

Issue Brief

Long-Term Care Policy

Overview

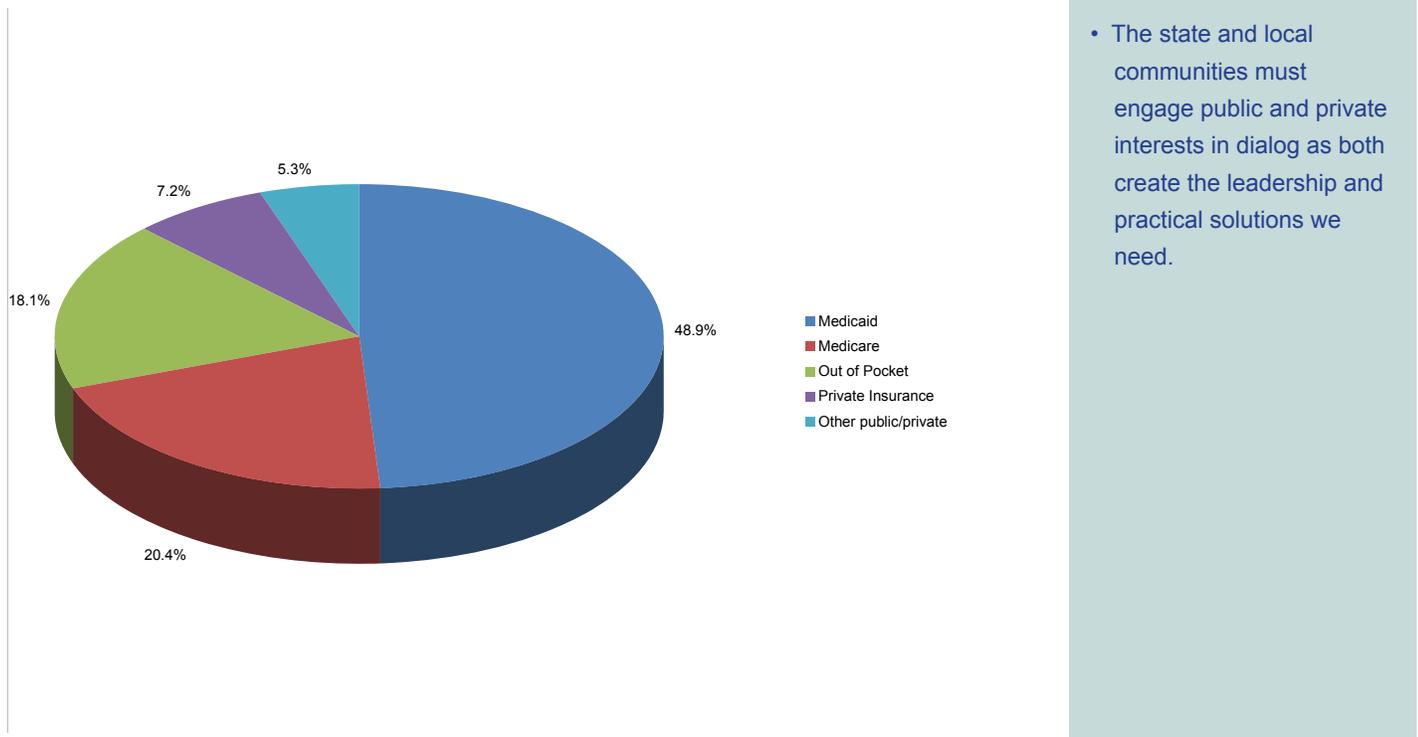
What is long-term care?

Long-term care begins at home and in the community and is about more than nursing home care. Long-term care services and supports include everything from round the clock nursing care or end-of-life care, to hands-on personal assistance with activities of daily living, to daily or intermittent assistance with routine household tasks such as meal preparation, transportation or medication management. Few Mainers have long-term care insurance and these supports are rarely paid for through other private insurance or Medicare and yet are critical to helping vulnerable individuals and their family members manage at home and live as independently as possible in the community.

What are the major sources of funding for long-term care?

Total long-term care expenditures are difficult to capture due to the multiple sources of payment and varying definitions. National data presented in Figure 1 offers a sense of the sources of funding for long-term care services. In 2005, approximately \$206.6 billion was spent on long-term care, with nearly half (48.9%) of care paid for by Medicaid (referred to in Maine as MaineCare), roughly one-fifth paid each by Medicare (20.4) and privately (out-of-pocket = 18.1%) and the remaining 12.5% paid by private insurance and other public & private sources.¹

Figure 1: National Spending on Long-Term Care²



Fast Facts

- Long-term care is more than nursing home care.
- Medicare does not pay for long-term care.
- Mainers of all income groups need long-term care.
- Reductions in home and community-based services lead to increased nursing home use and higher costs.
- Evidence-based practice gets the most from every dollar spent.
- The state and local communities must engage public and private interests in dialog as both create the leadership and practical solutions we need.

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Who needs long-term care?

Mainers in all income groups and of all ages may need long-term care due to limitations of the mind or body. People needing long-term care services and supports include adults with mental illness or physical disability, and older adults who are no longer able to manage independently, children with complex medical needs, and those born with a developmental disability such as mental retardation or cerebral palsy. The Maine Department of Health and Human Services is currently preparing a profile of children and adults with need for long-term services and supports.³

Why is the cost of long-term care growing?

The number of Mainers using long-term care is growing rapidly as a consequence of increased longevity, and medical, pharmaceutical and technological advances. The majority of needs are met by unpaid family members and caregivers. The cost of care varies by setting and intensity of need and services. For example, privately paid care at a nursing facility costs well over \$50,000 per year, care in private assisted-living facilities costs \$30,000 or more a year, and privately hired in-home caregivers cost \$10.00 to \$25.00 per hour, or more for personal care, nursing and therapies. As a result of population changes and costs of care, demand for publicly subsidized long-term care is also growing rapidly, a trend that is nationally recognized.⁴

What is the issue?

In light of the current economic downturn and a mounting state budget deficit the most immediate long-term care policy issue will be the challenge of assuring that the needs of Mainers are met. In the short run difficult funding choices must be made within and across programs to assure equitable distribution of public funds relative to other demands on state resources. And, as state and federal funding continues to shrink, a longer view

is necessary to clarify Mainers' expectations, the state's role and statewide capacity to meet long-term care needs now and over the next 15-20 years.

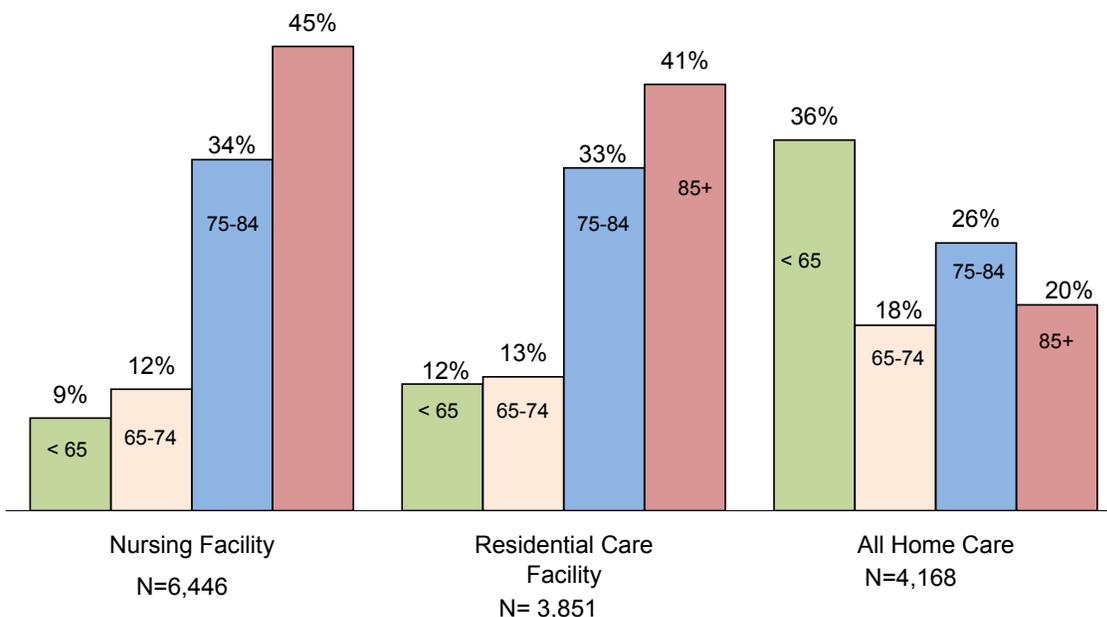
It is important to note that program budget cuts that may help balance the state's budget today can seriously undermine the ability of Mainers to remain in their current living arrangements. Further, reductions in long-term care services can quickly lead to higher costs. When needs are not met, health deteriorates and those with unmet needs seek assistance through higher cost care options like nursing facilities and hospitals, or in dire circumstances, shelters for the homeless. Like childhood immunizations, maintaining good care and evidence-based preventive services can reduce future demand for avoidable, expensive health services. The following sections provide a brief overview of Maine's current long-term care policy, needed improvements and options for the future.

Long-Term Care in Maine

Where is long-term care provided?

In Maine, funding for long-term care is primarily through MaineCare (Medicaid) and state-funded programs for those who are not MaineCare eligible. Table 1: Age Distribution of Maine Long-Term Care Users by Setting in SFY 2006, provides a summary view of older adults and adults with a physical disability using MaineCare and State-funded Home Based Care Services, by setting. An estimated 37% of those receiving publicly funded long-term care in Maine reside in nursing facilities, 27% live in licensed residential care facilities and 35% live at home and receive assistance through home and community-based services.⁵ In addition to these recipients of services, publicly funded services are used by persons with mental illness, mental retardation, and other developmental disabilities who are not included in these data.

Table 1: Age Distribution of Maine Long-term Care Users by Setting in SFY 2006



Who is eligible for publicly funded long-term care in Maine?

Eligibility for MaineCare and state funded long-term care varies by program. Aged, blind and disabled Mainers receiving a guaranteed minimum income through Social Security Supplemental Security Income (SSI) are automatically “categorically” eligible for MaineCare. And, those with very low incomes and few assets likely are “income eligible.” Frequently, long-term care recipients’ eligibility for MaineCare is under the “medically needy” eligibility category. Eligibility under this classification is determined using a complex formula including both financial and medical need. For example, a person eligible for MaineCare under “medically needy” criteria may become impoverished due to out-of-pocket payment for long-term care and other medical needs. Once savings are exhausted, an individual may be eligible for MaineCare subsidized services where the individual contributes most of their income to service costs and MaineCare pays the remainder. State-funded Home Based Care eligibility also considers financial and medical need. For many assisted through this program services are paid for on a cost-sharing basis where the individual’s contribution varies according to the individual’s income.

What is Maine’s long-term care policy?

Changes introduced in Maine 15 years ago positioned Maine as a leader in state long-term care policy reform. A series of policy reforms served to reduce Maine’s dependence on nursing homes as the primary source for publicly funded long-term care. Among these reforms were: disincentives for private payers’ use of nursing homes when needs could be met through home and community-based services; incentives for nursing facilities to convert excess supply to residential care; and introduction of more stringent medical need eligibility criteria for nursing home care. These changes also provided incentives for individuals who were paying privately for their care to seek other care arrangements. Specifically, these reforms encouraged people to avoid unnecessarily moving to more expensive nursing home settings when their needs could be met at home through community-based services or a less expensive non-medical care setting such as a licensed residential care or assisted living facility. These reforms were implemented through introduction of a pre-admission screening process that offered information on long-term care options to all Mainers and led to Maine’s nationally recognized pioneering work in the development of a uniform assessment instrument used with older adults and adults with physical disabilities.

Maine’s uniform assessment, referred to as the Medical Eligibility Determination (MED) assessment, determines eligibility for 14 long-term care programs using objective criteria that are assessed by an independent assessing agency. The MED also creates a rich data resource that permits Maine policymakers to make difficult choices in the allocation of public funds through a deliberate review of the impact of contemplated changes on actual clients’ needs.⁶

What long-term care reforms are being discussed or recommended?

Nationally, long-term care policy reform focuses on Medicaid reform. Since Medicaid is the 2nd largest item in most states’

budgets, and roughly 40% of the Medicaid budget goes to long-term care, the challenges identified as national foci are also reflected in recommendations for Maine policy reform.⁷ In 2007, the Kaiser Family Foundation issued their report on Long-Term Services and Supports: *The Future Role and Challenges for Medicaid*. Challenges facing Medicaid long-term care reform identified by Kaiser’s national experts include:

1. Integrating services for people with long-term care needs – including integration with acute hospital care providers and housing, social services and other services beyond the traditional health care arena
2. Impact of varying disability criteria – criteria are not uniform and create potential for inequities across beneficiary groups
3. Means-testing the benefit – reconsidering financial eligibility criteria that require impoverishment
4. Balancing institutional and community-based care – waiting lists are a sign that access to home and community-based care is limited...rebalancing long-term care in favor of community settings...
5. Flexible benefit design – flexibility provides opportunity to individualize services..., but poses challenges in maintaining equity and assuring that needs are being met...
6. Maintaining and monitoring quality of care – identifying and remedying poor quality of care...standardized assessment of quality of care in Medicaid home and community-based settings...
7. Financing long-term care services and supports – ...greater coverage by private long-term care insurance and use of home equity programs such as reverse mortgages

Maine’s Blue Ribbon Commission to Study the Future of Home-based and Community-based Care final report issued in November 2008 makes recommendations for long-term care services and support policies for 2 populations of long-term care users, older adults and adults with a physical disability. Highlights excerpted from Maine’s Blue Ribbon Commission⁸ 10 recommendations include:

1. ...new vision statement for a system of long-term care ... that optimizes the physical health, mental health, functional well-being and independence ... through high quality services and supports ... in settings that reflect the needs and choices of consumers and ...delivered in a manner that is flexible, innovative and cost-effective.
2. ...directs DHHS to provide ... a proposal for a unified budget (excluding the Office of MaineCare Services, MH and MR/DD services)...
3. ...state priority to reduce waiting lists for home and community-based care and homemaker services...

4. ...supports increase funding for the Priority Social Services program (services including Meals on Wheels, transportation and medical ride transportation)...to address the rising costs for these volunteers across the state...
5. ...supports funding ...Area Agencies on Aging...that wish to operate Aging and Disability Resource Centers (ADRCs) ...to work with hospitals, nursing facilities and residential care facilities to improve discharge planning... improving the provision of information to consumers ...
6. ...supports funding the family caregiver project...
7. ... recommends Department of Health and Human Services (DHHS) explore uses of and develop funding for assistive technology...
8. ...supports tax credit assisted living projects funded by MaineCare and directs DHHS to explore alternative non-Medicaid sources of funding...to ensure these programs survive.
9. ...directs DHHS ... to develop a comprehensive and systematic approach to reimbursement, health benefits and training for direct care workers in home and community-based services...
10. ...directs DHHS to report annually on its progress in reversing the spending trend to the joint standing committees with jurisdiction...

In addition to these recommendations, state policy makers anticipate federal policy changes that will require Maine to reconsider programs funded under MaineCare. Discussion of these potential changes in MaineCare "optional" Medicaid benefits and their impact on long-term care is beyond the scope of this brief.

Pursuing the recommendations listed above and other proposed legislation likely will perpetuate the already growing expectations on communities. Projections of population growth overlaid on current public programs and policies make it clear that more of the same is not a viable solution to meeting the growing demand for long-term care in Maine or elsewhere. During the past 15 years, Maine has developed a responsive home- and community-based services network, supported development of residential care options and Maine nursing facilities have continued to provide some of the highest quality of care in the country.⁹ Through Maine Health's Partnership for Healthy Aging, Maine has also provided national leadership in the development and dissemination of evidence-based practice in falls prevention. Maine's Office of Elder Services has received grant support to develop and disseminate new ways of meeting needs through evidence-based practice initiatives in chronic disease self-management and the identification and treatment of older adults and caregivers with depression. These notable achievements offer evidence of Maine's resourcefulness in finding solutions and opportunities during difficult times.

What are long-term care policy options for the future?

Just as policy changes in 1995 began shifting Maine's policy from an over-reliance on nursing facilities to a more balanced system with home and community-based service and support options, policymakers are faced with a new series of critical choices to define state long-term care policy today and for the next 20 years. In the short run Maine must continue to refine existing state policy to assure the equitable allocation of public funds across various populations. At the same time, policymakers must begin to consider state long-term care policy in a broader context and in relation to other public and private stakeholders and other levels of government. In so doing, Maine can more clearly define the role of state government in long-term care policy.

In constructing future policy, it is critical to understand that changes in MaineCare/Medicaid and public funding alone will not meet future needs. The current systems that are delivering long-term care services and supports are built on a hodge-podge of federal funding streams that have developed over the past 45 years. With more than 75% of all long-term supports for older adults provided by family caregivers and neighbors it is time to take a step back and rethink long-term care with a view toward both public and private resources. We will have to find ways to address the needs of low income Mainers and to help middle-income Mainers meet their needs without impoverishing themselves and becoming dependent on MaineCare.

To continue shifting long-term care policy in Maine away from an overreliance on fragmented federal and state funded systems of supports, an essential next step is recognizing the key role played by families, neighbors and communities. As Mainers and their families find themselves in need of long-term care; their search for solutions begins in their communities. Policy in the future must engage public and private interests, build community capacity and open the dialogue for shared state and community responsibility for meeting needs in the long-term.

Building Capacity to Meet Current and Future Long-Term Care Needs

One successful approach to developing this new perspective and potential for solutions which addresses current and future need is through the creation of community partnerships spanning both public and private arenas.¹⁰ Such collaboration can identify priorities for improvement, devise strategies for change and align, leverage and maximize public and private resources at the local level. Community partnerships among older adults and other long-term care consumers, community residents, public, private and not-for profit providers, elected officials and other non-traditional partners provide a forum for community-level priority setting that can mobilize resources and develop new approaches to meeting needs.

What are other states doing?

Developing partnerships takes time and requires resources. New levels of trust and communication are necessary to mobilize community resources, leverage new resources and design and implement supports that really address the needs articu-

lated by the community. Such efforts also require political support and incentives for development.

In 2008, capacity building through community partnerships was identified as a promising practice in two states. The Virginia legislature voted support to the rural, 5-county Aging Together Partnership as a pilot program for their state. In New Hampshire, the Manchester-based SeniorsCount! Partnership model began replication through 2-year incentive matching grants offered through New Hampshire's federally funded long-term care transformation initiative. In both states, policy makers see the potential for community partnerships to convene diverse stakeholders, to leverage public and private resources and to inform state policy.

What steps can Maine take?

Legislators face the challenge and opportunity to weigh state long-term care policy issues along side myriad other pressing issues competing for precious state resources. To foster the development of community partnerships where none exist, legislators can call upon local constituencies to meet and discuss the issues facing the legislature, develop shared leadership and identify and develop strategies to address local priorities for long-term care improvements. Currently, few communities are taking proactive steps to build or strengthen local partnerships. Beginning the dialogue is a first step that can encourage local leaders to work together to build community capacity.

Finally, to encourage new partnerships state policymakers can identify public and private matching funds to create incentives for community partnership development and state policymakers can support local partnerships' efforts to attract external funding.

Conclusion

Long-term care policy is complex and can be viewed from many perspectives, that of the consumer, the provider or the tax-payer to name just a few. In the short run, managing Medicaid expenditures and assuring the equitable distribution of public funds for long-term care across all populations must be a priority. At the same time, efforts to advance evidence-based practices can help assure we get the most for each dollar spent. To prepare for the future, now is the time to create incentives for community leaders to share the responsibility and begin working as partners to leverage and align local resources to meet the need for long-term supports in their communities. Mainers hold their tradition of neighbor-helping-neighbor in high regard. And that tradition, along with thoughtful state policymaking and greater partnership between state and local leaders across the public and private sectors, will ensure that our safety net will be strong and the needs of vulnerable Mainers will be met. The one thing shared by all perspectives is a common understanding that we are all at risk for needing long-term care.

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