

How Will States Pay for Long Term Care?

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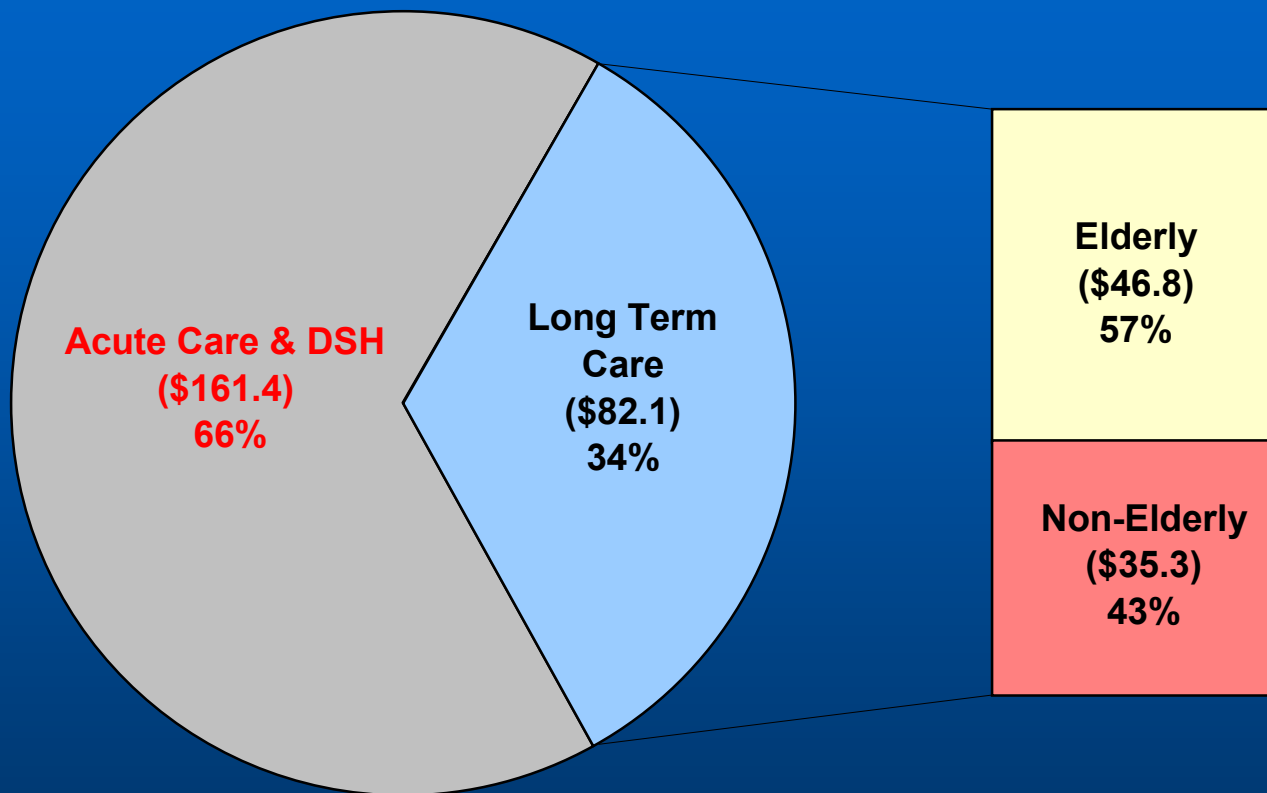
Rutgers Center for
State Health Policy

Council on Health Care
Economics and Policy
Princeton Conference
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Scope

- LTC accounts for one-third of states' Medicaid budgets (that are now 21.9% of total state budgets)
- 15 million older adults and people with disabilities--27% of total Medicaid beneficiaries but more than two-thirds of total spending
- 7 million “Duals” are Medicaid's most expensive group, and flashpoint for federalism discussions for decades

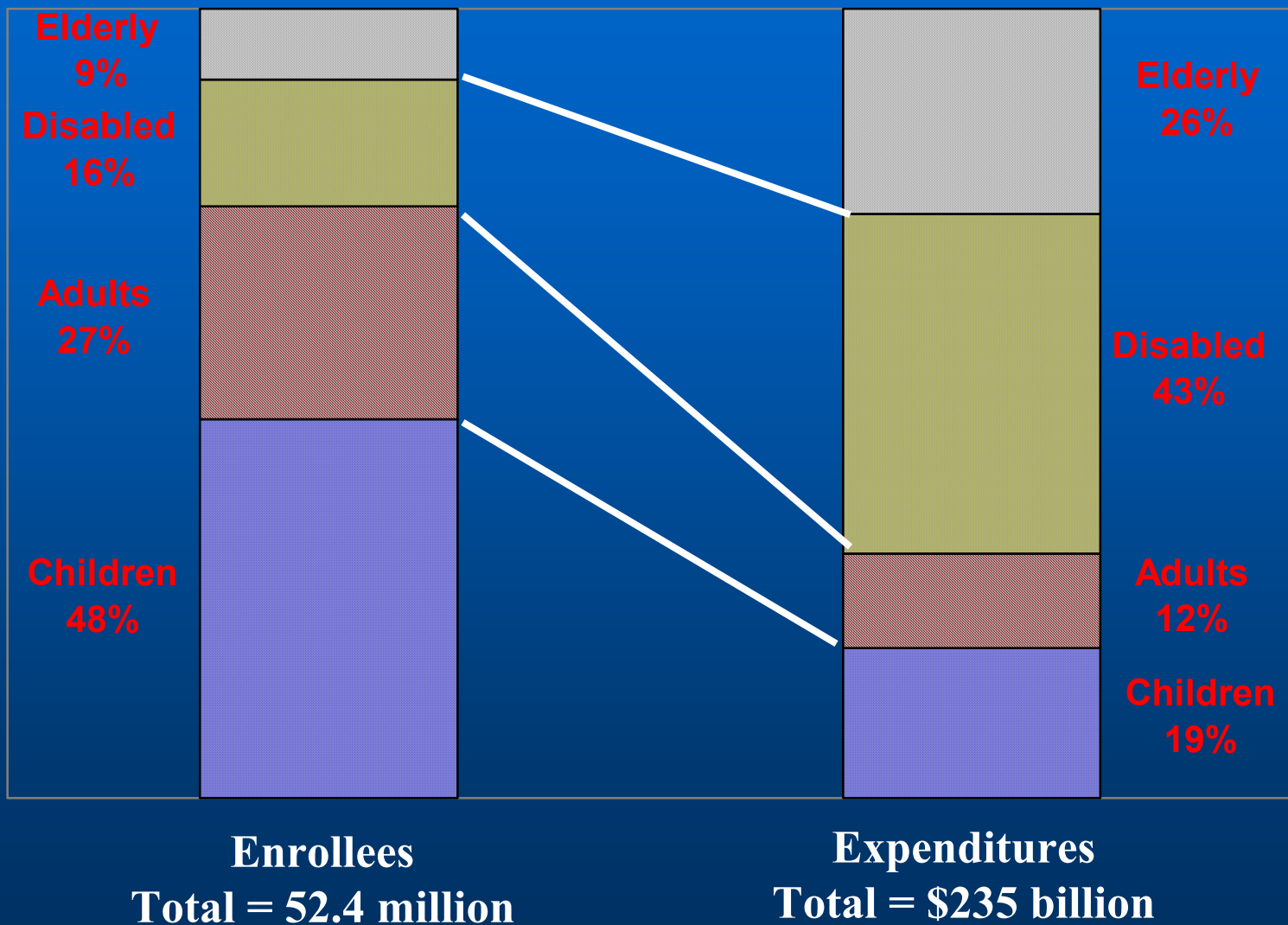
Distribution of Medicaid Spending, 2002



Total Medicaid Spending = \$243.5 billion

Source: Kaiser Commission on Medicaid and the Uninsured, May 2004

Medicaid Enrollees & Expenditures by Enrollment Group, 2003



States in Action

- In past 2 years, almost twice as many states 17 states focused on LTC Medicaid costs (from 10 to 17)
- Traditional approaches like rates and eligibility
- Old ideas with renewed interest like Managed Care and LTC Insurance
- System reform and advanced ideas
- Consumer Direction over-riding

Resurgence of Managed Care

- **Medicare Modernization Act**
- **State examples: Florida, Texas**
- **Special Needs Plans, new opportunity**
 - **few states and plans are talking now but should; focusing on other MMA issues**
 - **California**

Other Resurfacing Ideas

- **Disease Management**
- **LTC Insurance**
- **Asset Transfers**

“Balancing LTC”

- **CMS Real Choice Systems Change**
- **Nursing Home Transition Movement**
- **Global Budgeting**
- **Money Follows the Person and Parity**
- **Examples: Washington, Texas, Vermont**

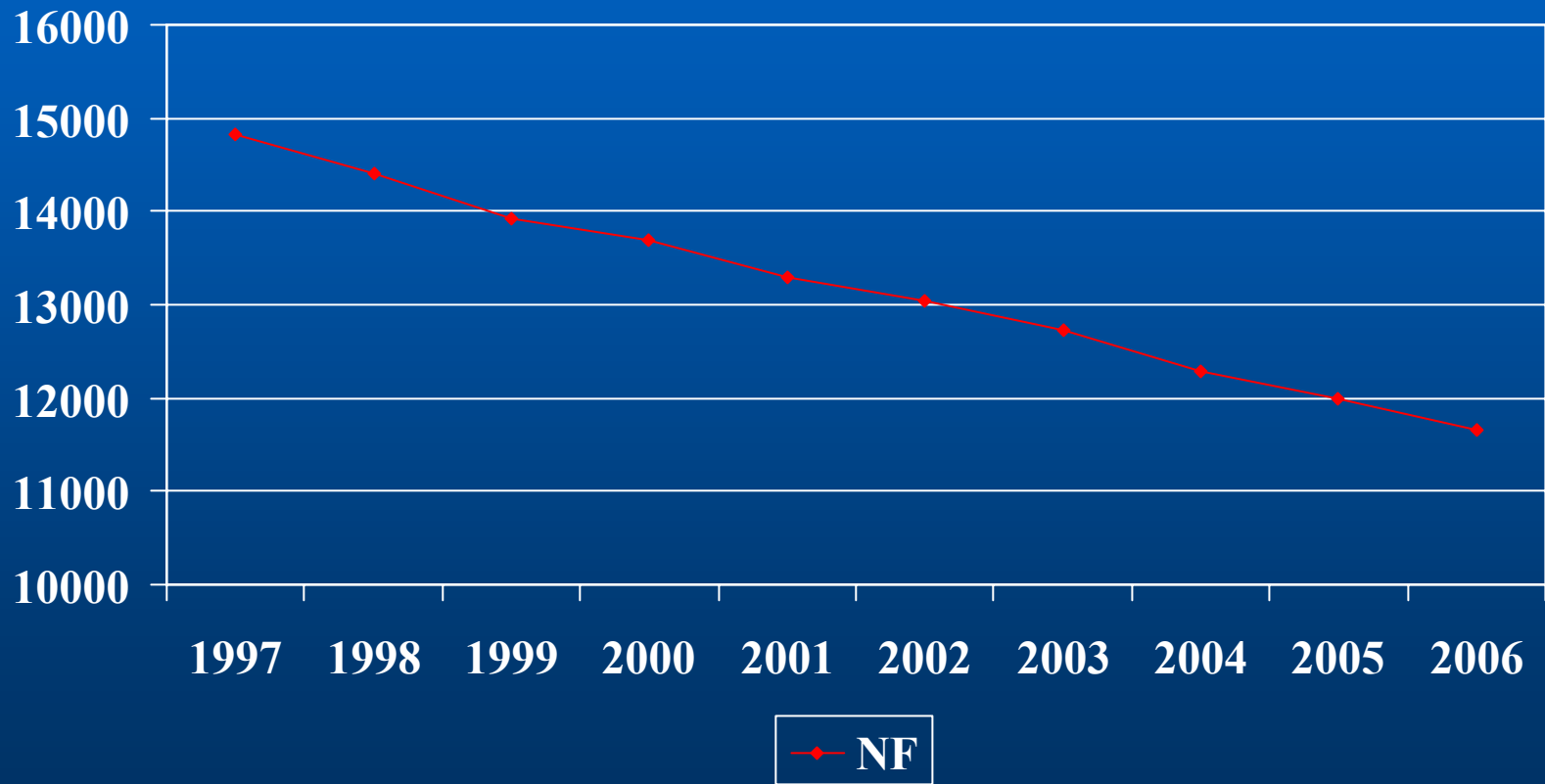
Global Budget

- Set a total LTC spending budget based on
 - projected LTC needs and preferences
 - planned policy and program initiatives
- Provide full administrative freedom to manage costs within the spending limit to respond quickly to consumer preferences

Washington: NHT and Global Budgeting

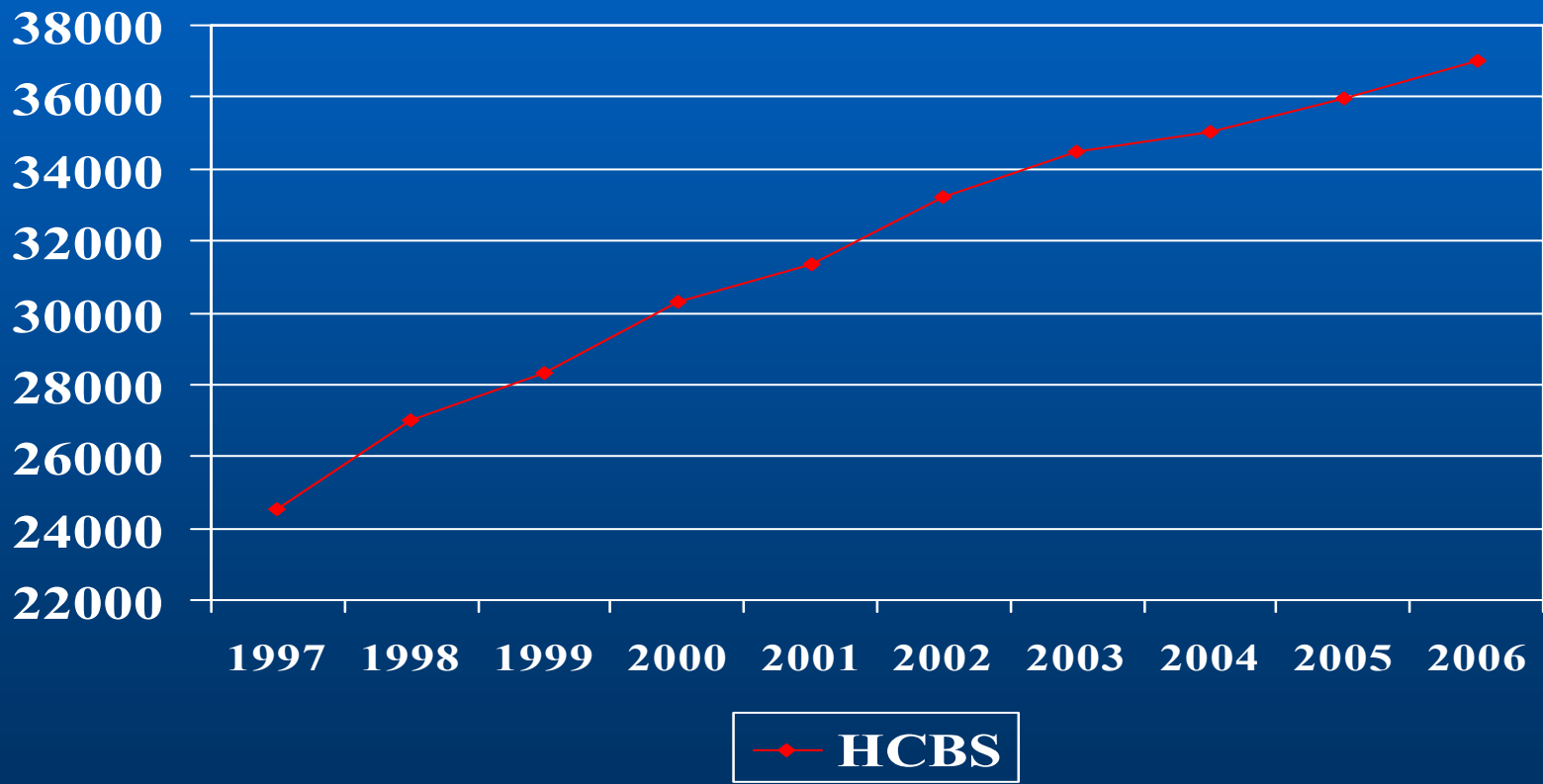
- **1995-1997 budget reduces NH caseload by 1,600 clients**
- **NH “bed need” assessment includes availability of home/community care**
- **Global Budget: Budget structure consolidated with significant management flexibility**

Washington: NF Caseload Trends



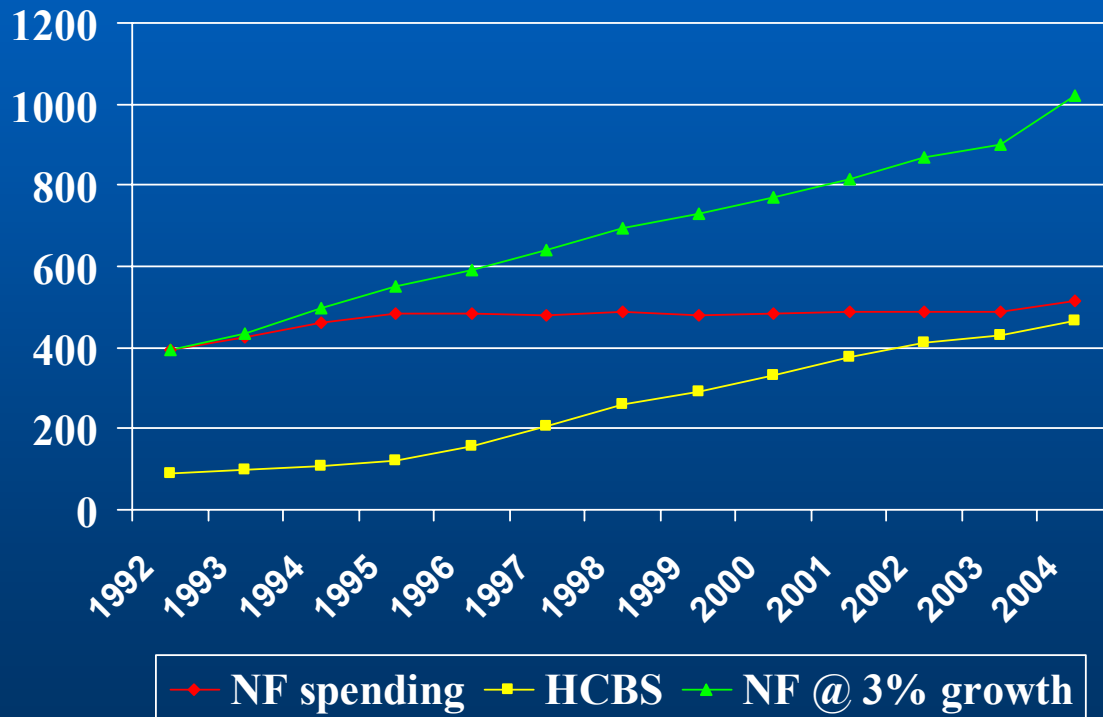
Figures for July each year

Washington: HCBS Trends



Figures for July each year

Washington LTC Spending trends



MFP Strategy

- **Money Follows the Person** = financing for services and supports moves with the person to the most appropriate and preferred setting
- Commonly starts from nursing home to HCBS--State example is Texas

Planned Parity Strategy

- Mandates reductions in nursing home budget and and transfer of those savings to fund HCBS
- Aggressive policy and program actions required (universal screening, level of care criteria, pre-admission processes, etc.)
- Example--Vermont

Vermont Act 160

- Shifted funds from nursing home to the HCBS appropriation
- Goal 60-40% institution/community
- Strategies: NF moratorium, expand residential alternatives, one time investments
- Five percent drop in NF supply

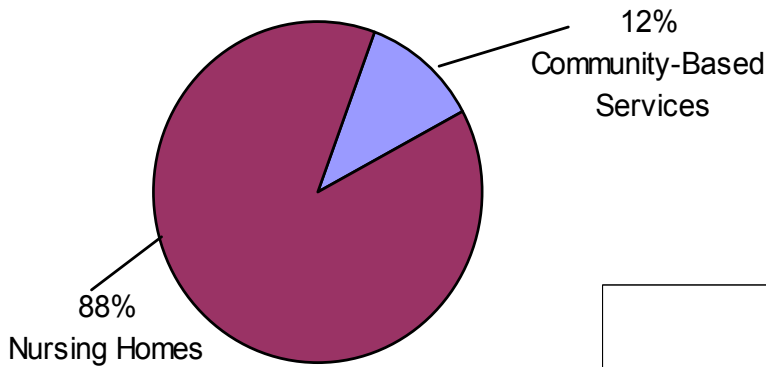
Act 160

“The reductions required ... shall be redirected in FY 1997 to fund home and community-based services. For fiscal year 1998 and thereafter, the reductions required ... shall be redirected ... to fund both home and community-based services and any programs designed to reduce the number of nursing home beds.

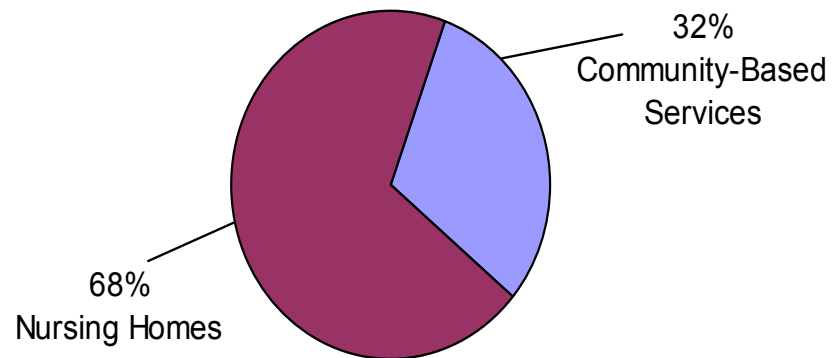
Any general funds redirected but not spent during any fiscal year shall be transferred to the long-term care special administration fund...”

Public Expenditures for Long Term Care

FY 1996

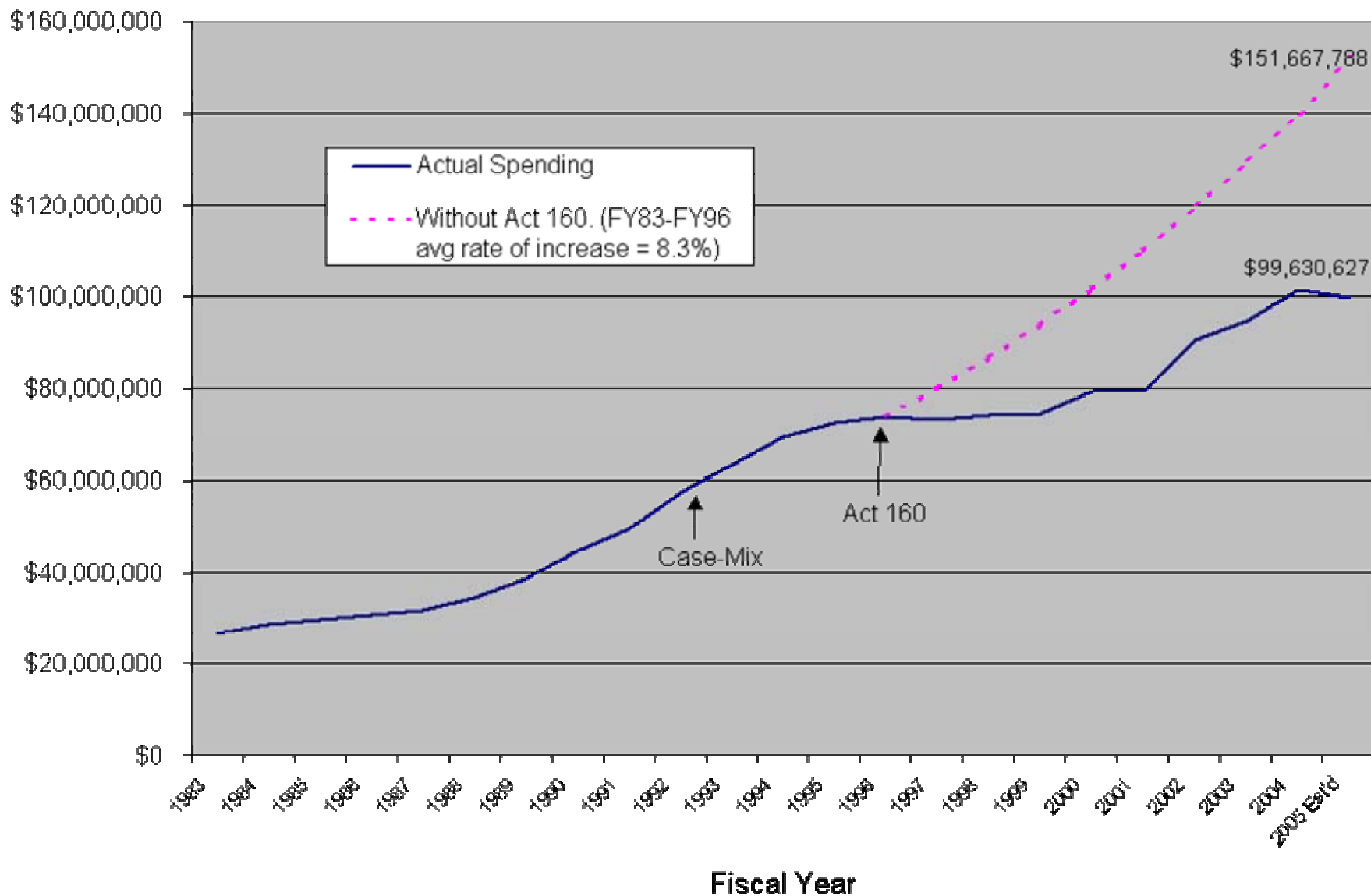


FY 2005 est'd



Nursing Home Medicaid Expenditures

Actual vs "Without Act 160" *



Vermont's Advanced Idea: 1115 Proposal

- **Provide maximum choice of services and settings**
- **Eliminate institutional bias**
- **Promote early intervention**
- **Break link between 1915 (c) waivers and NF level of care**
- **Reduce NF use**
- **Control costs**

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