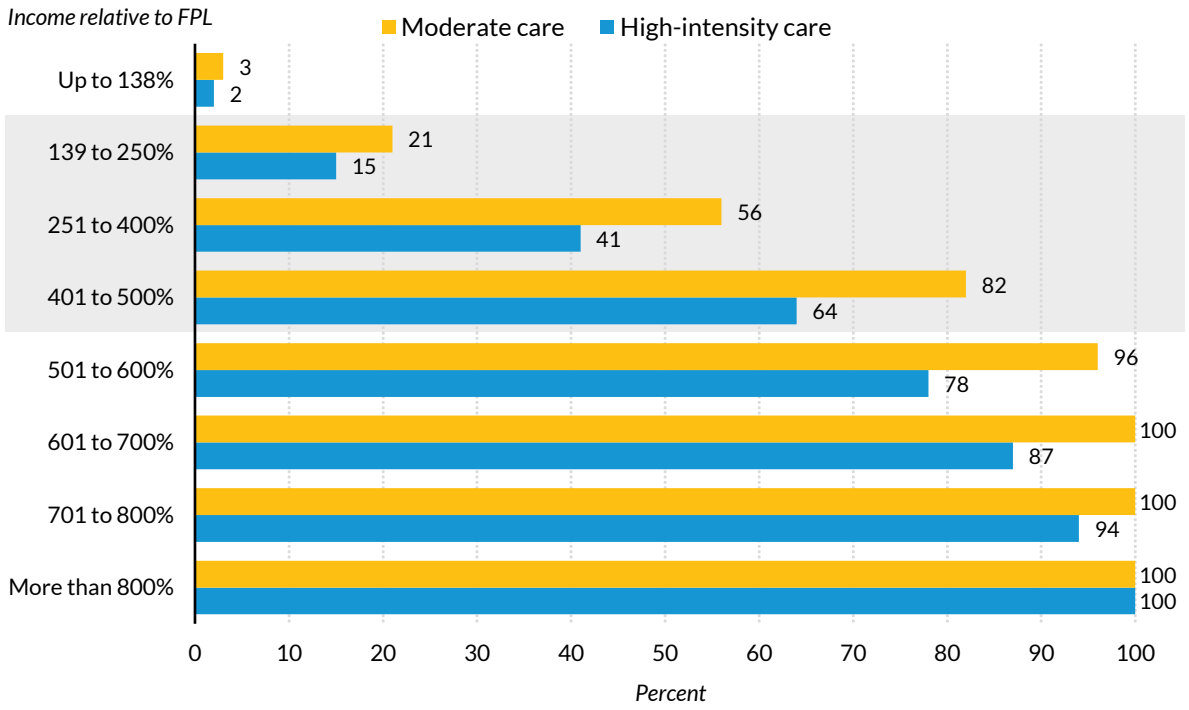
To assess LTSS affordability, we now add a certain amount of LTSS spending to basic living expenses, estimate how many older California adults can cover those costs with their household income and financial wealth (while reserving $25,000 for emergency spending), and see how that percentage varies with household income. Figure 8 shows the percentage of state residents ages 50 and older who could cover two years of paid LTSS for themselves in 2024, excluding the possibility of their spouse (if married) needing LTSS. Turning first to moderate LTSS—$50,000 of paid care in 2024—we see that only 3 percent of adults with income below 139 percent of the FPL would have enough financial resources to cover that cost. Affordability rates remain low—21 percent—for those with income between 139 and 250 percent of the FPL, but it rises to 56 percent at income between 251 and 400 percent of the FPL and 82 percent at income between 401 and 500 percent of the FPL. Nearly all older state residents with income above 500 percent of the FPL would have financial resources to cover two years of moderate paid LTSS for themselves.

Fewer state residents would have enough financial resources to cover two years of high-intensity paid LTSS for themselves, defined as $100,000 worth of care in 2024. For California residents ages 50 and older, our projections show that such care would be affordable for only 15 percent with income between 139 and 250 percent of the FPL, 41 percent with income between 251 and 400 percent of the FPL, and 64 percent with income between 401 and 500 percent of the FPL. Nonetheless, most people with income above 500 percent of the FPL could finance two years of high-intensity paid LTSS for themselves out of their own resources.

FIGURE 8

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and Two Years of Paid LTSS for Themselves Only with Their Income and Financial Wealth, 2024

By intensity of care and income relative to the FPL



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. The gray box shows income groups included in the overlooked middle. FPL = federal poverty level.

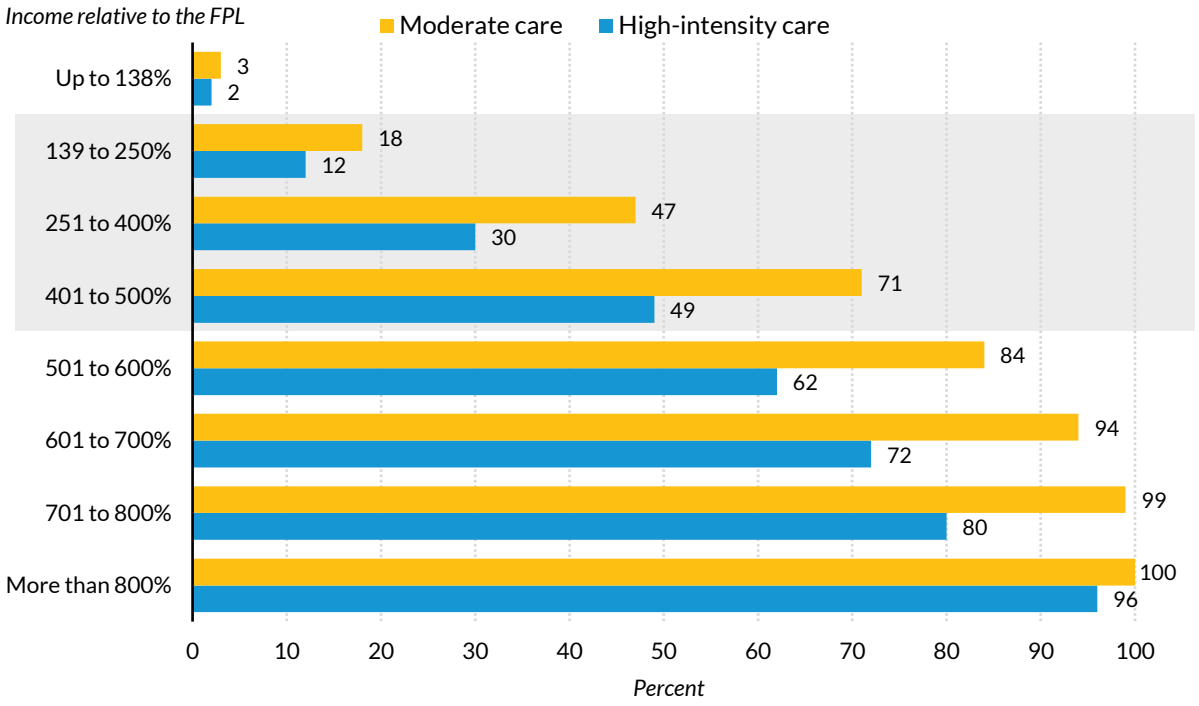
Paid LTSS becomes less affordable when we consider the possibility that a spouse may also need help with basic personal care (figure 9). For moderate care, paid LTSS in 2024 for oneself and a spouse, if married, would be affordable for only 18 percent of state residents with income between 139 and 250 percent of the FPL, 47 percent of those with income between 251 and 400 percent of the FPL, and 71 percent of those with income between 401 and 500 percent of the FPL. Even fewer older California residents could cover more extensive paid LTSS out of their own resources. For high-intensity care, paid LTSS for oneself and a spouse would be affordable for only 12 percent of state residents with income between 139 and 250 percent of the FPL, 30 percent of those with income between 251 and 400

percent of the FPL, and 49 percent of those with income between 401 and 500 percent of the FPL Most people with incomes above 500 percent of the FPL could afford moderate LTSS for themselves and their spouse, and a majority could afford high-intensity LTSS.

FIGURE 9

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and Two Years of Paid LTSS for Themselves and Their Spouse with Their Income and Financial Wealth, 2024

By intensity of care and income relative to the FPL



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that moderate care costs $50,000 annually if single and $100,000 if married in 2024 and that high-intensity care costs $100,000 annually if single and $200,000 if married. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. Red labeling identifies income groups included in the overlooked middle. The gray box shows income groups included in the overlooked middle. FPL = federal poverty level.

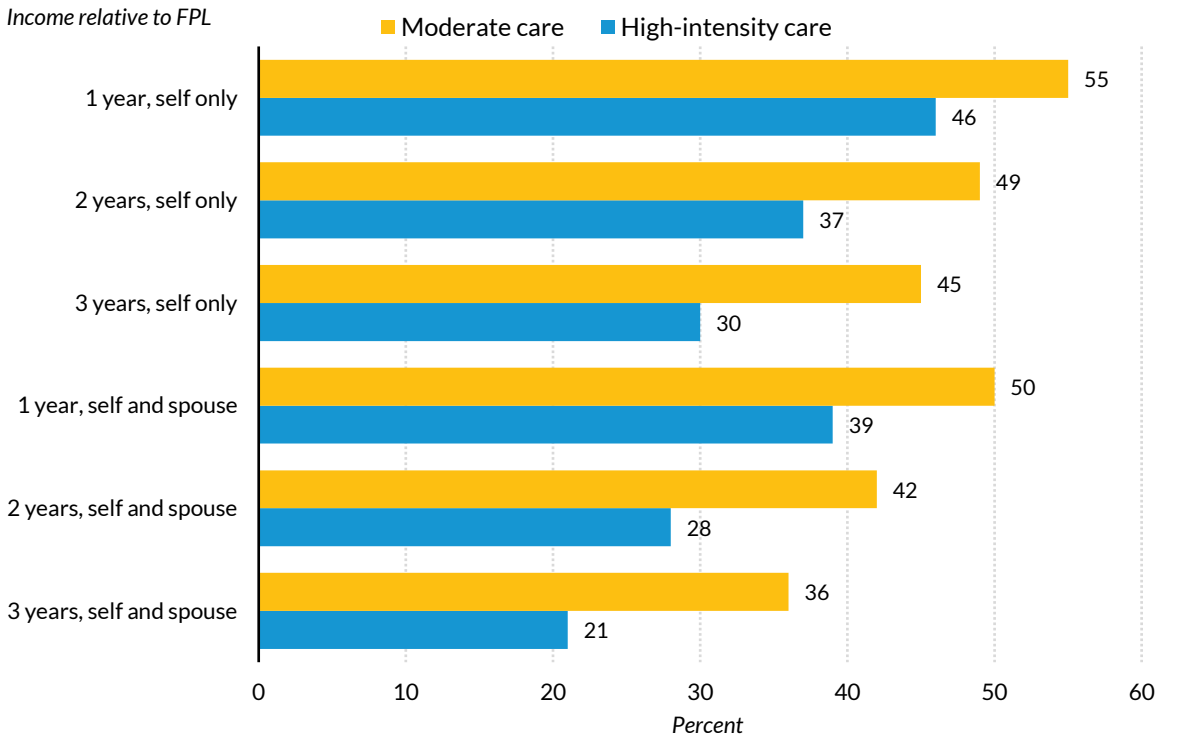
Focusing on the overlooked middle—adults with income between 139 and 500 percent of the FPL—we see that the share of California residents ages 50 and older who could cover moderate LTSS out of their own financial resources varies from 36 to 55 percent, depending on how long the care would last and whether family resources for married couples would cover just one spouse or both spouses (figure

10). The share of older state residents in the overlooked middle who could afford high-intensity LTSS ranges from 21 to 46 percent. In summary, we find that about half of California residents ages 50 and older in the overlooked middle have enough income and financial wealth to cover paid LTSS if they do not receive much care, and only between about a quarter and a third have enough financial resources to cover a substantial amount of paid LTSS on their own.

FIGURE 10

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and Paid LTSS with Their Income and Financial Wealth, 2024

By intensity and duration of care



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents ages 50 and older who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. Estimates are restricted to adults with income between 139 and 500 percent of the FPL. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. FPL = federal poverty level.

Appendix tables provide more details about how affordability varies by income. Table A.1 reports LTSS affordability rates by detailed income ranges for different durations and intensity of LTSS and whether resources need to cover a spouse, and table A.2 repeats the results of that analysis for broader income categories.

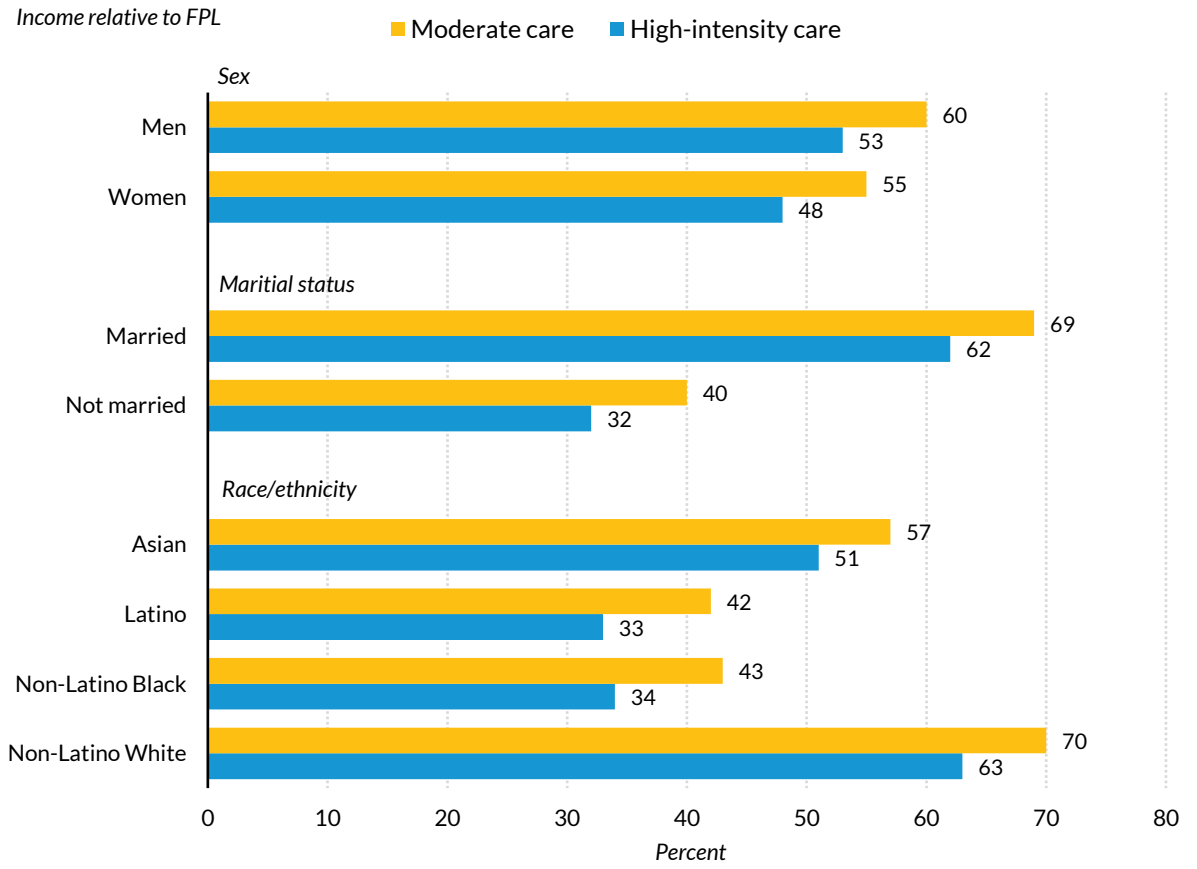
LTSS affordability for adults ages 75 and older, who are especially likely to need care, is similar to affordability at ages 50 and older (table A.3). In 2024, for example, 50 percent of California residents ages 75 and older in the overlooked middle would have enough income and financial wealth to cover two years of moderate LTSS for themselves, nearly identical to the 49 percent rate for their counterparts ages 50 and older.

The affordability of paid LTSS varies by demographics (figure 11). Considering two years of moderate care for oneself only (and not a spouse), we find that LTSS affordability rates are higher for men than women (60 percent versus 55 percent), married adults than adults who are not married (69 percent versus 40 percent), and non-Latino white adults than people of color (70 percent for non-Latino white adults versus 43 percent for non-Latino Black adults and 42 percent for Latinos). Patterns are similar when we consider two years of high-intensity care. Table A.4 reports how LTSS affordability varies with demographic characteristics for LTSS of other durations and when we assume that spouses may also need care. Patterns are generally similar when we consider only the overlooked middle (table A.5) and when we focus on state residents ages 75 and older (tables A.6 and A.7). However, gender differences in LTSS affordability mostly disappear when we restrict our comparisons to the overlooked middle.

FIGURE 11

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and Two Years of Paid LTSS for Themselves Only with Their Income and Financial Wealth, 2024

By demographic characteristics and intensity of care



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents ages 50 and older, regardless of income level, who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. FPL = federal poverty level.

These differentials reflect the distribution of income and wealth across the population. Among state residents ages 50 and older, 2024 median household income was higher among men ($76,000) than women ($61,800), married couples ($100,100) than single adults ($35,500), and non-Latino white people ($89,900) than non-Latino Black people ($53,300) and Latino people ($51,400) (table 4). Financial wealth differentials across demographic groups are even more pronounced. We estimate, for

example, that 2024 median financial wealth for non-Latino white adults was $370,700, compared with only $73,600 for Latino adults and $67,900 for non-Latino Black adults.

TABLE 4

Median Annual Household Income and Financial Wealth of Older California Residents, 2024 ($)

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
All income groups								
Ages 50 and older								
Income	76,000	61,800	100,100	35,500	69,800	51,400	53,300	89,900
Financial wealth	215,400	165,000	315,200	71,300	207,100	73,600	67,900	370,700
Ages 75 and older								
Income	56,700	36,100	73,000	27,300	26,500	24,500	27,900	61,400
Financial wealth	160,800	95,200	280,600	48,600	49,900	27,100	16,500	305,800
Overlooked middle								
Ages 50 and older								
Income	57,700	53,700	66,300	42,700	58,100	54,800	55,200	55,600
Financial wealth	126,700	121,300	165,000	82,000	141,500	79,100	55,900	200,100
Ages 75 and older								
Income	52,100	44,900	60,400	38,600	48,700	44,500	42,200	49,900
Financial wealth	115,800	131,400	179,000	87,600	92,700	66,500	20,500	170,000

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates are rounded to the nearest $100. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. The overlooked middle is defined as residents with income between 139 and 500 percent of the FPL. FPL = federal poverty level.

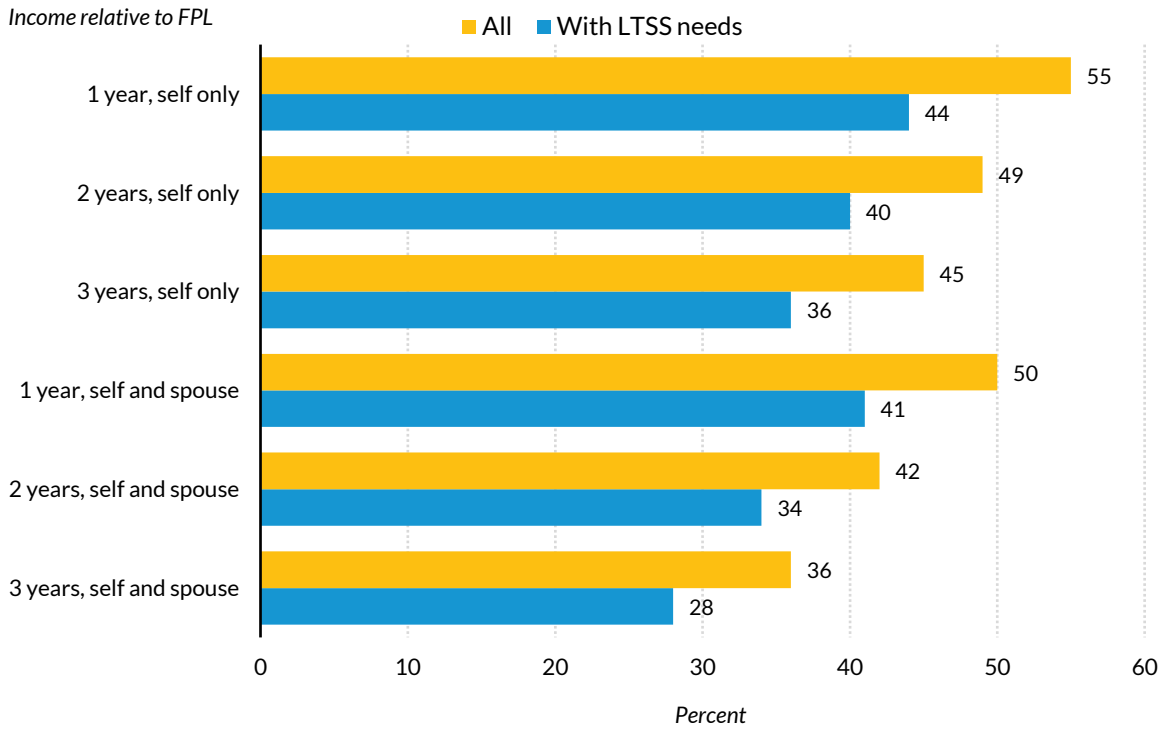
Share of Older California Residents with LTSS Needs Who Can Afford LTSS

Because LTSS needs are more prevalent at lower incomes than higher incomes, people who develop LTSS needs are generally less able to afford paid help than the general population. Our projections show that only 40 percent of California residents ages 50 and older with LTSS needs in 2024 could afford a moderate amount of LTSS for two years for themselves, compared with 49 percent of the general population ages 50 and older (figure 12). If household resources must simultaneously cover a spouse, we estimate that only 34 percent of state residents ages 50 and older with LTSS needs could afford a moderate amount of LTSS for two years, compared with 42 percent of the general population.

FIGURE 12

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and Moderate LTSS with Their Income and Financial Wealth, 2024

By presence of LTSS needs and intensity and duration of care



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Source: Authors' calculations from DYNASIM4, ID1009.

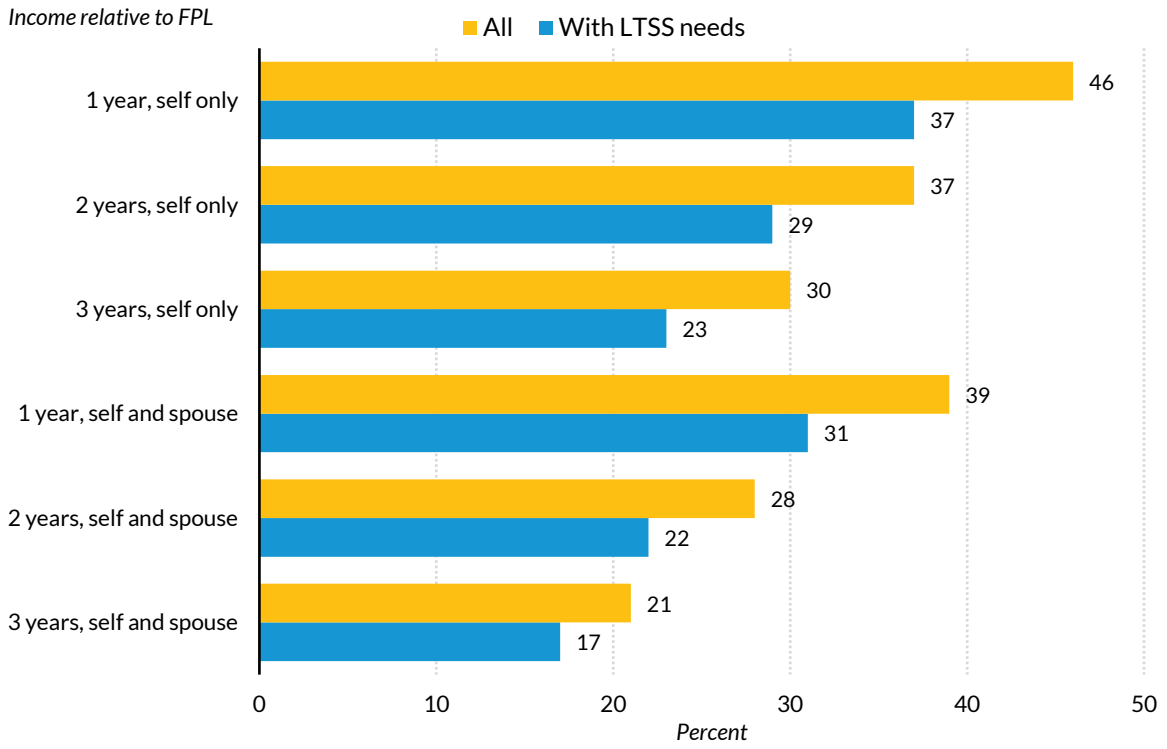
Notes: Estimates indicate the percentage of California residents ages 50 and older who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that in 2024 moderate care costs $50,000 annually for an individual and $100,000 for both spouses combined. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. Estimates are restricted to people with income between 139 and 500 percent of the FPL. FPL = federal poverty level.

High-intensity LTSS is significantly less affordable for people with LTSS needs. We project that only 29 percent of state residents ages 50 and older with LTSS needs have enough financial resources to cover basic living expenses and two years of high-intensity LTSS for themselves, and only 22 percent of those with LTSS needs could cover two years of high-intensity LTSS for both themselves and their spouse (figure 13).

FIGURE 13

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and High-Intensity LTSS with Their Income and Financial Wealth, 2024

By presence of LTSS needs and intensity and duration of care



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of California residents ages 50 and older who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that in 2024 high-intensity care costs $100,000 annually for an individual and $200,000 for both spouses combined. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. Estimates are restricted to people with income between 139 and 500 percent of the FPL. FPL = federal poverty level.

Projecting LTSS Affordability and Needs through 2050

The ongoing evolution of California's older population will change the prevalence of LTSS needs and the ability of future generations of older state residents to finance paid LTSS. As more members of the large baby boom generation, born between 1946 and 1964, reach age 75 and beyond and future generations live longer, the number of California residents at high risk of developing LTSS needs will grow. Income at older ages will shift as the share of retirees receiving traditional employer pensions continues to fall and more women reach old age with extensive work histories and gain access to their own retirement benefits. Additionally, the older state population will be better educated and more racially and ethnically diverse in coming decades than it is today. In this section we project LTSS needs and affordability for older California residents in 2030, 2040, and 2050.

State Population Changes

For state LTSS policy, the most relevant projected change in the population over the 26 years is the growth in the older population. We project that the state population ages 50 and older will grow by 4.6 million, or 34 percent, between 2024 and 2050, increasing from 13.5 million to 18.1 million (table 5). The population ages 75 and older, at high risk of developing LTSS needs, will more than double by 2050, increasing by 3.1 million, from 2.7 million to 5.9 million. In 2050, the youngest baby boomer will be age 84, and the aging of that unusually large generation accounts for the surge in the population ages 75 and older.

TABLE 5

Projected Size of the Older California Population, 2024–50

Thousands of state residents, by year and age

Characteristics	Ages 50 and older	Ages 75 and older
Population estimates		
2024	13,498	2,741
2030	14,679	3,580
2040	16,982	5,035
2050	18,120	5,861
Population growth between 2024 and 2050		
Number	4,622	3,120
Percent	34	114

Source: Authors' calculations from DYNASIM4, ID1009.

We also project significant income growth for the older state population through 2050. The share of the population ages 50 and older with income below 139 percent of the FPL is projected to decline

over the next few decades, falling to 17 percent in 2050, while the share with income exceeding 800 percent of the FPL is projected to grow, reaching 27 percent in 2050 (table 6). Projected income grows even more sharply at ages 75 and older, as the share with income below 139 percent of the FPL falls 7 percentage points, to 24 percent, and the share with income above 800 percent of the FPL increases 8 percentage points, to 20 percent. This income growth reflects projected real wage gains over the next quarter century, as productivity growth propels wages faster than inflation, and increased employment at older ages (National Academy of Sciences, Engineering, and Medicine 2022). In addition to increasing current income for older adults who are still employed, these wage gains raise lifetime earnings, resulting in higher Social Security and retirement plan balances.

The relative sizes of the income groups between these extremes are not projected to change much over the next few decades. We project that between 2024 and 2050 the share with income between 139 and 500 percent of the FPL will fall slightly, dropping from 41 percent to 38 percent for people ages 50 and older and dropping from 43 percent to 40 percent for people ages 75 and older. Because the older population will grow over the 26 years however, the number of older adults in the overlooked middle will increase substantially. We project that between 2024 and 2050 the number of state residents ages 50 and older in the overlooked middle will increase 24 percent, from 5.5 million to 6.9 million; at ages 75 and older, the number in the overlooked middle is projected to nearly double, increasing from 1.2 million to 2.3 million.

TABLE 6

Income Distribution Relative to the FPL for Older California Residents, 2024–50 (%)

By year and age

	Income Relative to the FPL				
		Overlooked Middle			
Characteristics	**Up to 138%**	**139 to 250%**	**251 to 500%**	**501 to 800%**	**> 800%**
Ages 50 and older					
2024	22	15	26	17	20
2030	21	14	26	18	21
2040	19	14	26	18	24
2050	17	13	25	19	27
Ages 75 and older					
2024	31	18	25	14	12
2030	30	17	24	16	13
2040	28	19	25	14	14
2050	24	16	24	15	20

Source: Authors' estimates from DYNASIM4, ID1009.
Notes: FPL = federal poverty level.

The projected income gains will also raise household financial wealth for the older state population, as people have more resources to save. We project that inflation-adjusted household financial wealth for older California residents will increase over the next few decades. Our projections show that between 2024 and 2050 median household financial wealth will increase 67 percent, to $314,300 in 2024 inflation-adjusted dollars, for state residents ages 50 and older, while increasing 96 percent, to $238,300, for those ages 75 and older. For the overlooked middle—adults with incomes between 139 and 500 percent of the FPL—we project that 2050 median financial wealth will reach $163,100 for those ages 50 and older and $156,300 for those ages 75 and older. In addition to reflecting generational increases in lifetime earnings, which facilitate wealth building, this growth reflects the shift from traditional employer pensions, which are not included in our measure of financial wealth, to employment-based 401(k)-type savings plans, which are included in our measure.

TABLE 7

Projected Median Household Financial Wealth for Older California Residents, 2024–2050 ($)

By income and age

Characteristics	All	Overlooked middle
Ages 50 and older		
2024	188,200	124,200
2030	209,000	130,400
2040	251,600	148,500
2050	314,300	163,100
Ages 75 and older		
2024	121,400	126,900
2030	155,700	147,700
2040	174,500	151,100
2050	238,300	156,300
% increase, 2024–50		
Ages 50 and older	67	31
Ages 75 and older	96	23

Source: Authors' estimates from DYNASIM4, ID1009.

Notes: Estimates are reported in 2024 inflation-adjusted dollars and rounded to the nearest $100. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. We classify people as belonging to the overlooked middle if they have income between 139 and 500 percent of the FPL. FPL=federal poverty level.

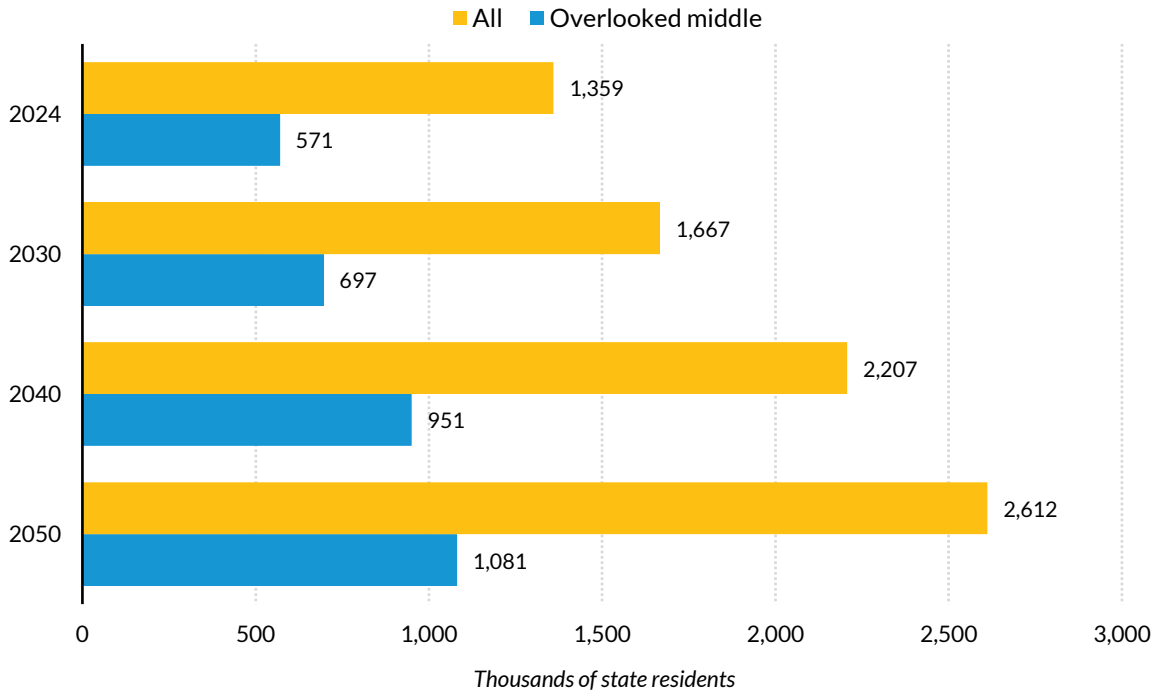
Projected LTSS Needs

We project steady growth over the next quarter century in the number of older California residents with LTSS needs. Between 2024 and 2050, the number of residents ages 50 and older with LTSS needs will increase from 1.4 million to 2.6 million, a 92 percent increase (figure 14). Among those in the overlooked middle, the number with LTSS needs is projected to increase from 571,000 to 1.1 million, an 89 percent increase.

FIGURE 14

Projected Number of California Residents Ages 50 and Older with LTSS Needs, 2024–50

By year and income



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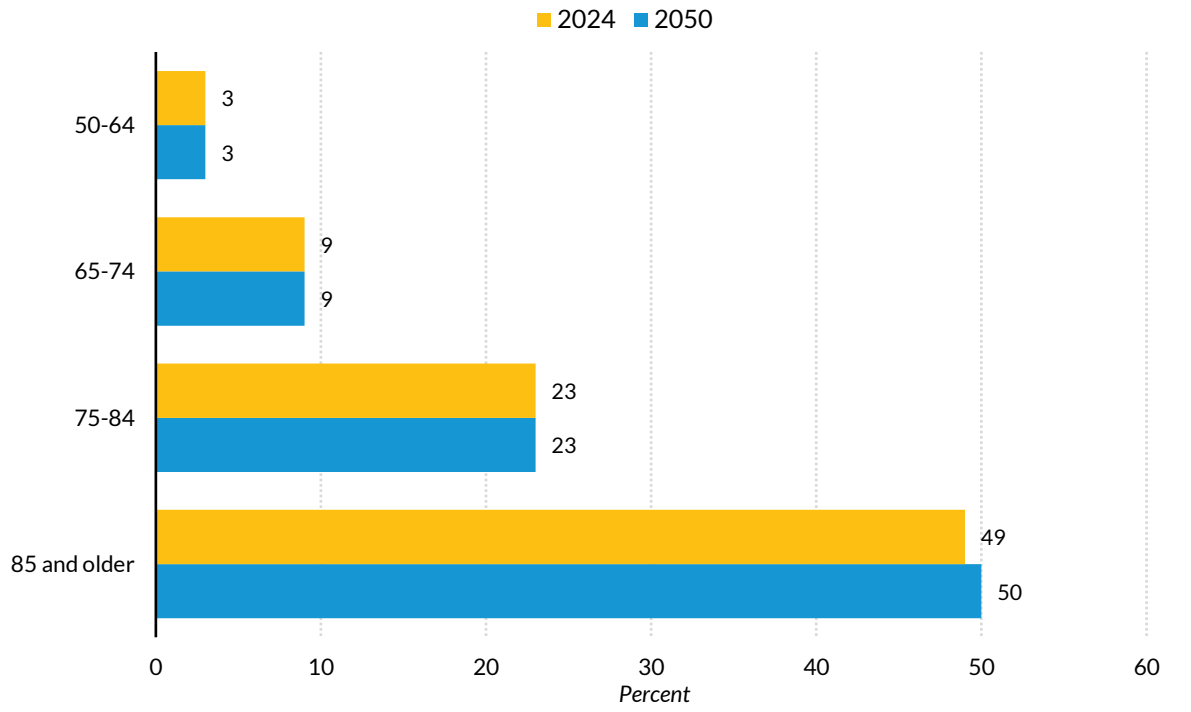
Source: Authors' calculations from DYNASIM4, ID1009.
Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment. We classify people as belonging to the overlooked middle if they have income between 139 and 500 percent of the FPL. FPL = federal poverty level.

This growth results almost completely from the increase in the state's older population. Within various age groups, the share of state residents with LTSS needs is nearly identical in 2024 and 2050 (figure 15).

FIGURE 15

Projected Percentage of Older California Residents with LTSS Needs, 2024 and 2050

By age and year



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Source: Authors' calculations from DYNASIM4, runid 1009.
Notes: The analysis classifies people as needing LTSS if they need help with two or more ADLs or have severe cognitive impairment.

Projected LTSS Affordability

Projecting LTSS affordability requires us to update our estimates of basic living expenses and LTSS costs. We base future living expenses on our 2024 estimates from the Elder Index, adjusted for changes in the overall price level. Because LTSS primarily involves hands-on care with limited medical interventions, we assume the hourly cost of these services increases at the same rate as average hourly wages. Our price and wage growth assumptions come from the 2024 annual report of the Social Security trustees (Board of Trustees, Federal Old-Age and Survivors Insurance and the Federal Disability Insurance Trust Funds 2024). Because the trustees, following long-term trends, expect wages to increase faster than prices, we project that the annual cost of moderate and high-intensity LTSS will increase over time in inflation-adjusted dollars. We estimate that in 2050 moderate LTSS will cost

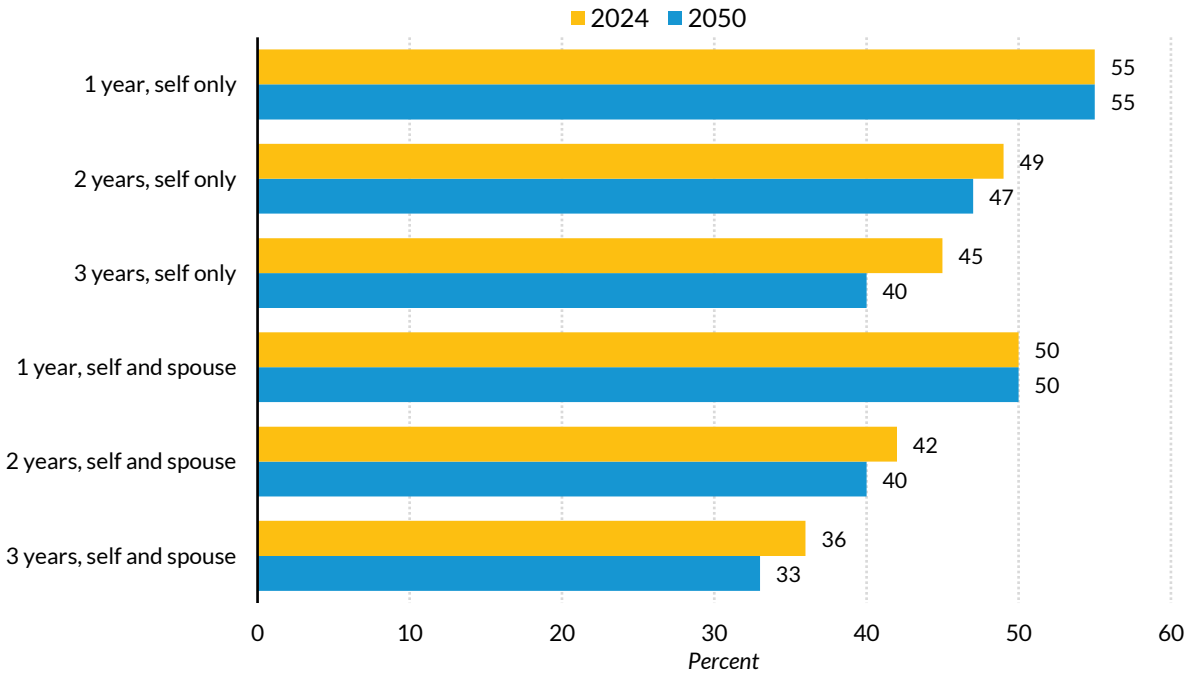
about $71,400 in 2024 inflation-adjusted dollars and high-intensity LTSS will cost about $142,900. That increase corresponds to an average annual growth rate of 1.38 percent between 2024 and 2050.

We project that a moderate amount of paid LTSS that lasts more than a year will be somewhat less affordable for older California residents in 2050 than in 2024. In 2050, our projections indicate that 47 percent of state residents ages 50 and older in the overlooked middle have enough income and financial wealth to cover basic living expenses and two years of moderate LTSS for themselves only, compared with 49 percent in 2024 (figure 16). The projected share in the overlooked middle who can afford three years of moderate LTSS for themselves only declines from 45 percent in 2024 to 40 percent in 2050.

FIGURE 16

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and Moderate LTSS with Their Income and Financial Wealth, 2024 and 2050

By intensity and duration of care and prevalence of LTSS needs



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Source: Authors' calculations from DYNASIM4, ID1009.

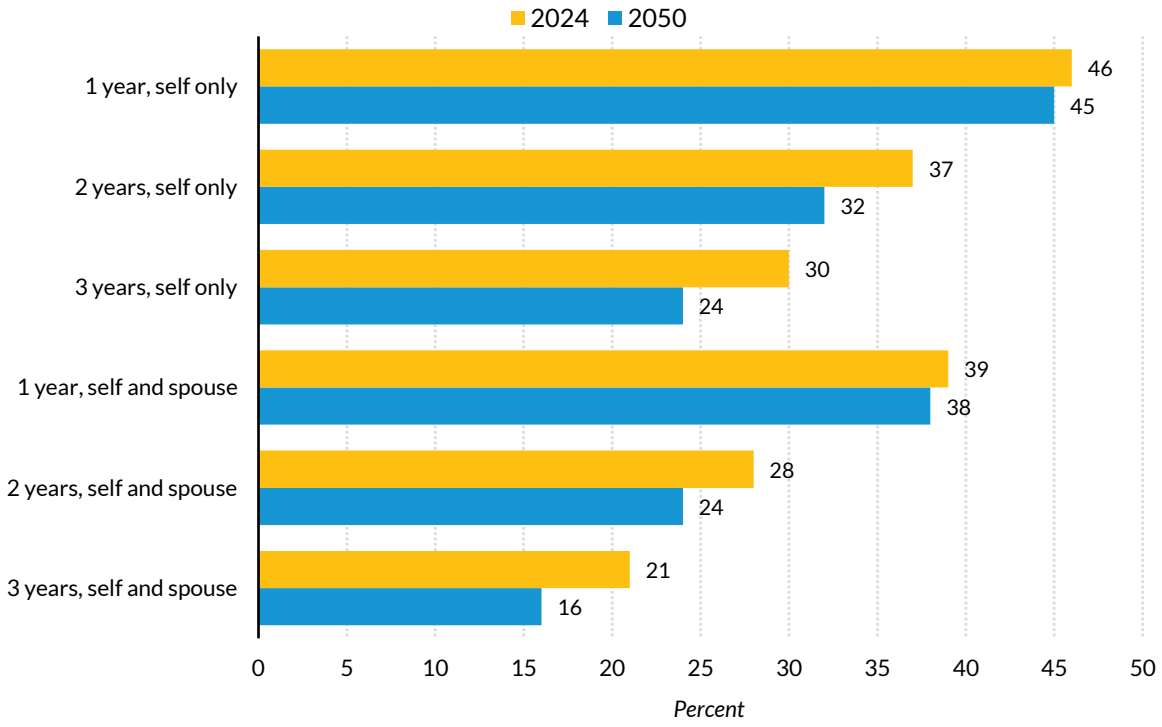
Notes: Estimates indicate the percentage of California residents ages 50 and older who can cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 (in 2024 inflation-adjusted dollars) of financial wealth held in reserve for emergencies. The analysis assumes that moderate care for an individual costs $50,000 annually in 2024 and $71,400 in 2050, both measured in 2024 inflation-adjusted dollars. We double these costs estimates when both spouses need care. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. Estimates are restricted to people with income between 139 and 500 percent of the FPL. FPL = federal poverty level.

The projected affordability of high-intensity paid LTSS declines more sharply over time. We project that in 2050 only 33 percent of state residents ages 50 and older in the overlooked middle have enough income and financial wealth to cover basic living expenses and two years of high-intensity LTSS for themselves only, compared with 37 percent in 2024 (figure 17). The projected share in the overlooked middle who can afford three years of high-intensity LTSS for themselves only declines from 30 percent in 2024 to 24 percent in 2050.

FIGURE 17

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and High-Intensity LTSS with Their Income and Financial Wealth, 2024 and 2050

By intensity and duration of care and prevalence of LTSS needs



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Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of California residents ages 50 and older who can cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 (in 2024 inflation-adjusted dollars) of financial wealth held in reserve for emergencies. The analysis assumes that high-intensity care for an individual costs $100,000 annually in 2024 and $142,900 in 2050, both measured in 2024 inflation-adjusted dollars. We double these costs estimates when both spouses need care. Financial wealth includes retirement savings, bank account balances, certificates of deposits, mutual funds, stocks, bonds, and other financial assets and excludes real assets, such as the value of a home and other real estate. Estimates are restricted to people with income between 139 and 500 percent of the FPL. FPL = federal poverty level.

Appendix tables 7 through 11 provide more details about the affordability of LTSS for older state residents in 2050.

Medi-Cal Eligibility After LTSS Onset

To understand how many older people in California with LTSS needs eventually qualify for Medi-Cal, we follow a cohort of California residents in DYNASIM who were born between 1942 and 1955 and project their financial resources, LTSS needs, use of paid LTSS, and medical and LTSS spending from age 50 to the end of their lives. We classify individuals as Medi-Cal eligible if their family income minus out-of-pocket LTSS and medical spending for themselves and their spouses does not exceed 138 percent of the FPL and their wealth does not exceed $130,000 if single or $195,000 if married, Medi-Cal's asset limits in January 2026. When comparing household wealth with those asset limits, which we assume remain fixed in nominal terms indefinitely, we exclude the value of home equity. Because these estimates are based on simulations that were not calibrated to state administrative data, they may not be consistent with those administrative data.

More than half of this 1945 to 1954 birth cohort is projected to use paid LTSS at some point after turning age 50. For those LTSS users, table 8 shows the distribution of ages of the first use of paid LTSS (columns 1–3) and the shares of LTSS users who qualify for Medi-Cal at any time after age 50 (column 6). We also divide the latter group into those who first qualify for Medi-Cal before they first begin receiving paid LTSS (column 4) and those who do not qualify for Medi-Cal when they first receive paid LTSS but become eligible sometime later (column 5). Column 7 shows the percentage of paid LTSS users who never qualify for Medi-Cal.

Among California residents who receive paid LTSS after age 50, 52 percent first receive paid care between ages 65 and 79, 33 percent first receive paid care at ages 80 or older, and only 15 percent receive paid care before turning age 65. However, the age when people tend to first receive paid LTSS varies across demographic groups, generally skewing toward younger ages for low-income people, people with limited education, Black people, and Latino people. Among those who receive paid LTSS at some point, only 11 percent of Asians and 13 percent of non-Latino white people receive paid LTSS before they turn age 65, compared with 20 percent of Latino people and 19 percent of non-Latino Black people. Differences in the age of first receipt of paid LTSS across education groups are even starker. More than 80 percent of people without a high-school diploma start receiving paid LTSS before age 80, compared with only 56 percent of those who completed four or more years of college. Income differences in the initial receipt of paid LTSS follow a similar pattern.

A little more than half of state residents in this cohort who receive paid LTSS qualify for Medi-Cal at some point while receiving paid LTSS. About a third are eligible for Medi-Cal when they first start receiving LTSS, and about another fifth become eligible over the course of their paid LTSS use by spending their income, assets, or both on qualified expenses to meet Medi-Cal's eligibility threshold. Within the overlooked middle—people with income between 139 and 500 percent of the FPL—Medi-Cal eligibility at LTSS-use onset differs sharply between those in the lower portion of that income range (139 to 250 percent of FPL) and those in the upper portion (251 to 500 percent of FPL), but the shares of LTSS users who become eligible for Medi-Cal by spending their resources on qualified expenses is roughly equal for the two groups. At LTSS use onset, 37 percent of people in the lower range but only 1 percent of those in the upper range of the overlooked middle qualify for Medi-Cal. About one third of LTSS users in each group become eligible by spending down their resources. Among LTSS users with incomes less than 139 percent of the FPL, 90 percent are eligible when they first begin receiving paid LTSS, and an additional 4 percent become eligible by spending their financial resources. On the other end of the income distribution, at incomes greater than 500 percent of the FPL, the few paid LTSS users who qualify for Medi-Cal when they first receive paid LTSS have spouses who are receiving paid LTSS. About 10 percent of LTSS users in this income group become eligible for Medi-Cal over the course of their paid LTSS use.

TABLE 8

Projected Age at First Use of Paid LTSS and Medi-Cal Eligibility for Users of Paid LTSS, California Residents Born between 1942 and 1955

By demographic characteristics and income in the year of LTSS onset

	Age When First Received Paid LTSS (%)			Timing of Initial Medi-Cal Eligibility (%)			
Characteristics	50–64 (1)	65–79 (2)	≥ 80 (3)	Before LTSS onset (4)	After onset (5)	Before or after onset (6)	Never (7)
All	15	52	33	34	21	55	45
Sex							
Women	14	52	34	36	22	58	42
Men	16	52	31	32	20	52	48
Race and ethnicity							
Asian	11	50	39	44	23	66	34
Latino	20	56	25	58	17	75	25
Non-Latino Black	19	59	22	47	24	71	29
Non-Latino white	13	51	36	19	22	41	59
Other	15	43	42	32	28	61	39
Education							
Not high school graduate	22	60	18	73	14	87	13
High school diploma only	17	52	31	42	23	66	34
Some college, fewer than four years	13	52	36	21	25	47	53
Four or more years of college	10	46	44	11	21	32	68
Marital status at LTSS onset							
Married	14	56	30	27	21	48	52
Widowed	13	46	41	34	23	57	43
Divorced or separated	17	54	29	41	20	61	39
Never married	19	52	29	52	18	69	31
Income at LTSS onset as percentage of FPL							
Less than 139%	19	56	25	90	4	94	6
139 to 250%	16	52	32	37	35	72	28
251 to 500%	13	49	38	1	34	36	64
501% to 800%	10	50	40	1	13	13	87
Greater than 800%	12	52	37	1	8	9	91

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Projections are based on a sample of California residents born between 1942 and 1955 who used paid LTSS after turning age 50. We define LTSS onset as the year before a person first uses paid LTSS. Columns 1, 2, and 3 show the distribution of the age of first paid LTSS receipt. These columns do not always sum to 100 percent because of rounding. Column 4 shows the percentage of people in the sample who qualifyor Medi-Cal in the year before they first received paid LTSS; column 5 shows the percentage who qualify at some point after they first received paid LTSS; column 6 shows the percentage who qualify either before or after they first received paid LTSS, and column 7 shows the percentage who never qualify. Because these estimates are based on simulations, they may not be consistent with state administrative data. FPL = federal poverty level.

Conclusion

Our projections show that significant LTSS needs are widespread among older California residents. In 2024, about 1.4 million California residents ages 50 and older needed help with two or more ADLs or had severe cognitive impairment, including about 800,000 residents ages 75 and older. People with LTSS needs accounted for 10 percent of the state population ages 50 and older and 30 percent of the population ages 75 and older. Within the overlooked middle, defined as people with income between 139 and 500 percent of the FPL, about 571,000 state residents ages 50 and older had LTSS needs in 2024, including 334,000 residents ages 75 and older. LTSS needs are concentrated among low-income older adults. Women, unmarried adults, and Black adults are also more likely than other groups to develop LTSS needs.

The aging of the California population will roughly double the number of older state residents with LTSS needs over the next 26 years. We project that in 2050 the number of California residents ages 50 and older with LTSS needs will reach 2.6 million, including about 1.1 million in the overlooked middle. This increase will result almost entirely from the surge in the size of the older state population over the coming decades. Controlling for age, we do not project that the risk that a California resident develops LTSS needs will rise significantly over time.

About half of older California residents in the overlooked middle would struggle to cover paid LTSS on their own. We project that only 49 percent of state residents ages 50 and older in the overlooked middle have enough income and financial wealth to cover basic living expenses and a moderate amount of LTSS for themselves for two years. This share falls considerably when we measure the affordability of more intensive LTSS, care that lasts more than two years, and the prospect of having to cover LTSS for both spouses simultaneously. Because LTSS needs are more prevalent at lower incomes than higher incomes, people who develop LTSS needs are generally less able to afford paid help than the general population. Our projections show that only 40 percent of California residents ages 50 and older in the overlooked middle with LTSS needs in 2024 can afford a moderate amount of LTSS for two years for themselves.

Because many state residents in the overlooked middle cannot afford much paid LTSS, many of those who receive paid LTSS turn to Medi-Cal to cover their expenses. We project that about a third of adults in the overlooked middle who receive paid LTSS and do not qualify for Medi-Cal before receiving LTSS will become eligible for the program over the course of their care, as their out-of-pocket LTSS spending drains their financial resources.

Our findings underscore the shortcomings of existing financing options for paid LTSS in California. Paid care is expensive, but Medicare and private Medigap plans do not cover most types of LTSS, and relatively few people hold private long-term care insurance policies. As a result, most older people in the overlooked middle with care needs rely exclusively on unpaid family members for help, often creating physical, emotional, and financial burdens for family caregivers (National Academies of Sciences, Engineering, and Medicine 2016). When care needs exceed what family caregivers can provide on their own, care recipients often turn to paid helpers, which often takes a financial toll on themselves and their families. High out-of-pocket costs can deplete a lifetime of savings, compromise care recipients' ability to cover basic living expenses, and force people to enroll in Medi-Cal. Enhancing LTSS financing options in California could provide state residents with some certainty about how to cover LTSS costs and improve the financial security of older adults and their families.

Appendix: Dynamic Simulation of Income Model

The findings in this report are based on analysis using the Urban Institute's Dynamic Simulation of Income Model 4 (DYNASIM), a microsimulation model designed to analyze retirement and aging issues. Starting with a nationally representative sample of individuals and families, the model "ages" people in the sample each year until 2050. (Other versions of the model generate projections through 2100). This aging is accomplished by simulating a number of demographic events like births, deaths, marriages, and immigration; economic outcomes like labor force participation, earnings, hours of work, federal and state taxes, and wealth; and health outcomes like disability onset and recovery and use and costs of LTSS. Simulations of these events and outcomes vary with demographic and other characteristics of the population. As the model ages the population, it calibrates some of the key demographic and economic outcomes to the intermediate assumptions of the Social Security trustees' reports (Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds 2024).

DYNASIM's starting sample and its simulation models are based on multiple surveys and administrative datasets. The starting sample relies on the Survey of Income and Program Participation and is augmented by longitudinal data from National Longitudinal Survey of Youth, Panel Study of Income Dynamics, and Summary Earnings Records. The American Community Survey was used to increase the sample size to make it sufficiently large for state-level analysis. Most simulation models in the areas of health, disability (including cognitive impairment and limitations in ADLs and instrumental activities of daily living), and LTSS were estimated on data from the Health and Retirement Study. DYNASIM has been rigorously validated by Urban modelers, and its projections align closely with those developed by the Social Security actuaries (Smith et al. 2018). For more details about DYNASIM, see Favreault, Smith, and Johnson (2015).

Appendix Tables

TABLE A.1

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and income relative to the FPL

	Income Relative to the FPL							
		Overlooked Middle						
Characteristics	Up to 138%	139 to 250%	251 to 400%	401 to 500%	501 to 600%	601 to 700%	701 to 800%	> 800%
Moderate care								
1 year, self only	3	25	64	85	96	100	100	100
2 years, self only	3	21	56	82	96	100	100	100
3 years, self only	3	18	51	78	95	100	100	100
1 year, self and spouse	3	23	57	78	88	95	99	100
2 years, self and spouse	3	18	47	71	84	94	99	100
3 years, self and spouse	2	15	39	64	81	92	98	100
High-intensity care								
1 year, self only	3	21	53	73	84	91	95	100
2 years, self only	2	15	41	64	78	87	94	100
3 years, self only	2	12	33	55	73	85	93	99
1 year, self and spouse	3	18	44	63	75	83	88	97
2 years, self and spouse	2	12	30	49	62	72	80	96
3 years, self and spouse	2	9	22	39	52	64	73	94

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.2

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and income relative to the FPL

	Income Relative to the FPL						
				Overlooked Middle			
Characteristics	139 to 500%	All	Up to 138%	139 to 250%	251 to 500%	501 to 800%	> 800%
Moderate care							
1 year, self only	55	60	3	25	71	98	100
2 years, self only	49	58	3	21	65	98	100
3 years, self only	45	56	3	18	61	98	100
1 year, self and spouse	50	57	3	23	65	93	100
2 years, self and spouse	42	53	3	18	55	91	100
3 years, self and spouse	36	50	2	15	48	89	100
High-intensity care							
1 year, self only	46	54	3	21	60	89	100
2 years, self only	37	50	2	15	49	85	100
3 years, self only	30	47	2	12	41	82	99
1 year, self and spouse	39	50	3	18	51	81	97
2 years, self and spouse	28	43	2	12	37	70	96
3 years, self and spouse	21	38	2	9	28	61	94

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.3

Percentage of California Residents Ages 75 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and income relative to the FPL

	Income Relative to the FPL						
				Overlooked Middle			
Characteristics	139 to 500%	All	Up to 138%	139 to 250%	251 to 500%	501 to 800%	> 800%
Moderate care							
1 year, self only	55	50	3	29	74	99	100
2 years, self only	50	48	2	23	69	98	100
3 years, self only	45	46	2	19	65	98	100
1 year, self and spouse	51	48	3	26	70	96	100
2 years, self and spouse	44	45	2	19	61	94	100
3 years, self and spouse	38	42	2	15	55	94	100
High-intensity care							
1 year, self only	47	46	2	22	66	93	99
2 years, self only	38	42	2	16	55	89	99
3 years, self only	32	38	2	12	46	87	99
1 year, self and spouse	41	43	2	19	58	88	98
2 years, self and spouse	32	37	2	13	46	81	96
3 years, self and spouse	25	33	1	9	37	76	96

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.4

Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	63	57	71	43	59	45	46	72
2 years, self only	60	55	69	40	57	42	43	70
3 years, self only	59	53	68	38	55	40	41	68
1 year, self and spouse	59	55	66	43	56	40	43	70
2 years, self and spouse	56	51	62	40	52	36	40	66
3 years, self and spouse	53	48	59	38	50	32	36	64
High-intensity care								
1 year, self only	57	52	66	37	54	38	38	67
2 years, self only	53	48	62	32	51	33	34	63
3 years, self only	49	44	59	29	48	29	31	60
1 year, self and spouse	52	48	58	37	50	32	34	63
2 years, self and spouse	45	41	50	32	43	24	28	56
3 years, self and spouse	40	37	45	29	39	20	24	51

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.5

Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	55	54	61	46	56	46	43	64
2 years, self only	50	49	56	40	51	40	37	59
3 years, self only	46	45	52	36	48	36	32	55
1 year, self and spouse	50	50	52	46	51	39	39	60
2 years, self and spouse	42	42	43	40	43	31	33	52
3 years, self and spouse	35	36	36	36	37	26	26	47
High-intensity care								
1 year, self only	46	46	52	37	48	36	32	56
2 years, self only	37	37	43	29	40	28	24	47
3 years, self only	31	30	36	22	33	21	19	40
1 year, self and spouse	39	40	40	37	41	29	28	50
2 years, self and spouse	27	29	27	29	28	19	19	38
3 years, self and spouse	21	22	20	22	22	13	14	30

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents with incomes between 139 and 500 percent of the FPL who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.6

Percentage of California Residents Ages 75 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2024

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	56	47	64	38	37	29	25	64
2 years, self only	53	44	61	36	35	27	22	61
3 years, self only	51	42	60	34	34	25	22	59
1 year, self and spouse	53	45	59	38	35	27	23	62
2 years, self and spouse	49	42	55	36	33	24	20	58
3 years, self and spouse	46	39	52	34	31	21	18	55
High-intensity care								
1 year, self only	51	42	59	34	34	26	19	59
2 years, self only	46	38	55	30	31	21	16	54
3 years, self only	43	35	52	26	29	18	14	51
1 year, self and spouse	46	40	52	34	31	22	15	56
2 years, self and spouse	40	35	46	30	27	17	11	50
3 years, self and spouse	36	31	41	26	25	14	9	45

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $50,000 annually in 2024 and that high-intensity care costs $100,000. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.7

Projected Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2050

By intensity of care and income relative to the FPL

	Income Relative to the FPL						
				Overlooked Middle			
Characteristics	139 to 500%	All	Up to 138%	139 to 250%	251 to 500%	501 to 800%	> 800%
Moderate care							
1 year, self only	56	66	3	25	72	94	100
2 years, self only	48	62	3	19	63	93	100
3 years, self only	42	60	2	15	56	92	100
1 year, self and spouse	50	62	3	22	65	89	99
2 years, self and spouse	40	58	3	16	53	85	99
3 years, self and spouse	33	54	2	12	44	81	99
High-intensity care							
1 year, self only	46	59	3	19	59	85	98
2 years, self only	34	53	2	12	45	78	98
3 years, self only	26	49	2	9	36	71	97
1 year, self and spouse	38	54	3	16	49	77	95
2 years, self and spouse	24	46	2	9	32	63	92
3 years, self and spouse	17	40	1	6	22	52	89

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $71,430 annually in 2050 and that high-intensity care costs $142,860, in 2024 inflation-adjusted dollars. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.8

Projected Percentage of California Residents Ages 75 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2050

By intensity of care and income relative to the FPL

	Income Relative to the FPL						
				Overlooked Middle			
Characteristics	139 to 500%	All	Up to 138%	139 to 250%	251 to 500%	501 to 800%	> 800%
Moderate care							
1 year, self only	55	57	3	26	75	96	100
2 years, self only	47	53	2	18	66	95	100
3 years, self only	40	51	2	13	59	95	100
1 year, self and spouse	50	54	2	22	69	93	99
2 years, self and spouse	40	50	2	14	57	91	99
3 years, self and spouse	33	47	2	10	48	89	99
High-intensity care							
1 year, self only	45	52	2	18	63	91	99
2 years, self only	32	46	2	10	47	84	98
3 years, self only	24	42	1	7	36	80	98
1 year, self and spouse	38	48	2	14	54	87	97
2 years, self and spouse	24	40	1	8	35	76	95
3 years, self and spouse	16	35	1	5	23	66	92

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $71,430 annually in 2050 and that high-intensity care costs $142,860, in 2024 inflation-adjusted dollars. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.9

Projected Percentage of California Residents Ages 50 and Older Who Could Cover Basic Spending Needs and LTSS with Their Income and Financial Wealth, 2050

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	67	64	77	49	69	56	52	78
2 years, self only	64	61	75	45	66	52	48	76
3 years, self only	61	58	72	42	64	49	45	74
1 year, self and spouse	64	61	72	49	66	52	49	76
2 years, self and spouse	59	56	66	45	62	45	44	72
3 years, self and spouse	55	53	62	42	59	41	40	69
High-intensity care								
1 year, self only	61	58	72	41	63	48	44	73
2 years, self only	55	52	66	35	59	41	38	68
3 years, self only	51	48	62	30	55	36	34	64
1 year, self and spouse	55	53	63	41	59	42	40	69
2 years, self and spouse	47	45	53	35	52	32	32	61
3 years, self and spouse	41	39	46	30	46	26	27	54

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $71,430 annually in 2050 and that high-intensity care costs $142,860, in 2024 inflation-adjusted dollars. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.10

Projected Percentage of California Residents Ages 50 and Older in the Overlooked Middle Who Could Cover Basic Living Expenses and LTSS with Their Income and Financial Wealth, 2050

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	56	55	64	46	60	50	46	66
2 years, self only	49	47	57	38	52	42	37	59
3 years, self only	43	41	51	32	46	36	31	54
1 year, self and spouse	51	50	54	46	55	44	41	62
2 years, self and spouse	40	39	41	38	45	33	31	52
3 years, self and spouse	33	32	33	32	38	26	23	45
High-intensity care								
1 year, self only	47	45	54	36	50	39	34	57
2 years, self only	35	33	41	25	39	27	23	45
3 years, self only	28	25	33	19	32	21	17	36
1 year, self and spouse	39	37	39	36	43	31	28	50
2 years, self and spouse	25	24	24	25	30	18	16	34
3 years, self and spouse	18	16	15	19	22	12	10	24

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents with incomes between 139 and 500 percent of the FPL who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $71,430 annually in 2050 and that high-intensity care costs $142,860, in 2024 inflation-adjusted dollars. We double cost estimates when both spouses need care. FPL = federal poverty level.

TABLE A.11

Projected Percentage of California Residents Ages 75 and Older in the Overlooked Middle Who Could Cover Basic Living Expenses and LTSS with Their Income and Financial Wealth, 2050

By intensity of care and demographic characteristics

Characteristics	Men	Women	Married	Not married	Asian	Latino	Non-Latino Black	Non-Latino White
Moderate care								
1 year, self only	57	53	63	48	62	47	42	61
2 years, self only	49	44	55	40	54	39	33	53
3 years, self only	43	38	48	34	48	32	26	48
1 year, self and spouse	51	49	52	48	58	41	36	57
2 years, self and spouse	41	39	40	40	48	30	26	47
3 years, self and spouse	33	32	32	34	40	24	20	41
High-intensity care								
1 year, self only	47	42	52	38	52	36	32	51
2 years, self only	35	30	40	26	39	24	19	39
3 years, self only	27	22	32	18	30	17	13	31
1 year, self and spouse	39	37	38	38	45	29	24	45
2 years, self and spouse	25	23	22	26	31	16	12	31
3 years, self and spouse	17	15	13	18	21	11	8	20

Source: Authors' calculations from DYNASIM4, ID1009.

Notes: Estimates indicate the percentage of state residents with incomes between 139 and 500 percent of the FPL who could cover the cost of basic needs and LTSS with their income and financial wealth, minus $25,000 of financial wealth held in reserve for emergencies. The analysis assumes that for an individual moderate care costs $71,430 annually in 2050 and that high-intensity care costs $142,860, in 2024 inflation-adjusted dollars. We double cost estimates when both spouses need care. FPL = federal poverty level.

Notes

[1] California's LTSS system includes a broad range of services delivered by paid providers and unpaid family and friend caregivers to people who have limitations in their activities of daily living due to physical, intellectual/developmental disability, mental, cognitive, or chronic health conditions. LTSS services can be provided in a variety of settings including at home, in the community, in residential care, or in institutional settings. These critical hands-on services may be provided to older adults and people with disabilities over a period of days, weeks, months, or years, depending on an individual's level of need.

[2] California's LTSS system includes a broad range of services delivered by paid providers and unpaid family and friend caregivers to people who have limitations in their activities of daily living due to physical, intellectual/developmental disability, mental, cognitive, or chronic health conditions. LTSS services can be provided in a variety of settings including at home, in the community, in residential care, or in institutional settings. These critical hands-on services may be provided to older adults and people with disabilities over a period of days, weeks, months, or years, depending on an individual's level of need.

[3] "State Population Porjections (2020–2070)," accessed October 15,2025, State of California, Department of Finance, https://dof.ca.gov/forecasting/demographics/projections/.

[4] For 2024 poverty guidelines values, see "2024 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)," accessed December 12, 2025, Office of the Assistant Secretary for Planning and Evaluation, US Department of Health and Human Services, https://aspe.hhs.gov/sites/default/files/documents/7240229f28375f54435c5b83a3764cd1/detailed-guidelines-2024.pdf.

[5] The federal poverty guidelines differ slightly from the federal poverty thresholds, which are set each year by the US Census Bureau and are used to estimate the official poverty rate (Shrider and Bijou 2025). The poverty guidelines vary only with household size, whereas the poverty thresholds vary with household size and the age composition of the household. In 2024, the poverty guidelines were $15,060 for a one-person household and $20,440 for a two-person household, for example. The poverty thresholds that year were $16,320 for a one-person household headed by an adult younger than 65, $15,045 for a one-person household headed by an adult ages 65 and older, and $18,961 for a two-person household headed by an adult ages 65 and older. We use the poverty threshold in this analysis because that is the measure that California uses to set Medi-Cal eligibility.

[6] Spending needs do not vary much by health status. Estimated 2024 monthly health care costs in California were only $240 more for someone in poor health than for someone in excellent health ($600 versus $360).

[7] For more information on the Elder Index, see University of Massachusetts Boston (2017).

[8] "Poverty Thresholds," accessed December 12, 2025, US Census Bureau, https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html.

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Richard W. Johnson is vice president for financial security policy at the AARP Public Policy Institute. When he authored this report, he was a senior fellow at the Urban Institute, where he led the aging and retirement practice area. His research focuses on income and health security at older ages and has authored or co-authored more than 250 journal articles, book chapters, and research reports and testified before Congress and federal commissions. An expert on older Americans' employment decisions and retirement preparedness, he has written about job loss and reemployment at older ages, the retirement outlook for Millennials, the financial and health risks people face as they approach retirement, and the potential impact of various Social Security reform plans on future retirement income and the program's financial health. Johnson has also written extensively on long-term services and supports (LTSS). Recent studies have examined the lifetime risk of needing LTSS, the affordability of paid LTSS, and unpaid family care for older adults, including the impact on employment and nursing home admissions. He received an BA from Princeton University and a PhD from the University of Pennsylvania, both in economics.

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