

Aging in Place: How Older American Act Funding May Reduce Nursing Home Reliance in Colorado

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- Colorado receives around \$20 million in annual Older Americans Act (OAA) funding to support aging populations.
- Area Agencies on Aging (AAAs) with higher per capita OAA funding tend to see larger declines in nursing home occupancy.
- These findings suggest that OAA investments may have downstream benefits for Medicaid and long-term care costs.
- More research is needed to understand the causal pathways and effectiveness across different services and regions.

Overview of OAA Funding in Colorado

The Older Americans Act (OAA), first passed in 1965, is the primary federal law supporting services that help older adults live independently. OAA funding flows from Congress to states based primarily on the share of the population aged 60 and over, with a minimum guaranteed amount to ensure small states still receive meaningful support.

In Colorado, state-level OAA funds are distributed to 16 Area Agencies on Aging (AAAs), which operate semi-independently and tailor programs to local needs. Each AAA receives a share of funds based on a progressive formula that considers not only the number of older residents, but also the rurality, minority status, income level, and share over age 75. This formula ensures more resources reach areas where aging populations may be more vulnerable.

Table 1 shows Colorado’s OAA funding allocations by category in 2015. These funds support a broad range of services — from congregate and home-delivered meals to caregiver support, transportation, health promotion, and ombudsman services for residents in long-term care facilities.

Table 1: 2015 Colorado Funding Received from OAA

<i>OAA Funding Category</i>	<i>Description</i>	<i>Total Funding</i>
<i>Part B</i>	Transportation Services and others	\$3,576,567
<i>Part C-1</i>	Congregate Meals and Nutrition	\$5,466,047
<i>Part C-2</i>	Household Meals and Nutrition	\$2,790,171
<i>Part D</i>	Disease Prevention and Health	\$238,077
<i>Part E</i>	National Family Caregiver Support	\$1,621,532
<i>Ombudsman</i>	Advocacy	\$186,750
<i>Elder Abuse Prevention</i>	Elderly Education	\$43,028
<i>Administration</i>	Overhead cost	\$1,427,184
<i>Total</i>		\$15,349,356

OAA Funding and Nursing Home Trends Across Colorado

To understand whether OAA funding is associated with older adults remaining in their homes longer, we examined trends across Colorado’s AAAs using 2015 funding data and changes in nursing home residents from 2015 to 2021.

Table 2 displays key variables by AAA: total and per capita OAA funding, the 65+ population, and nursing home resident counts in 2015 and 2021. For example, the Lower Arkansas Valley received \$310,193 in OAA funds in 2015, or \$40.64 per capita for its 65+ population. By 2021, the number of nursing home residents fell by 25%, one of the largest drops in the state. Across most AAAs, the number of nursing home residents declined — even as the older population grew — suggesting a decrease in the share of older adults entering institutional care.

Table 2: OAA Funding and Nursing Home Residents by AAA

Area Agency on Aging (AAA)	2015 OAA Funding		65+ Population 2015	Nursing Home Residents		
	Total	Per 65+ Capita		2015	2021	Change 2015-21
Northeastern CO	\$364,288	\$31.62	11,521	542	478	-12%
Larimer	\$850,331	\$20.45	41,589	1,045	1,059	1%
Weld	\$780,451	\$27.34	28,542	682	550	-19%
Denver	\$6,407,521	\$22.03	290,876	7,760	7,164	-8%
Boulder	\$701,253	\$20.17	34,763	720	842	17%
Pikes Peak	\$1,723,136	\$22.23	77,513	1,708	1,827	7%
East Central CO	\$235,452	\$43.00	5,475	104	87	-16%
Lower Arkansas Valley	\$310,193	\$40.64	7,633	400	298	-25%
Pueblo	\$728,738	\$28.40	25,659	841	848	1%
South-Central CO	\$370,657	\$49.16	7,540	243	236	-3%
San Juan Basin	\$508,298	\$34.51	14,730	332	283	-15%
League for Econ.	\$574,725	\$30.80	18,660	386	285	-26%
Assoc. Northwestern Govt.	\$812,906	\$25.81	31,494	818	711	-13%
Northwestern CO	\$373,001	\$26.47	14,090	63	86	37%
Upper Arkansas AAA	\$402,503	\$27.76	14,499	507	401	-21%
Huerfano/Las Animas Area	\$205,903	\$43.95	4,685	201	185	-8%

Correlation Between OAA Funding and Nursing Home Occupancy

The pattern across AAAs suggests that higher per capita OAA funding is associated with larger declines in nursing home use. As shown in Figure 1, we estimate that a \$15 increase in per capita OAA spending is associated with nearly a 10% decline in nursing home residents between 2015 and 2021. This negative correlation remains even when adjusting for population growth by examining the share of the 65+ population in nursing homes. Moreover, every Colorado AAA saw growth in their 65+ population over the period, due to broader demographic aging trends. Yet many saw falling or stagnant nursing home numbers — further reinforcing that aging alone does not explain the variation in institutional care. This supports the idea that increased investment in community-based services may allow more older adults to age in place.

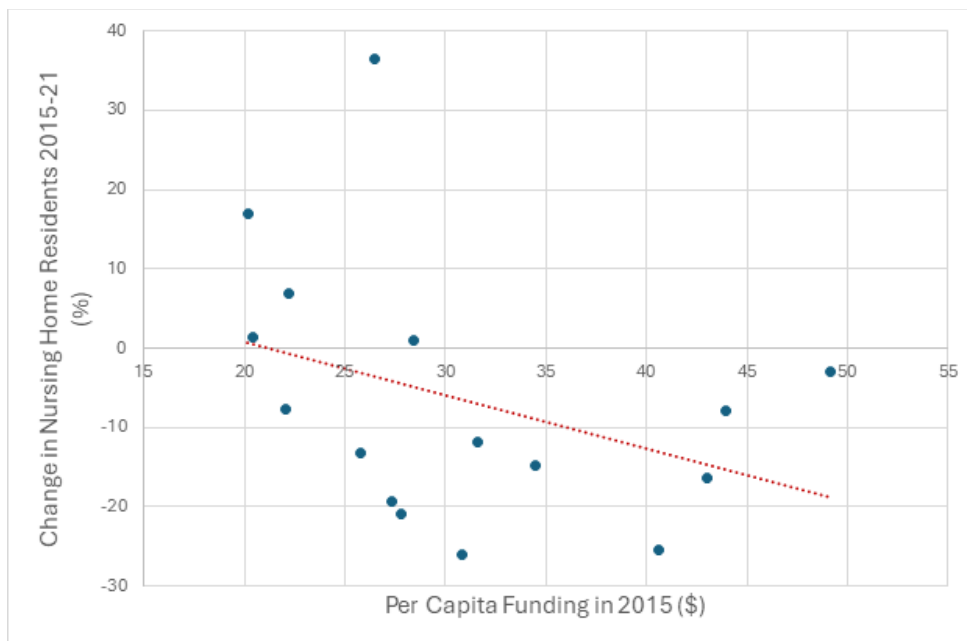


Figure 1: OAA Funding and Changes in Nursing Home Residents

Broader Implications: Medicaid and Cost Avoidance

Nursing homes are often a last resort for older adults. While some can afford them privately, many individuals deplete their savings and eventually rely on Medicaid, which devotes a substantial share of its total budget for long-term institutional care. If OAA funding delays or prevents nursing home entry, it may generate cost savings for Medicaid, which is jointly funded by federal and state governments. While we do not estimate these spillover effects directly, the observed trends suggest that even modest increases in OAA funding can have broader fiscal implications.

Conclusion

The Older Americans Act plays a vital role in helping seniors remain in their homes and communities. Our analysis of Colorado’s AAAs finds that higher per capita OAA funding is associated with fewer nursing home residents, suggesting that OAA services may help older adults avoid or delay institutionalization. Given the rising costs of Medicaid and the growing population of older adults, investing in community-based support may be a cost-effective strategy. While these findings are based on correlation, they point toward important avenues for future research and policy evaluation.

Data Sources

OAA Funding Data: Colorado Department of Human Services. (2015). *Colorado state plan on aging: October 1, 2015 – September 30, 2019*.

Nursing Home Data: LTCFocus Public Use Data sponsored by the National Institute on Aging (P01 AG027296) through a cooperative agreement with the Brown University School of Public Health. Available at www.ltcfocus.org. <https://doi.org/10.26300/h9a2-2c26>

Population Data: U.S. Census Bureau. (n.d.). *American Community Survey 5-year estimates*. Retrieved from <https://data.census.gov/>