

### An Overview of Recent State HCBS Budget Cuts

**This policy brief, covering the period FY 2002- FY 2004, examines state budget cuts and other state policy changes affecting long term care (LTC) services for the elderly, focusing on home and community based services (HCBS). In the second year of budget deficits, states made deeper Medicaid cuts and focused on LTC services because of their contribution to Medicaid budgets (fifteen states say LTC is one of the top three Medicaid spending drivers). In all, states made or planned an estimated 64 cuts to LTC services in the last three fiscal years. Reflecting overall budget-cutting strategies, many states first targeted LTC provider payments and have only more recently considered reducing LTC benefits or eligibility.**

#### Overview

In evaluating these cuts, three important issues should be noted:

- The pace of cuts has increased, with many more cuts occurring in FY 2003 and proposed for FY 2004 than for FY 2002.
- Having exhausted their “easy” options—mainly reducing nursing home payment rates—more states are making Medicaid eligibility and benefit cuts that could profoundly affect HCBS for the elderly and disabled.
- While most states have made one or no cuts, a small number of states—notably Texas, Oregon, Arkansas and Louisiana—have proposed multiple and fairly fundamental cuts to benefits, eligibility and payments.
- A number of states made or proposed some HCBS expansion—whether of eligibility, benefits or reimbursement. However, most states with expansions also made cuts, highlighting the contradictory nature of LTC policy development in

the last few years. Proposed cuts (35) far outnumbered expansions (10) for FY 2004, reflecting the worsening status of state budgets.

#### Methods

This report relies on a variety of sources, including reports produced in the period up to June 2003 by organizations such as the Kaiser Family Foundation, the National Association of State Budget Officers, the Center on Budget and Policy Priorities and regular state budget updates from the National Conference of State Legislatures’ (NCSL) Health Policy Tracking Service. Follow-up phone calls to update information were conducted in July 2003 with four states (CA, MN, NV, WA) proposing HCBS expansions. Additional information about the sources is included in the source listing at the end of the document. Because of the nature of the sources, the information in this report may be incomplete or out-of-date. Therefore, this report conveys the general direction and distribution of state budget actions, but does not provide an exact accounting of state activities.

## Main Findings

- **People have to be poorer to qualify for services.** For those not eligible for nursing home services, income eligibility levels are quite low. A number of states would make qualifying even more difficult by lowering income eligibility (Figure 5). In the last three fiscal years, six states lowered or planned to lower income eligibility for the elderly and disabled, while three states increased or planned to increase income eligibility levels.
- **Cuts to nursing home reimbursements are common.** Of all state LTC cuts, the most frequent were reductions to nursing home reimbursement (Figure 6). Twelve states have enacted cuts to nursing home payments in the last three fiscal years, while an additional seven proposed to do so.
- **HCBS waiver expansions continue, but are less frequent in FY 2004.** Continuing their efforts to develop alternatives to nursing homes and to transition elder and disabled Medicaid enrollees out of nursing homes and into the community, 19 states enacted or proposed waiver expansions and new waivers in the last three fiscal years (Figure 7), but few of these were for FY 2004. While the trend is difficult to assess from budget proposals (which do not always include waiver activity), it appears that state efforts to expand HCBS programs and waivers are slowing.
- **Benefit levels for HCBS services are being reduced.** A number of states are reducing the amount of benefits offered, imposing lower limits on personal care, homemaker services and private duty nursing (Figure 8).
- **Proposals to eliminate selected HCBS services are increasing.** Five states proposed eliminating HCBS services for FYs 2003 and 2004 (Figure 8). The most drastic measures proposed to eliminate personal care services and home health services (in addition to medically needy programs). Elimination of state-only and adult day programs were also proposed.

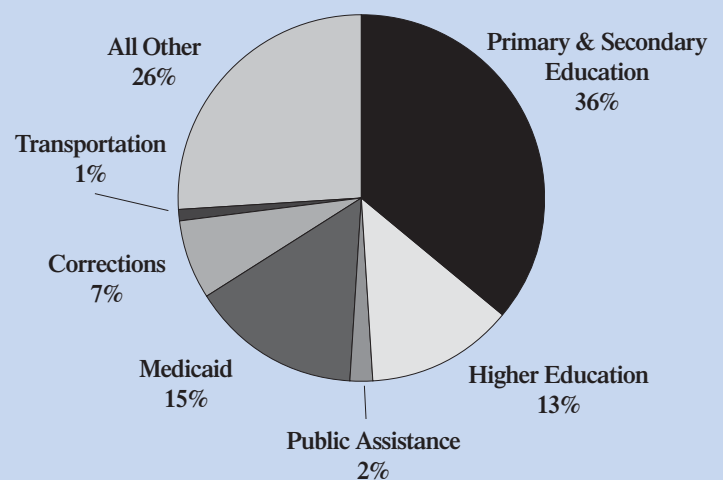
## Conclusions

While HCBS are threatened by state budget cuts, the outlook is not altogether gloomy. The pace of LTC cuts has certainly increased—and will likely continue as states exhaust their options for “easy” payment cuts—but states are also continuing their efforts to provide seniors with community-based alternatives to nursing home care, which some policymakers see as a way to reduce LTC spending overall. It is also possible that cuts, if implemented strategically, could help states increase HCBS. For instance, a combined strategy of investing in community options, reducing nursing home payment rates and holding eligibility steady might allow states to speed transitions out of nursing homes, enhance services for seniors and perhaps reduce budgets.

## INTRODUCTION

This report examines the impact of recent state fiscal crises on home and community-based long term care services for the elderly. With lagging economies and

**Figure 1: Average Distribution of State General Fund Expenditures, 2001**



Source: Urban Institute Estimates Prepared for Kaiser Commission for Medicaid and the Uninsured

rising spending, states have faced significant budget deficits in the last few years.

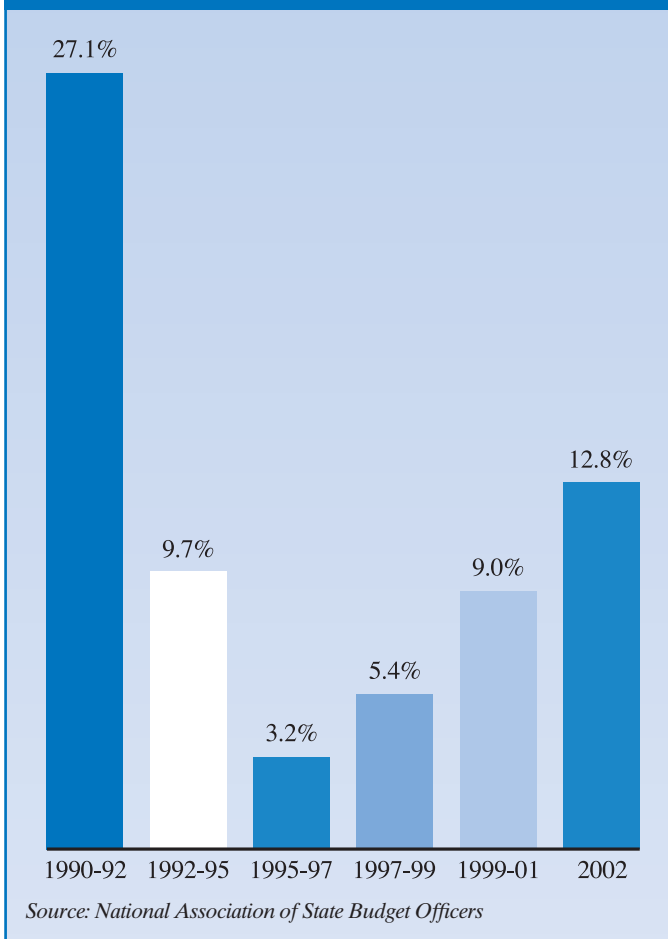
Reluctant to raise new money through taxes, many states have implemented substantial budget cuts. Medicaid, a primary funder of home and community based services, has been a prime target for cuts because it is the second largest state budget item (Figure 1) and because Medicaid spending has grown rapidly, increasing by 12.8% in 2002 (Figure 2).

**Context: In the second year of budget deficits, states made deeper cuts.** Initially, states reduced their Medicaid budgets by tapping rainy day and other dedicated funds, reining in drug spending—which grew by about 20% annually in 1998-2000, more than twice the overall Medicaid growth rate—and by cut-

ting the provider payment rates. In 2002, 32 states implemented cost controls for prescription drugs, and 22 cut payment rates (Figure 3). However, with budget shortfalls still looming and rainy day funds largely depleted, states started trimming benefits and eligibility in 2003. A total of 25 states cut benefits in 2003, targeting vision, hearing, dental, and podiatric and chiropractic care benefits. States were initially reluctant to cut Medicaid eligibility—only eight states did so in 2002—but 27 states adopted eligibility changes in 2003, often cutting eligibility for newly enrolled parents or restricting or eliminating medically needy programs. Continuing prior trends, 45 states cut prescription drug services and 37 states reduced or froze provider payments in 2003.

The trend to deeper cuts focusing on eligibility and benefits will likely continue, given projected state budget deficits; California alone faces a budget deficit of almost \$40 billion for the next two years.

**Figure 2: Average Annual Medicaid Spending Growth Rates**



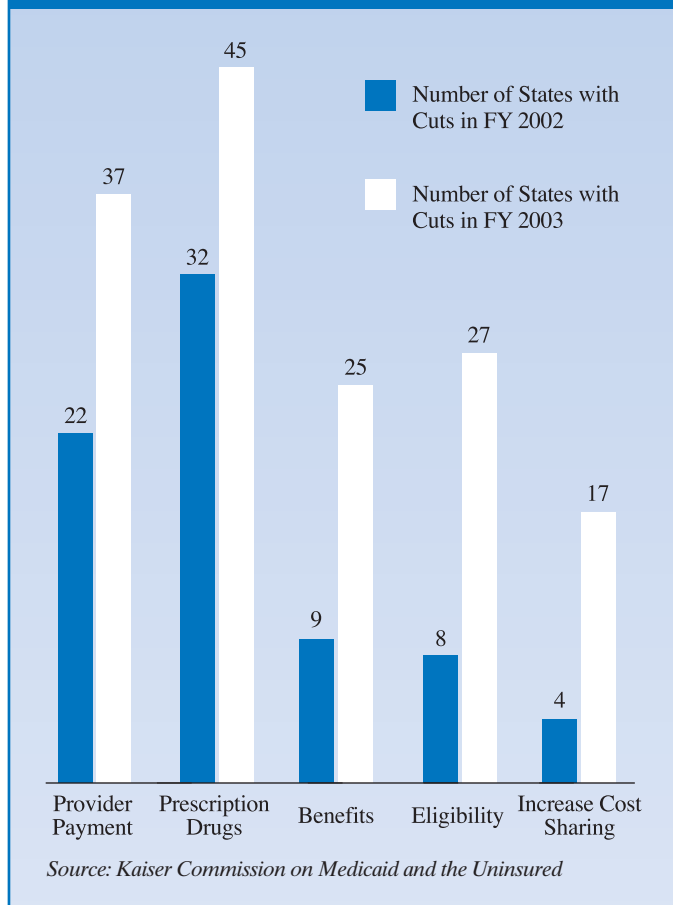
## HOW ARE STATE BUDGET CRISES AFFECTING LONG TERM CARE?

Against this backdrop of overall Medicaid spending growth and budget cuts, this policy brief examines recent budget cuts and other state policy changes affecting long term care (LTC) for the elderly, focusing on home and community based services (HCBS).<sup>1</sup> Information on LTC cuts is diffuse and fragmented, making it difficult to assess the collective impact of recent state budget changes. This report aggregates available information to assess the range and impact of state LTC budget cuts.

<sup>1</sup> In this brief home and community based services include private duty nursing and home health, in addition to personal care services and HCBS waiver programs.

*Available information indicates only the direction of change.* This report relies on a variety of sources, including reports produced in the period up to June 2003 by organizations such as the Kaiser Family Foundation, the National Association of State Budget Officers, the Center on Budget and Policy Priorities and budget updates from NCSL's Health Policy Tracking Service. Follow-up phone calls to update information were conducted in July 2003 with four states (CA, MN, NV, WA) proposing HCBS expansions. Additional information about the sources is included in the source listing at the end of the document. Because of the nature of the sources, the information in this report may be incomplete or out-of-date.

**Figure 3: States' Planned and Enacted Medicaid Cuts in FY 2002 and FY 2003**



Therefore, this report conveys the general direction and distribution of state budget actions, but does not provide an exact accounting of state activities.

Information might be incomplete or outdated for two main reasons. First, state budgets are a moving target. Budget proposals may not be ratified by the legislature or signed by the governor and therefore may never be adopted. Further, even after adopting budgets, many states have made mid-year changes to accommodate emerging budget problems. The second reason information might be incomplete or outdated is that bulletins from the Health Policy Tracking Service—the primary source of detailed state budget information—provide a journalistic but not a survey-based accounting of changes occurring in states.

***Long term care is a primary focus for cuts.***

Because more than half (57%) of Medicaid spending growth<sup>2</sup> and 71% of all Medicaid spending<sup>3</sup> is attributable to expenditures for the elderly and disabled, states have looked for cuts in this area with a focus on LTC. In all, states made or planned an estimated 64 cuts to LTC services in the last three fiscal years (Figure 4). Reflecting overall budget-cutting strategies, many states first targeted provider payments and only more recently considered reducing benefits or eligibility.

In evaluating these cuts, which taken individually may not seem very significant, several important issues should be noted.

- The pace of cuts has increased, with many more cuts proposed and enacted in FY 2003 and FY 2004 than in FY 2002.

<sup>2</sup> Kaiser Commission on Medicaid and the Uninsured Analysis of CBO Medicaid baseline data. This figure is for federal spending, which parallels state spending.

<sup>3</sup> Urban Institute Estimates, 2002

**Figure 4: Number of Enacted or Proposed LTC Cuts and Expansions in FYs 2002, 2003, 2004**

	FY2002	FY2003	FY2004
<b>Cuts (Total)</b>	<b>8</b>	<b>21</b>	<b>35</b>
<i>Medicaid Coverage</i>			
Lower Income Eligibility for Elderly and Disabled		1	5
Lower Eligibility for Nursing Homes and HCBS	1		4
Eliminate Medically Needy Program		3	2
<i>Medicaid Reimbursement for LTC</i>			
Decrease Nursing Home Payments	4	10	7
Decrease HCBS Payments	1	1	5
<i>HCBS Benefits</i>			
Eliminate/Reduce HCBS Benefits	1	3	8
<i>HCBS Waivers/Programs</i>			
Capped/Discontinue HCBS Waiver/Program	1	3	4
<b>Expansions (Total)</b>	<b>11</b>	<b>23</b>	<b>10</b>
<i>Medicaid Coverage</i>			
Increase Eligibility for Elderly and Disabled	1	1	1
<i>Medicaid Reimbursement for LTC</i>			
Increase Nursing Home Payments	1	3	2
Increase HCBS Payments		3	2
<i>HCBS Benefits</i>			
Expand/Add HCBS Benefits	2	4	2
<i>HCBS Waivers/Programs</i>			
Expand HCBS Waiver/Program	7	12	3

This table includes both enacted and proposed cuts. For additional details about which cuts are proposed and which have been enacted, please refer to notes in Figures 5-8.

These data do not exactly match the data in Figures 5-8 or in Table 1. Figure 4 counts each state cut (one state could have had more than one in the three years), while Figures 5-8 and Table 1 count each state only once, regardless of how many cuts were made.

- Having exhausted their “easy” options — mainly reducing nursing home payment rates — more states are making Medicaid eligibility and benefit cuts that could profoundly affect HCBS for the elderly and disabled.
- While most states have made one or no cuts, a small number of states — notably Texas, Oregon, Arkansas and Louisiana — have proposed multiple and fairly fundamental cuts to benefits, eligibility and payments.

- A number of states made or proposed some HCBS expansion — whether of eligibility, benefits or reimbursement. However, most states with expansions also made cuts, highlighting the contradictory nature of LTC policy development in the last few years. Proposed cuts (35) far outnumbered expansions (10) for FY 2004, reflecting the worsening status of state budgets.

As shown in Tables 1 and 2, which summarize cuts by state, 14 states made or proposed two or more LTC cuts in the last three fiscal years. States with both high

and low HCBS spending made multiple cuts.<sup>4</sup> However, more cuts were made by the 25 states devoting higher shares of Medicaid LTC dollars to HCBS than by the 25 states with lower shares.

This report is organized into the following sections reflecting distinct types of LTC cuts:

- Medicaid coverage for elderly and disabled
- Medicaid reimbursement for LTC services
- Medicaid HCBS waivers and programs
- Medicaid HCBS benefits

## MEDICAID COVERAGE FOR ELDERLY AND DISABLED

*People have to be poorer to qualify for services.* Older people qualify for Medicaid based on income and disability status. For those not eligible for nurs-

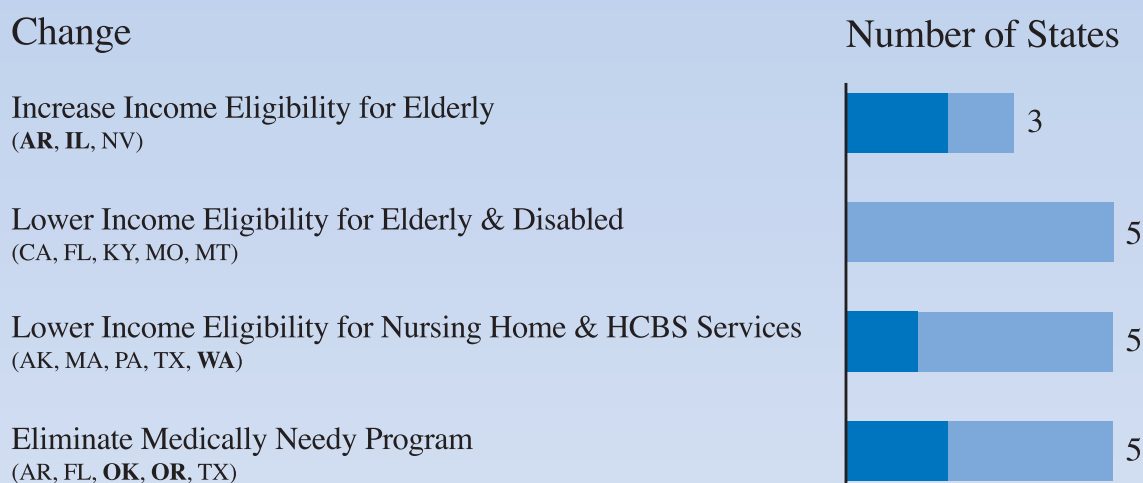
<sup>4</sup> Spending is measured both as percentage of Medicaid LTC spending on HCBS and Per Capita Medicaid HCBS spending.

ing home services, income eligibility levels are quite low. A number of states would make qualifying even more difficult by lowering income eligibility (Figure 5).

*Medically needy programs are a target of cuts.* Eliminating medically needy programs is another strategy states can use to lower Medicaid costs. Medically needy programs allow elders and disabled with income above the Medicaid eligibility level but with high health care expenses to “spend down” to Medicaid levels. About 15% of seniors with Medicaid obtain their coverage through these programs.<sup>5</sup> Two states have cut and three states proposed to cut medically needy programs in the last three fiscal years. In Florida, which proposed to eliminate its program for FY 2004, the Center on Budget and Policy Priorities estimates that about 26,000 people would lose coverage if the program were eliminated.

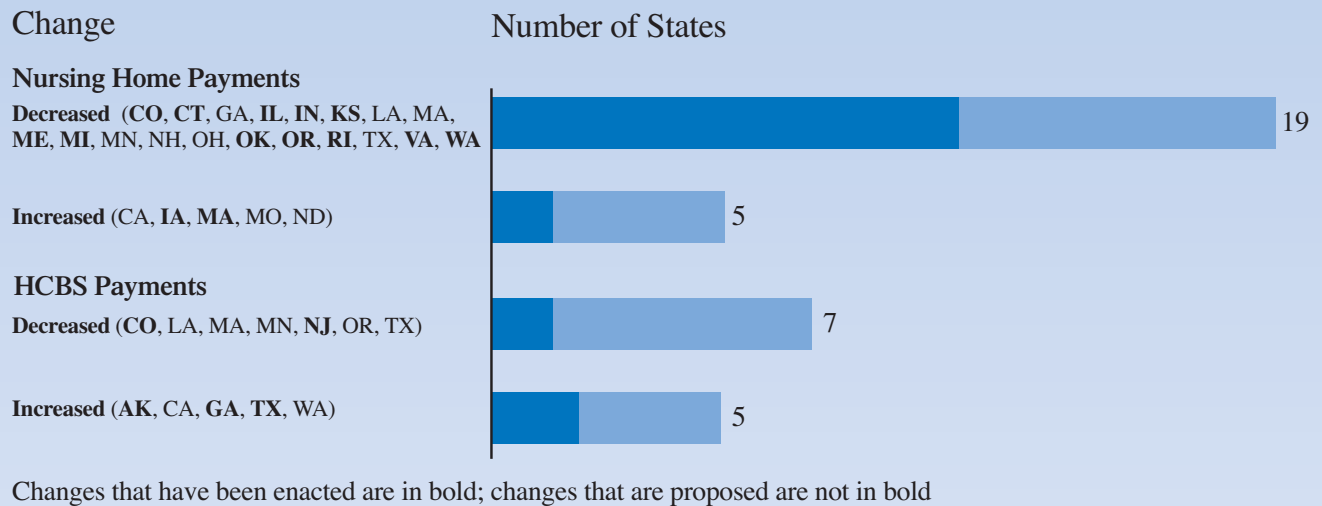
<sup>5</sup> Kaiser Commission on Medicaid and the Uninsured “Medicaid Medically Needy Programs: An Important Source of Medicaid Coverage” January 2003.

**Figure 5: States’ Changes to Medicaid Eligibility for Elderly and Disabled FY 2002, FY 2003 and FY 2004**



Changes that have been enacted are in bold; changes that are proposed are not in bold

**Figure 6: States' Changes to Payment Rates for LTC Services, FY 2002**



*States would raise the bar for nursing home entry.*

Some states have proposed to keep current Medicaid income eligibility levels but instead tighten eligibility for nursing home services, restricting programs to those with a higher level of disability or lower income. Cutting nursing home eligibility produces a parallel cut for HCBS waiver services, which use the same eligibility standards. Five states have proposed or enacted measures to tighten the eligibility standard for nursing home or home and community based services. Alaska has proposed freezing income eligibility for nursing home care at this year's nominal value while Massachusetts is proposing higher acuity and income thresholds.

<sup>6</sup> The year-by-year figures in the narrative count a state each time it makes a cut and therefore do not correspond to state totals in the bar chart, which only count states once.

**MEDICAID REIMBURSEMENT FOR LTC SERVICES**

Cuts to nursing home reimbursements are common. Of all state LTC cuts, the most frequent were reductions to nursing home reimbursement (Figure 6). Twelve states have enacted cuts to nursing home payments in the last three fiscal years, while an additional seven proposed to do so. There were many more proposed or enacted cuts in FYs 2003 and 2004 (10 and 7 states respectively) than in FY 2002 (4 states).<sup>6</sup> A number of states cut or proposed to cut nursing home payment rates by 5-7% (GA, IL, MN, NH), while others froze reimbursement (CO, CT, KS, MI, OH, RI, VA), or eliminated or reduced bed hold payments to nursing homes (IN, OK). Some states proposed cuts that were quite substantial. Louisiana proposed to cut nursing

home rates by 10% and Massachusetts by 33%. Not all states cut rates, though. Five states increased or proposed increases to nursing home payments.<sup>7</sup>

While not technically a cut in payment, some states continued their efforts to downsize nursing home capacity using either regulatory approaches or financial incentives. Four states placed or proposed to place limits on nursing home beds by establishing a CON or enacting bed moratoria (CT, KY, ME, ND). Nebraska used financial incentives to reduce nursing home capacity by spending more than \$52 million to convert nursing home beds to assisted living, respite care and adult day care.

*Payments for HCBS have been relatively unaffected, but more cuts are proposed.* Relatively few states cut HCBS payment rates in FY 2002 and 2003. Two states (CO and NJ) enacted decreases, while five others proposed them. Of the seven proposed or enacted cuts, some were relatively modest 2-5% cuts to home health or HCBS (CO, LA, MA), while others were payment cuts for other services: Minnesota for personal care; Minnesota and Colorado for private duty nursing; and Oregon for all home and community based service providers. Three states (AK, GA and

<sup>7</sup>These figures do not reflect automatic or scheduled rate increases that are not reported by the Health Policy Tracking Service. Many states enacted new asset recoupment measures or increased nursing home bed taxes. These measures are not reported in this paper, as it is not clear they would have an impact on availability of HCBS.

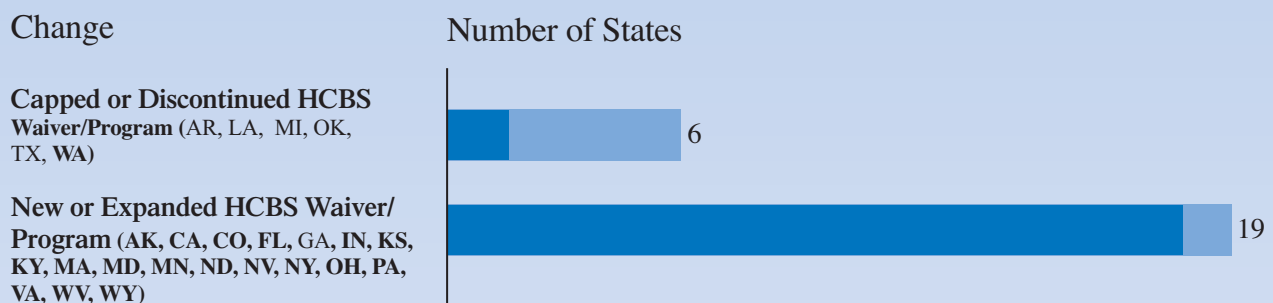
TX) actually increased HCBS payments, while two others (CA and WA) proposed to do so. Of those increasing payment rates, Georgia increased rates for personal care services and Texas raised payment for community care, while Alaska proposed increased reimbursement for assisted living.

## MEDICAID HCBS WAIVERS AND PROGRAMS

In this section, we discuss state activities to develop new HCBS programs, approaches or systems. The following section, HCBS Benefits, discusses changes to specific benefits (such as personal care) offered under HCBS programs.

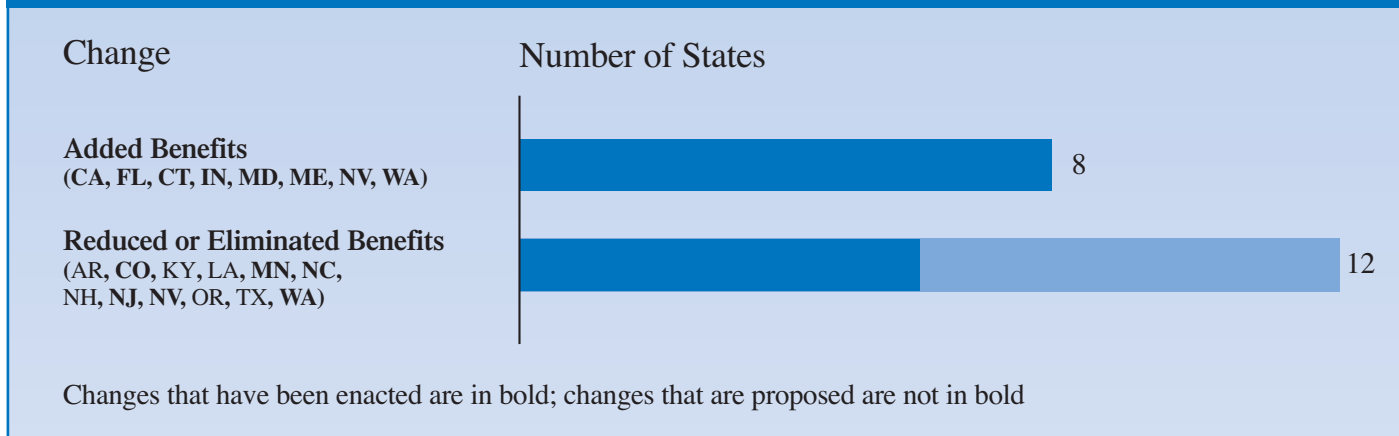
*HCBS waiver expansions continue, but are less frequent in FY 2004.* Continuing their efforts to develop alternatives to nursing homes and to transition elder and disabled Medicaid enrollees out of nursing homes and into the community, 18 states enacted and one state proposed waiver expansions or new waivers for FY 2002-2004 (Figure 7), but few of these were for FY 2004.

**FIGURE 7: States' Changes to HCBS Waivers/Programs  
FY 2002, FY 2003 and FY 2004**



Changes that have been enacted are in bold; changes that are proposed are not in bold

**FIGURE 8: States' Changes to HCBS Benefits FY 2002, FY 2003, and FY 2004**



Some states devoted more money to home and community based services. California, for instance, appropriated an additional \$14 million and New York \$25 million to develop LTC options for seniors. A number of states developed or expanded consumer directed care programs (CO, FL, IN, NV, VA), while other states expanded the number of slots in their waivers (MA, PA, WY). Pennsylvania added \$45 million of tobacco money to expand its waiver for disabled adults over 60 by 3,000 slots.

Some states have established dedicated funds to build community options. These funds are easy targets for state policymakers looking to balance budgets. Iowa, for instance, repeatedly extracted money from its Senior Living Trust—a fund to build community LTC alternatives—to finance its budget deficit. Lawmakers took almost \$50 million from the fund in FY 2002, \$36 million in FY 2003 and have proposed to withdraw \$65.6 million in FY 2004 to balance the budget.

While the trend is difficult to assess from budget proposals (which do not always include waiver activity), it appears that state efforts to expand HCBS programs and waivers are slowing. Three states expanded or proposed to expand these programs for FY 2004 while four made or proposed cuts to their programs for FY 2004. Some of the cuts are substantial. Two rounds of cuts imposed in FY 2002 and 2003 are

expected to reduce by half enrollment in Michigan's HCBS waiver. Arkansas proposed to discontinue its Elder Choices and Independent Choices waivers for FY 2003 while Louisiana has said it will not fund its assisted living waiver.

## MEDICAID HCBS BENEFITS

*Benefits were added in eight states, mostly as limited pilot programs.* Most benefit expansions occurred in FY 2002 and 2003 (Figure 8). Only two states expanded benefits for FY 2004. New pilot programs were developed in California (adult day care), Connecticut (assisted living) and Florida (personal care), while Maine added a limited respite benefit.

*Benefit levels for HCBS services are targeted for cuts.* Other states are reducing the amount of benefits offered. Colorado has limited private duty nursing to 112 hours a week, North Carolina limited personal care to 3.5 hours a day or 80 hours a week, and New Jersey reduced weekly personal care limits from 40 to 25 hours. Kentucky proposed to limit homemaker services for FY 2004, even though the legislature had stopped implementation of this and other HCBS cuts for FY 2003.

***Proposals to eliminate selected HCBS benefits are increasing.*** Five states actually proposed elimination of HCBS benefits for FYs 2003 and 2004. Arkansas advanced the most drastic measures, proposing to eliminate personal care services and adult private duty nursing (in addition to their medically needy program). Oregon proposed to eliminate in-home services and residential care for seniors with lower disability levels in the Oregon Health Plan, and the Texas legislature proposed to eliminate all state-funded HCBS not eligible for federal matching (also in addition to eliminating their medically needy program). Louisiana proposed to freeze and New Hampshire to eliminate adult day care.

---

## CONCLUSION

---

***While HCBS are threatened by state budget cuts, the outlook is not altogether gloomy.*** The pace of LTC cuts has certainly increased—and will likely continue as states exhaust their options for “easy” payment cuts—but states are also continuing their efforts to provide seniors with community-based alternatives to nursing home care, which some policymakers see as a way to reduce LTC spending overall. It is also possible that cuts, if implemented strategically, could help states increase HCBS. For instance, a combined strategy of investing in community options, reducing nursing home payment rates and holding eligibility steady might allow states to speed transitions out of nursing homes, enhance services for seniors and perhaps reduce budgets. Unfortunately, however, most state budget-cutting strategies—while perhaps necessary from a fiscal standpoint—are not necessarily so logical or constructive.

***With a few exceptions, state cuts have not yet been drastic.*** Most states still have excess nursing home capacity so payment decreases for nursing home services (the most common cuts) are not likely to result in

access problems, although they will likely exacerbate quality issues. However, more significant cuts are on the horizon as fiscal pressures continue unabated. States are considering making changes to Medicaid eligibility and benefits that will have a much greater impact on access to HCBS for the elderly and disabled than did previous cuts. Fiscal pressures also threaten to derail state efforts to build the infrastructure of HCBS systems as funds that could have gone for system development—as well as the attention of state policymakers—are focused elsewhere.

---

## SOURCES

---

*Sources used to produce charts in this report are shown with an explanatory note describing data provided*

Crowley, J. Medicaid Medically Needy Programs: An Important Source of Medicaid Coverage. For the Kaiser Commission on Medicaid and the Uninsured. January 2003.

Health Policy Tracking Service of the National Conference of State Legislatures. Various Snapshot Updates for 2002-2003.

*HPTS information comes from an extensive network of state contacts in legislatures and health, human service and insurance agencies, access to all health legislation in the states and many task force and study committee reports, commission recommendations and press releases. The most recent reports used are from June 2003.*

Holohan, J. et al. The State Fiscal Crisis and Medicaid: Will Health Programs be Major Budget Targets? For the Kaiser Commission on Medicaid and the Uninsured. January 2003.

*The report is based on information from websites, newspapers and public documents collected in fall 2002. In addition, telephone interviews were conducted with state officials and other key stakeholders.*

Miller, N. Use and Effects of State Strategies to Support Community Based Long Term Care. For the Information Brokering for Long Term Care Project. May 2003.

Nathanson, M. et al. Proposed State Medicaid Cuts Would Jeopardize Health Insurance Coverage for 1.7 Million People: An Update. For the Center on Budget and Policy Priorities. March 2003.

National Association of State Budget Officers. Medicaid and Other State Healthcare Issues: The Current Situation. May 2002.

*The report was based on a NASBO survey of governors' state budget officers completed in May 2002.*

Smith, V. et al. Health Management Associates. Medicaid Spending Growth: Results from a 2002 Survey. For the Kaiser Commission on Medicaid and the Uninsured. September 2002.

Smith, V. et al. Health Management Associates. Medicaid Spending Growth: A 50-State Update for Fiscal Year 2003. For the Kaiser Commission on Medicaid and the Uninsured. January 2003.

*The two reports from Health Management Associates were based on a survey of Medicaid officials in May 2002 and repeated in December 2002 designed to gather information for state fiscal years 2002 and 2003.*

THIS POLICY BRIEF WAS PREPARED BY

CLAUDIA WILLIAMS, AZA CONSULTING

FOR THE INFORMATION BROKERING FOR LONG-TERM CARE PROJECT.

Information Brokering for Long-Term Care is a project of the Center for Home Care Policy and Research and is supported by the Robert Wood Johnson Foundation. The Center for Home Care Policy and Research is an independent research center within the Visiting Nurse Service of New York and the only provider-based research organization in the nation focusing on home health care policy. Its mission is to promote the delivery of high quality, cost-effective care in the home and community, and support informed decision making by policy makers, managers, practitioners, and consumers of home and community based services.

CENTER FOR HOME CARE POLICY AND RESEARCH  
 VISITING NURSE SERVICE OF NEW YORK  
107 EAST 70TH STREET NEW YORK, NEW YORK 10021  
PH. 212.794.6300 FAX 212.794.6610

The views expressed by the authors of this policy brief are not necessarily the views of the Center for Home Care Policy and Research or The Robert Wood Johnson Foundation.

**Table 1: State HCBS Spending and Budget Cuts**

	% of Medicaid LTC Dollars Spent on HCBS		Per Capita Medicaid \$ on HCBS		Number of Cuts	Cuts to Medicaid Coverage for Elderly and Disabled			Payment Cuts		Eliminated HCBS Benefits	Waiver Caps and Cuts
	State Figure	% of Na'l Avg	State Figure	% of Na'l Avg		Income Eligibility	Medically Needy	NH/HCBS Eligibility	NH	HCBS		
TX	30%	167%	\$297	129%	6		x*	x*	x*	x*	x*	x*
OR	48%	267%	\$505	219%	4		x		x	x*	x*	
LA	5%	28%	\$53	23%	4				x*	x*	x*	x*
WA	38%	211%	\$564	244%	4			x*	x		x	x
CO	27%	150%	\$316	137%	3				x	x	x	
OK	19%	106%	\$47	20%	3		x		x			x*
MA	17%	94%	\$341	148%	3			x*	x*	x*		
AR	15%	83%	\$142	61%	3		x*				x*	x*
MN	21%	117%	\$373	161%	3				x	x	x	
KY	22%	122%	\$312	135%	2	x*					x*	
MI	13%	72%	\$195	84%	2				x			x
FL	10%	56%	\$64	28%	2	x*	x*					
NH	9%	50%	\$147	64%	2				x*		x*	
NJ	9%	50%	\$155	67%	2					x	x	
NC	35%	194%	\$455	197%	1						x	
CT	31%	172%	\$950	411%	1				x			
MT	23%	128%	\$322	139%	1	x*						
PA	23%	128%	\$48	21%	1			x*				
AK	22%	122%	\$486	210%	1			x*				
CA	21%	117%	\$165	71%	1	x*						
MO	21%	117%	\$250	108%	1	x*						
KS	18%	100%	\$213	92%	1				x			
VA	16%	89%	\$115	50%	1				x			
GA	13%	72%	\$149	65%	1				x*			
ME	12%	67%	\$151	65%	1				x			
IN	8%	44%	\$87	38%	1				x			
OH	7%	39%	\$111	48%	1				x*			
RI	6%	33%	\$102	44%	1				x			
IL	4%	22%	\$43	19%	1				x			
NV	14%	78%	\$62	27%	1						x	
WV	37%	206%	\$590	255%	0							
ND	34%	189%	\$68	29%	0							
NY	30%	167%	\$1,103	477%	0							
MS	27%	150%	\$85	37%	0							
ID	26%	144%	\$270	117%	0							
WI	22%	122%	\$362	157%	0							
SC	21%	117%	\$192	83%	0							
VT	20%	111%	\$83	36%	0							
WY	15%	83%	\$157	68%	0							
AZ	14%	78%	N/A	N/A	0							
UT	14%	78%	\$144	62%	0							
DE	12%	67%	\$128	55%	0							
MD	12%	67%	\$148	64%	0							
HI	11%	61%	\$117	51%	0							
NM	11%	61%	\$97	42%	0							
AL	10%	56%	\$121	52%	0							
IA	10%	56%	\$131	57%	0							
NE	10%	56%	\$165	71%	0							
SD	6%	33%	\$60	26%	0							
TN	1%	6%	\$7	3%	0							

Note: States are only counted once in a column even if they had multiple proposed or enacted cuts in a given category. Changes marked with \* are proposed

Medicaid spending for 2000 from *Use and Effects of State Strategies to Support Community Based Long Term Care*. Produced by Nancy Miller for the Information Brokering for Long Term Care Project. May 2003.

Prepared by Claudia Williams 7/07/03

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
AL					
AK		<p><b>Proposed FY 2004</b> Freeze Medicaid eligibility for nursing home and HCBS at the dollar value of current income level.</p> <p><b>FY 2003</b> Increased reimbursement rates for assisted living facilities</p>	<p><b>Waiver Approved 2002</b> New HCBS waiver serving 1,000.</p>		
AZ					
AR			<p><b>Proposed FY 2003</b> Discontinue the Elder Choices Waiver and the Independent Choices Waiver</p>	<p><b>Proposed FY 2003</b> - Reduce the scope of HCBS waiver - Eliminate adult personal care services - Eliminate adult private duty nursing</p>	<p><b>Proposed FY 2004</b> Eliminate Medicaid nursing home cost coverage for the elderly</p> <p><b>Proposed 3/03 FY 2002</b> Eliminate medically needy program Raised the Medicaid eligibility limit for people over 65 to \$4,000 for single and \$6,000 for a couple.</p>
CA			<p><b>FY 2002</b> Appropriated more than \$14 M to expand long term care options for seniors.</p>	<p><b>FY 2003</b> Created two pilot projects to provide adult day care.</p>	<p><b>Proposed FY 2004</b> Increase Medicaid reimbursement for LTC providers by 3.8% (governor had originally proposed 15% cut)</p> <p><b>Proposed FY 2004</b> Reduce Medicaid eligibility level for elderly and disabled from 133% FPL to 100% FPL.</p>
CO	<p><b>FY 2003</b> Medicaid payment rates for home health and private duty nursing decreased by 5%</p>		<p><b>FY 2002</b> Colorado Transitions Project funded to provide information to nursing home residents with goal of making 130 transitions to community</p> <p><b>FY 2003</b> - Implemented a consumer directed care program for elderly receiving Medicaid hcbs - Pending federal agreement to provide matching \$, added an in-home support service benefit to people receiving Medicaid HCBS. - Eliminated requirement that HCBS must be cheaper than nursing home in order for a person to qualify. - Initial HCBS enrollment cap in governor's budget eliminated after disability groups protested.</p>	<p><b>FY 2003</b> Private duty nursing in Medicaid limited to 112 hours a week.</p>	<p><b>FY 2003</b> Nursing home reimbursement increases for Medicaid delayed.</p>

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
CT			<p><b>FY 2003</b> Extended the moratorium on new nursing home beds until June, 2007.</p>	<p><b>FY 2003</b> Legislature instructed commissioner of social services to develop an assisted living pilot project.</p>	<p><b>FY 2003</b> Delayed 2% nursing home reimbursement increase</p>
DE					
DC					
FL			<p><b>Waiver approved 2003</b> Allowed more consumers (about 2,000) to direct their own Medicaid home- and community-based care services. Part of Independence Plus Waiver Initiative.</p> <p><b>FY 2003</b> - Agency for healthcare administration instructed to submit a plan to reduce nursing home use and replace this with care provided in less costly settings. - Established new nursing home transition program. - Boosted budget for HCBS from \$78 million to \$87 million allowing for about one thousand new participants in the waiver which serves 13,800.</p>	<p><b>FY 2003</b> New pilot program developed to provide personal care attendant services</p>	<p>State says LTC is the second largest contributor to Medicaid spending growth</p> <p><b>Proposed FY 2004</b> Largely eliminate medically needy program for the elderly and disabled. Medical and LTC services eliminated; prescription drugs still offered.</p> <p><b>FY 2003</b> Lowered Medicaid income eligibility for aged and disabled from 90% FPL to 88% FPL.</p>
GA	<p><b>FY 2003</b> Increased Medicaid rates 10% for personal support services in the independent care waiver program.</p>		<p><b>Proposed FY 2004</b> Fund the Olmstead program including \$2.3 M for people on waiting lists, \$3.2 M for transitioning people from nursing homes to the community, and \$5.6 M to identify, assess and transition.</p>		<p><b>Proposed FY 2004</b> 6.8% cut in Medicaid nursing home spending. Nursing homes attached to small "critical access" hospitals are exempt.</p>
HI					<p><b>FY 2002</b> Reduced the inflation increase for Medicaid nursing home payments</p>
ID					<p>State says the aged and disabled waiver is the second largest contributor to Medicaid spending growth</p>

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
IL					<p><b>FY 2003</b> Reduced Medicaid nursing home reimbursement by 5.9% and introduced new payment methodology.</p> <p><b>FY 2002</b> Reduced Medicaid nursing home bed hold payments</p> <p><b>FY 2003</b> Expanded Medicaid eligibility for the aged, blind and disabled for the third year.</p>
IN			<p><b>2003</b> Legislation established comprehensive program of HCBS. Includes helping obtain bonds to convert nursing home beds.</p> <p><b>FY 2002</b> - Legislature passed that directed state government to develop a plan assuring that programs meet individuals' needs. - Legislation passed that allows self-directed in-home options for elderly and disabled receiving HCBS.</p>	<p><b>2003</b> Added assisted living to HCBS waiver</p> <p><b>FY 2001</b> Medicaid funds allocated for assisted living and more adult day care services.</p>	<p><b>FY 2003</b> Eliminated Medicaid bed hold payments for some facilities. Will not pay up to Medicare rate for nursing services if higher. Introduced case mix reimbursement.</p> <p>State says LTC is the third largest contributor to Medicaid spending growth</p>
IA			<p><b>FY 2003</b> Iowa used money from a special trust fund--Senior Living Trust--to balance its budget. The \$392 million trust generates about \$10-15 million a year to convert nursing home beds to assisted living and cover meal delivery, visiting nurses, transportation and other HCBS. Legislators took \$48.5 million from the fund in 2002, \$36 million in 2003 and a proposed \$65.6 million in 2004.</p> <p><b>FY 2003</b> Appropriated about \$50 million from Senior Living Trust for health care and rent expenses provided through HCBS waiver and to supplement nursing facility reimbursement.</p> <p><b>FY 2002</b> Appropriated \$25 million for LTC initiatives through Senior Living Trust.</p>		<p><b>FY 2003 and FY 2002</b> Increased Medicaid nursing home reimbursement 6.2% in 2002 and 3.1% in 2003</p>
KS			<p><b>Legislation 2002</b> Created an in-home services program that will allocate funds to area aging agencies.</p>		<p><b>FY 2004</b> Froze Medicaid nursing home reimbursement rates at FY 2003 levels</p> <p>State says home health is the second largest contributor to Medicaid spending growth</p>

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS				Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services	Changes: Other
KY		<b>FY 2002</b> Capped enrollment in some Medicaid waivers	<b>Legislation 2003</b> Expanded support for Community Living Program. <b>FY 2002</b> Limited moratorium on certain CON regulated providers (personal care, nursing homes and home care).	<b>Proposed FY 2004</b> Limits on home-maker services. <b>FY 2003</b> Legislature stopped planned implementation of cuts including lowering income eligibility for home care, limiting housekeeping and adult day services, lowering number of people with in-home care.	<b>Proposed FY 2004</b> Eliminating Medicaid coverage for low-intensity nursing home residents (those needing personal care services)	<b>Proposed FY 2004</b> Tighten Medicaid eligibility for the elderly and disabled by raising functional disability required for nursing services and HCBS and lowering income eligibility.
LA	<b>Proposed FY 2004</b> Reduce Medicaid home health reimbursement by 5%	<b>Proposed FY 2004</b> No funding for assisted living waiver and reduce growth in elder and disabled elder waiver	<b>Proposed FY 2004</b> Budget makes more than \$300 million in cuts but also promotes shift to community care. <b>FY 2003</b> Added new slots for adult day health waiver and elderly and disabled waiver.	<b>Proposed FY 2004</b> Freeze adult day health care	<b>Proposed FY 2004</b> Reduce Medicaid nursing home reimbursement by 10%	
ME				<b>FY 2003</b> Added a limited respite benefit for persons eligible for Medicaid private duty nursing and personal care services. This new benefit only available if there is no waiting list for HCBS program. <b>Legislation 2002</b> Directed government to develop a state and Medicaid funded consumer directed personal care assistance service for adults with disabilities and to develop a limited respite benefit for those eligible for Medicaid private duty nursing and personal care services.	<b>FY 2002-2003</b> Reduced or froze Medicaid nursing home reimbursement	<b>Legislation 2002</b> Introduced CON for nursing homes (but not home health and assisted living).
MD			<b>2003</b> Legislation promoted HCBS to nursing home residents. <b>FY 2002</b> New program developed to provide community attendant services for individuals with disabilities on Medicaid		<b>FY 2003</b> Reduced Medicaid reimbursement rates for nursing homes.	State says nursing home care is the second largest contributor to Medicaid spending growth

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
MA	<p><b>Proposed FY 2004</b> - Level funding for HCBS - 2% cut for home care</p>		<p><b>FY 2003</b> Expanded community and supportive care services to move 300 individuals from nursing homes into the community. <b>FY 2002</b> \$8 million added to fund elder care providers to expand and improve LTC services. This amount will fund a new grant program.</p>	<p><b>FY 2003</b> Acting governor rejected recommendation to cut \$6.5 million in senior home care services.</p>	<p><b>Proposed FY 2004</b> - Tighter standards (acuity, income) for Medicaid coverage of nursing home services - Reduce Medicaid nursing home reimbursement by 33% <b>FY 2003</b> \$50 million allocated for add-on wages, hours and benefits for care giving staff of nursing homes. This follows \$35 million appropriated for nursing home wage enhancements for 2001.</p> <p>State says LTC is the second largest contributor to Medicaid spending growth</p>
MI			<p><b>FY 2003</b> Froze new enrollment in HCBS will reduce number participating from 9,000 to about 7,000. <b>FY 2002</b> Capped enrollment in HCBS program - number participating declined from 15,000 to 10,000.</p>		<p><b>FY 2002</b> Froze Medicaid LTC per diem rates</p>
MN	<p><b>FY 2004</b> Reduce reimbursement by 1% for HCBS providers (exempts personal care, private duty nursing, home health providers)</p>		<p><b>FY 2004</b> ElderCare development grant developed to increase HCBS options. Eliminated some continuing care grants. <b>FY 2002-2003</b> \$183 million allocated for LTC reforms for FY 2002-2003. Of this, \$75 million for expanding HCBS options. Offset by \$44 million savings for eliminating 5,100 nursing home beds</p>	<p><b>FY 2004</b> Increased cost sharing for elders enrolled in waiver type services funded by state (enrollees not yet eligible for waiver).</p>	<p><b>FY 2004</b> Reduce Medicaid nursing home reimbursement.</p> <p>State says HCBS is the top driver for Medicaid spending growth</p>
MS			<p><b>Legislation 2001</b> Several measures passed to eliminate excess nursing home beds. These include increased reimbursement for nursing homes closing beds and potential grants to nursing homes developing community options.</p>		<p><b>FY 2001</b> Expanded aged and disabled eligibility from 100%FPL to 135% FPL.</p>

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
MO					<p><b>Proposed FY 2004</b> Nursing home increases of \$5 million to providers serving Medicaid patients</p> <p><b>Proposed FY 2004</b> Reduce the annual income level for Medicaid elderly and disabled from \$7,200 to \$6,900 annually.</p>
MT					<p><b>Proposed FY 2004</b> Reduce elderly and disabled eligibility for Medicaid.</p>
NE		<p><b>2002</b> The state devoted \$52 million to date to convert nursing home beds to assisted living, respite care and adult day care.</p>			<p><b>FY 2002</b> Modified prospective payment system for nursing homes and intermediate care facilities.</p>
NV		<p><b>FY 2004</b> Added \$2.2 million to increase HCBS waiver by 320 slots.</p>	<p><b>FY 2004</b> Reduced personal care hours and expanded assisted living and adult day care.</p> <p><b>FY 2003</b> Added participant self-direction for personal care services.</p>		
NH		<p><b>2002</b> Independence Plus Waiver developed to promote consumer direction.</p>	<p><b>Proposed FY 2004</b> - Eliminate Medicaid adult day care benefits - Reduce Medicaid home based care for adults</p>	<p><b>Proposed FY 2004</b> Reduce Medicaid nursing home reimbursement rates by 5%</p>	
NJ	<p><b>FY 2002</b> Reduced Medicaid payment rates for assisted living.</p>	<p><b>2002</b> More than 4,000 people transitioned from nursing homes to the community through the Community Choice program funded with more than \$1 million grants from CMS.</p>	<p><b>FY 2003</b> Reduced Medicaid personal care hours from 40 to 25 hours.</p>		<p>State says home health is the second largest contributor to Medicaid spending growth</p> <p><b>FY 2002</b> Nursing home rate reduction rejected by legislature and wage increase for home care workers vetoed by governor.</p>
NM					
NY	<p><b>Proposed FY 2004</b> Home care providers will pay 0.6% tax on annual revenues.</p>	<p><b>FY 2003</b> Appropriated \$25 million for developing a program of expanded in home, case management and community services for the elderly.</p>	<p><b>Proposed FY 2003</b> Increased utilization review to reduce Medicaid home care visits.</p>	<p><b>Proposed FY 2004</b> Cut Medicaid nursing home rates</p>	
NC				<p><b>FY 2002</b> Limited personal care to 3.5 hours a day and 80 hours a month</p>	

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
ND	<b>Proposed FY 2003-2005</b> Increase funding for HCBS by 23% or \$7 million.		<b>2003 Legislation</b> Continues moratorium on LTC bed capacity until 2007.	<b>2003 Legislation</b> Stated that aged or disabled eligible for HCBS can choose services meeting their needs and \$ must follow individual for whichever service option is chosen	<b>Proposed FY 2003-2005</b> Three percent increase in operating margin (\$2.4 million) for nursing homes.  State says nursing home care is the top contributor to Medicaid spending growth
OH			<b>FY 2002</b> Established the Ohio Access Success Project to help Medicaid recipients make the transition from nursing homes to the community.		<b>Proposed FY 2004</b> Develop new reimbursement methodology for nursing facilities and proposal to reduce nursing facility capacity. <b>Proposed FY 2003 and 2004</b> Freeze Medicaid payment rates for nursing homes.  State says nursing home care is the second largest contributor to Medicaid spending growth
OK			<b>Proposed FY 2004</b> Eliminates ElderCare program which links seniors to services. Saves \$5.8 million and affects 900 residents. <b>Proposed FY 2003</b> Eliminate \$1.5 M for community services		<b>FY 2003</b> Implemented a case mix Medicaid reimbursement system for LTC providers <b>FY 2002</b> Nursing home bed hold payments reduced  <b>FY 2003</b> Eliminated medically needy coverage.
OR	<b>Proposed FY 2003 and 2004</b> Freeze payment rates for HCBS providers <b>FY 2003</b> Reduced base rates for residential care and adult foster care.			<b>Proposed FY 2004</b> For 350,000 retaining Oregon Health Plan (Medicaid) coverage, eliminate in-home services and residential care for seniors with lower disability levels	<b>FY 2003</b> Reduced rates and eliminated inflation increases for nursing homes.  <b>FY 2003</b> Eliminated medically needy program. About 8,500 people affected.
PA			<b>Waiver Approved 2002</b> Expanded the number of disabled adults over 60 receiving assistance to remain in the community. Services include home support, personal care services, respite care, transportation and meals at home. <b>FY 2002</b> \$45 million of tobacco \$ go to expand HCBS. Waiver increased by 3,000 persons. Part of \$ will go to services for low income people not eligible for Medicaid.		<b>Proposed FY 2004</b> Change eligibility rules for nursing homes to tighten admissions

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS				Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services	Changes: Other
RI						<b>FY 2003</b> Revoked \$3.71 Medicaid reimbursement rate increase for nursing homes
SC			<b>Proposed FY 2004</b> Reduce Medicaid spending by increasing use of HCBS			
SD			<b>FY 2001</b> Extended nursing home bed moratorium until 2005.			State says LTC is the third largest contributor to Medicaid spending growth
TN			<b>FY 2001</b> \$11 million appropriated for home and community based services including assisted living, home health, and home delivered meals.			
TX	<b>Proposed FY 2004</b> Cut long term care providers' rates by 2.2% <b>FY 2003</b> \$50 million allocated for reimbursement increases for community care and \$2.5 million for HCBS.	<b>Proposed FY 2004</b> - Raise the disability score for elderly and disabled to qualify for community care - Eliminate state funded LTC and HCBS not covered by Medicaid (different cuts proposed by governor, this is the legislative proposal)	<b>Proposed FY 2004</b> Limits on the number of people who can participate in Community Care–Medicaid Waivers.	<b>Proposed FY 2004</b> Across the board cuts to services for the elderly and disabled.	<b>Proposed FY 2004</b> Cut Medicaid nursing home reimbursement by 3.5%	<b>Proposed FY 2004</b> Eliminate medically needy program
UT						
VT			<b>FY 2003</b> - 6% of the revenues from the nursing home bed tax allocated to be used for HCBS. The rest will go to nursing home reimbursement. - Established Olmstead commission to determine barriers preventing people w/ disabilities from living in the most integrated setting and identify resources needed to reduce waiting lists.			State says LTC is the second largest contributor to Medicaid spending growth

**Table 2: Details of State Budget Changes Affecting LTC Services**

State	Changes to HCBS			Other Changes	
	Reimbursement/ Funding	Eligibility	System Development	Benefits	Nursing Home Services Changes: Other
VA			<p><b>Legislation 2003</b>                      - Directed health department to seek approval for change to consumer-directed personal care services waiver to allow spouses, parents, etc. to direct care on behalf of recipient when he/she is incapable of directing own care. Also directed department to develop new HCBS waiver.                      - Each local board of social services required to provide for the delivery of home-based services. Bill also established a program to provide payments to adult caregivers.</p>		<p><b>FY 2003</b>                      Eliminated inflation increase for Medicaid nursing home payments for FY 2003</p> <p>State says nursing home services is the second largest contributor to Medicaid spending growth</p>
WA	<p><b>FY 2004</b>                      Increase wage by \$0.75 and provide health benefits for 26,000 state home health care workers</p>		<p><b>FY 2004</b>                      Limited HCBS waiver growth to 1.1%.</p>	<p><b>FY 2004</b>                      Tightened eligibility for personal care and added in-home delegation program.</p>	<p><b>FY 2004</b>                      Decreased spousal resource limit from \$90,000 to \$40,000.  <b>FY 2003</b>                      Decreased reimbursement rates for nursing home services.</p>
WV			<p><b>FY 2003</b>                      Enacted Older West Virginians Act to provide guidance and assistance for senior citizens to maintain independence.</p>		<p>State says IGT for Nursing Facilities is the top contributor to Medicaid spending growth</p>
WI			<p><b>FY 2003</b>                      The state stated it will not seek federal approval for LTC reforms since they did not get ok for \$434 M additional federal funding they requested</p>		<p>State says nursing home services is the top contributor to Medicaid spending growth</p>
WY			<p><b>FY 2002</b>                      \$4.5 million allocated to expand HCBS</p>		