

Navigating Long Term Care in Texas

AARP Testimony Before the Senate Health and Human Services Committee Interim Charge #6

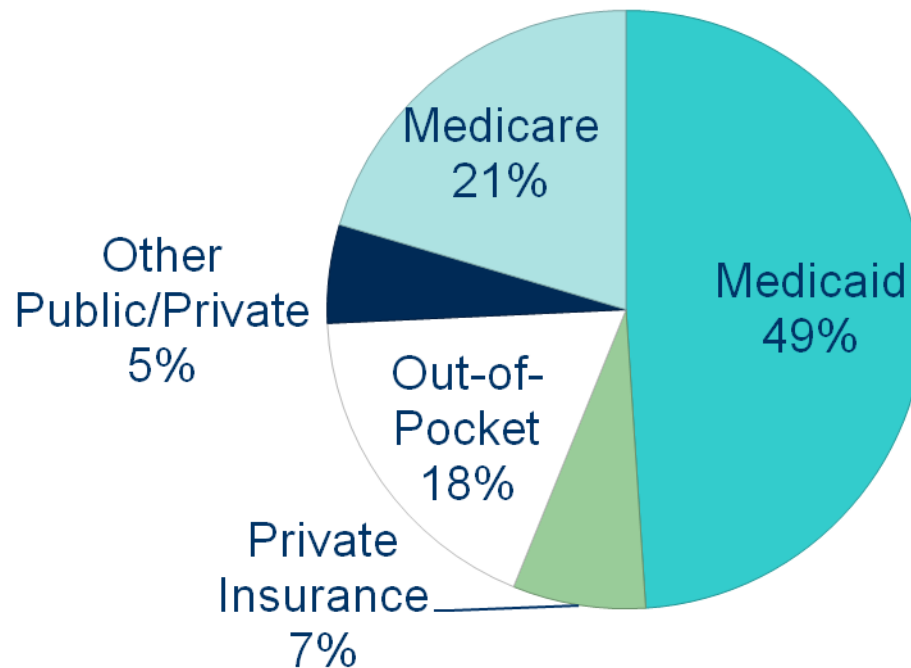
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What Does Long Term Care Cost in Texas?

- Avg. Nursing home: \$60,000 per year
- Avg. Assisted living facility: \$35,000 per year
- Adult Day Care
 - Average daily rate is \$39.00
 - \$10,000 annually
- Home Health
 - Average hourly cost for home health is \$28.00
 - 3 hours of care a day for 5 days a week \$21,800/yr

Who Pays for Long Term Care?

National LTC Spending By Source of Payment, 2005



Source: U.S. Department of Health and Human Services, National Clearinghouse for Long Term Care Information.

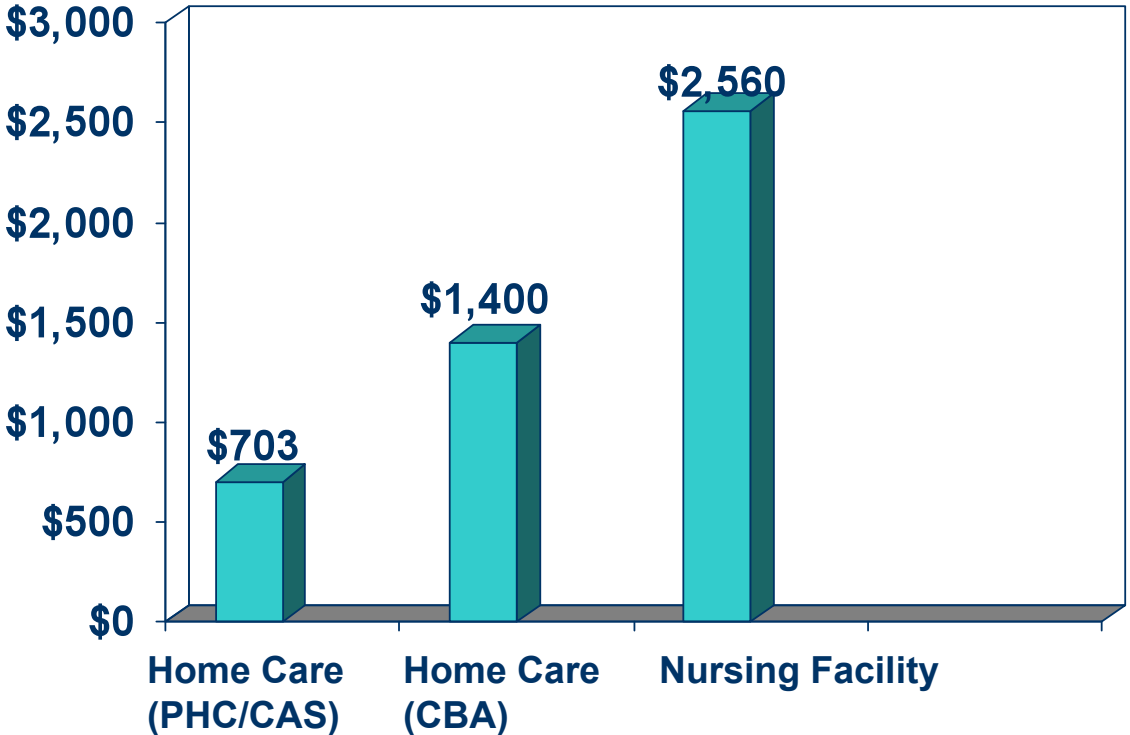
The Value of Unpaid Caregivers

- Typical caregiver:
 - 46-year-old women
 - Works outside the home
 - More than 20 hours per week of unpaid caregiving
- 2.8 million unpaid caregivers at any time in Texas
- \$26 billion in unpaid caregiving
 - More than 5 times Texas' spending on Medicaid LTC

Why Nursing Facility Diversion Strategies Should be Considered

- Nursing facility care costs more
- Need to counter the bias in the Medicaid eligibility system
- Consumers prefer the community
- Concerns about the quality of care in NFs
- Community care encourages families to continue as informal caregivers

Medicaid Long Term Care Services 2009 Average Monthly Costs Per Client Served



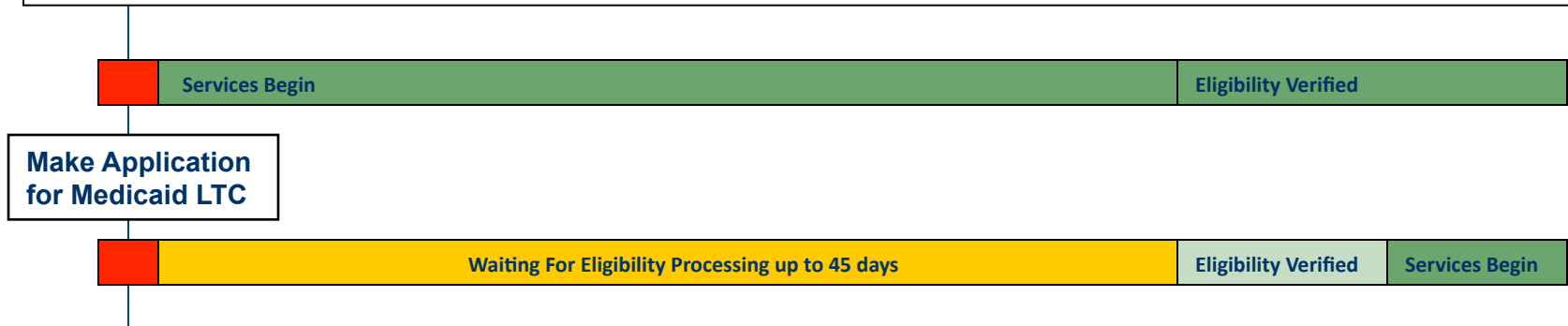
Source: LBB, 80th Legislature, Text of Conference Committee Report House Bill No. 1, Regular Session (General Appropriations Act), Article II, Page II-4 and II-5.

How the Medicaid eligibility system favors nursing home care

- Medicaid eligibility process has a bias toward nursing facilities – nursing facility services can start faster than community care
- Yet community care costs less
- Most consumers prefer community care, if services can start quickly
- To effectively delay or prevent more costly facility care, community care services must start quickly

The Eligibility Process for Long Term Care Services: A Longer Wait for Community Services to Start

Accessing Nursing homes: Medicaid eligibility determinations take up to 45 days. Most nursing homes who accept Medicaid, will admit an individual if they expect that the individual is Medicaid eligible. Medicaid will reimburse the nursing home up to 45 days prior to Medicaid eligibility being determined. As a result, individuals have much quicker access to long term care services in the nursing home.



Accessing Community Based Services: Medicaid eligibility determinations take up to 45 days. The state does not authorize Medicaid payment for services until an eligibility determination is finalized. Medicaid will reimburse the home health agency up to 45 days prior to Medicaid eligibility being determined. Most home health agencies will not start services without an authorization for payment. As a result, individuals needing community care must often wait up to 45 days before services are started.

What Has Texas Already Done to Counter this Bias

- Money Follows the Person
- Primary Home Care/Community Attendant Services Programs
- Community-based Alternatives (CBA) Waiver
- Adult Day Care
- PACE

How a Single Point of Entry would help

- Education and information on full range of long term service options
- Screening
- Presumptive eligibility for Medicaid
- Expedited service authorization
- Coordination of Medicaid services with local aging services

Who Would Work in a Single Point of Entry?

- HHSC Eligibility Worker (Financial)
- DADS Case Worker (functional eligibility and service authorization)
- Local Area Agency on Aging staff
- Other local agencies that provide services to seniors and people with disabilities

How Is the Client Information Received?

- By phone
- By mail
- In person

Other states with SPOE or Similar Systems

- Arizona
- Colorado
- Georgia
- Maine
- Michigan
- Minnesota
- Nebraska
- New Jersey
- Ohio
- Oregon
- Pennsylvania
- Vermont
- Washington

Cost considerations for Texas

By starting services more quickly, the single point of entry program would help steer individuals who are in immediate need of help from the more expensive entitlement (nursing homes) to the least expensive LTSS entitlement (PHC/CAS).

- **There would likely be a small increase in service utilization costs since the pilot would start services a little more quickly for some beneficiaries than the current model.**
- **There would likely be a portion of clients diverted from a nursing home to community care (PHC/CAS). For each potential Medicaid nursing home client that instead, is diverted to PHC, the state pays about 27%* of what it would have paid for the nursing facility care, for however many months that individual receives care at home.**

***SFY 2011, average net monthly cost per Texas Medicaid nursing home resident is \$3,077.27. The average PHC monthly cost is \$838.46, a difference of \$2,238.81 (CAS costs even less than PHC). (Source: DADS Key Measures, Appropriations Act)**

The Experience in other states

- **Fewer nursing home admissions from hospital discharge: A Colorado pilot program study found that about a third of those discharges could be diverted to community care if an expedited program was in place. (Source: Mollica, 2004).**
- **Single Point of Entry Programs in other states are cost effective and have helped to increase funding for community care services.**
 - **A University of Kansas study found that if as few as 20% of fast track/diverted to community care clients would have otherwise entered a nursing home (and stayed at least seven months) that the diversion program is cost effective. (Source: Mollica, 2004).**
 - **Oregon's improvements in improving access and start time for community-based care has resulted in annual reduction of 401 clients per year in nursing homes; offsetting savings have allowed an increase of an annual average of 1,309 community clients. (Source: Charles Reed, Oregon, Former Deputy Secretary, Department of Social and Health Services, Washington.)**