The Hilltop Institute

analysis to advance the health of vulnerable populations

Rebalancing Long-Term Services and Supports: Progress to Date and a Research Agenda for the Future

June 14, 2011

Charles J. Milligan, Jr.

Cynthia H. Woodcock

Long-Term Care Interest Group Colloquium

UMBC

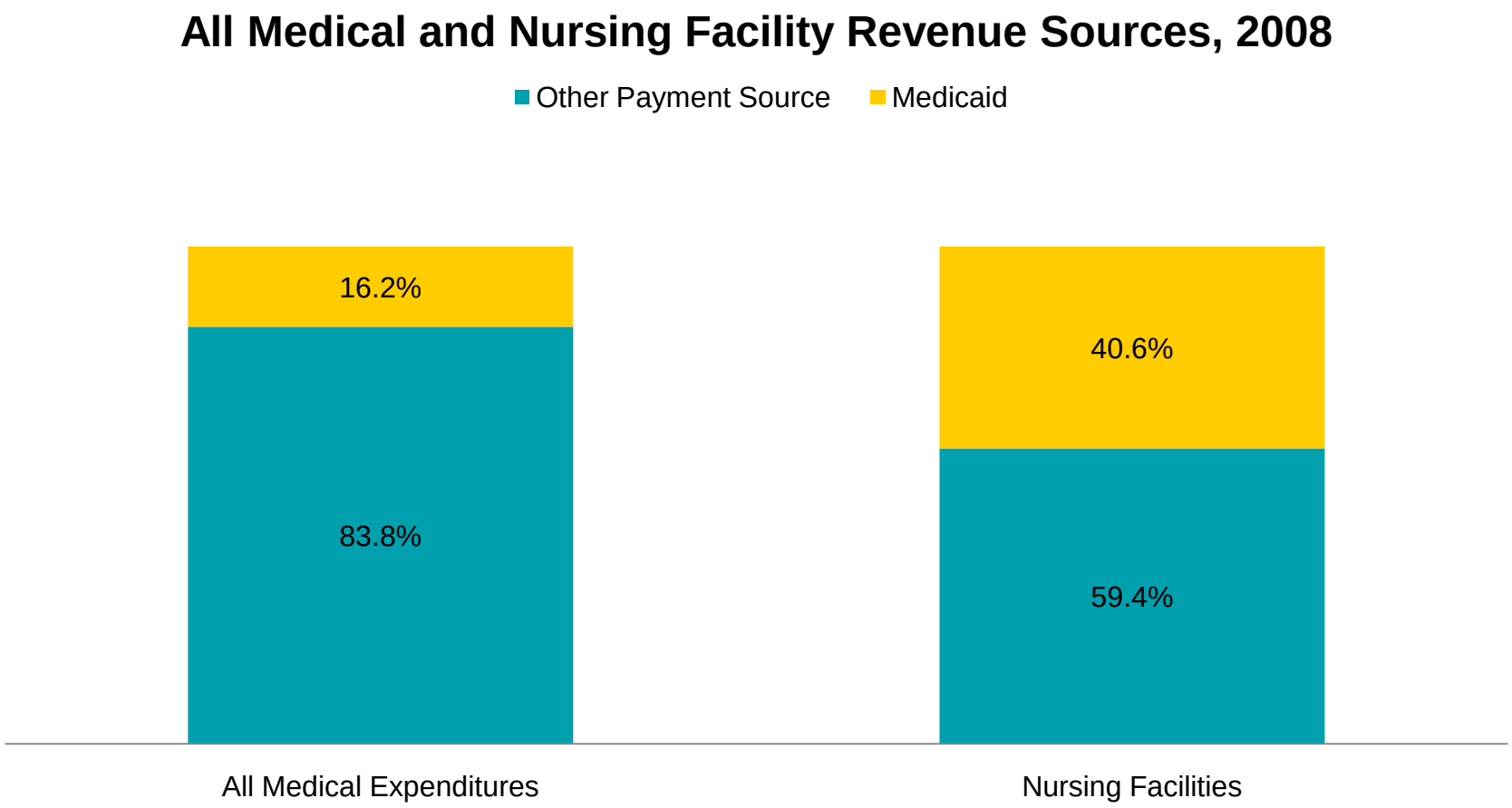
AN HONORS UNIVERSITY IN MARYLAND

Overview

- Progress in rebalancing long-term services and supports (LTSS)
- The challenges states face
- Rebalancing strategies
- Opportunities in the Affordable Care Act (ACA)
- A research agenda

Progress in Rebalancing LTSS

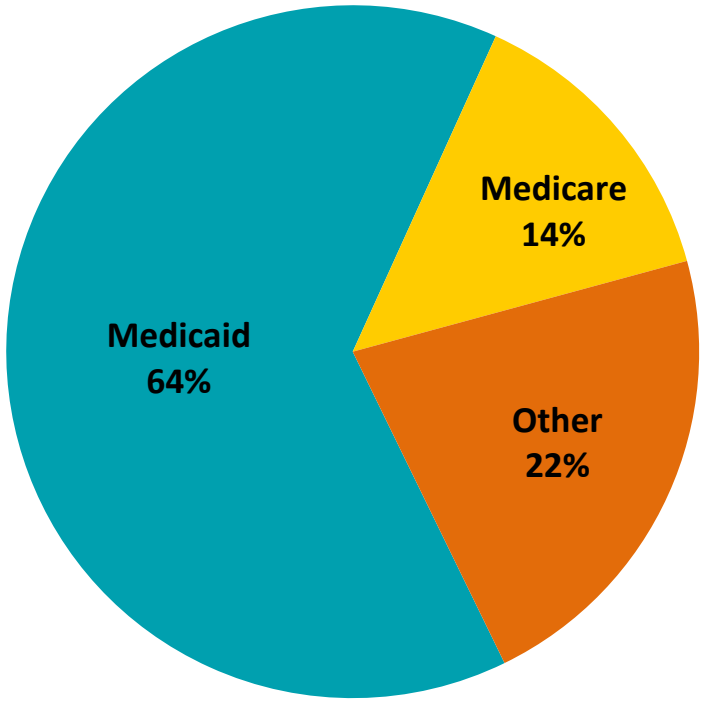
Medicaid finances 41% of nursing facility expenditures in the U.S. …



Source: National Center for Health Statistics. Health, United States, 2010: With Special Feature on Death and Dying. Hyattsville, MD. 2011.

… and Medicaid is the primary payer for two-thirds of nursing facility residents

Distribution, by Primary Payer, of Payments for Nursing Facility Residents in the United States, 2007



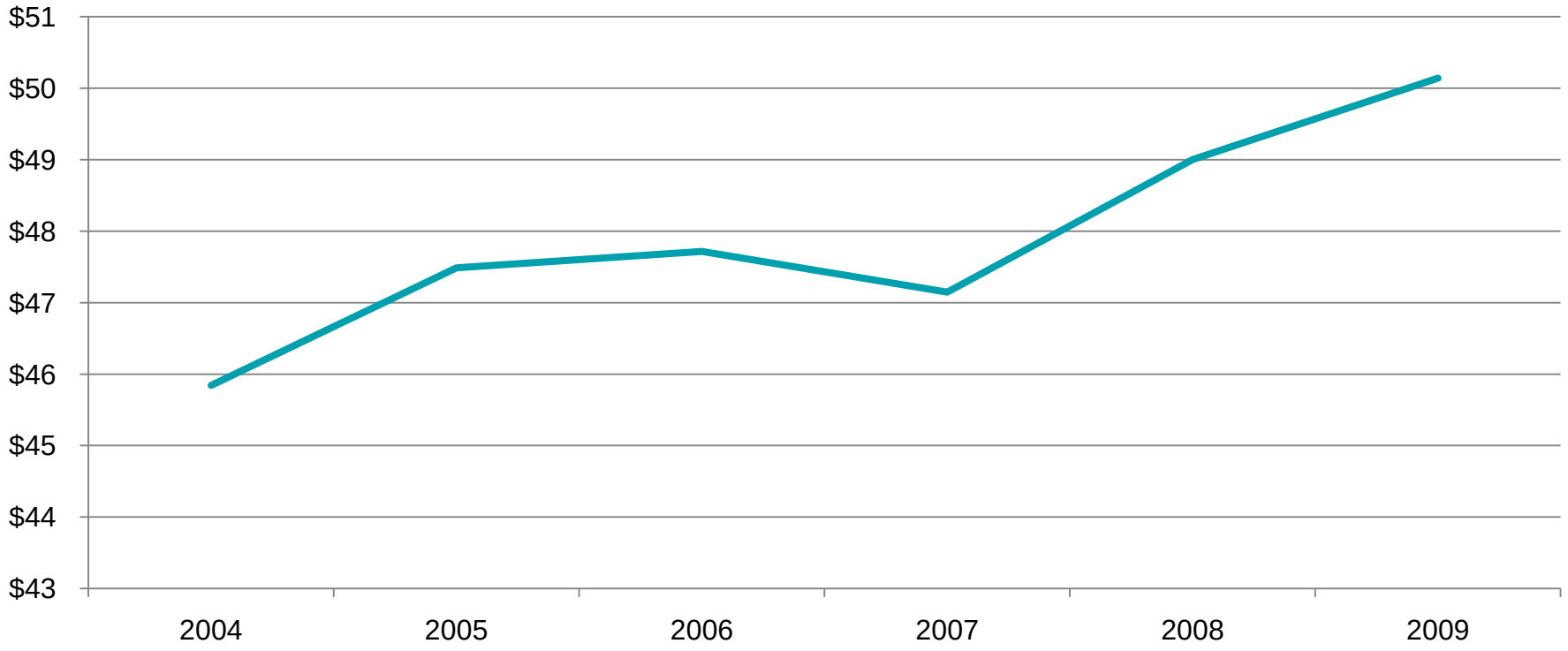
Source: Houser, A; Fox-Grage, W; & Gibson, MJ. 2009. Across the States: Profiles of Long-Term Care and Independent Living. AARP.

Why rebalance?

- "Rebalancing" refers to moving away from a dependency on institutional care toward a system of comprehensive community-based LTSS
- Several factors are driving states' efforts to rebalance …

Spending on nursing facilities continues to increase, which burdens state Medicaid budgets …

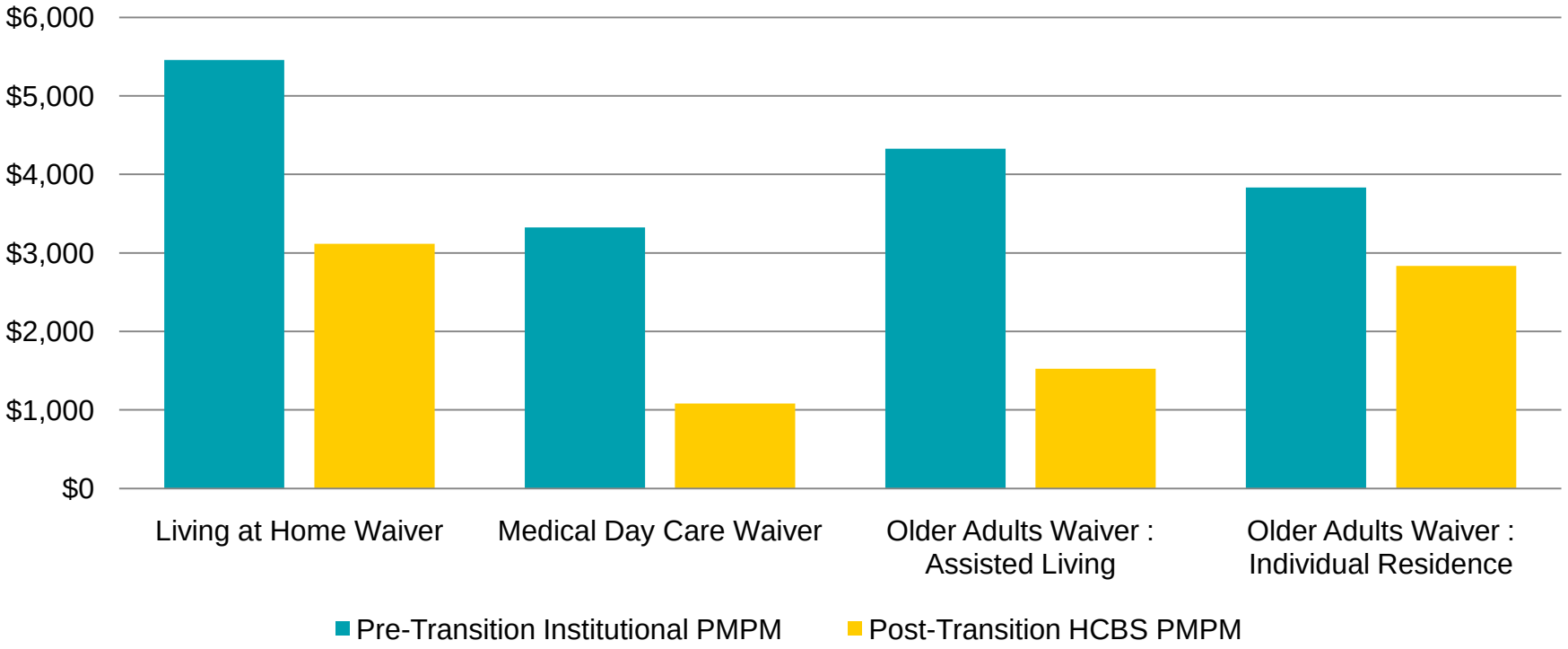
Medicaid Spending on Nursing Facilities in the United States: Older Adults and Persons with Physical Disabilities, 2004-2009 ($ Billions)



Source: National and State Long-Term Care Spending for Adults Aged 65 and over and Persons with Physical Disabilities. 2011. Analysis of Thompson Reuters data by The Hilltop Institute.

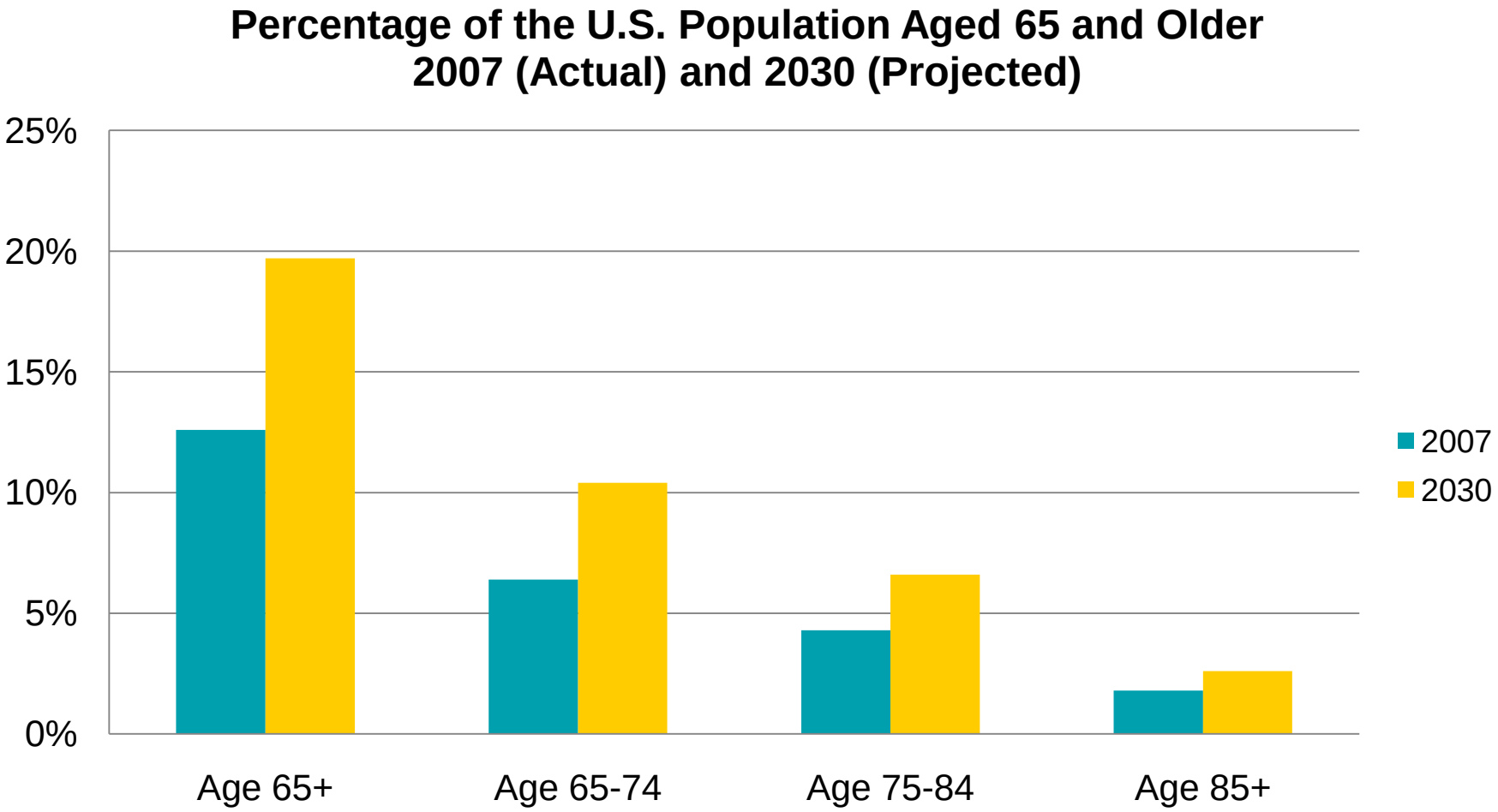
. . . the per capita cost of serving individuals in community-based settings is cost-effective . . .

Per Member Per Month (PMPM) LTSS Expenditures for Institutionalized Individuals in Maryland Who Transitioned to an HCBS Waiver, FY 2008 – FY 2010



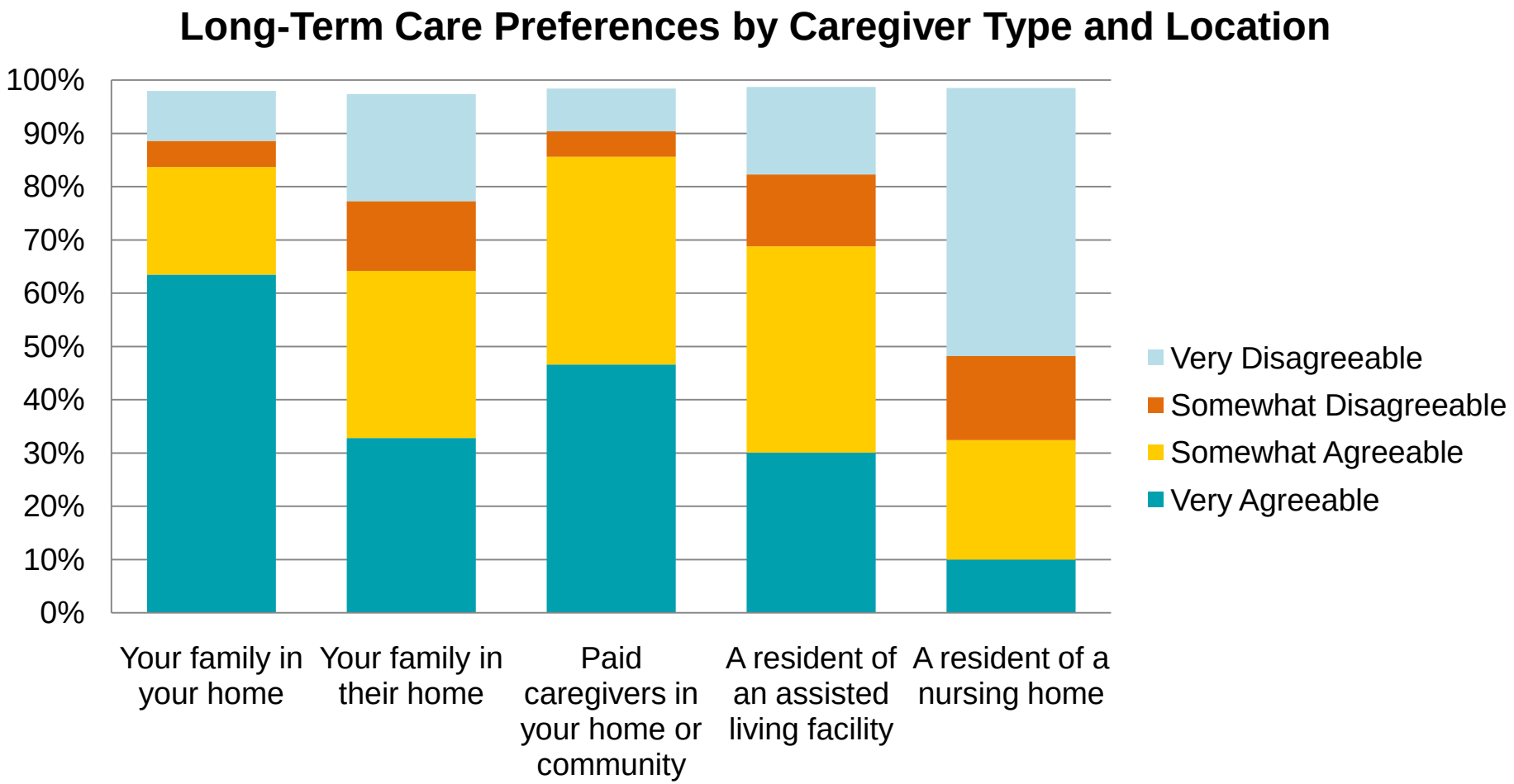
Source: Hilltop Analysis of Maryland MMIS Data: Average 12 month pre-and post-transition Medicaid expenditures. MFP Metrics 2010.

… the population of older adults is growing …



Source: Houser, A; Fox-Grage, W; & Gibson, MJ. 2009. Across the States: Profiles of Long-Term Care and Independent Living. AARP.

… people prefer to remain at home or in the community …

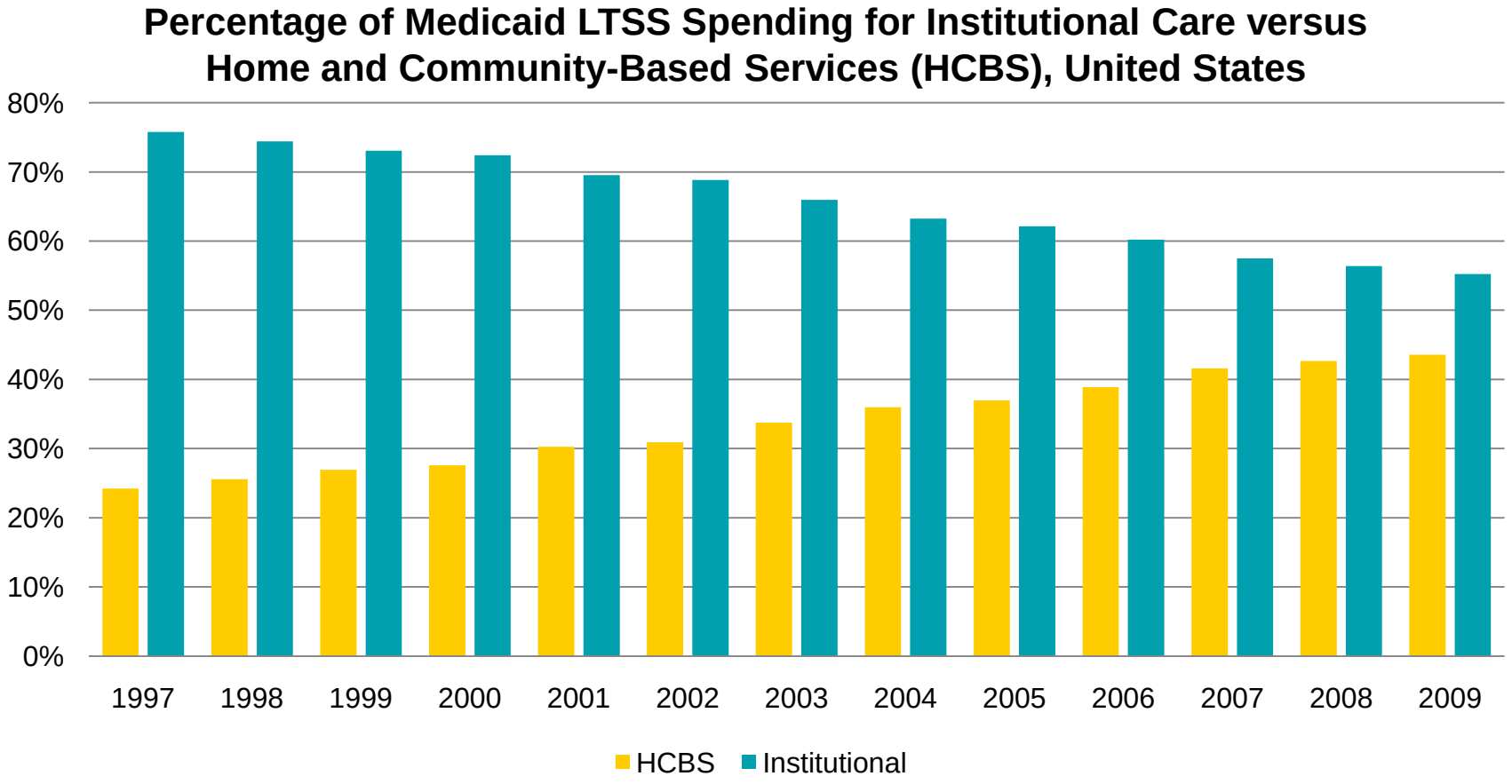


Source: Eckert, JK; Morgan, LA; & Swamy, N. 2004. Preferences for Receipt of Care Among Community-Dwelling Adults. Journal of Aging and Social Policy. 16(2):49-65.

. . . and civil rights efforts in the ADA and the related Olmstead decision promote rebalancing.

- The Americans with Disabilities Act (ADA), enacted in 1990, requires public programs to reasonably accommodate people with disabilities in order to prevent discrimination.
- Title II of the ADA was interpreted in the 1999 U.S. Supreme Court Olmstead decision, which defines institutionalization as a form of discrimination, and segregation from the broader community.
- Olmstead requires Medicaid to serve individuals in community-based settings when it is safe to do so and when the individual wants to be served there.
- One exception: a state need not "fundamentally alter" its programs; e.g., a state is not required to ***create*** a new program.

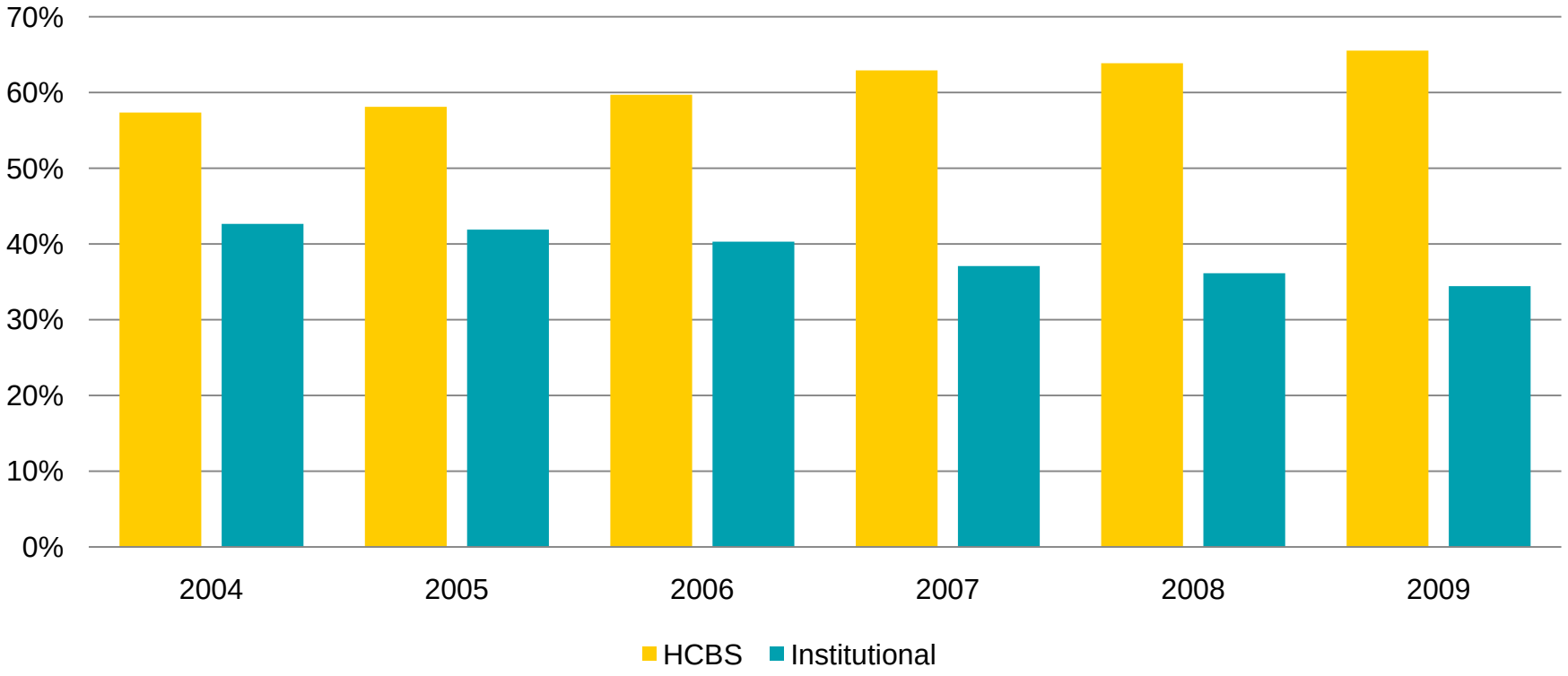
Overall, substantial progress has been made in rebalancing Medicaid spending for LTSS



Source: Thomson Reuters

The greatest gains in rebalancing have been for persons with ID/DD …

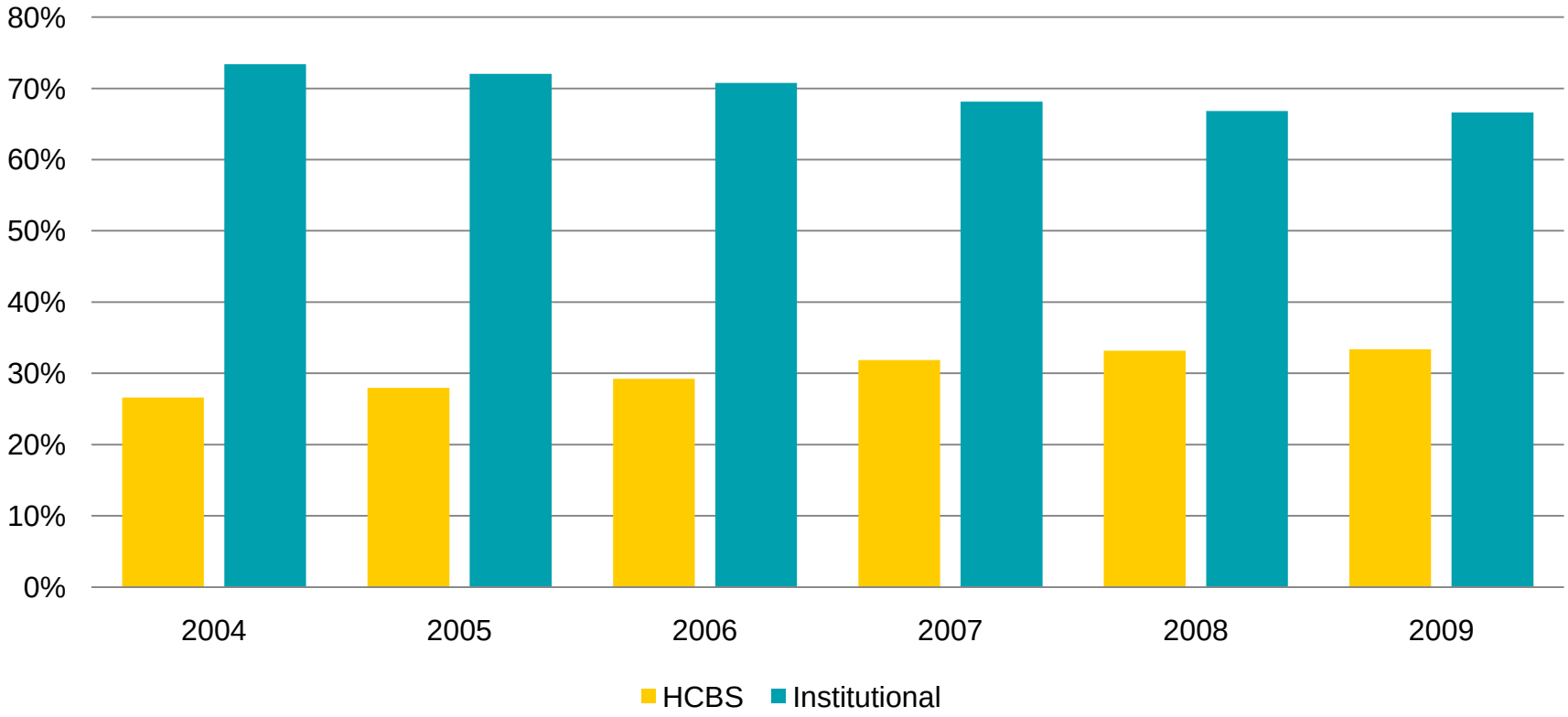
Percentage of Medicaid LTSS Spending for Institutional Care versus HCBS for Persons with Intellectual and Developmental Disabilities (ID/DD), United States



Source: Thomson Reuters

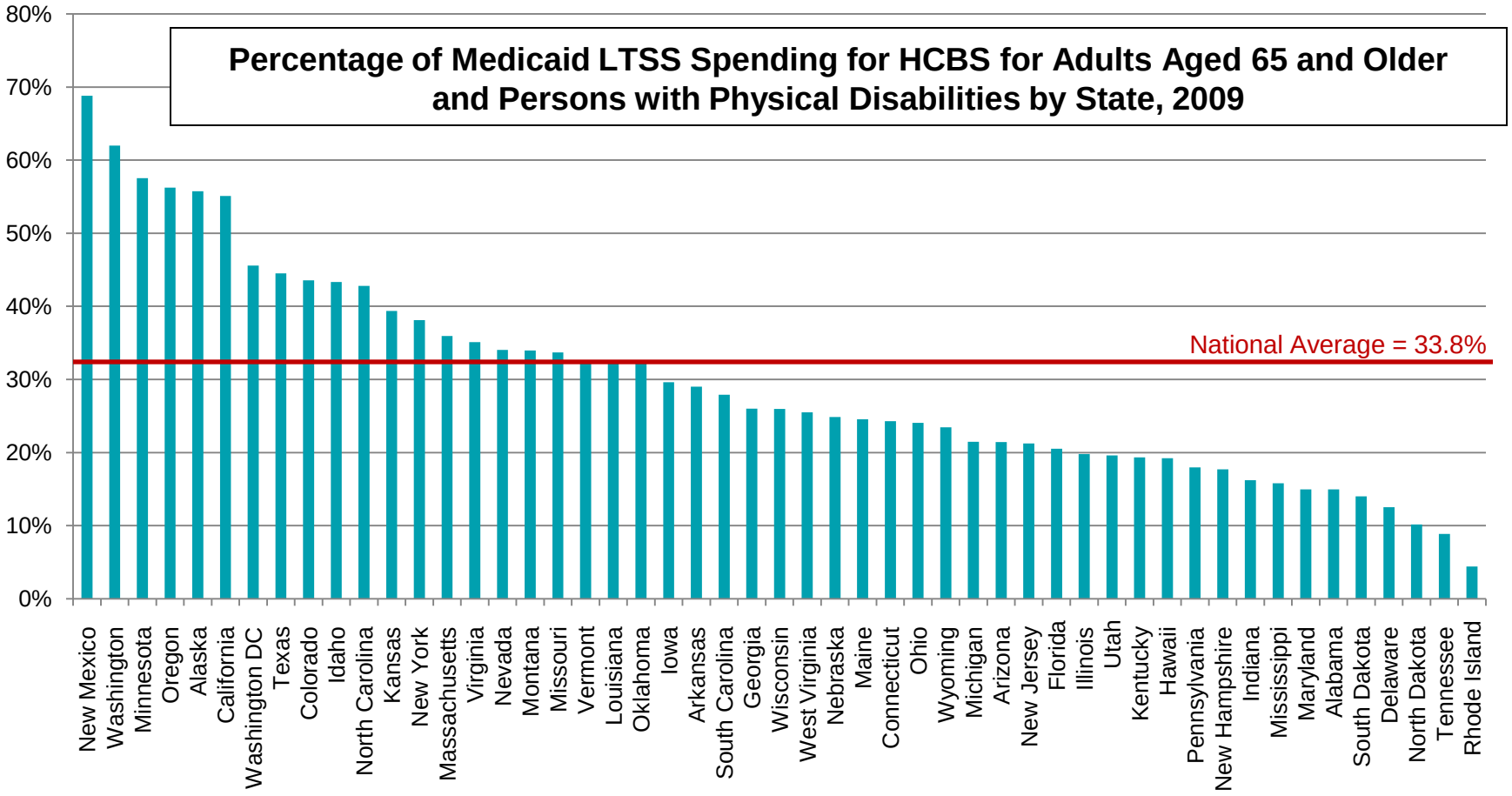
… while rebalancing for older adults and persons with physical disabilities lags far behind.

Percentage of Medicaid LTSS Spending for Institutional Care versus HCBS for Adults Aged 65 and Older and Persons with Physical Disabilities, United States



Source: Thomson Reuters

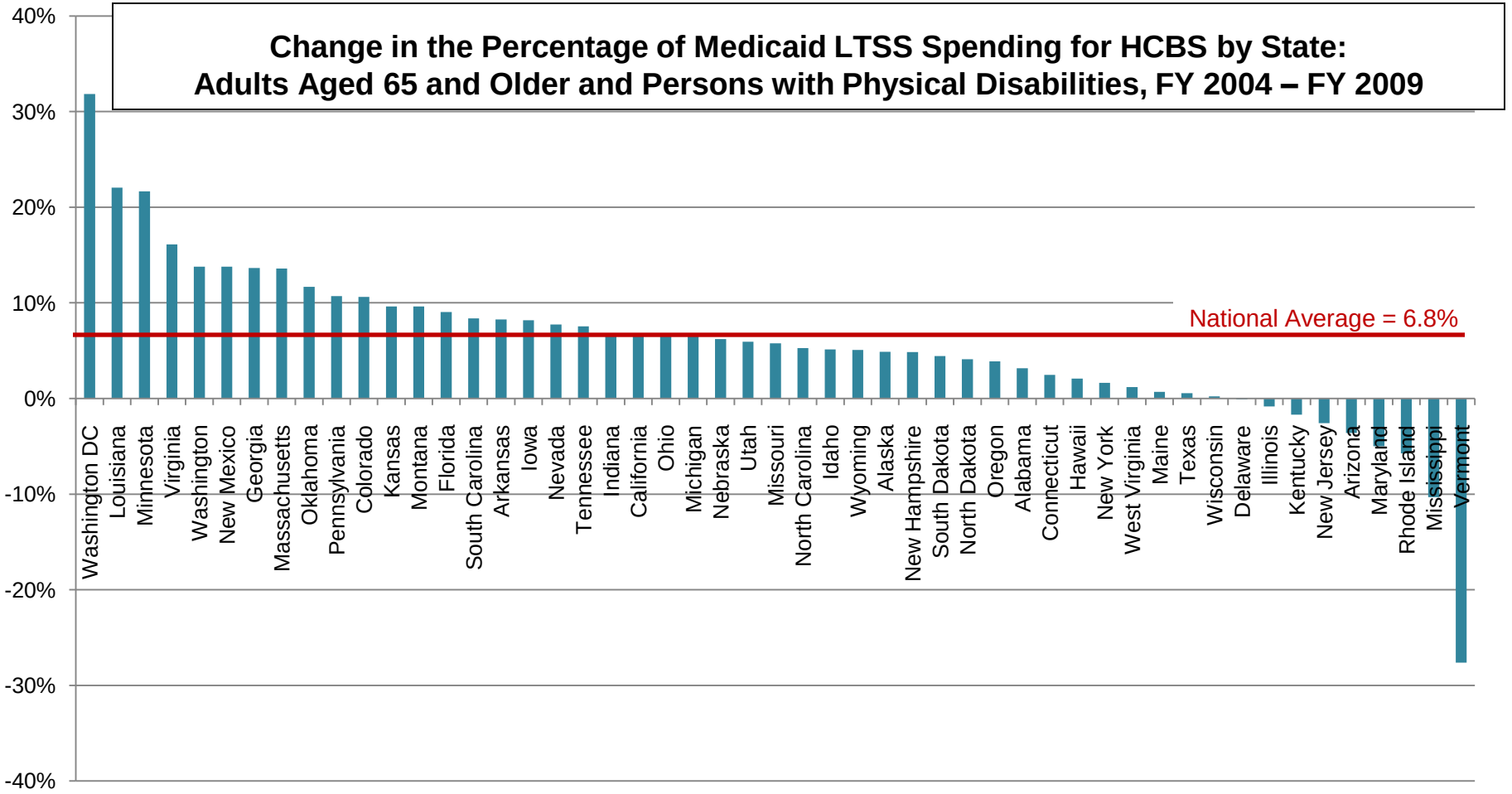
Even as progress has occurred on a national level, there remains tremendous variation across states . . .



Source: National and State Long-Term Care Spending for Adults Ages 65 and over and Persons with Physical Disabilities. 2011. Analysis of Thompson Reuters data by The Hilltop Institute.

The Hilltop Institute

. . . and progress over the past five years also has varied a great deal across states.



Source: National and State Long-Term Care Spending for Adults Ages 65 and over and Persons with Physical Disabilities. 2011. Analysis of Thompson Reuters data by The Hilltop Institute.

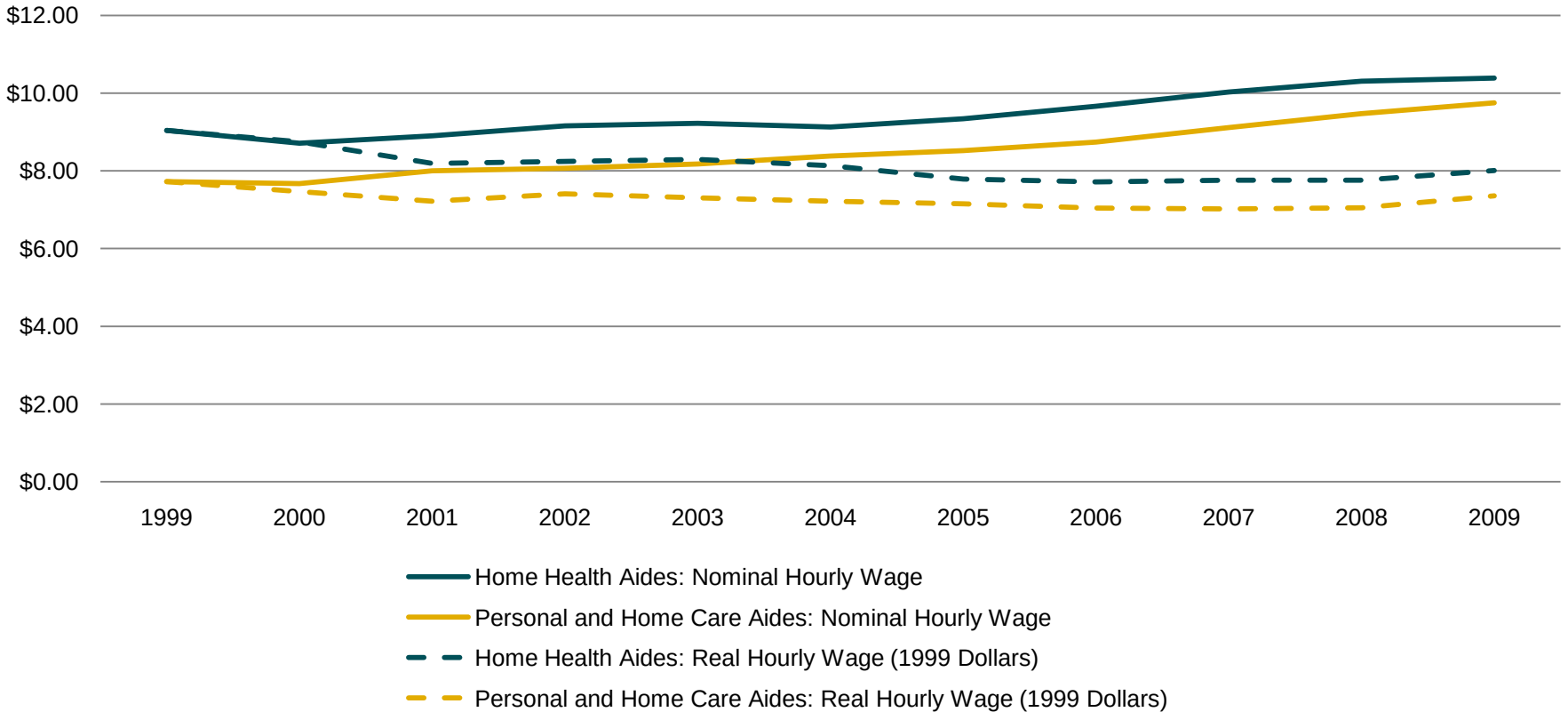
What are the Major Challenges States Confront in Rebalancing LTSS?

Medicaid's "institutional bias" is a serious impediment

- Beneficiaries are entitled to nursing facility care, but states can choose whether to offer HCBS waivers
- Individuals with incomes above 300% of the SSI may qualify as a spend-down eligible in a nursing facility (because the room & board embedded in the institutional per diem is considered a medical expense), but not in community-based LTSS (because rent is not)
- Automatic annual increases in nursing facility rates contribute to institutional bias

Rebalancing depends on direct care workers, but low wages deter growth in this employment sector

Median Hourly Wages for Personal and Home Care Aides and Home Health Aides



Source: U.S. Bureau of Labor Statistics

States face other challenges in rebalancing Medicaid LTSS

- "Back-filling" of nursing facility beds
- Transforming institutional care in response to consumer needs and preferences
- Availability of affordable housing in the community

Rebalancing Strategies

States use a variety of strategies to promote rebalancing

- LTSS in the Medicaid state plan (home health, personal care, 1915(i) amendments)
- 1915(c) HCBS waivers
- Integrated care (Medicare-Medicaid)
- Consumer direction
- Federal Money Follows the Person demonstration
- Nursing home diversion programs
- Aging and Disability Resource Centers (ADRCs)

Opportunities in the Affordable Care Act

The Affordable Care Act offers new tools for rebalancing

- Community First Choice Option
- State Balancing Incentive Payments
- Medicaid Health Homes
- Extension of Money Follows the Person demonstration
- 1915(i) state plan amendment
- Community Living Assistance Services and Supports (CLASS)
- New opportunities for integrated care for Medicare-Medicaid enrollees

A Research Agenda for the Coming Decade

Examine the experience with the new authorities in the ACA

- What is the take-up by states and what influences their decisions and the ultimate outcomes? In what ways are states leveraging multiple provisions?
- How will implementation of CLASS affect purchase of long-term care insurance and reliance on the Medicaid safety net?
- To what extent are educational institutions partnering with state/local government in training direct care workers?

Develop and evaluate innovative models for LTSS delivery

- Integrating acute care and behavioral health into LTSS
- Health homes for Medicare-Medicaid enrollees with co-morbidities and chronic conditions
- Care coordination across settings and providers
- Support for family caregivers
- Financing arrangements and provider incentives
- Affordable housing to support community living

Test new models for integrating care for Medicare-Medicaid enrollees

- New models for integrating Medicare-Medicaid benefits
- How to align federal rules and regulations to support Medicare-Medicaid integration
- Need to better understand incentives driving provider behavior; barriers to consumer access and service coordination; how beneficiaries make enrollment decisions

Develop and evaluate LTSS models that recognize the diverse needs of diverse populations

- How can LTSS better meet the needs of different populations—e.g., older adults, younger adults with physical disabilities, persons with developmental disabilities, chronic diseases, and mental health conditions?
- How do consumer preferences vary from one population to the next?
- What are the implications for quality monitoring?

Examine how states might more effectively assess consumer needs

- Need to develop and validate core standard assessment tools (referenced repeatedly in the ACA)
  - Measure functional/health status
  - Identify unmet needs
  - Develop consumer-centered care plans that address unmet needs and promote efficient use of resources

Examine how rebalancing is transforming care settings and service utilization

- Nursing facility industry: trends in supply, utilization, diversification; effect of state policies
- Assisted living: growth trends, potential substitution for nursing facilities, consumer perceptions/satisfaction
- Are states using limited resources to replace informal caregiving with paid caregiving with no net increase in people served?
- Is there a substitution effect when a state restricts access to a service (e.g., an hourly cap on personal care)?

Without reliable metrics, progress in rebalancing cannot be monitored

- A number of efforts are underway to develop metrics
- Measures must be tested and validated

Some final thoughts …

- Rebalancing continues to be a priority for states, despite budget constraints
- The ACA offers many new opportunities
- States must be careful not to lose their focus on rebalancing as they tackle other ACA requirements (e.g., Medicaid expansions, the exchanges)
- Research will be key to moving the field forward

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

www.hilltopinstitute.org

Contact Information

Charles J. Milligan, Jr.

410.767.5807

cmilligan@dhmh.state.md.us

Cynthia H. Woodcock

410.455.6273

cwoodcock@hilltop.umbc.edu