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State-Funded Home and Community-based Service Programs

Summary

The Medicaid program pays for most publicly funded long-term care in the United States. Of the $130 billion spent for long-term care services in 1998, Medicaid was the largest payer, contributing $58 billion. Out-of-pocket payments accounted for $35 billion, the second largest source of payment.[1] In recent years, a number of state-funded long-term care programs have been developed to supplement the public funding provided through Medicaid.

In 1996, more than $1.2 billion was spent on state-funded home care programs for the elderly.[2] Although the services provided through these programs represent just a small fraction of the long-term care services provided in the United States, the establishment and expansion of the programs demonstrate a response on the part of state officials to the need for particular services in their states.

State-funded long-term care programs allow states to provide in-home services to people who would otherwise not qualify for means-tested programs like Medicaid; provide a wide-range of services; and use general revenue, as well as other creative funding streams, to meet the needs of older persons.

- ***Long-term care programs that do not rely on Medicaid funding can be attractive because the design of the program is not constrained by federal rules and regulations***. Given the latitude to determine both financial and functional eligibility rules, many states have opted to fill some of the gaps in long-term care services and help people who are not eligible for Medicaid, but cannot afford private long-term care insurance. State-funded long-term care programs are an attractive alternative for providing home and community-based services, an option for care that is preferred by many seniors. Although some home and community-based services are available through the Medicaid program, the historical bias in Medicaid is toward financing nursing home care.

- ***Generally, the state-sponsored programs offer a wide variety of long-term care services that enable individuals who need assistance to remain in their homes.*** The services offered most commonly include adult day care, housekeeping and personal care services. Other common services are respite care, case management, meals and transportation. Some services are offered by just a few state programs. Together they provide a sense of how broad the range of possible services is. They include, for example, emergency shelter, adult foster care, skilled nursing services, mental health counseling, social day care, communication aids, financial counseling and training for informal caregivers. Some 34 of the 50 State Agencies on Aging report that their states have state-funded multi-service programs for home and community-based care. However,

note that some of the state funds may be used to match federal funds provided through the Older Americans Act or block grants for specific services. But the 34 states support programs that offer a broader set of services than would be available if state funds were simply used for federal matching requirements.

- ***Most state-sponsored programs are financed by general revenue, but some rely on numerous creative funding sources to support the delivery of services.*** The programs also vary by size and program level. They range in size from those that serve about 1,500 people to one that provides services for more than 90,000 individuals annually. The level of program funding also varies considerably. More than half of the 31 states for which information on funding is available spend less than $10 million, whereas four spend in excess of $100 million annually.

This StateLine provides information about five state-funded programs—apart from Medicaid waiver programs for home and community-based care—that provide a range of services to help elderly individuals who need assistance to remain in their homes.

Five Approaches to State-Funded Home and Community-based Services

The five programs described in this StateLine provide home and community-based services for people who may not qualify for the state's Medicaid program and, in some cases, the programs provide services that are not covered by Medicaid. One common element of the five programs is that they often serve as a point of entry into the long-term care system in the state. Another commonality is that they all rely on locally based case managers to make eligibility determinations and develop care plans for clients. Each program has unique features, however, and each is financed in a different manner. Information about the programs was obtained through interviews with program officials.

Characteristics of Five Innovative Programs

California's *In-Home Supportive Services Program*, or IHSS, has two parts, the *Personal Care Services Program*, a Medicaid program, and the *Residual Program*, a state-funded home and community-based services program for individuals age 65 or older who are disabled or blind.

- ***Services:*** Available through the *Residual Program,* services include housecleaning, meal preparation, help with laundry and grocery shopping, personal care services, accompaniment to medical appointments and protective supervision for individuals with dementia.
- ***Administration:*** The Department of Social Services provides statewide oversight of the *Residual Program*. However, the program is administered at the county level through the Welfare Department where social workers authorize services based on need.
- ***Characteristics:*** Unusual features of the *Residual Program* are that clients hire and supervise service providers including family members. Approximately 62,000 people received services from the *Residual Program* each month in fiscal year 1999–2000.
- ***Funding:*** Both state and county funds are used to support the $428 million program.

Florida's *Community Care for the Elderly Program*, or CCE, provides home and community-based services to individuals who are age 60 and older and who are functionally impaired.

- ***Services:*** A wide variety of services ranging from adult day care to legal assistance are available.
- ***Administration:*** The program is administered by the state Department of Elder Affairs *working* with 11 Area Agencies on Aging across the state. Services are provided by local nonprofit and government agencies that have contracts with the Area Agencies on Aging.
- ***Characteristics:*** Some 37,000 clients received CCE services in fiscal year 1999.
- ***Funding:*** The $48 million program is financed with state general revenue and some funds from the state's tobacco settlement**.**

In ***Indiana***, the *CHOICE Program* is one of the home and community-based programs included in the state's In-Home Services Fund. *CHOICE* stands for *Community and Home Options to Institutional Care for the Elderly and Disabled*.

- ***Services:*** The program provides home health, homemaker, attendant care, respite care, adult day care, transportation, meals, rehabilitation, home modification, adaptive equipment and other services.
- ***Administration:*** Indiana's Family and Social Services Administration's Bureau of Aging and In-Home Services administers the program, which has contracts with the 16 Area Agencies on Aging across the state. The Area Agencies on Aging purchase services from local providers.
- ***Characteristics:*** About four-fifths of the program clients are age 60 and older.
- ***Funding:*** State general revenue is used to finance the $43 million program that served about 10,000 individuals in 1999.

Ohio's *Senior Options Program* began in 1990 as a state-funded demonstration project, *Options for Elders*, in two counties. In 1991, after leadership changes in the state, program funding was no longer available. The program continues to operate in Franklin County, however because of successful local efforts to sustain it.

- ***Services:*** County residents age 60 and older who have difficulties with particular activities of daily living are eligible for a full range of services.
- ***Administration:*** The Franklin County Office on Aging administers the *Senior Options Program* and maintains contracts for services with approximately 60 community-based public, nonprofit and for-profit providers.
- ***Characteristics:*** Some clients are mildly impaired and only require transportation services, whereas others need a variety of services to function in their homes.
- ***Funding:*** County property taxes generate about $15 million annually to provide services for approximately 4,000 residents each month.

Pennsylvania's *OPTIONS Program* provides a wide range of home and community-based services for Pennsylvania residents, primarily those age 60 and older who need assistance at home.

- ***Services:*** A wide range of services are provided.
- ***Administration:*** The program is administered by the Pennsylvania Department of Aging and 52 local Area Agencies on Aging. Home health agencies and other service providers have contracts with the Area Agencies on Aging to provide services. In fiscal year 1999, some 93,000 clients received *OPTIONS* services.
- ***Characteristics:*** In addition to serving older adults, some adults age 18 to 59 with disabilities qualify for services through the *OPTIONS Program.*
- ***Funding:*** The $175 million program is financed by funds from the Pennsylvania state lottery.

State-Funded Programs Show Flexibility in Program Design and Service Delivery

State-funded programs provide access to home and community-based services for people who do not meet the financial or functional eligibility criteria for the Medicaid program. Because the state-funded programs are not governed by federal rules, they have flexibility regarding what services can be offered and therefore, they may provide services that are not available elsewhere. Some of the advantages of state-funded programs are described below.

- ***State-funded programs are not means-tested.*** Generally, the clients have low incomes, but the programs also make services available to individuals with higher incomes. Usually some cost-sharing is required for clients with higher incomes. Administrators report that the typical client for Florida's *Community Care for the Elderly Program* has a low-income, but is not poor. Statistics from Indiana show that 78 percent of *CHOICE* clients had incomes below $15,000 in1997. About 60 percent of clients in Ohio's *Senior Options Program* have monthly incomes below $1,000 and limited assets.

- ***The functional eligibility criteria for state-funded programs are generally more liberal than the criteria used for the Medicaid program.*** To qualify for Indiana's *CHOICE Program*, for example, applicants must demonstrate that they have difficulty with at least two of six specific activities of daily living, or ADLs. But eligibility for Medicaid in Indiana is based on having difficulty with at least three of the six ADLs. The *Senior Options Program* in Ohio requires that individuals have difficulty functioning independently.

- ***The range of available services among programs is broad.*** California's *In-Home Supportive Services Residual Program* pays for the fewest services but, for some clients, supplements services that are not available through the Medicaid program. For example, payments for housecleaning, meal preparation, laundry, grocery shopping, personal care and transportation services are available through the program as are payments to supervise individuals with dementia.

- ***The programs in Florida, Indiana, Ohio and Pennsylvania all offer case management, adult day care, respite care, meals and transportation services.*** Other common services are home health aids, homemaker services and medical supplies and equipment. And an array of other services is available from one or more of the programs. These include housekeeping and chore services; attendant, companion or escort services; information, referral, advocacy and legal services; home repair or home modification; and the provision of emergency response systems, hearing aids or nutritional supplements.

- ***Some programs also allow coverage for "other" services recognizing that new needs and services will be identified.*** In Ohio, for example, services such as home modifications, emergency response equipment, nutritional supplements and medical supplies have been added over the years. Services that are less common but still available through some programs across the country include emergency shelter, adult foster care, skilled nursing services, mental health counseling, social day care, financial counseling and training for informal caregivers. One program administrator noted that more changes are likely as the effect of the baby boomers is felt. A different mix of services may be required to meet baby boomers' needs.

Innovative Approaches to Funding Provide Opportunities to Expand Care

Funds for the programs come from a number of sources. In addition to general revenue, state casino and lottery revenues and money from the tobacco settlement agreements are used to support programs. Locally, funds are generated from city and county taxes and from local charities and foundations.

General Revenue Is Used to Support Most Programs

General revenue is the only source of support for the $43 million *CHOICE Program* in Indiana. In California, about 65 percent of the $428 million for the *In-Home Supportive Services Residual Program* is from state general revenue funds and counties supply about 35 percent of the funds. Florida's *Community Care for the Elderly Program* relies primarily on general funds as well.

The Use of Tobacco Settlement Funds

State general revenue funds have been used since 1980 to support Florida's *Community Care for the Elderly Program*, but about one-fifth of the funding for the program now comes from tobacco settlement funds. An increase of almost $10 million was appropriated by Florida's legislature from the Tobacco Settlement Trust Fund in fiscal years 1999 and 2000 to reduce the number of clients on the waiting list for CCE services. The tobacco settlement money has been used to expand services provided through a well-established and popular program. Funding for the program in fiscal year 2000 will be about $48 million. Other states have also used some of the tobacco settlement money to support specific services such as prescription drug benefits and home care for seniors. Since 1999, some 20 states have allocated tobacco settlement funds for programs related to aging.[3]

Revenue from the State Lottery

The Pennsylvania lottery is the only state lottery in the nation that exclusively targets all of its proceeds to programs for older residents. Thus, Pennsylvania's *OPTIONS Program* receives funding from the lottery. An advantage of this arrangement, noted by one of the program administrators, is that the program has had a continuous and reliable funding stream since it was established, although the level of program funding is not guaranteed. There is a sense, also, that the proposal to dedicate funds from the lottery to programs for the elderly may have played an important part in the 1971 deliberations by the legislature to establish the state lottery. At a time when a number of policy makers were reluctant to approve a lottery because of concerns about bringing gambling to the state, the idea of earmarking the funds generated from the lottery for the purpose of assisting the elderly was appealing to some lawmakers.

Local Property Taxes

Residents of Franklin County, Ohio, passed a five-year Senior Services Levy in 1992 and again in 1997 to support the *Senior Options Program*. The process of securing local tax revenues began in 1991 with a petition filed with the Franklin County Board of Elections to put a property tax levy request on the ballot. The Franklin County Office on Aging and the local Area Agency on Aging spearheaded the labor-intensive grassroots effort. First, it was necessary to educate the community regarding the benefits of the levy. Volunteers of all ages were crucial to the petition process to get the issue on the ballot. Special training sessions were held to ensure all volunteers understood the issues and to instruct them in the signature collection process. Volunteers went door-to-door to hand out materials, educate the community and gather signatures. The success of the petition effort was due in part to timing. The effort took place during a primary election year and volunteers went to poll locations to collect signatures on Election Day. Other community partners contributed to the effort. Civic and service organizations and churches hosted community meetings. Some businesses offered office space and phone lines after hours. Some local merchants let volunteers set up tables to collect signatures.

At least four other counties in Ohio are following the lead of Franklin County and have instituted levies to support community-based care for the elderly. Others are developing levy programs.

Revenue from Cost-Sharing

Each of the five programs requires cost sharing from some clients. An income-based formula is used to determine the amount individuals must contribute to the cost of the services they receive. Only two states, California and Ohio, consider clients' assets in making determinations about cost sharing. Payments for low-income clients are nominal, but they are a source of a small portion of program revenues. For example, in fiscal year 1998, co-pay collections from Florida's *Community Care for the Elderly Program* produced about $1.4 million, close to 3 percent of program costs. Until recently the *OPTIONS Program* in Pennsylvania did not require cost sharing or co-payments. Individuals were asked a series of questions about their financial circumstances as part of the screening process for program eligibility, but were not required to answer the questions. Some counties still do not require co-payments. Others have instituted sliding-fee schedules and some request that clients make contributions for care.

Coordination of Care Maximizes Services and Funding

When state-funded multi-service programs for home and community-based care are established, they are generally one of many programs designed to provide long-term care services for state residents. With the establishment of these programs, states have strong incentives for coordinating long-term care services. From a financial perspective, limited state funds can be stretched if efforts are made to ensure that individuals eligible for Medicaid coverage receive the services through Medicaid, which uses a combination of state and federal funds. In terms of service delivery, the state-funded programs often serve as a point of entry to the long-term care system, providing an opportunity for individuals to learn about and apply for available service options.

Case Managers Help with Service Coordination

Although each operates in a somewhat different fashion, the five state-funded programs all use case managers who are involved with screening applicants, making determinations about service needs and ensuring that funding for the services comes from the most appropriate sources. Case managers are located at local Area Agencies on Aging in three states—Florida, Indiana, and Pennsylvania—and at both the county Office on Aging and the Area Agency on Aging in Ohio. In California, case managers are located in the county welfare offices. Generally, some information is collected during initial telephone inquiries but case managers often make home visits as well.

The criteria and procedures used to make determinations about program eligibility and service needs vary from program to program; however, uniform assessment standards were developed for case managers in each program. Some administrators note that even with uniform criteria for assessment, there is variation in the types of services authorized in different localities.

The California program uses a training video to explain uniform assessment standards. Administrators in Indiana note that the autonomy that case mangers are given *contributed* to the success of the *CHOICE Program* and that comprehensive in-service training in pre-admission screening allows case mangers to *function independently on-site*. Case managers in Indiana also have attended training sessions on cerebral palsy issues, mental health issues for older adults, job development for senior employment, involuntary detention in adult abuse cases and mediation in guardianship cases.

In Indiana, the *CHOICE Program's* comprehensive computer system called Automated Aging Information Management System (AIMS) is a tool for accountability as well as case management. Case managers use laptop computers when they make site visits to make care plans, and information can be transferred electronically among case managers, Area Agencies on Aging and the state agency. The AIMS data also are used to conduct quality improvement reviews and to develop monthly reports on the *CHOICE Program*. Similarly, case managers, called "care managers" in the *Senior Options Program* in Ohio, receive extensive training and use computers to conduct assessments and make referrals. The county office, the care managers and the service providers are all linked electronically to facilitate communication and accountability.

Maximizing Funding Streams

Case managers play an important role in ensuring that that limited resources for long-term care services are used most effectively. For the most part, this entails screening clients for Medicaid eligibility. Home and community-based services are usually covered through Medicaid waiver programs or, in some states, as optional services under the state's Medicaid plan. If clients who are eligible for Medicaid enroll in the program, state funds can be used to provide care for those who do not qualify for Medicaid or to provide services not covered by Medicaid. Examples of how case coordination maximizes the use of available funds can be found below.

- California's *In-Home Supportive Services Program* has been operating since 1973. However, in 1992, the state legislature mandated that the California Department of Health Services submit a Medicaid State Plan Amendment to include a portion of the *IHSS* program as an optional Medicaid service. With this change, the *Personal Care Services Program* was created. Individuals who are not eligible for the *Personal Care Services Program* or who need services not covered by the *Personal Care Services Program* may receive care under the state-funded *Residual Program*. The goal is to make the delivery of services seamless so that the client does not know which program is paying for which services, but behind the scenes the different services are charged to the appropriate federal and state accounts.

- Under Florida's *Community Care for the Elderly Program* all applicants are screened first to determine whether they are eligible for home and community-based services through the Medicaid waiver program. If they are eligible, the *CCE* program helps them enroll in the Medicaid program. Because the paperwork for the waiver program takes time, the *Community Care for the Elderly Program* can also provide individuals with services until they are enrolled in Medicaid. In addition, all *CCE* clients are screened annually for Medicaid waiver eligibility and those who are determined eligible, because their functional or financial circumstances have changed, are transferred to the waiver program.

- According to Indiana's *CHOICE Program,* caseworkers check eligibility for Medicaid waiver programs and other programs that are supported, at least in part by federal funds, but case managers do not discuss funding sources with clients.

- In Pennsylvania, eligibility for the Medicaid waiver program is checked when people apply for the *OPTIONS Program* in Pennsylvania. Generally, more services are available and covered under the waiver program, and the *OPTIONS Program* is used to fill gaps.

Established Programs Began as Demonstration Projects

Administrators agree that one of the keys to establishing a successful program is to start small. This provides an opportunity to develop guidelines and administrative codes and gives administrators a chance to put systems in place and test them.

- In ***Indiana***, for example, there was some uncertainty about whether Area Agencies on Aging were the best agencies to coordinate service delivery for the *CHOICE Program*. A pilot program implemented in three counties in 1989 confirmed that the program structure made sense. In 1992 the program was expanded to all counties. Once systems are in place and program effectiveness has been demonstrated, it is relatively easy to expand services. During the demonstration, some administrators note, one measure of success was the interest from other counties in being able to provide program services for their communities.

- ***Pennsylvania's*** *OPTIONS Program*, built on two smaller programs, was established in 1989. Before that, Area Agencies on Aging across the state were providing services to the elderly who needed some care but did not require nursing home care. In 1985, the Long-Term Assessment Management Program, or LAMP, began as a pilot program in Allegheny County to conduct pre-admission screening for nursing homes and Medicaid waiver programs. The statewide *OPTIONS Program* combined aspects of the two programs.

- ***Ohio's*** situation is somewhat different. The two-county demonstration project, *Options for Elders*, which was initiated in 1990, was not expanded to serve residents across the state. It proved to be so popular in Franklin County, however, that local residents voted to support the *Senior Options Program.* At least four other counties in Ohio now have levies to support similar community-based services for the elderly in need of assistance.

Challenges for State-Funded Programs

The major challenge faced by state-funded long-term care programs for home and community-based services is that they do not have the capacity to meet the demand for services. Additional funding would help programs serve more clients, but to ensure that services will be available, efforts are needed to recruit and retain service providers.

Funding Limitations

When administrators are asked what barriers their programs currently face, they often mention funding shortages. They note that their programs are popular and the need for services is great. Some programs have waiting lists. In Florida and Indiana, for example, thousands of people are on waiting lists. Recently, Florida was able to reduce the waiting list for the *Community Care for the Elderly Program* substantially because funds from the state's tobacco settlement were dedicated to the program. Officials are reassessing potential clients on the waiting list so that services can be targeted to those who are most frail and most economically disadvantaged. Caseworkers in Indiana try to arrange for people on the waiting list to receive some services from local volunteer groups while they *are waiting for CHOICE Program services.*

With limited funding, certain program restrictions may be necessary. In California, for example, the *Residual Program* limits services to 195 hours per person per month. Care plans for clients in Florida's *Community Care for the Elderly Program* must be less costly than nursing home care. The *CHOICE Program* in Indiana has established benchmarks as management tools. Case managers try to keep the cost of care to $561 per month for individuals age 60 and older, but they have the flexibility to develop care plans that cost as much as $1,403 per month. In Pennsylvania, each Area Agency on Aging has a particular number of *OPTIONS Program* slots to fill and guidelines state that the aggregate cost of care for the agency's clients cannot exceed 45 percent of the cost of care in a nursing home.

Labor Shortages

Administrators frequently note that a barrier to providing services is a labor shortage. In Florida, when *Community Care for the Elderly Program* was expanded across the state, an immediate problem was the lack of available services in some areas, particularly rural areas. In some places, for example, there were no home health agencies or providers. Initially, program administrators had to be flexible. Despite the program's mandate to offer certain services, only limited services could be provided in some areas. Over the years as the existence of the program has increased the demand for services, an infrastructure for providing care has developed across the state.

Currently, however, Florida faces another labor shortage problem. There is competition for workers with the tourist industry. In some areas, the program has funds to pay workers, but workers are simply not available and clients are not able to get particular services or the amount of services they need. At the direction of the state legislature, Florida's Agency for Health Care Administration recently convened a task force to make recommendations regarding the recruitment and retention of service providers.

Ohio's *Senior Options* program faces similar problems. Funds for services are available, but workers are not. At least one home care agency in the area has closed because of staffing shortages. The Franklin County Office on Aging in Ohio has conducted surveys of workers to help determine what incentives attract workers. In addition to higher wages, workers are interested in jobs that they feel are valued and that provide opportunities for career advancement.

Administrators in Pennsylvania report that clients still get the services they need but low unemployment rates across the state are causing labor shortages in the home care industry and therefore, some problems with service delivery. For example, sometimes services cannot be provided at the most convenient times. They note that providing home care and personal care are difficult jobs and it is not easy to find and keep employees who are willing to do this type of work particularly at a time when higher-paying or more attractive jobs are available. To address the labor shortage issue, Allegheny County in Pennsylvania has established a minimum hourly wage of $8 for home aides, hoping to attract more workers. *OPTIONS Program* administrators have worked with a consultant on recruitment and retention of employees. They now offer an incentive—a $.10 increase in hourly wages—to current aides who can recruit a friend to work as an aide.

Conclusion

State-funded long-term care programs, allow states to serve more elderly people at home. Although many programs are funded by general revenue, some are funded more creatively. States contemplating the establishment of new programs may want to explore non-traditional funding sources. They will need to consider what steps they can take to recruit and retain workers and how to maximize the use of available funds through case coordination. The expansion in state-funded long-term care programs for home and community-based services demonstrates not only that there is a need for these services, but also that states can respond in a variety of ways.

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[1] Burwell, Brain (2000). *Medicaid Long-Term Care Expenditures in 1999*. The Medstat Group: Cambridge, MA. And Health Care Financing Administration, *National Health Expenditure Tables*.

[2] Kassner, Enid and Loretta Williams (1997). *Taking Care of Their Own: State-funded Home and Community-based Care Programs for Older Persons*. Public Policy Institute, American Association of Retired Persons: Washington, DC.

[3] Center for Social Gerontology, *Tobacco Settlement Funds Daily Updates* National Center for Tobacco-Free Older Persons: Ann Arbor, MI. www.tcsg.org/tobacco/settlement/updates.htm

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