

**Pennsylvania Senate
Democratic Policy Committee Hearing
*Addressing Rising Costs for Seniors***

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**ECHOS
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Testimony Submitted By



For further information contact:
Teresa Osborne
State Advocacy Director
AARP Pennsylvania
tosborne@aarppa.org

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence, AARP strengthens communities and advocates for what matters most to the more than 125 million Americans 50-plus – including nearly 5 million Pennsylvanians: health security, financial stability, and personal fulfillment.

We thank the Committee for convening this hearing on “*Addressing Rising Costs for Seniors*” and for the opportunity to submit testimony. As Pennsylvania’s population ages, rising costs for everyday necessities - like food, housing, clothing, health care and transportation – are placing increasing pressure on household budgets. .

Pennsylvania is Aging – and Shrinking

It is well documented that Pennsylvania’s population is getting older. The most recent [Independent Fiscal Office Pennsylvania Demographic Outlook Report](#) highlights several key trends:

- Pennsylvania’s total population is projected to decline modestly through 2035.
- The school-age cohort (ages 0 to 19) and the working-age cohort are shrinking.
- The retiree cohort (ages 65 to 79) has grown significantly. This cohort consists of the Baby Boomer Generation – those born between 1946 and 1964 – which will shift into the 80-plus population in the coming years.
- The advanced age cohort (ages 80 and over) is expected to grow rapidly – by more than 20% in the near term.
- Deaths are outpacing births – a trend that is expected to continue.

These trends point to a clear reality - Pennsylvania’s is aging, its workforce is contracting, and the number of retirees is growing.

Rising Costs are Driving Financial Anxiety

At the same time, [new AARP research](#) shows more Americans age 50-plus are feeling financially squeezed.

AARP’s [2026 Financial Security Trends Survey](#) found that:

- 37% of older adults report feeling financially insecure.
- 60% are worried about having enough money in retirement.
- Among those not yet retired, 42% have less than \$50,000 saved.
- 72% of adults age 30-plus worry prices are rising faster than their income.

Moreover, many report higher monthly expenses than a year ago – especially for essentials like housing, food, health care, and transportation. Notably, nearly half of adults say their health care costs have increased over the past year.

The pressure of financial stress is palpable as rising costs are fueling anxiety for many. In a [2025 survey](#) by personal finance company Achieve – more than half of respondents rated their financial situation as “poor” or “fair”. Also, in a recent American Psychological Association [Stress in America survey](#) – nearly two-thirds said money is a major source of stress; and finally, a [recent survey](#) from mattress company

Amerisleep found that nearly half (45 percent) of middle agers – the Generation Xers born between 1965 and 1980 – report that rising prices, layoff fears, and constant economic headlines are affecting their well-being, including sleep.

Financial Security is More than Income

Income alone does not determine financial security. Many households report facing an unexpected [‘financial shock’](#) such as:

- Job loss or reduced income.
- Major unexpected expenses (medical, housing, or vehicle).
- Losses due to fraud or financial exploitation.

Roughly 6 in 10 financially insecure adults experienced one of these events in the past year.

[Key factors](#) that shape financial security include:

- Access to retirement savings.
- Manageable levels of debt.
- Ability to absorb unexpected costs.

With regard to retirement savings, access to a workplace savings option plays a critical role, as individuals with these plans consistently [report](#) stronger financial footing and higher levels of savings.

Debt is a Major Constraint

[Debt](#) is widespread across all age groups:

- 75% of adults age 30+ carry some form of debt
- Credit card debt is the most common
- 56% of financially insecure individuals carry credit card balances month-to-month

Over time, these obligations can limit the ability to save and build long-term financial stability.

Long-Term Care Costs are a Growing Concern

Long-term services and supports (LTSS) are an increasingly significant financial burden. These services - whether provided at home or in a facility - are essential for many older adults. However, costs have risen sharply in recent years, particularly for home care and assisted living.

In Pennsylvania, [estimated LTSS annual costs](#) include:

- Homemaker services: \$51,480
- Home health care: \$53,040
- Assisted living: \$73,206
- Nursing home (private room): \$155,490

By comparison, the median household income for those age 65+ is \$55,938 — making long-term care unaffordable for many middle-income residents.

Because most individuals do not qualify for Medicaid – often referred to as Medical Assistance - many must pay out of pocket, often depleting savings, going without care, or relying heavily on family caregivers.

Recommendations:

These findings demonstrate that financial security is shaped by more than income alone. Rising costs across health care, housing, food, and LTSS are compounding pressures and limiting the ability of older adults to build or maintain financial stability.

Provide Access to Retirement Savings Programs

[Research](#) has shown that Americans are far more likely to save for retirement when they can do so through a workplace plan such as a 401(k), especially when the plan is built upon automatic payroll deductions.

The General Assembly has an opportunity to address this need through [House Bill \(HB\) 1263](#) – Keystone Saves. The bill already passed the House and is with the Senate Finance Committee. It would provide more than two million Pennsylvanians with access to a workplace retirement saving option.

AARP recommends that the Committee support HB1263 and urge its consideration by the full Senate.

Address the Long-Term Care Affordability Crisis

[AARP research](#) shows that when LTSS are needed to age in place, accessing and paying for them can quickly drain savings and threaten financial security.

With costs rising faster than income, affordability is no longer a future issue - it is a current crisis.

Pennsylvania must act to:

- Help older adults remain in their homes and communities
- Protect families from financial hardship
- Close the growing gap between income and care costs

The Independent Fiscal Office has noted in its [Pennsylvania Fiscal Outlook Report](#) that Medicaid spending for seniors is a primary driver of overall LTSS costs. Much of this care is delivered through managed care organizations (MCOs) under the Community HealthChoices (CHC) program, which is a program for adults age 21 and older with physical disabilities and older Pennsylvanians who are nursing facility clinically eligible and qualify for Medicaid. Recent unusually large rate increases for MCOs are projected to drive spending growth significantly in the coming years.

Lawmakers cannot balance the budget and protect families without addressing surging human service costs. AARP recommends the Committee pursue audits of the CHC MCO providers to ensure quality and address policies and practices that are increasing costs without improving care.

Closing

Pennsylvania is aging at a time when costs are rising, and financial pressures are mounting. Without action, more Pennsylvanians will struggle to make ends meet, save for retirement, and afford the care they may need in the future. AARP stands ready to work with policymakers to advance practical solutions that strengthen financial security and help all Pennsylvanians age with dignity and independence.