

**Administration on Aging
National Summit on Creating Caring
Communities**

**Leveraging Resources for HCBS
in a Time of Fiscal
Retrenchment**

**Presentation by
Penny Hollander Feldman, Ph.D.**

September 23, 2003

VNSNY Center for Home Care Policy & Research
With support from The Robert Wood Johnson Foundation

Center for Home Care Policy & Research

“Information Brokering for LTC”

Data to Information to Action

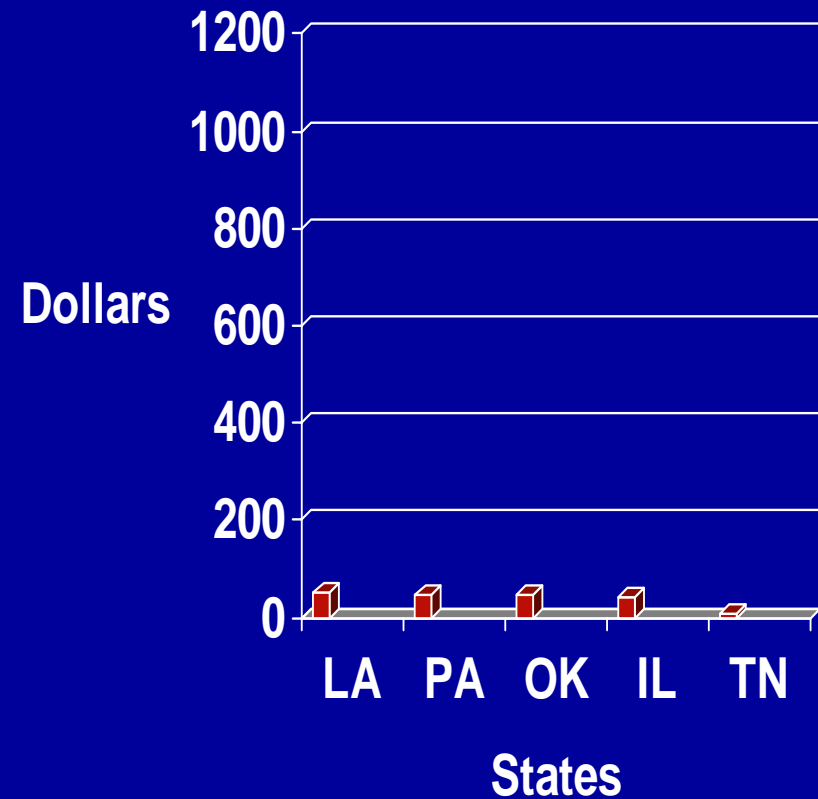
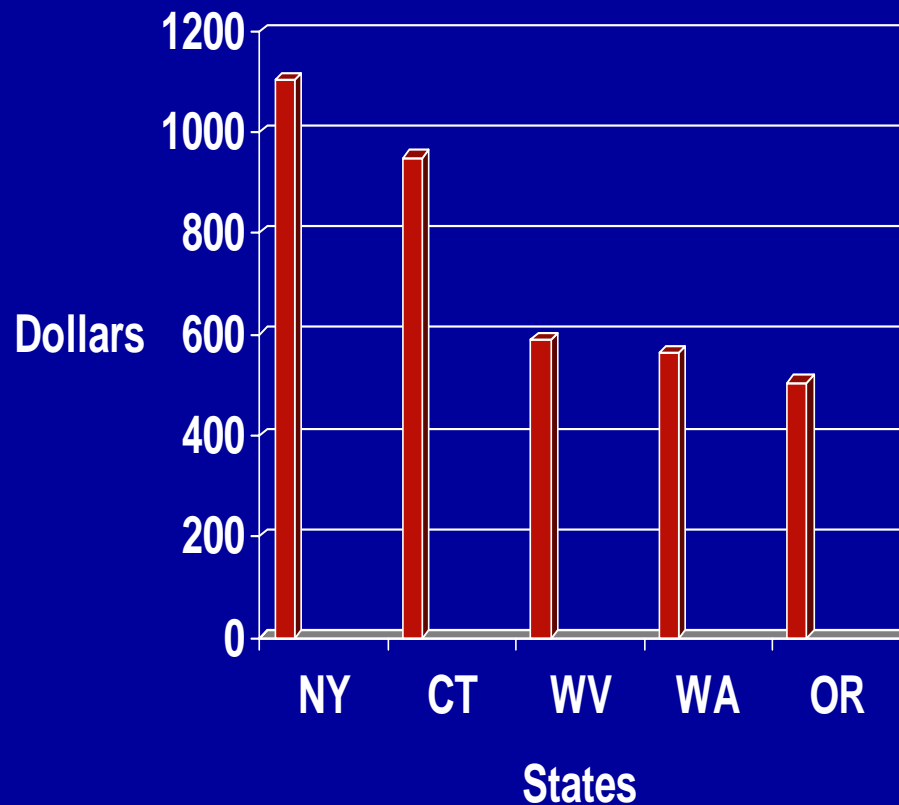
- Strengthen links between research-based data & information useful to policy makers
- Contribute to productive dialogue between researchers and policy makers
- Focus on older persons
- Two main topics:
 - » Leveraging scarce resources for HCBS (July 2003)
 - » Linking housing and support services (February 2004)

Leveraging Resources for HCBS in a Time of Fiscal Retrenchment

- Assess early impact of state budget crisis
- Examine selected HCBS evidence:
 - » State strategies around HCBS access
 - » HCBS benefits & costs
- Identify “high leverage” strategies & mechanisms to strengthen HCBS
 - » Political and practical barriers
 - » Policy-related research and demonstration needs/opportunities

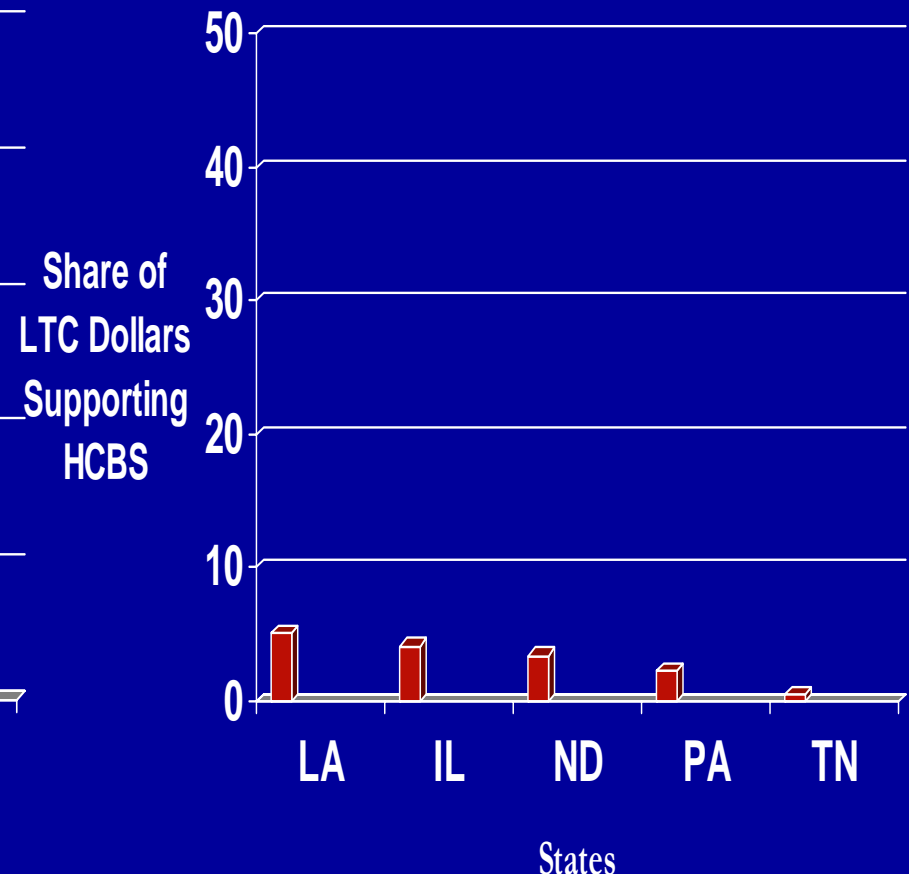
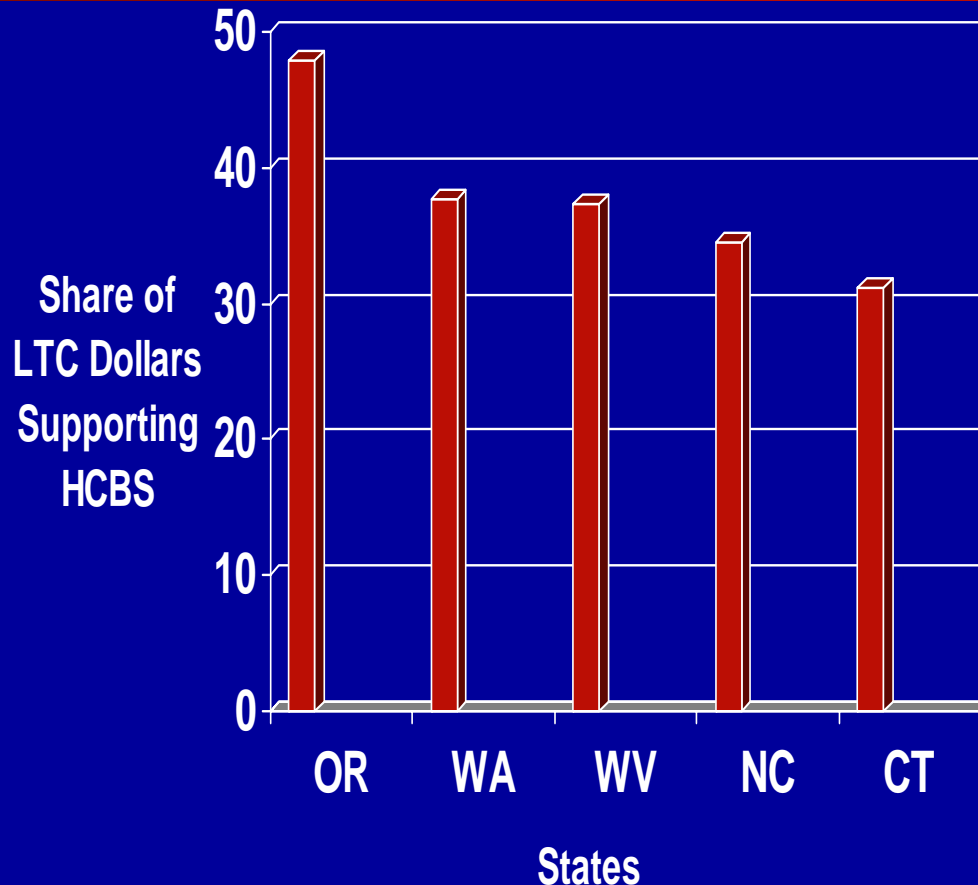
Context: what is the state of HCBS access?

State Variation in Medicaid Per Capita HCBS Expenditures, 2000



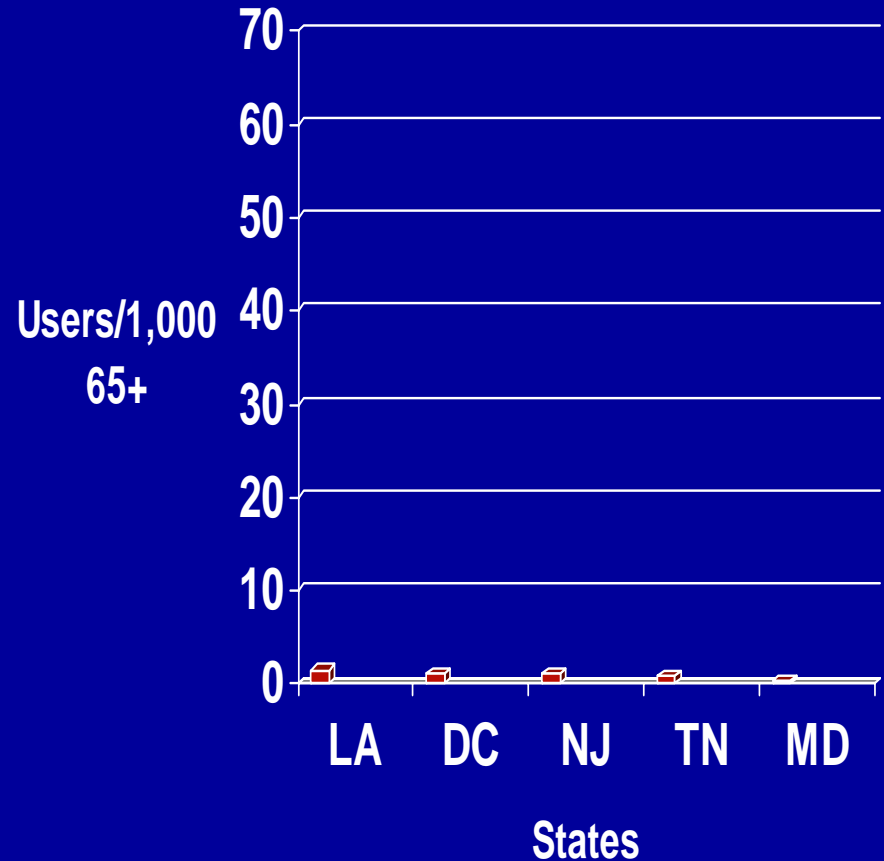
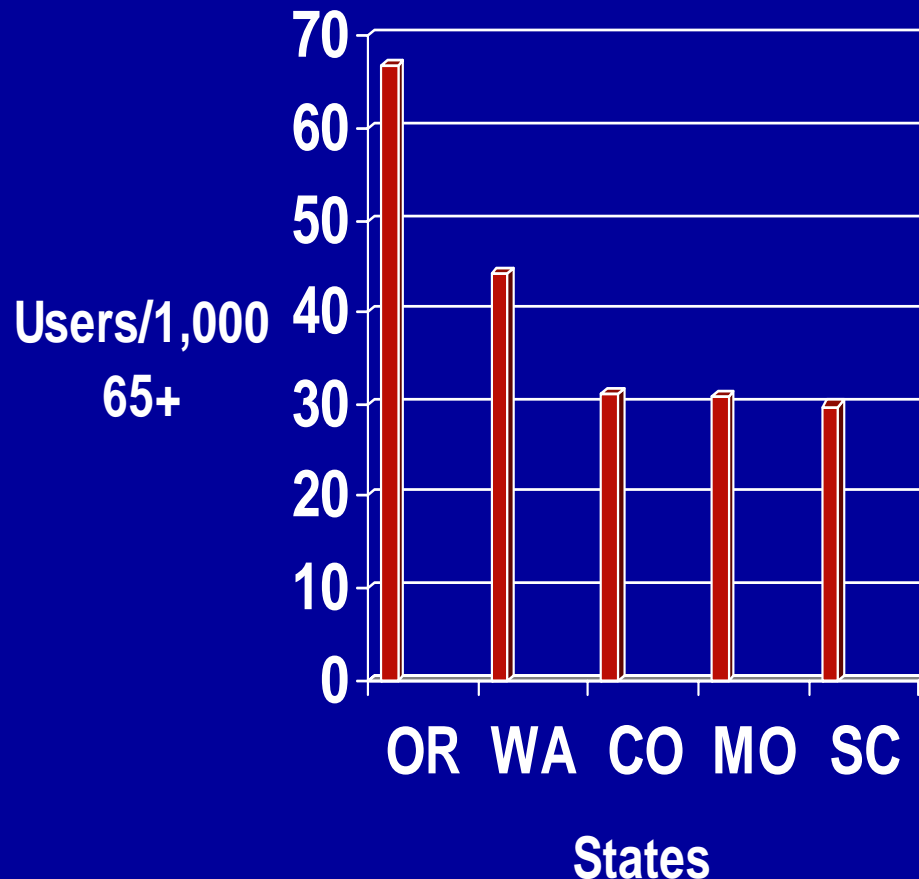
Sources: CMS forms 64 and 372; U.S. Bureau of the Census. Miller, N.A. "State Strategies to Support Community Based Long Term Care." Information Brokering for Long-Term Care Conference Paper. July 2003.

State Variation in Share of Medicaid LTC Dollars Supporting HCBS, 2000



Sources: CMS forms 64 and 372; U.S. Bureau of the Census. Miller, N.A. "State Strategies to Support Community Based Long Term Care." Information Brokering for Long-Term Care Conference Paper. July 2003.

State Variation in Medicaid Per Capita 1915c Waiver Participants, 2000



Source: UCSF data; U.S. Bureau of the Census.
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What factors have contributed to variations in HCBS access?

- Demand for LTC
- State resources
- Goals & strategies

What state strategies have supported HCBS growth?

- Expansion of public and private revenue sources
 - » Leverage Medicaid & other federal dollars
- Use of payment and regulatory policies
 - » Cost-based HHA payment, incentives for residential care beds & nursing home bed closure
 - » Nursing home moratoria, CON
- Coverage of services in alternative residential settings
- Expansion of HCBS functional and financial eligibility

How are HCBS being affected by the budget crisis?

Reductions in Nursing Home Payment Rates are a Favored Option, FY 2002

Changes

Number of States

Nursing Home Payments

Decreased (**CO**, **CT**, **GA**, **IL**, **IN**, **KS**, **LA**, **MA**, **ME**, **MI**, **MN**, **NH**, **OH**, **OK**, **OR**, **RI**, **TX**, **VA**, **WA**)

19

Increased (**CA**, **IA**, **MA**, **MO**, **ND**)

5

HCBS Payments

Decreased (**CO**, **LA**, **MA**, **MN**, **NJ**, **OR**, **TX**)

7

Increased (**AK**, **CA**, **GA**, **TX**, **WA**)

5

Changes that have been enacted are in bold italics, and are represented with darker shading on graph; changes that are proposed are not in bold italics, and are represented with lighter shading on graph

Source: Williams, C. "An Overview of Recent State HCBS Budget Cuts." Information Brokering for Long-Term Care Conference Paper. July 2003.

Expansions in HCBS Waivers/Programs Continue but are Slowing Down FYs 2002, 2003 and 2004

Changes

Number of States

**Capped or Discontinued
HCBS Waiver/Program (AR,
LA, *MI*, OK, TX)**

5

**New or Expanded HCBS
Waiver/Program (AK, CA, CO,
FL, GA, IN, KS, KY, MA, MD,
MN, ND, NV, NY, OH, PA, VA,
WA, WV, WY)**

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In addition to its proposed expansion for FY 2004, MN also expanded HCBS programs in FY 2002-2003

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Reductions in HCBS Benefits are Proposed FYs 2002, 2003, and 2004

Changes

Number of States

Added Benefits
(*CA, FL, CT, ME*)

4

**Reduced or
Eliminated Benefits**
(AR, *CO*, KY, LA, *NC*,
NH, *NJ*, OR, TX)

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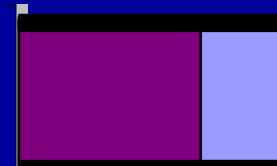
Stricter Medicaid Eligibility for Elderly and Disabled is an Option Being Exercised

FYs 2002, 2003 and 2004

Change

Number of States

Increase Income Eligibility for Elderly (*AR, IL, NV*)



3

Lower Income Eligibility for Elderly & Disabled (CA, FL, KY, MO, MT, *WA*)



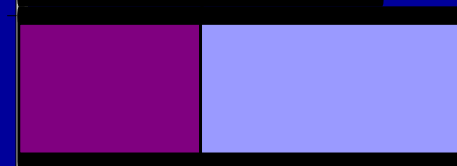
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Lower Income Eligibility for Nursing Home & HCBS Services (*AK, MA, PA, TX*)



4

Eliminate Medically Needy Program (*AR, FL, OK, OR, TX*)



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Center for Home Care Policy & Research

Trends

- The pace of cuts has increased
- States are shifting from easy money-saving options toward more profound changes
- A small number of states have made multiple and fundamental cuts
- A significant number of states implemented HCBS expansions; but pace has slowed & some benefit reductions are proposed
- People will have to be poorer to qualify

Reductions in HCBS Benefits are Proposed FYs 2002, 2003, and 2004

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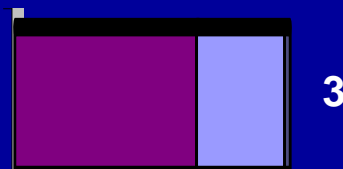
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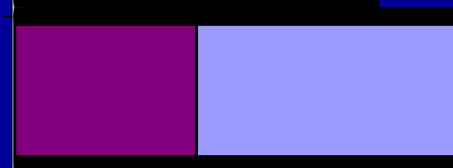
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What is the “business case” to support HCBS?

Research Evidence

Have HCBS increased client and caregiver welfare?

- Research shows benefits to enrollees & caregivers
 - » Life satisfaction, social activity, social interaction, & informal caregiver satisfaction
 - » Some substitution of paid for family care

Have HCBS lowered LTC spending?

- Early HCBS studies important but not necessarily applicable to recent generation of HCBS programs
- Recent studies support overall cost savings but are not definitive
 - » Weak study designs
 - » Comparison of actual to “projected” costs
- New focus on mechanisms for increasing efficiency/cost-effectiveness

What is the most efficient means of providing HCBS?

- Early, incomplete evidence points toward
 - » Integrated Care & Capitation
 - PACE, ALTCS, Texas STAR+PLUS, Minnesota Senior Health Option, and Managed Care Community Project
 - » Consumer Directed Care
 - » Prospective Payment

Policy Recommendation #1: Consolidate State LTC Administration

- **Strategy: consolidate administration by “managing across the system”**
 - » Increase control over policy priorities and program dollars (LTC “budget”)
 - » Increase control over who gets into the system (single point of entry)
- **Rationale:**
 - » Leadership & champions matter
 - » Resources matter
 - » Control facilitates integration
 - » Single point of entry promotes efficiency

Policy Recommendation #1: Consolidate State LTC Administration

- **Political/Practical Obstacles/Issues:**
 - » Intra-governmental “turf wars”
 - » Provider opposition – “divide-conquer”
 - » Large expenditure of political “capital” required
- **Research/Demonstration Needs:**
 - » What are the most effective strategies for managing across the whole system?
 - » How do changes in administration impact services/costs?
 - » Value of experiments to dismantle program barriers and pool resources

Policy Recommendation #2: Pool Financial Resources

- **Strategy: pool resources across settings, payers & programs**
 - » State & local level: comprehensive LTC resource pools
 - » Plan level: population-based capitated programs
 - » Individual level: cash/service budgets
- **Rationale:**
 - » Maximize service options; facilitate integration, trade-offs & reallocation
 - » Increase efficiency
 - » Promote flexibility and choice

Policy Recommendation #2: Pool Financial Resources

- **Political/Practical Obstacles/Issues:**
 - » Categories reflect political constituencies & valid interests
 - » Politics aside, what should determine the pool's size, scope, contents & target population?
 - » How can accountability be assured? impact & outcomes monitored?
- **Research/Demonstration Needs:**
 - » Knowledge/data/tools to define service packages or budgets
 - » Additional demonstration & research on capitated programs and initiatives to “cash out” the nursing home benefit

Policy Recommendation #3: “Targeting”

- **Strategy: “Target” services to the “right” people at the “right” time**
 - » Single point of entry, comprehensive assessment
 - » Resource “packages” & referrals “titrated” to individual risks and benefits
- **Rationale:**
 - » Promote efficiency & effectiveness
 - » Enhance consumer satisfaction

Policy Recommendation #3: “Targeting”

- **Political/Practical Obstacles/Issues:**
 - » What determines the targeting criteria? (Disagreement on LTC goals and allocation principles)
 - » Lack of evidence on outcomes (What “works” for whom?)
 - » Concerns over “rationing”
- **Research/Demonstration Needs:**
 - » Decision-making mechanisms
 - » Risk indicators & outcome measures
 - » Evidence-based algorithms to match budgets/service packages to likelihood of risks & benefits
 - » Uniform assessment tools

Policy Recommendation #4: Consumer Empowerment

- **Strategy: empower consumers**
 - » Dollars follow the person
 - » Consumers control their service budget
- **Rationale:**
 - » Maintain effectiveness & efficiency while enhancing consumer satisfaction

Policy Recommendation #4: Consumer Empowerment

- **Political/Practical Obstacles/Issues:**
 - » Institutional bias (provider pushback)
 - » Accountability & trust (quality / fraud & abuse)
 - » Crowd out (substitution of public for private resources)
- **Research/Demonstration Needs:**
 - » Evidence on existing programs (address concerns re: leakage, abuse, clinical outcomes)
 - » Strengthen outcome measures and predictive models

Themes & Conclusions

- Consolidate & integrate – manage across the system
- Bring all parties to the table
 - » Recognize consumers as partners
 - » Provide incentives for institutional providers to “morph” or exit
- Increase evidence-base / available tools
- Mobilize political & financial support by increasing efficiency & tying resource use to risks & benefits