In 2006, the AARP Bulletin ran a story quoting then-U.S. Securities Exchange Commissioner Christopher Cox (Magnusson, 2006) about his elderly parents having been financially exploited. Both were frail, one had dementia. They were “sold” an unsuitable product resulting in substantial losses that “lined the pockets” of the unscrupulous financial advisor. A key thought emerged from this piece: If this could happen to the SEC Commissioner’s parents, it could happen to any older person.

Out of that thought came the Elder Investment Fraud and Financial Exploitation Program (EIFFE), which began in 2009 as a pilot project funded by the Investor Protection Trust (IPT) and supported by the Texas State Securities Board. The IPT grant to Baylor College of Medicine targeted Texas primary care physicians for continuing medical education (CME) on how to screen their older patients for vulnerability to being financially exploited.

Underscoring the need for an initiative like EIFFE was a 2009 study funded by the MetLife Mature Market Institute showing financial losses by exploited seniors could be as high as $2.6 billion a year (MMI, 2009). A more recent MetLife report upped the estimate to $2.9 billion lost annually (MMI, 2011). Other estimates of the prevalence of elder financial exploitation range from 5 to 20 percent (Acierno et al., 2010). In comparison, physicians screen for serious medical conditions with prevalence rates lower than that for financial exploitation.

Aging, Cognitive Decline, and EIFFE

When considering the role cognitive impairment plays in declining financial management capacity, Duke professor of psychiatry and behavioral sciences Brenda Plassman’s epidemiological research findings are alarming: Of the 25 million people in the United States in 2008 ages 71 and older, 35 percent had some form of cognitive impairment or dementia (Plassman et al., 2008). As the aging population will nearly double by 2029, so will those with such conditions that place them at risk for financial exploitation (Karp and Wilson, 2011).

Recent research has shown a neurobiological basis for elders’ vulnerability to financial exploitation. Damage from accidents, strokes, or other insults to the orbitofrontal cortex (OFC) of the brain, where executive functioning capacity is located, can make persons with marked changes in the OFC far less risk averse than...
before. Neuropsychologist Natalie Denburg’s elegant Iowa Gambling Task demonstrated that such persons were more willing to gamble than persons without OFC (Denburg et al., 2007; Denburg and Harshman, 2009).

Similarly, Daniel Marson’s research on persons with mild cognitive impairment (MCI) shows persons with MCI make four times the financial errors than those without the condition (Okonkwo et al., 2006). Marson’s Financial Capacity Instrument (FCI) is one of few instruments validated on persons with dementia (Marson et al., 2009). The EIFFE project has sought to use the science behind Marson’s work and develop a simple, office-based tool—a pocket guide—for clinicians that could help detect “red flags” in a patient’s condition and life circumstances that place them at higher risk of being financially defrauded. Some questions that speak to key red flags include the following: Does the patient show signs of self-neglect? Has the patient recently lost a spouse? Has anyone asked the patient to change their will? Do patients have someone living with them who is financially dependent upon them?

The EIFFE’s clinician’s pocket guide (CPG; see next section of article) contains these and other red flag questions; suggests questions clinicians can ask their patients about their financial capacity; provides resources for further medical evaluation, such as the MiniCog and the FCI; and provides referral routes to professional geriatric care managers, Adult Protective Services, and the National Academy Of Elder Law Attorneys.

What is so problematic about MCI is that individuals can go about living their lives much as they were before: being engaged socially, and enjoying family, friends, and leisure pursuits. It’s the more complex decisions, such as managing their financial affairs, that those with MCI have trouble with. Often persons with MCI do not recognize their diminished capacity, nor do their spouses or others close to them, until after losses occur; and healthcare providers don’t generally delve into this highly personal area of a patient’s life (Moye and Marson, 2007).

The financial consequences of MCI and dementia are often enormous. If the monetary amounts lost to fraud are significant, older adults simply do not have the time to make those losses back. And this can have important health consequences when victims have to choose between out-of-pocket health services and food and shelter. The latter circumstance was clearly described by Eric Widera and his colleagues, who made a strong case for when elders lose money and the choice of paying for healthcare is compromised. This circumstance then becomes a clinical issue, like others that already exist on healthcare provider checklists (Widera et al., 2011).

Developing the EIFFE Program

In developing the EIFFE program, the faculty of Baylor College of Medicine’s Huffington Center on Aging took the following steps: they engaged a multi-disciplinary team of experts in decision-making capacity, geriatrics and gerontology, neurology, psychiatry, and ethics; employed the Nominal Group Technique, a systematic process to elicit expert opinion (Delbecq and VandeVen, 1971) with groups of clinicians who saw older people in their practices; used cluster analysis of modal responses to produce a clinician’s pocket guide providing referral routes for positive screens; and designed an accompanying CME program.

Ten CME programs were held in Texas during 2009: of 200 course-takers, 130 completed evaluations and 67 gave permission to be contacted for follow-up at six months. Among responders to the follow-up assessment, 55 percent reported using the CPG, and many

A recent MetLife report puts financial losses of exploited elders as high as $2.9 billion lost annually.
described having found patients deemed vulnerable enough to warrant referral.

Based on these initial outcomes in Texas, the Investor Protection Institute (an arm of the Investor Protection Trust [IPT]) extended the Baylor grant to form a coalition now involving twenty-six states, the District of Columbia, and Puerto Rico. The project aims to hold two CME programs per jurisdiction, reaching at least 200 clinicians who treat older people, giving them pocket guides, and following them at six months to ascertain the results of screening and referral.

In 2011, twenty-seven CME programs were held, reaching nearly 2,000 healthcare professionals. The results of the six-month evaluations are still being processed, but a like number of CME programs are planned for 2012, followed by a Web-based version replacing face-to-face programs.

A Team Approach

What began in Texas is developing into a national program. Each state has an agency or department whose function is to regulate stockbrokers and financial advisors to ensure they do not sell unsuitable financial products. These state agencies also play another important role: their investor educators conduct programs for elders to increase their financial literacy and to help them avoid being scammed.

The IPT has teamed with the National Adult Protective Services Association and other national organizations such as the American Academy of Family Physicians, the National Association of Geriatric Education Centers, and the National Area Health Education Center Organization. A new ally is the federal Consumer Financial Protection Bureau’s Office of Financial Protection for Older Americans, headed by Hubert H. Humphrey III. Humphrey spoke at the the American Society on Aging’s annual meeting in Washington, D.C., on March 29, 2012. He lauded the EIFFE initiative and stressed that all Americans need to be educated about the financial exploitation of older people. (To learn more about the EIFFE project, contact the IPT [www.investorprotection.org] and the North American Securities Administrators Association [www.nasaa.org]).

In aligning these organizations, we can fulfill the goal of being able to consistently offer continuing education for health professionals that can increase their clinical awareness of the issue, and provide them with screening and referral tools that are evidence-based, such as the MoCA (Montreal Cognitive Assessment instrument), the Mini-Cog, and the FCI. If health professionals and investor educators work to educate community practitioners and their patients about the EIFFE, this effort can help protect the life savings of many elders, leaving them free to live a good old age. 

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