PENNSYLVANIA
DEPARTMENT OF AGING

FINANCIAL EXPLOITATION OF OLDER ADULTS

STUDY REPORT

SEPTEMBER 2020

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EXECUTIVE SUMMARY

On July 31, 2019, Governor Tom Wolf signed an Executive Order for the Protection of Vulnerable Populations that directed the Pennsylvania Department of Aging (PDA) to conduct a study on the impact of financial exploitation of older adults in the Commonwealth.

For the primary portion of the study, PDA commissioned FieldGoals.US to audit a statistically significant number of substantiated financial exploitation cases. A total of 455 case files were audited to determine the type of financial exploitation that occurred, the aggregate amount lost, the financial impact of these losses on older adult victims, the Commonwealth, and the economy.

The study also used secondary research that included a review of significant academic literature published on the topic, as well as an examination of studies conducted by three other states.

LITERATURE REVIEW FINDINGS

A literature review was conducted focusing on the health and financial risk factors that make older adults more susceptible to financial exploitation. Older adults are at an increased risk for financial exploitation due to health changes which occur during the natural aging process, as well as their steady income, accumulated wealth, and retirement savings over their lifespan.

Older adults are at an increased risk for financial exploitation due to health changes which occur during the natural aging process, as well as their steady income, accumulated wealth, and retirement savings over their lifespan.

Financial mismanagement and poor investment decisions tend to be the earliest indicators of declining capacity or a potentially more serious medical diagnosis. These early signs often tend to go unreported due to strict privacy laws that prohibit the sharing of personally identifying information between financial and medical providers, both of whom have a stake in ensuring an older adult's security and welfare and could benefit from having access to this information.

Another study examined the changes that occur as individuals age as it relates to their ability to evaluate the trustworthiness of other individuals. Research published by the University of California examined the portion of the brain which is generally thought to control the ability to feel disgust, recognize "gut feelings," assess risk, recognize violations of trust, and understand financial risks and their outcomes (Castle, et al., 2012).

A third component of the literature review focused on the heightened risk for exploitation associated with gender. According to a national survey, more than 65% of elder abuse victims are women (The American College of Obstetricians and Gynecologists, 2013). Women are more likely to develop dementia than men, live longer, and less likely than their spouse to manage their household finances; thus, more susceptible to financial exploitation (Santucci, 2017). Additionally, an estimated 55% of the 88.5 million older adults nationally who will be 65 years of age and older by 2050 will be female (U.S. Census, 2010).

COMPARING PA WITH OTHER STATES

Pennsylvania's study includes a review of financial exploitation studies published by Maine, New York State, and Utah in 2017, 2016, and 2011, respectively. The studies include information on the methodology, demographics of each sample population, types of exploitation, and recommendations for further action.

The Maine and New York State studies' victim demographics closely mirrored Pennsylvania's financial exploitation profile, which is of a white female, age 60 or older, who is single and lives alone. Utah's study did not include victim demographic information.

Maine, New York State and Utah's studies all included valuable information regarding identified perpetrators and their relationships with the victims. Overwhelmingly, the typical perpetrator was a member of the older adult's family, usually an adult child or grandchild, and used more than one method of financial exploitation on the victims.

The Maine and New York State studies included dollar amounts estimated to be exploited from older adults, while Utah only included percentages of total loss. The estimated financial loss to

Mainers sampled from cases ranged from a minimum of $74.7 million to a high of $451.5 million. The total amount lost within the 31 participating districts in the New York State study during the 12-month period range from a minimum of $352 million to as high as $1.5 billion. The Utah study estimated that the total amount lost per week to financial exploitation was $1 million, or $52 million annually.

PA FINANCIAL EXPLOITATION STUDY METHODOLOGY

A total of 455 substantiated case files were selected from 10 Area Agencies on Aging (AAAs) encompassing 14 counties. These counties reported the highest substantiated financial exploitation cases during the fiscal year beginning on July 1, 2017 and ending on June 30, 2018. A complete case file consisted of journal entries, which are documented by the AAAs in the Social Assistance Management System (SAMS) database, and supporting documentation, such as receipts, bank statements, credit card statements, and police reports, used to substantiate an incident of financial exploitation. Confidentiality of the older adults identified in these selected cases was maintained through the redaction and password protection of the case files.

While all 455 cases were used to form the qualitative measures of the study, including methods of financial exploitation and demographic information related to the older adults and perpetrators, only 315 cases contained a dollar amount of loss and were used in the calculation of quantitative data measures. These measures included the summation of total financial loss of all conclusive cases, percent of total loss by type of financial exploitation, and average financial loss to each older adult.

PA DEMOGRAPHICS

The demographic findings of the study provide insight into the profile of victims, the perpetrators, the types of exploitation most commonly committed, the frequency at which these methods are used, and common trends across all 10 AAAs studied.

Who Are the Victims?

- 84% of victims lived in urban communities, while the remaining 16% resided in rural areas.
- 96% of victims were non-Hispanic.

- 45% of victims were widowed, 19% were single, and 13% were married.
- More than 70% of victims had incomes above the federal poverty guidelines.
- 43% of victims lived alone.
- The average age of a victim was 79 years old.
- 61% of victims were female.
- Victims required, on average, assistance with performing at least three or more activities of daily living (ADLs). ADLs include activities such as bathing, grooming, feeding oneself, getting dressed, getting in and out of bed, etc.

Who Are the Perpetrators?

In reviewing the cases in which a perpetrator was identified, it was found that:

- 65% were family members.
  - 42% were adult children, 10% were adult grandchildren, 4% were spouses, 9% were other family members.
- 15% were care providers.
- 4% were friends.
- 15% were "other," and not identified by category.

Methods of Exploitation

- More than 50% of sampled cases were comprised of unauthorized bank withdrawals, the most pervasive method of exploitation in the study.
- Scams constituted the second most frequent form of financial exploitation.
- Loan fraud only occurred in 10 cases but accounted for 7% of the total amount lost, the third highest type of exploitation.

FISCAL IMPACT

Losses to Older Adults

The study revealed an average loss of $39,395 in each of the 315 substantiated elder financial exploitation cases. Statewide, there were 1,488 total financial exploitation cases substantiated by the AAAs during this same timeframe (PA Department of Aging, 2018). Based on the average loss and the statewide number of cases, it can be extrapolated that older

Pennsylvanians collectively suffered an estimated loss of $58 million dollars during fiscal year 2017-2018 to financial exploitation in reported cases alone.

Most Exploitation Goes Unreported

This projection does not provide the complete picture of financial exploitation in Pennsylvania, as the New York State study on financial exploitation cites research which states that, in a low estimate, one in 10 incidents of financial exploitation is ever reported, and a high estimate of only one in 44 incidents. Occurrences of financial exploitation are underreported due to factors such as a victim's fear of retribution, disrupting their family dynamic, and not being believed by law enforcement. By applying these estimates to the outcomes of the study, it can be projected that both reported and unreported retirement losses to older Pennsylvanians could be as much as $2.5 billion annually.

Types of Financial Exploitation

Pennsylvania's study revealed that:

- Unauthorized bank withdrawals constituted the largest percentage of total loss, with more than $5 million or 46% in the total sampled cases lost to withdrawals via ATM, debit card use and checks.
- Bank overdraft fees were found in 35 cases, with an average loss of more than $1,000 per victim just in these fees alone.
- Scams constituted 28% of the total loss and included romantic and lottery-based scams.
- The largest, most pervasive impersonation scam is that of the Internal Revenue Service, to which more than $72.8 million has been lost nationwide (U.S. Senate Special Committee on Aging, 2018).
- Exploitation in the form of fraudulent loans was found in only 10 cases audited, but constituted 7%, or over $1.4 million, of the total amount lost by older adults. Examples of fraudulent loans include predatory lending by professionals, for such products as reverse mortgages, and annuities.

IMPACT ON STATE AND FEDERAL BENEFITS AND BUDGETS

Medical Assistance is one of the largest expenditures in the Commonwealth's budget and a federal-state administered program which provides health insurance and long-term services and supports to over six million low-income older adults nationally each year, who qualify based on strict rules which mandate maximum income and asset limits (Goldberg, 2017).

When an older adult's income and assets are impacted by financial exploitation, they are more likely to need state and federally funded programs to meet their basic needs. The Pennsylvania Department of Human Services found that in fiscal year 2018/2019, more than $6.6 billion was spent on individuals aged 60 and older who are enrolled in Medicaid.

RECOMMENDATIONS

The study provides recommendations on how to prevent further financial exploitation in Pennsylvania. These include updating the Older Adults Protective Services Act (OAPSA) to establish a defined process to report suspected exploitation for financial institutions; increasing prevention education; and forming an intra-agency financial exploitation team and task force to explore barriers, identify potential solutions and develop a multidisciplinary approach to better coordinate and increase supports when the early detection of an older adult's declining capacity is identified.

INTRODUCTION

On July 31, 2019, Pennsylvania Governor Tom Wolf signed Executive Order 2019-05 for the Protection of Vulnerable Populations, which directed the Pennsylvania Department of Aging (PDA) to assess the prevalence of financial exploitation of Pennsylvanians 60 years of age and older. PDA is responsible for the oversight and implementation of the Older Adults Protective Services Act (OAPSA), which provides protective services to adults aged 60 and over. PDA provides regulatory interpretation, technical assistance and quality assurance monitoring of the 52 Area Agencies on Aging (AAAs) who provide protective services to older adults, as mandated by the federal Older Americans Act (OAA) and OAPSA. PDA commissioned FieldGoals.US to complete an analysis of a statistically significant number of protective services cases which comprised of substantiated allegations of financial exploitation against an older adult.

Financial exploitation of older adults has been referred to as a ‘burgeoning public health crisis” and “a virtual epidemic” (Deane, 2018). Compared to other forms of abuse, such as child abuse, there is a dire lack of research, not only on financial exploitation of older adults, but on elder abuse in general. There is minimal research on national costs, the causes of elder abuse, or how to prevent elder abuse. A joint publication on behalf of the Consumer Financial Protection Bureau, the United States Department of Treasury, and the Financial Crime Enforcement Network states that financial exploitation may be the most pervasive form of elder abuse in the United States (Deane, 2018).

Over the past five fiscal years, reports of need for elder abuse in Pennsylvania have increased from 24,413 cases in fiscal year 2015-2016 to 36,101 cases in fiscal year 2018-2019. Financial exploitation was the fourth most substantiated form of abuse during this same period. With only one in 10 to 44 instances of financial exploitation ever reported, we can estimate that the projected number of instances of financial exploitation for this time period was over 1.5 million (Huang & Lawitz, 2016).

Several states have completed studies of financial exploitation of older adults, three of which are highlighted in this report. In comparison with Pennsylvania’s data, key themes for financial exploitation emerged. The average victim of financial exploitation is female, single, and over the age of 60 with assistance required to complete activities of daily living. The typical perpetrator is a family member, most often an adult child, who utilized bank withdrawals, check fraud, or cash theft as the primary method of exploitation. Independent literature underscores that an older adult's increased risk for financial exploitation is often preceded by symptoms of cognitive decline or early stages of dementia. While cognitive decline makes older adults more susceptible to financial exploitation, older adults with "normal" cognition are also at risk.

The intent of this report is to bring awareness and highlight the need for action to address the growing crisis of financial exploitation. Across the United States, states are reporting strikingly similar trends in the financial exploitation of older adults. By the year 2030, 27.5% of all Pennsylvanians will be aged 60 and older, and it is critical that steps are taken at both the state and federal level to protect older adults from financial exploitation (U.S. Administration for Community Living, 2012).

SECTION 1.
FINANCIAL EXPLOITATION LITERATURE REVIEW

Financial exploitation is one of five forms of elder abuse and is defined as "the illegal or improper use of an older adult's funds, property, or assets" (Deane, 2018). Often, financial exploitation is accompanied by another form of abuse, such as psychological abuse, physical abuse, sexual abuse, or neglect (Deane, 2018). Elder financial abuse was one of the top five most frequently reported allegations of abuse made by 21 states, including Pennsylvania, to the U.S. Senate Special Committee on Aging's Fraud Hotline in 2018 (U.S. Senate Special Committee on Aging, 2018).

Financial exploitation can take many forms and be perpetrated by individuals trusted by older adults, or by complete strangers. The most common forms of financial exploitation are stealing cash, unauthorized cash withdrawals, misuse of ATMs, unauthorized debit or credit card use, financial scams, and check fraud. Older adults are more prone to exploitation simply due to their age and ability to have accumulated retirement assets and wealth over a lifetime (Deane, 2018). This heightened risk of financial exploitation can be experienced in two ways: the initial risk that an older adult may become the target of financial exploitation, and the subsequent risk that, once targeted, older adults may be unable to protect themselves (Deane, 2018). The risk of exposure to financial exploitation can be heightened by the natural aging process, which is accompanied by cognitive and physical changes that can make older adults more susceptible to elder financial exploitation (Deane, 2018).

Financial mismanagement and poor investment decisions are among the earliest indicators of changes in brain health, as the aging process impacts ability to perceive trustworthiness.

COGNITIVE DECLINE AND FINANCIAL MANAGEMENT

One of the most common first signs of cognitive decline is the inability to manage finances (Centers for Disease Control, 2015). An older adult may be able to perform activities of daily living but be impaired in instrumental activities of daily living, such as managing finances and making financial decisions (Deane, 2018).

Financial mismanagement and poor investment decisions tend to be the earliest indicators of declining capacity or a potentially more serious medical diagnosis, which tends to go unreported due to strict privacy laws that prohibit the intercommunication of financial and medical providers, both of whom have a stake in ensuring an older adult is protected and that their basic needs are met.

Additionally, the Alzheimer’s Association’s 2019 Facts and Figures show that while 82% of older adults believe it’s important to have their cognition checked on a regular basis, only 16% indicate they actually receive regular cognitive assessments, leaving many health factors unchecked which could expose an older adult to financial exploitation (Alzheimer's Association, 2019). The Alzheimer’s Association states that the number of older adults ages 65 and older living with Alzheimer’s will increase by more than 14% over the next six years to more than 320,000 older Pennsylvanians who will be living with the disease. Nationally, more than 14 million individuals will be living with Alzheimer’s by the year 2050 (Alzheimer's Association, 2019).

AGE-ASSOCIATED FINANCIAL VULNERABILITY

Literature published by the New York Unified Court System highlights the concept of “age-associated financial vulnerability,” which is defined as a pattern of behavior on the part of the older adult that is inconsistent with previous financial decision-making patterns (DiFiore, Marks, & Kaplan, 2017). Physiological changes associated with the natural aging process can manifest themselves in instances of impulsivity to spend money, risky financial decisions, careless financial management, and erratic spending.

Dr. Mark Lachs of Weill Cornell and the New York Presbyterian Health Care System and researcher S. Duke Han found that “age-associated financial vulnerability” features three components of cognitive decline: executive dysfunction, which is the brain’s ability to plan, focus attention, remember instructions, and juggle multiple tasks successfully; acalculia, which is the brain's ability to perform mental calculations, especially the ability to add or subtract; and frontal disinhibition, or the brain's ability for impulsivity (DiFiore, Marks, & Kaplan, 2017). While cognitive decline is part of the normal aging process, it can be symptomatic of a more serious diagnosis, such as dementia, Alzheimer's, or brain disease (DiFiore, Marks, & Kaplan, 2017).

The American College of Obstetricians and Gynecologists recommends that early identification of elder abuse be part of the preventative healthcare routine for women ages 60 and older (The American College of Obstetricians and Gynecologists, 2013). Physician intervention can be part of the preventative measures taken against financial exploitation and other forms of elder abuse via screening for signs of abuse, especially for older women who are more vulnerable, less inclined to discuss abuse without being asked directly, and more likely to minimize the severity of their situations (The American College of Obstetricians and Gynecologists, 2013). Screenings should include a conversation on family history and dynamics, which can be used to evaluate the stability or availability of social supports and possible financial stressors (The American College of Obstetricians and Gynecologists, 2013).

AGE AND ABILITY TO EVALUATE TRUSTWORTHINESS

A study conducted by the University of California Los Angeles' David Geffen School of Medicine and Anderson School of Management evaluated the relationship between age and the brain's ability to recognize an untrustworthy person (Castle, et al., 2012). Older adults found it difficult to distinguish between predetermined trustworthy and untrustworthy facial cues and rated untrustworthy faces as significantly more trustworthy than younger individuals did. Younger adults' brains also had a much higher percentage response rate in determining if someone was trustworthy – older adults' brains took longer and had a lower response rate in deciding whether someone appeared trustworthy.

The part of the brain which controls the ability to determine trust is also thought to control the ability to feel disgust, to recognize "gut feelings," to assess risk, to recognize when violations of trust have occurred, and to understand financial risks and their outcomes (Castle, et al., 2012). Our approach to preventing financial exploitation of older adults should take into consideration the fact that while education and communication to inform older adults and their families of the warning signs of financial exploitation and scams are important, it may be difficult for an older adult to even determine when an individual or particular situation is untrustworthy, and furthermore, have a confident understanding of their finances when actually confronted with a financially risky situation. This is referred to as a “doubt deficit,” in which older adults physiologically lack the ability to recognize potentially dangerous individuals and situations (DiFiore, Marks, & Kaplan, 2017).

RISK FACTORS FOR OLDER WOMEN

Additional research on elder financial exploitation examined the relationship between gender and the heightened risk for exploitation. Several reports drew the same conclusion: women are much more likely than men to be financially exploited. According to a national survey, more than 65% of elder abuse victims are women (The American College of Obstetricians and Gynecologists, 2013). Research conducted by the University of Michigan found that in older adults ages 85 and older, the prevalence of dementia to even mild cognitive impairment was 64% (Santucci, 2017). Women are more likely to develop dementia than men, more likely to live longer, and were less likely than their spouse to manage their household finances; thus, more susceptible to financial exploitation (Santucci, 2017).

International studies of abuse of older women

The United Nations Division for Social Policy and Development issued a report identifying risk factors associated with the abuse, neglect, and violence against older women. Loneliness was identified as a significant predictor of elder abuse; the higher the reported loneliness, the higher the probability that some type of abuse had been reported in the previous 12 months (United Nations Division for Social Policy and Development, 2013).

Studies conducted in the European Union found that women who had been subjected to some type of abuse reported feeling tense, angry, resentful, and powerless. A study in Spain found that victims of elder abuse were most likely to be women of an older age who had higher levels of dependency and more advanced degrees of cognitive impairment (United Nations Division for Social Policy and Development, 2013). A United Kingdom study found that risk factors for neglect were being female, 85 years or older, having some degree of depression, and requiring some degree of personal care assistance (United Nations Division for Social Policy and Development, 2013). Victims of financial abuse and exploitation in this study were also receiving services, but were either divorced, separated, isolated, and reported feelings of loneliness.

Barriers to reporting abuse

The United Nations' report also identified the barriers women, and all victims, face in reporting abuse. External barriers identified include the fear that adult children and other family members may reject them and the concern that law enforcement and judicial system would not provide adequate help and cause more harm by potentially subjecting them to more abuse. Internal barriers manifested themselves in feelings of powerlessness, self-blame, wanting to keep the abuse a secret, wanting to protect family members and keep the family intact, and the fear of not being believed. An interesting barrier identified was that some expressed the concern that the perpetrator needed the older adult's help and had perpetrated an act of abuse due to a sickness (United Nations Division for Social Policy and Development, 2013).

The United Nations report included a study on American law enforcement and prosecution of elder abuse, which revealed that victims generally prefer that the criminal justice system not be involved in their cases, regardless of the offense or type of abuse (United Nations Division for Social Policy and Development, 2013). Victims were hesitant to provide the evidence necessary to prosecute the perpetrator, and the older adult often depended on the perpetrator for basic survival or was emotionally attached in such a way that they decided against pursuing criminal action.

SECTION 2.
STATE STUDY COMPARISON

Maine, New York State, and Utah published their own studies of financial exploitation of older adults in 2017, 2016, and 2011, respectively. The studies included information on methodology used, demographics of each sample population, methods of exploitation found to be most prevalent, and recommendations for further action. It must be noted that Maine, New York State, and Utah do not have separate protective services programs for older adults, and their protective services programs serve all adults aged 18 and over.

The Maine study utilized a methodology focused on capturing the amount of money lost to older adults between fiscal years 2010 to 2016, with a final report published in 2017. Conducted by the University of Southern Maine's Muskie School of Public Service, this study used a sample size of 459 cases, constituting 67% of the total adult protective services cases with substantiated allegations of financial exploitation. In 2010, older adults constituted 20.6% of Maine's population (U.S. Census Bureau, 2010). Maine's study focused on estimating the total financial loss to Maine's older adults and did not include the cost of any public benefits accessed in these cases post-exploitation.

The New York State study was conducted by the New York State Office of Children and Family Services and focused on adult protective services referrals, which included individuals aged 18 and older, received during a 12-month period, beginning in the last quarter of 2012 and extending until September 3, 2013. For reference, New York State's population age 65 and older accounted for more than 16% of the total population in 2012 (Huang & Lawitz, 2016). Thirty-one of New York State's 58 social services districts agreed to participate in the study, as did one non-profit, Lifespan.

Unlike Pennsylvania, New York State does not make a formal determination of substantiation for cases. Financial exploitation cases used in New York State's sample were considered "verified" when a caseworker concluded that exploitation had occurred, based on their knowledge and experience. Out of 928 cases proposed for the study, a total of 479, or 52%, had evidence supporting that an incident of financial exploitation indeed occurred. This study included the cost of public benefits as a result of financial exploitation, as caseworkers were able to identify new or additional public benefits accessed as a result of the financial exploitation. The personnel hours associated with the investigation of these cases and any subsequent protective services provided were included in this study as “service agency costs” (Huang & Lawitz, 2016).

Pennsylvania’s study includes a review of financial exploitation studies published by three other states to understand and compare their methodologies, demographics of their sample populations, types of exploitation, and recommendations for further action.

The Utah study, conducted by the Utah Division of Aging and Adult Services and on a much smaller scale, examined all substantiated cases of financial exploitation documented in 2009. A total of 57 cases were reviewed, and in less than 10% of the cases, a definitive financial loss could not be determined. In 2011, Utah’s 65 and older population accounted for 9% of the total population (Langston, 2012).

Victims - Demographic information regarding the victims was only included in two reports, with Utah only providing demographic data on the perpetrators. The Maine and New York State studies had similar statistics, which mirror Pennsylvania’s data in that the average victim of financial exploitation is an older, white, female, who is single and lives alone.

In Maine, the average victim was age 80 or older, female, and was more than likely to be widowed, single, or divorced. Out of all cases sampled, only 15% of Mainers were married at the time of the investigation. Victims were more likely to live in a residential or institutional setting, with only 29% living alone. Victims were more likely to live in either an urban community (40%) or a large rural city/town (23%).

In New York State, the average victim was age 60 or older, female, and white, and only 19% of victims were between the ages of 18 and 59. The New York State study provided health characteristics of the victims. Seventy-six percent of older adults had one or more four serious health concerns, which could include a physical impairment, mental impairment, signs of dementia, or drug/other substance abuse. Fifty-four percent had a diagnosed mental impairment and/or dementia, and data also included information on co-existing issues, such as the inability to manage their own finances (32%), neglect by another person (14%), or self-neglect (11%). The New York State study included information on activities of daily living assistance needs, of which 42% required assistance shopping, 41% needed assistance with transportation, 38% needed assistance doing laundry, and 36% needed assistance preparing meals.

Perpetrators – Maine, New York State, and Utah all included information regarding identified perpetrators and their relationships with the victims. Overwhelmingly, the three studies indicated that the average perpetrator was a member of the older adult's family, usually an adult child or grandchild, and used more than one method of financial exploitation on the victims.

PERPETRATOR TYPE	UTAH	NEW YORK	MAINE	PENNSYLVANIA
Family Member	72%	67%	57%	65%
Adult Child	47%	36%	66% (of family members)	42%
Adult Grandchild	23%	7%	14%	10%
Child Under 18	-	1%	-	-
Other Family Member	-	19%	17%	9%
Spouse	2%	4%	3%	4%
Care Provider	-	4%	8%	15%
Friend	12%	20%	10%	4%
Stranger	11%	-	-	-
Other	5%	18%	5%	15%
Unknown	-	5%	20%	-

In Maine, 57% of all perpetrators were family members, and of that amount, 66% were adult children and 14% were adult grandchildren. Maine had the largest percentage of unknown perpetrators at 20%.

The New York State study had 18% “other,” but this category included individuals such as bank managers, handymen, phone/email scammers, and neighbors. New York State also included that in 16% of verified cases, more than one perpetrator was identified. It was also noted that “relatively few cases had perpetrators who were known to have a drug abuse problem (15%), alcohol abuse problem (10%), or mental illness (10%).” In 35% of the cases, the older adult lived with the perpetrator(s). In Utah, 72% of perpetrators were family members – an adult child, adult grandchild or spouse.

FINANCIAL EXPLOITATION METHOD	UTAH *(% of total Loss)*	NEW YORK *(% of total Loss)*	MAINE *(% of total Loss)*
Bank Withdrawals	44% ($22,662,684)	20% ($11,237,150)	24% ($7,105,047)
Credit Cards	10% ($5,150,610)	9% ($3,094,354)	7% ($1,275,190)
Check Fraud	N/A	42% ($19,522,825) ** Personal & Benefit Checks*	10% ($1,573,723)
Purchase of Automobile	19% ($9,786,159)	6% ($1,102,609)	7% ($1,387,602)
Cash	1% ($515,061)	42% ($27,855,204)	34% ($6,219,135)
Scam	2% ($1,030,122)	N/A	10% ($2,494,962)
Fraudulent Real Estate Transactions	19% ($9,786,159)	7% ($23,987,977)	3% ($1,124,987)
Personal Property	12% ($6,180,732)	3% ($1,163,313)	6% ($1,705,401)

The Maine study included cases from both its adult protective services program as well as its Legal Services for the Elderly program, which provides free legal services to Maine residents over 60 whose basic needs are in “jeopardy.” The estimated financial loss to Mainers sampled from cases in both programs ranges from a low of $74.7 million to a high of $451.5 million. Maine’s study strictly reviewed the financial exploitation of the victims, and the total amount lost does not include any costs associated with services provided by the state’s adult protective services program, the criminal justice system, or the use of any additional public benefits that victims may have received as a result of their exploitation. The total amount conclusively lost in adult protective services cases over the six-year period amounted to $36,991,618, with the three most substantial losses stemming from facility nonpayment ($9,478,563), bank account withdrawals ($7,105,047), and money/cash/diversion ($6,219,135). The most frequent method of exploitation was the diversion of money, occurring in 155 of the 459 sampled cases. Most victims were subjected to only one loss (76%), but 24% experienced two losses or more.

Accounting for the potential universe of unreported cases, the total amount lost within the 31 participating districts in the New York State study during the 12-month period range from as low as $352 million to as high as $1.5 billion. Of reported cases, the statewide estimate of total losses was $109,048,214. The top three methods of financial exploitation were cash theft ($27,855,204), fraudulent real estate transactions ($23,987,977), and the misuse of personal checks ($15,498,790). The total of all check fraud, including the misuse of personal checks and the misuse of benefit checks, was $19,522,825. New York State also provided information on the statewide estimate of agency costs and public benefit costs during this period. The statewide estimate of agency costs, which included agencies such as adult protective services, law enforcement, district attorneys, medical services (hospitals and physicians), and mental health services, was $6,280,229. The statewide estimate of public benefit costs was $8,272,552. The three largest public benefit spends were from public assistance ($5,359,405), other (adult service fund, fuel fund) ($938,025), and Medicaid ($688,922).

The Utah study did not include a breakdown of monetary loss per type of financial exploitation but estimated that the total amount lost per week to financial exploitation was $1 million. Bank withdrawals accounted for 44% of total loss, fraudulent real estate transactions accounted for 12%, and Medicaid accounted for 15%. Interestingly, cash only accounted for 1% of the total loss. Out of the cases featuring bank withdrawals, one-third was committed within a brick-and-mortar financial institution, the use of a joint bank account, or an online bank transfer; half of these cases also included debit card withdrawals. The Utah study provides an estimated dollar amount of $771,408 in Medicaid spending for older adults who enrolled in Medicaid as a result of their financial losses. Using the ratio that only one in 10 cases of financial exploitation are reported, Utah expanded the total cost to Medicaid to a potential $7.8 million annually.

The Maine study did not provide any recommendations, but the New York State and Utah studies both share three of the same recommendations for addressing financial exploitation.

1. Enhance training and encourage involvement of law enforcement

Creating a collaborative relationship between protective services and law enforcement is critical for the arrest and prosecution of financial crimes against older adults. Both studies recommend the need for additional training and resources for law enforcement to underscore the importance of investigating financial crimes, and any instances of abuse, against older adults.

2. Expand the use of interdisciplinary teams

The New York Office of Children and Family Services, which administers adult protective services, is a partner with the New York Office for the Aging. In cooperation, these two offices operate Enhanced Multidisciplinary Teams (E-MDTs) in Manhattan and the Finger Lakes region of the state, which was made possible by a grant from the U.S. Administration for Community Living (ACL). The E-MDTs focus on the prevention and intervention of instances of financial exploitation of older adults.

The Utah study specifically encouraged the creation of interdisciplinary teams between senior legal services, adult protective services, and the banking industry to address power of attorney laws and encourage the creation of banking products that allow older adults more control over their accounts.

3. Enhance communications for both prevention efforts and victims of financial exploitation

Prevention efforts should focus on educating older adults, aging services staff, and staff of financial institutions on how to both prevent financial exploitation and what to do if financial exploitation has occurred. The New York State study notes that, considering most perpetrators are family members, it can be difficult for a victim of exploitation to seek help. Creative messaging should be used to inform older adults of the signs of abuse, including financial exploitation, how they can prevent it from occurring, and encourage older adults to seek help if they believe they are victims of exploitation.

SECTION 3:
PENNSYLVANIA METHODOLOGY

To study and determine financial exploitation among older adults in Pennsylvania, the Pennsylvania Department of Aging randomly selected a total of 455 case files from 10 AAAs, encompassing the following 14 counties:

- Bedford
- Berks
- Bucks
- Chester
- Dauphin
- Fayette
- Fulton
- Greene
- Huntingdon
- Lancaster
- Lehigh
- Philadelphia
- Washington
- York

These AAAs had the most reported substantiated financial exploitation cases during the fiscal year beginning on July 1, 2017 and ending on June 30, 2018. Complete case files, consisting of journal entries, which are documented by the AAAs in the Social Assistance Management System (SAMS) database, and supporting documentation including items such as receipts, bank statements, credit card statements, and police reports used to substantiate an incident of financial exploitation, were provided to FieldGoals.US to complete their analysis.

To study and determine financial exploitation among older adults in Pennsylvania, the Department of Aging randomly selected a total of 455 case files from 10 Area Agencies on Aging encompassing the 14 counties with highest substantiated financial exploitation cases.

Confidentiality of the older adults identified in selected cases was paramount and maintained through the redaction of identifying information from the files. The department also shared only password protected, redacted files, which were assigned a random number to aid in the processing and the assurance of maintaining the confidentiality of the information.

A total of 315 financially conclusive cases (defined as cases where a dollar amount of loss could be determined) were used in the calculation of quantitative data measures, such as the summation of total financial loss of all conclusive cases, percent of total loss by type of financial exploitation, and average financial loss to each older adult.

SECTION 4:
PENNSYLVANIA DEMOGRAPHICS

Demographic information collected in this study mirrors national data and data in other states' studies on financial exploitation:

VICTIMS

- 84% of victims lived in urban communities, while the remaining 16% resided in rural areas.
- 96% of victims were non-Hispanic.
- 45% of victims were widowed, 19% were single, and 13% were married.
- More than 70% of victims had income above the federal poverty guidelines.
- 43% of victims lived alone.
- The average age of a victim was 79 years old.
- 61% of victims were female.
- Victims required, on average, assistance with performing at least three or more activities of daily living (ADLs). ADLs include activities such as bathing, grooming, feeding oneself, getting dressed, getting in and out of bed, etc.

The average victim is 79 years old, female, lives in an urban area and has an income above federal poverty guidelines. The average perpetrator is likely a family member, often an adult child or grandchild.

PERPETRATORS

In reviewing the cases in which a perpetrator was identified, it was found that:

- 65% were family members (42% were adult children, 10% were adult grandchildren, 4% were spouses, 9% were other family members).
- 15% were care providers.
- 4% were friends.
- 15% were "other," and not identified by category.

SECTION 5:
PENNSYLVANIA FISCAL IMPACT

LOSSES TO OLDER ADULTS

The analysis showed that older adults lost a total of $12,409,429 based solely on the 315 financially conclusive cases analyzed in the study, for an average loss of $39,395 per case during this one-year time period. Based on this average and utilizing the statewide number of 1,488 total financial exploitation cases substantiated by the AAAs during this same timeframe, it is estimated that older Pennsylvanians lost more than $58 million during fiscal year 2017-2018 in reported cases alone.

> *The average loss to each victim studied was almost $40,000, totaling close to $12.5 million. With 1,488 total financial exploitation cases substantiated, older Pennsylvanians collectively suffered an estimated loss of $58 million dollars during fiscal year 2017-2018 to financial exploitation in reported cases alone. Only 1 in 10 to 1 in 44 cases are ever reported. Estimated losses, including unreported cases, could be as high as $2.5 billion.*

Unfortunately, this figure does not provide the complete picture of financial exploitation in Pennsylvania, because we know that older adults chose not to report abuse or press charges for a variety of reasons. New York State's financial exploitation report cites research which estimates that only one in 44 incidents of financial exploitation of older adults are ever reported, which highlights that states truly do not have a complete understanding of the extent of this form of elder abuse. However, we can gain a better idea of what this means to Pennsylvania by applying each estimate in New York State's study to the average loss of this study. It could be projected that both reported and unreported losses to older Pennsylvanians during this one-year time period could be estimated at a minimum of over $124 million to more than $2.5 billion.

Total Loss by Type of Exploitation

FINANCIAL EXPLOITATION METHOD	TOTAL LOSS *(in US Dollars)*	PERCENT OF TOTAL LOSS
Bank Withdrawals	$5,751,453.73	46%
Scams	$3,487,434.74	28%
Loans	$941,065.80	8%
Credit Card Fraud	$467,935.65	4%
Check (Forgery)	$377,702.87	3%
House (Transfer in Deed)	$328,970.42	3%
Insurance Proceeds	$322,325.00	3%
Other	$243,048.05	2%
Rent (Living Off Older Adult)	$218,600.00	2%
Cash	$198,831.14	2%
Skilled Nursing Facility Fees	$37,826.88	<1%
Personal Property	$19,691.00	<1%
Purchase of Automobile	$13,766.00	<1%
Theft of Automobile	$400.00	<1%
Drug Theft	$378.00	<1%

The data revealed that unauthorized cash withdrawals constituted the largest percentage of total loss, with more than $5 million or 46% of the total sampled cases lost to withdrawals via ATM, debit card use and checks. Bank overdraft fees were found in 35 cases with an average loss of $1,000 in fees alone. Scams constituted 28% of the total loss and included romantic and lottery-based scams. The United States Senate Special Committee on Aging reported that "the largest, most pervasive impersonation scam" is that of the Internal Revenue Service, to which more than $72.8 million had been lost nationwide as of 2018. Exploitation in the form of fraudulent loans was found in only 10 cases, but constituted 7%, or over $1.4 million, of the total amount lost by older adults.

Total Cases by Type of Exploitation

FINANCIAL EXPLOITATION METHOD	TOTAL CASES
Bank Withdrawals	162
Scam	55
Check (Forgery)	48
Credit Card Fraud	38
Overdraft Fees	35
Cash Theft	35
Loan Fraud	10
House (Transfer of Deed)	7
Theft of Personal Property	6
Rent	4
Theft of Insurance Proceeds	3
Purchase of Automobile	3
Drug Theft	2
Automobile Theft	1

Consumer Loss by Type

Unauthorized cash withdrawals resulted in the greatest monetary loss and resulted in an average loss of $35,070 per older adult. Insurance proceeds due to insurance fraud averaged a loss of $107,442 per victim. Victims of scams lost an average of $63,408. Alleged perpetrators who lived with the victim rent free or failed to pay their share of rent amounted to an average loss of $54,650 to older adults.

FINANCIAL EXPLOITATION METHOD	AVERAGE LOSS *(Per Consumer)*
Insurance Fraud	$107,442
Loan Fraud	$84,107
Scam	$63,408
House (Transfer of Deed)	$54,828
Rent	$54,650
Bank Withdrawals	$35,070
Other	$27,005
Credit Card Fraud	$12,314
Check Fraud	$7,869
Cash Theft	$6,414
Purchase of Automobile	$4,589
Theft of Personal Property	$3,282
Overdraft Fees	$1,081
Automobile Theft	$400.00
Drug Theft	$189.00

The Challenges of Recovery

During the period studied, only 4% of all losses were ever recovered. This is also evident in the New York State study, in which only 5% of all losses were partially or fully recovered. Losses of cash and losses to overseas scams are especially problematic as this money vanishes without a trace, with virtually no way to recover it.

There are many challenges faced by local and state officials when trying to recover funds lost to financial exploitation. The method in which the exploitation occurred can contribute to the difficulties in recovery efforts. If cash was inappropriately taken via an ATM withdrawal or check made out to cash, it is very difficult to determine what exactly happened to that cash. If an older adult is coerced into buying gift cards and provides the numbers located on the back of the cards to the scammer, the funds are immediately spent and are untraceable. If an older adult completes a wire transfer of money to another physical location and the money is picked up by a scammer, the scammer's identity is unknown, and the funds are often spent before protective services or law enforcement is notified.

Impact on Government Expenditures

As an older adult's income and assets decrease due to financial exploitation, they are more likely to need state and federally funded programs to meet their basic needs such as Medical Assistance and Medicare. Medical Assistance (Medicaid or "MA") is a jointly funded program in which the state administers the program, and the federal government provides a specific amount of federally matched funds. This program provides health insurance and long-term services and supports to over six million low-income older adults nationally each year, who qualify based on strict rules which mandate maximum income and asset limits.

Financial exploitation also affects the commonwealth's finances … by driving older adults into public assistance programs. 322 older adults in the study enrolled in Medicaid after their first reported incident of financial exploitation.

More than $6.6 billion was spent on Pennsylvanians aged 60 and older enrolled in Medicaid in fiscal year 2018/2019 alone. It is important to note that older adults also receive Medicare, which serves as the primary insurance for an individual who is also receiving Medicaid. Medicaid is the payor of last resort and only pays after Medicare, any employer health plans, or Medicare supplemental insurance plans have paid (How Medicare Works with Other Insurance, 2020). For those individuals who are enrolled in both Medicare and Medicaid, Medicaid claims are only made after all other insurance plans have been exhausted, demonstrating that the true cost to federal and state benefits, as well as private insurance plans, is grossly underestimated. More than 70% of older Pennsylvanians had incomes above the federal poverty level and were not receiving Medicaid benefits prior to being victimized.

The department, having limited access to data housed in other state departments and branches of government, focused on Medicaid expenditure data made available by the Pennsylvania Department of Human Services (DHS). The lack of access to data housed in other agencies presents another unique challenge in highlighting the true total fiscal impact on state and federal government expenditures.

DHS provided aggregate data on the utilization of Medicaid and SNAP benefits by the older adults who were identified as victims of financial exploitation in this study. From the older adults identified in this study, DHS was able to identify 322 as enrolling in Medicaid after their first incident of financial exploitation was reported; 178 were identified as also receiving SNAP benefits. Of these enrollees, total Medicaid claim expenditures were provided for 40 older adults who filed claims with Medicaid totaling $359,937.96 with an average cost per recipient of $8,998.45 as shown on the chart below.

MEDICAID EXPENDITURES POST-FINANCIAL EXPLOITATION			
YEAR	**RECIPIENTS**	**AMOUNT PAID**	**AVERAGE COST** *(per recipient)*
***2017**	5	$35,446.48	$7,089.30
2018	18	$225,872.71	$12,548.48
****2019**	17	$98,618.77	$5,801.10
TOTALS	40	$359,937.96	$8,998.45

*2017 data began 7/12/2017 (Earliest date where a financial exploitation incident was reported)

**2019 data is incomplete as all claims are not yet available due to reporting lag

Exploitative Asset Transfers

Financial exploitation of older adults can significantly impact their eligibility for Medicaid, as applicants are required to present documentation from the previous five years to verify income and asset ownership. Often, family members of older adults' transfer homes and other high value assets to themselves for far below market value. Upon investigation, many alleged perpetrators will report that the older adult “gifted” them the home, property or other asset. Such “gifts” are often financial exploitation in the form of theft, undue influence, and done under duress by forcing or coercing the older adult to make imprudent asset transfers. This is another form of financial exploitation and acts to transfer assets to another individual in order to avoid estate recovery should the older adult need state-funded long-term care. As a result, penalties can be levied upon older adults for improper asset transfers made without receiving fair market value.

Taking Action Against Alleged Perpetrators

Older adults who are victims of financial exploitation and subsequently apply for a Medicaid hardship waiver are encouraged by DHS to file reports of exploitation with law enforcement and press criminal charges, where applicable. This process can be difficult for older adults who are hesitant to file a police report in the event the alleged perpetrator is a family member or trusted friend. In evaluating an older adult’s eligibility for a hardship waiver, documentation must be provided which verifies that all attempts have been made to stop the alleged perpetrator’s continued access to the older adult’s accounts or assets. The steps that could be taken include terminating a current Power of Attorney (POA) and naming a new POA, petitioning the court for a guardian to be appointed, and pressing criminal charges. These actions could be taken to prohibit the alleged perpetrator from making additional transactions on behalf of the older adult.

An Increasingly Costly Problem

There are significant costs borne by state and federal government programs to investigate, support and protect older adults from financial exploitation resulting from mainly their family and friends. As Pennsylvania’s population continues to age, both reported and unreported financial exploitation cases will continue to increase, and correspondingly, costs to Older Adult Protective Services, Medicaid and Medicare programs will continue to grow. Americans over the age of 50 account for 77% of all financial assets in the United States, and retirement assets totaled $28.2 trillion in 2017 making them prime targets for financial exploitation. The U.S. Consumer Financial Protection Bureau estimates that as much as $38.5 billion is lost annually in the financial exploitation of older adults, and the economic impact for such losses is potentially severe.

RECOMMENDATIONS

1. LEGISLATIVE: Update the Older Adults Protective Services Act (OAPSA) to expand mandatory reporters, require reoccurring background checks for long-term services and supports staff and establish a defined process to report suspected exploitation for financial institutions.

2. REGULATORY: Update OAPSA regulations to include mandating annual financial exploitation training for protective services staff.

3. POLICY: Create an intra-agency financial exploitation team to identify barriers related to the early detection and/or prevention of financial exploitation, explore opportunities to decrease regulatory barriers, develop strategies around administrative, regulatory or statutory changes, and inform Financial Exploitation Task Force of findings and recommendations to consider.

4. POLICY: Create a Task Force comprised of state agencies and older adult, legal, financial and medical stakeholders to identify and assess barriers, opportunities, and potential solutions and develop a multidisciplinary approach to better coordinate and increase supports when the early detection of an older adult's declining capacity is identified.

5. COMMUNICATIONS: Increase prevention education and enhance outreach strategies for stakeholders that engage with the most vulnerable populations that fall victim to financial exploitation.

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