

# Cost, Quality and Access: Providing Long-term Care Services to an Increasingly Elderly and Chronically Ill Population

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State Health Policy

# Session Outline

- Describe how the demand for long-term care (LTC) will change in the future
- Identify the major public and private funding streams that finance LTC
- Discuss State roles in LTC reform and in ensuring quality care in LTC settings
- Analyze the framework for a comprehensive LTC system

# **In a “Bob Hope Lifetime” (100 years), We Have Changed**

- 30 years more of longevity is good, not bad news
- Older adults are a natural resource – maybe our only growing natural resource
- “Vital Aging” includes social connections as well as physical and mental health
- Younger people with disabilities seek inclusion
- The “care” solutions we created over the past 50 years are not what we ourselves desire
- How can State policymakers open their mindsets to true paradigm changes?

# What Is Long-term Care?

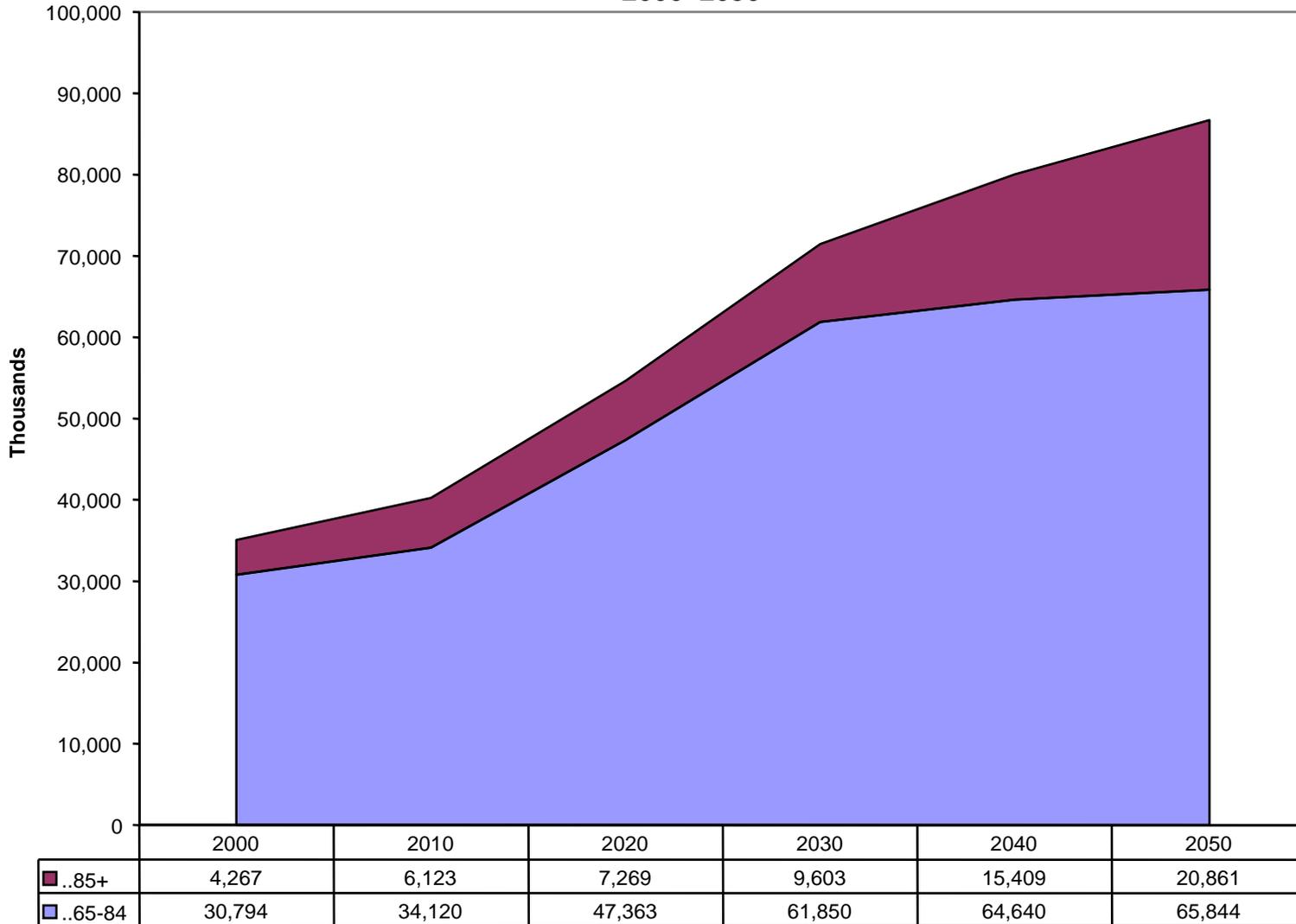
- Long-term care or long-term living?
- Long-term services and supports?
- Debate over terms because LTC includes broad range of personal, social, health services, housing, and supports—not easily blended
- Debate reflects major social trends and paradigm shifts
- Not only frail older adults
- LTC does not equal nursing home care

# Demand for LTC Will Change in the Future

The USA and the world are aging

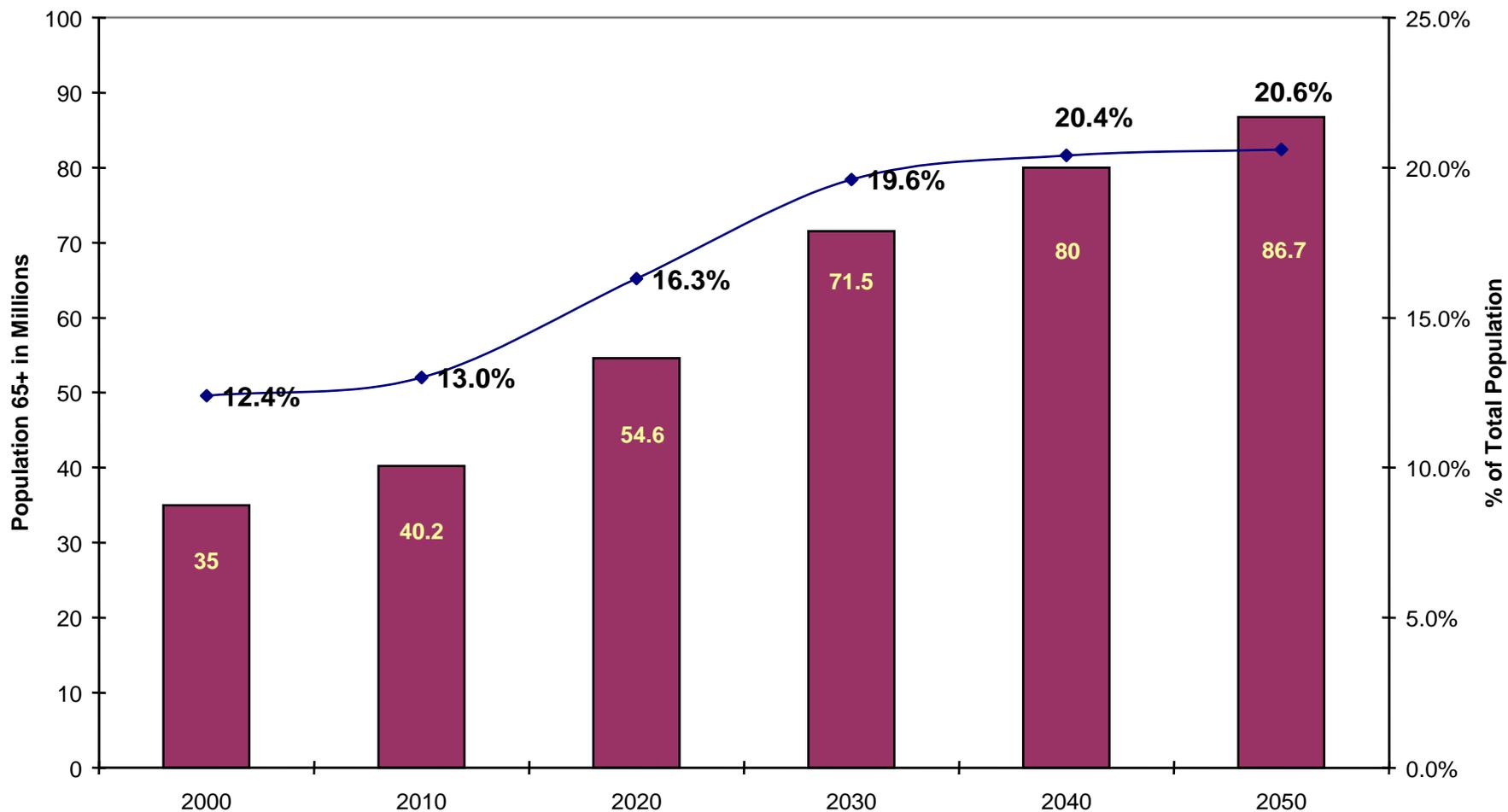
- 9 out of 10 older adults prefer to “age in place” in their communities
- Advocates pushing for home- and community-based care
- States seeking to manage costs to support more people

## Population Projection of Persons Ages 65–84 and Age 85 Years and Older: 2000–2050



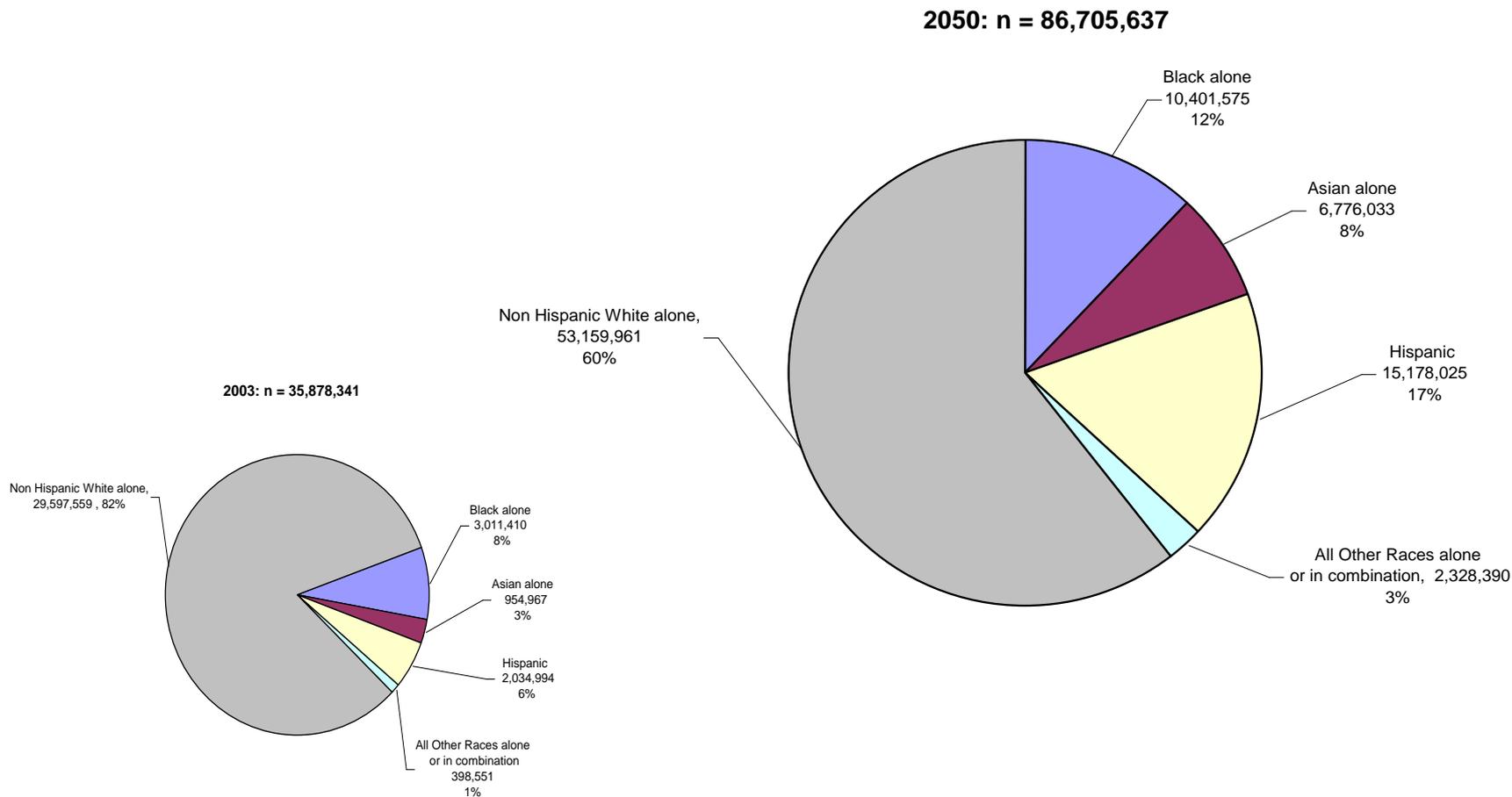
Adapted from U.S. Census Bureau, 2004 "U.S. Interim Projections by Age, Sex, and Internet Release Date: March 18, 2004. Available at <http://www.census.gov/ipc/www/usinterimproj/>.

## Population Projections of U.S. 65+ Population (65+ Population and % of Population)

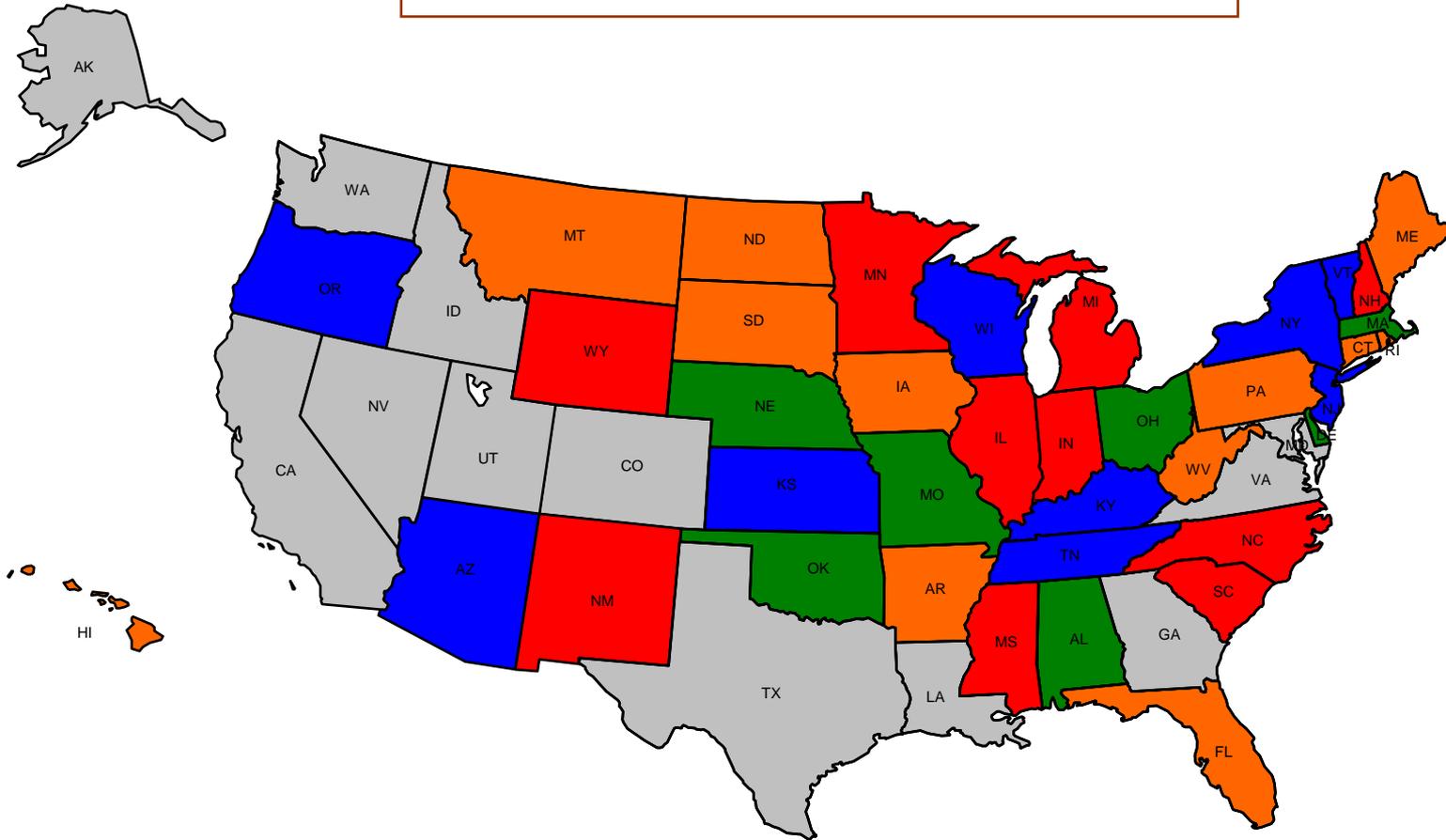


Federal Interagency Forum on Aging Related Statistics. **Older Americans 2004: Key Indicators of Well-Being.**  
Page 68. Available at: [http://www.agingstats.gov/chartbook2004/OA\\_2004.pdf](http://www.agingstats.gov/chartbook2004/OA_2004.pdf) .

# Comparison of Ethnic Composition of the 65 and Older Population for the Years (2003 & 2050)



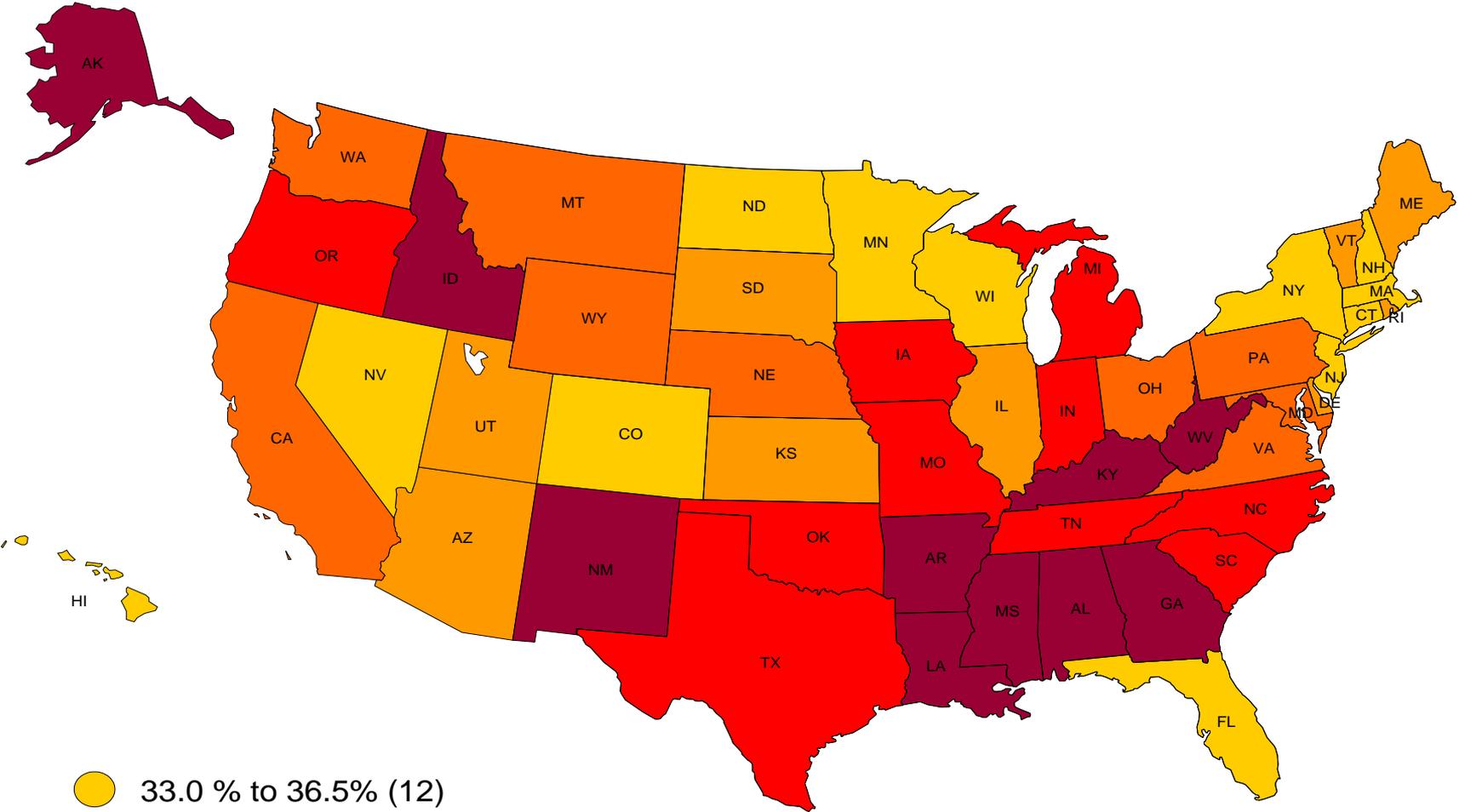
65+ Percent of Total Population for  
50 States based on 2003 Population Estimates



- 13.5% to 17.0% (12)
- 13.1% to 13.4% (7)
- 12.4% to 13.0% (9)
- 11.8% to 12.3% (10)
- 6.2% to 11.7% (12)

Source: US Census Bureau, Census Population Estimates. Table compiled by the U.S. Administration on Aging.

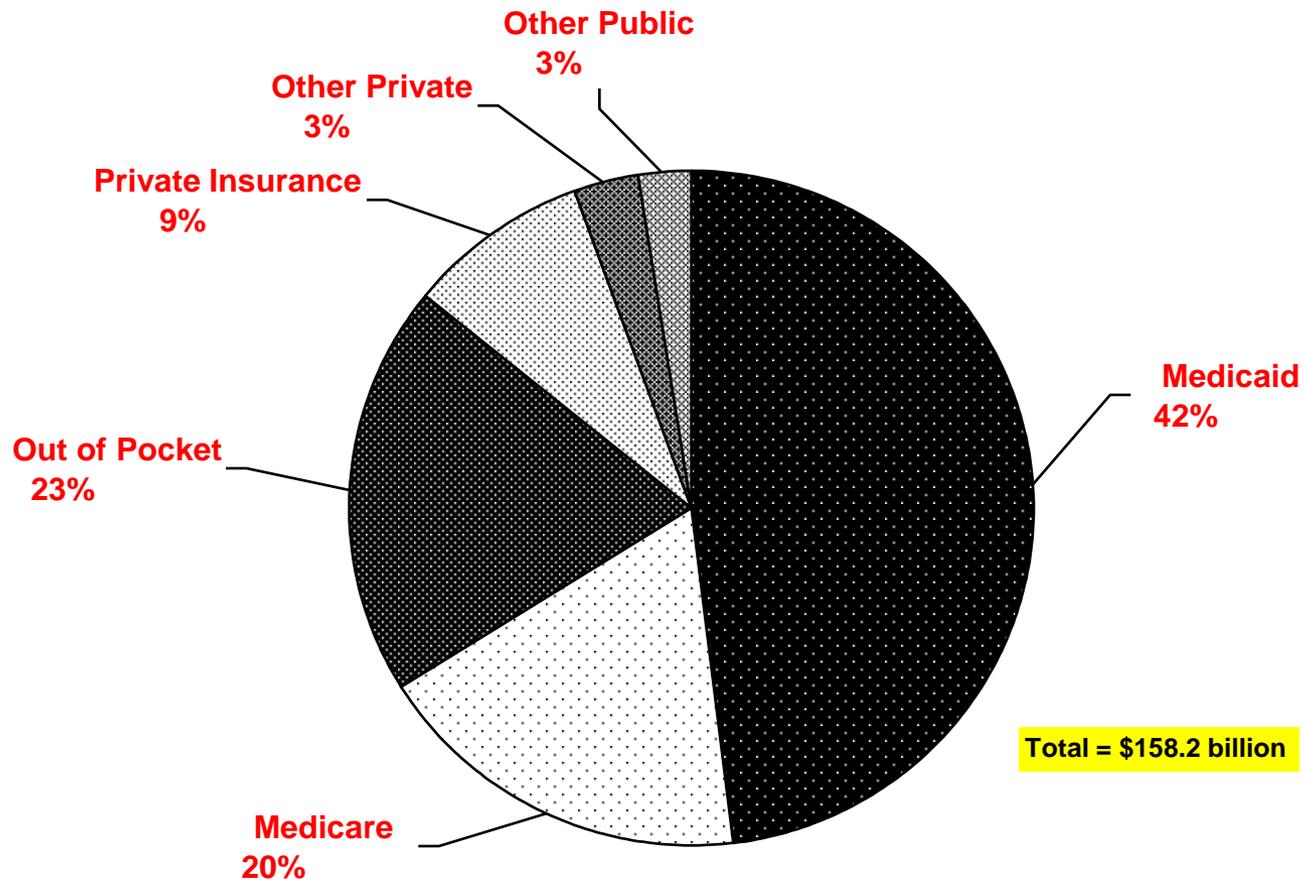
% of 65+ People by State with a Disability  
(sensory, physical mental or emotional condition)



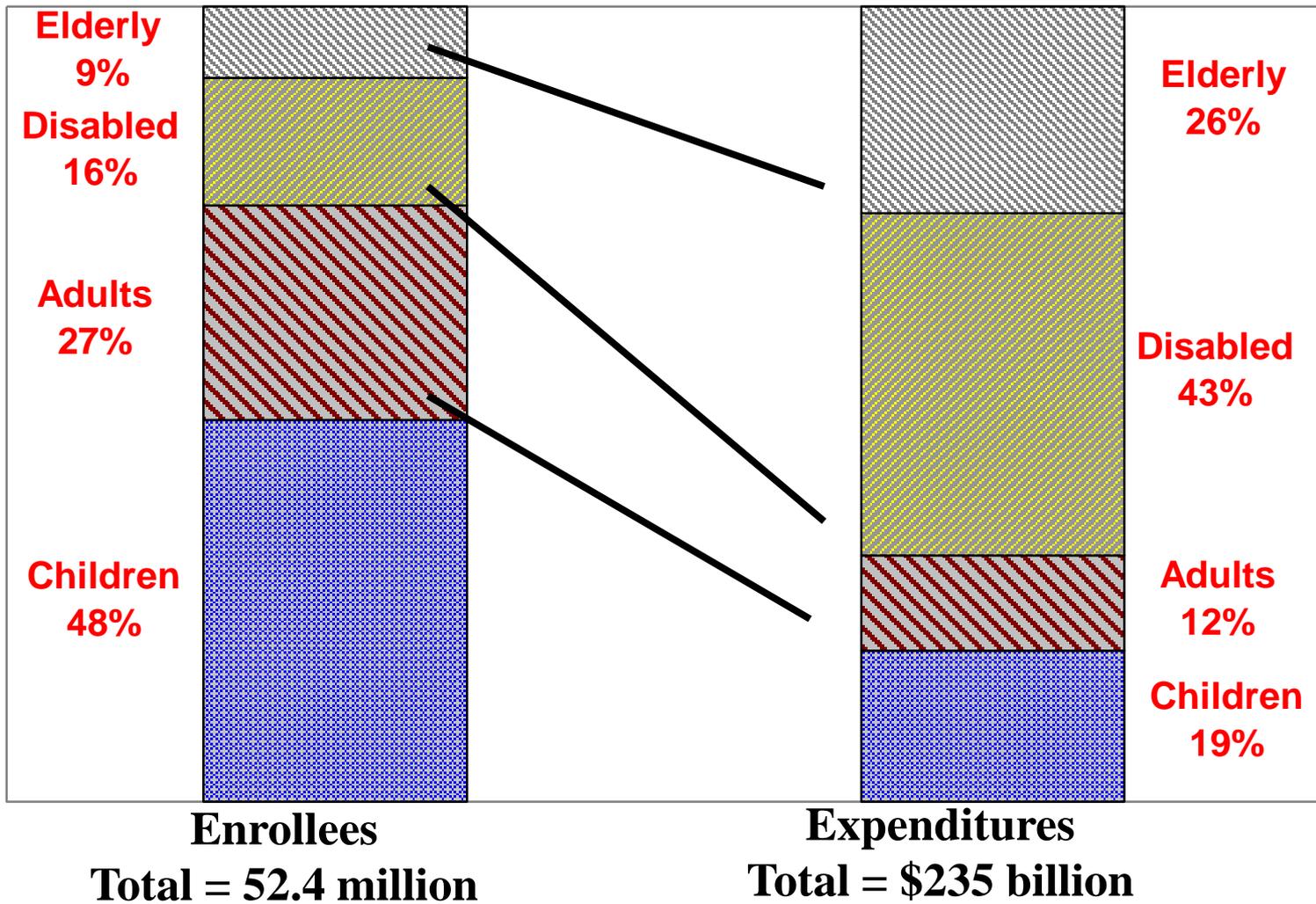
- 33.0 % to 36.5% (12)
- 36.4 % to 38.4% (9)
- 38.5 % to 39.4% (9)
- 39.5 % to 44.4% (10)
- 44.5 % to 52.1% (10)

Source: U.S. Census Bureau. Adapted from Report R1803. Data from 2004 American Community Survey.

## Public and Private Funding Streams for LTC National Spending on LTC, 2004

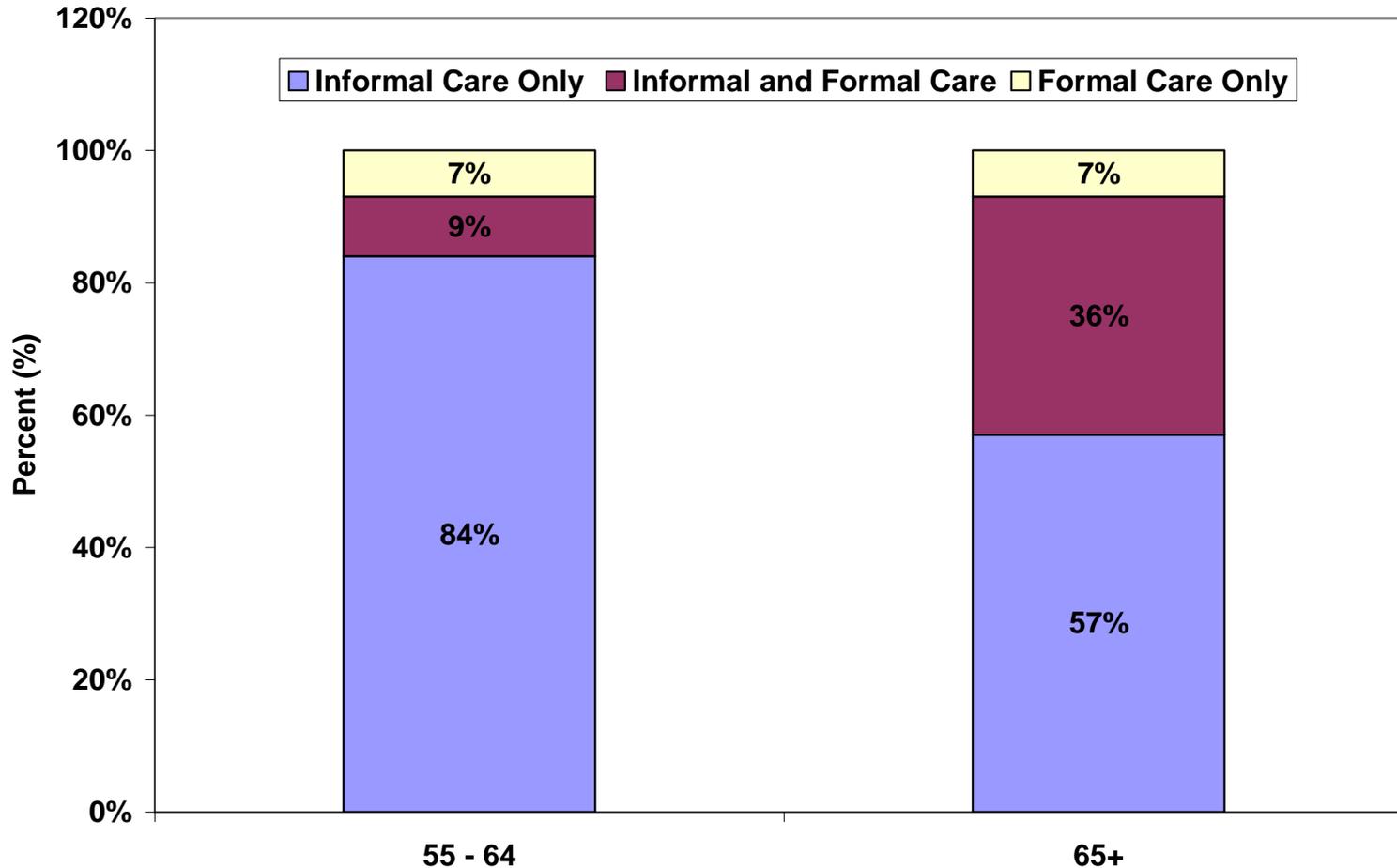


# Medicaid Enrollees and Expenditures by Enrollment Group, 2003



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

# LTC Is a Family Matter

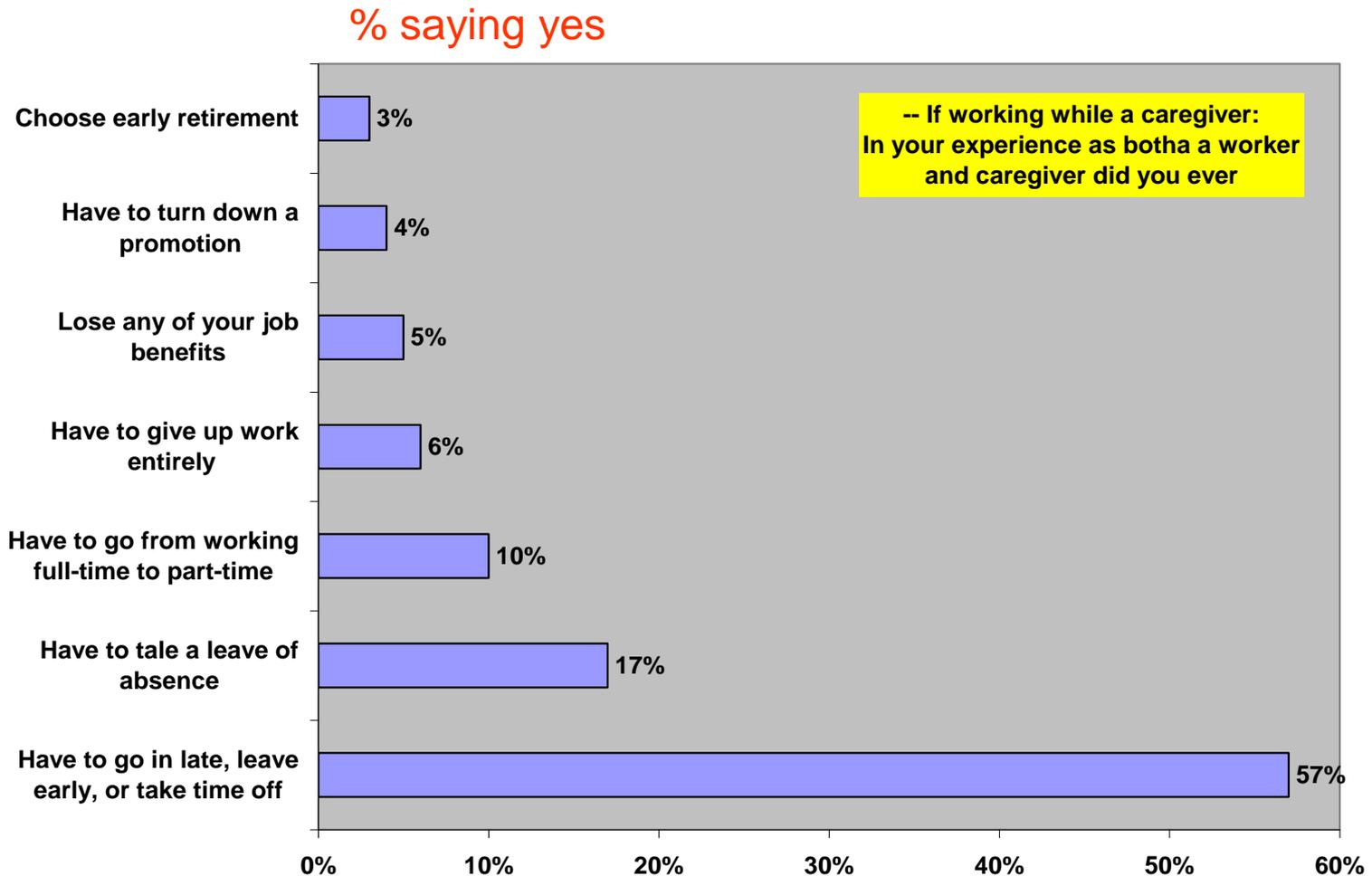


Source: AARP – Beyond 50 2003 A Report to the Nation on Independent Living and Disability. [www.aarp.org](http://www.aarp.org).  
Based on 1994 National Health Interview Survey, National Long Term Care Survey by AARP Public Policy Institute) and the Characteristics of Long-term Care Uses by AHRQ.

# Family Caregivers

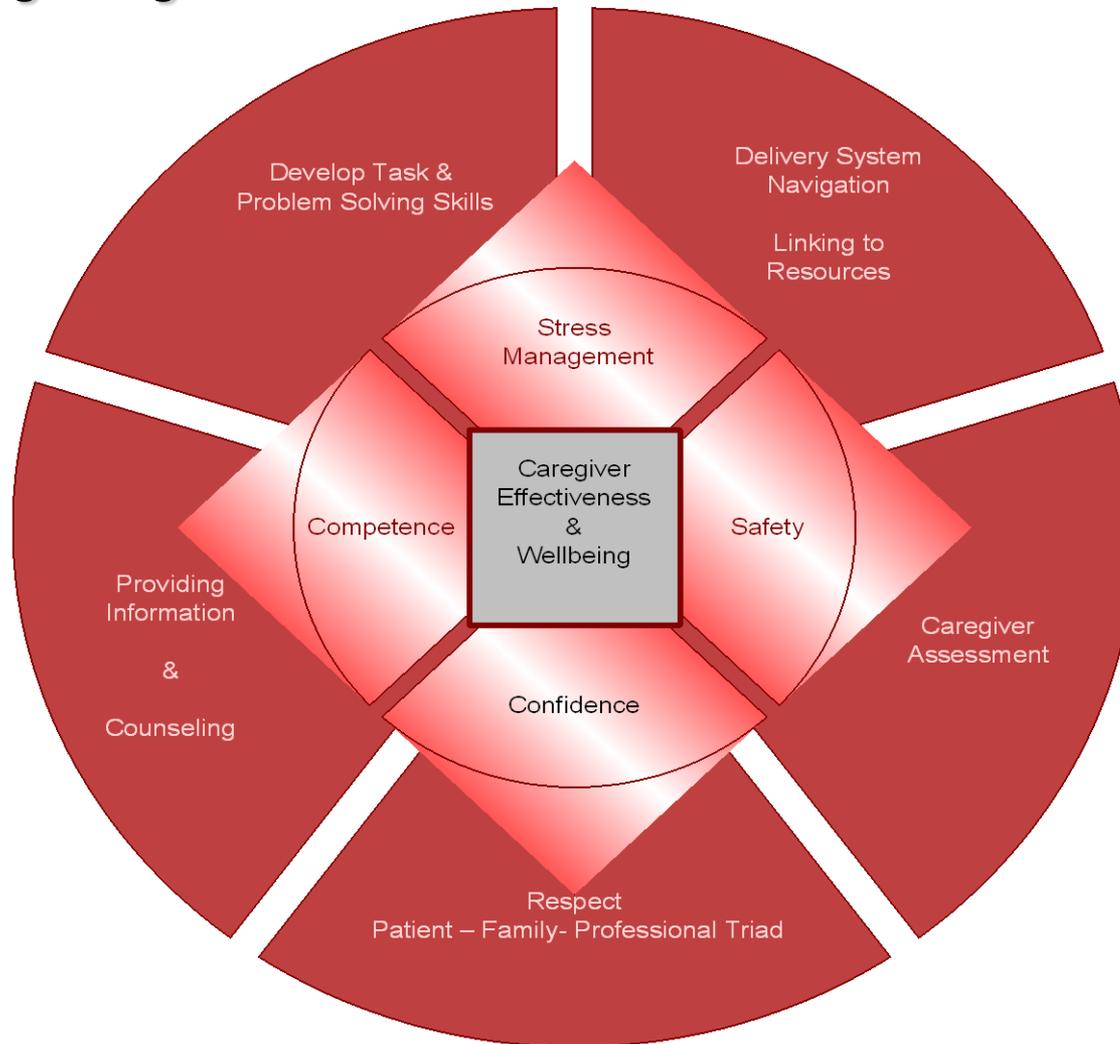
- 80% of LTC is provided by informal caregivers: family and friends – 59+% women; average age, 43
- Most caregivers are employed
- Value of informal caregiving \$257 billion annually
- Lost productivity to U.S. business: \$11–29 billion each year

# Observations on Impact of Caregiving on Work



Source: Hunt, G., Ginzler, E., & Barrett, L. (2004). Caregiving in the U.S. National Alliance for Caregiving and AARP.  
Retrieved June 9, 2006, from National Alliance for Caregiving Web site: [www.caregiving.org](http://www.caregiving.org)

# Constellation of Goals and Approaches of Maximizing Caregiver Effectiveness and Minimizing Caregiver Stress



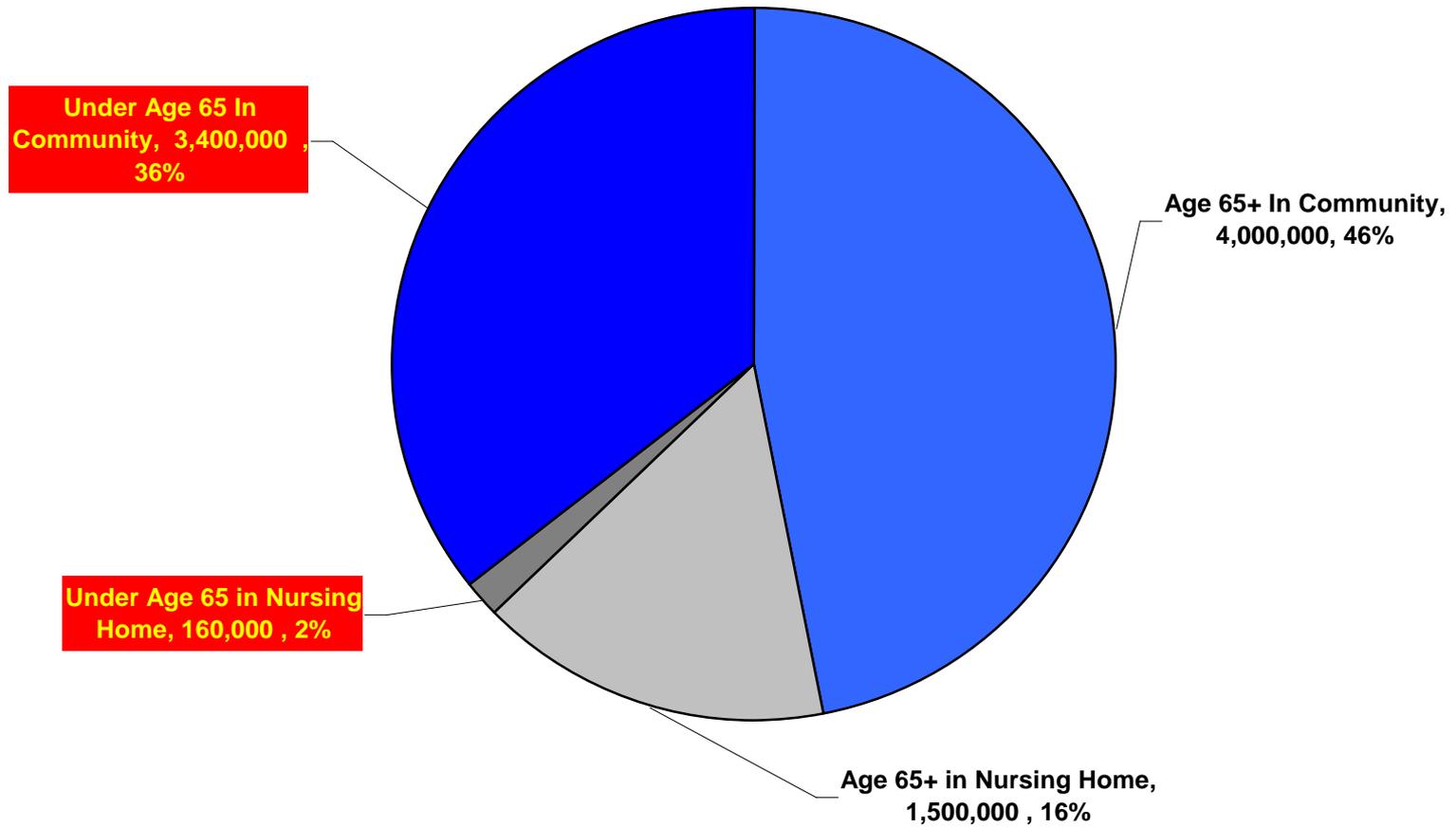
Source: Adapted from Reinhard, S., Given, B., Petlick, N., & Bemis, A. (2006, April). "Supporting Family Caregivers in Providing Care."

# Current “System” of LTC

- Care organized in past 50 years: “Medical Model” and “provider centered”....
- Challenged to become “person centered,” “consultative,” and “community based”....
- Data, financing, and policy are organized by LTC setting and provider constituencies

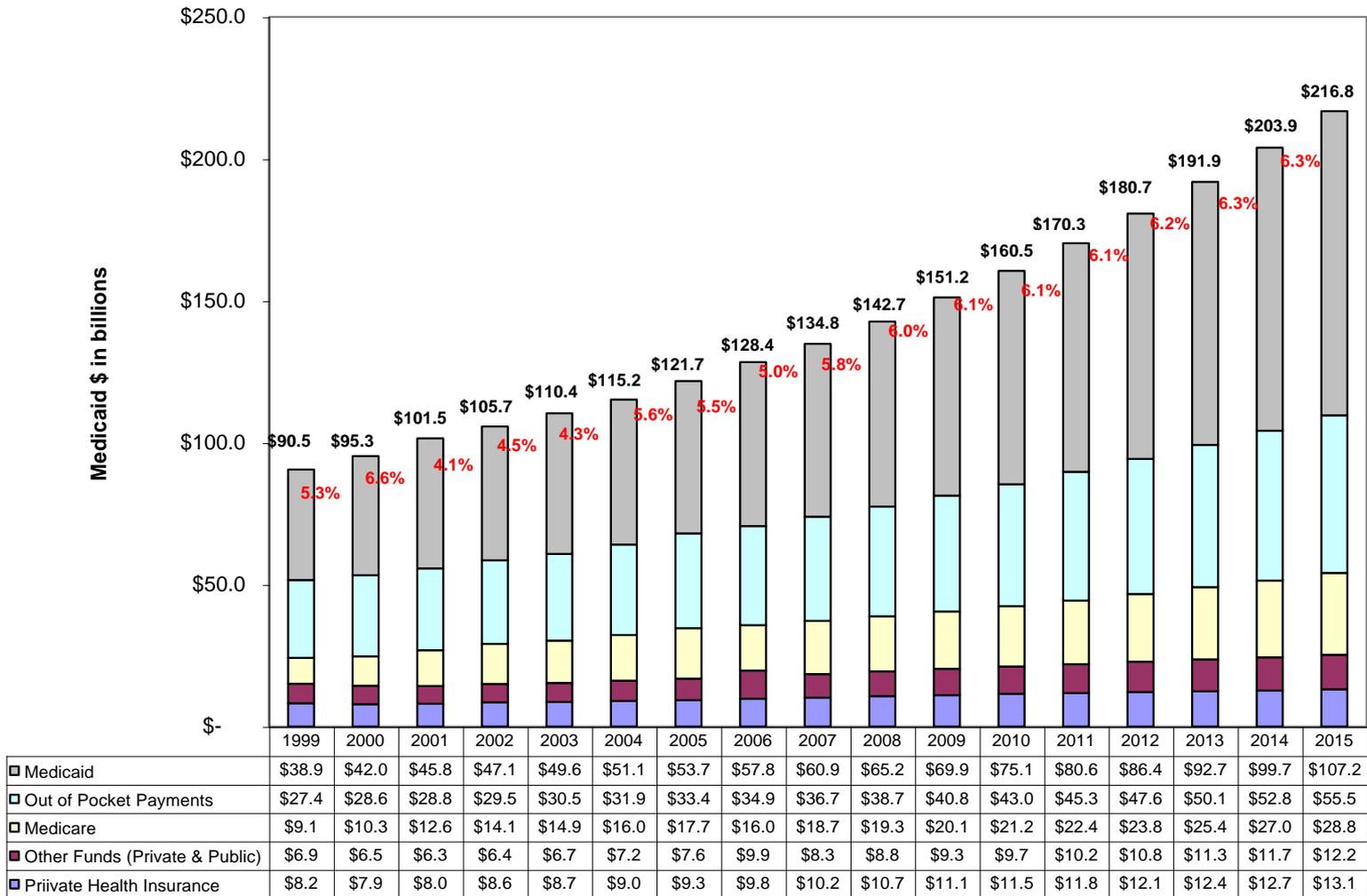
## People With Long Term Care Needs -- 2000

Total \_ 9.5 Million



Source: O'Brien. (2005) Long Term Care Understanding Medicaid's Role for the Elderly and Disabled

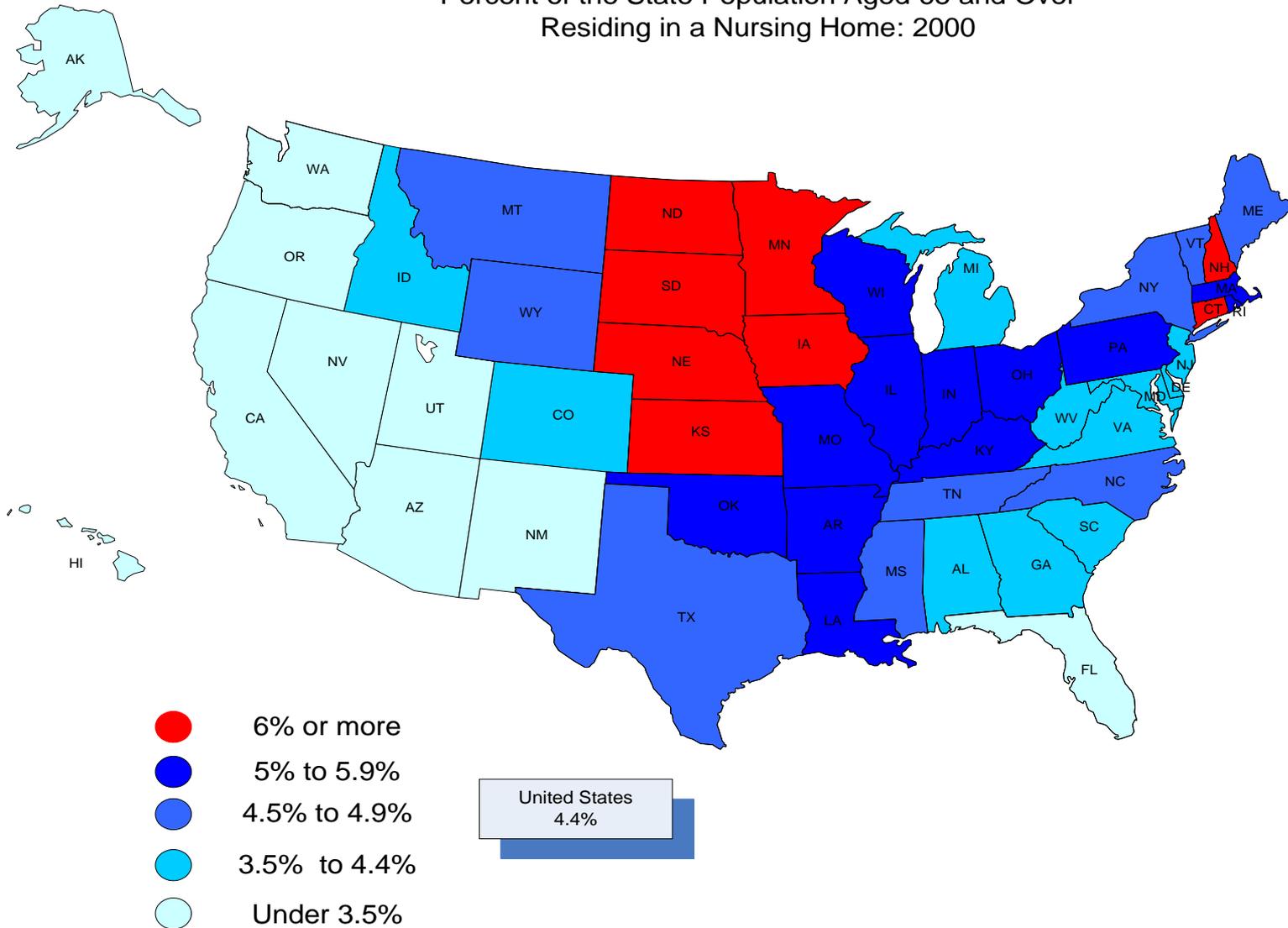
# Nursing Home Care Expenditures by Payment Source: (1999–2015)



Source: CMS' Office of the Actuary, National Health Care Expenditures Projections 2005–2015, Table 13 Nursing Home Care Expenditures, Selected Calendar Years 1999 to 2015.

Retrieved April 19, 2006, from CMS Web site: <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/proj2005.pdf>

## Percent of the State Population Aged 65 and Over Residing in a Nursing Home: 2000



Source: Adapted from 2000 U.S. Census Bureau, Table P12 and Census 2000 Nursing Home Highlights found in 65+ in the United States, 2005, page 163

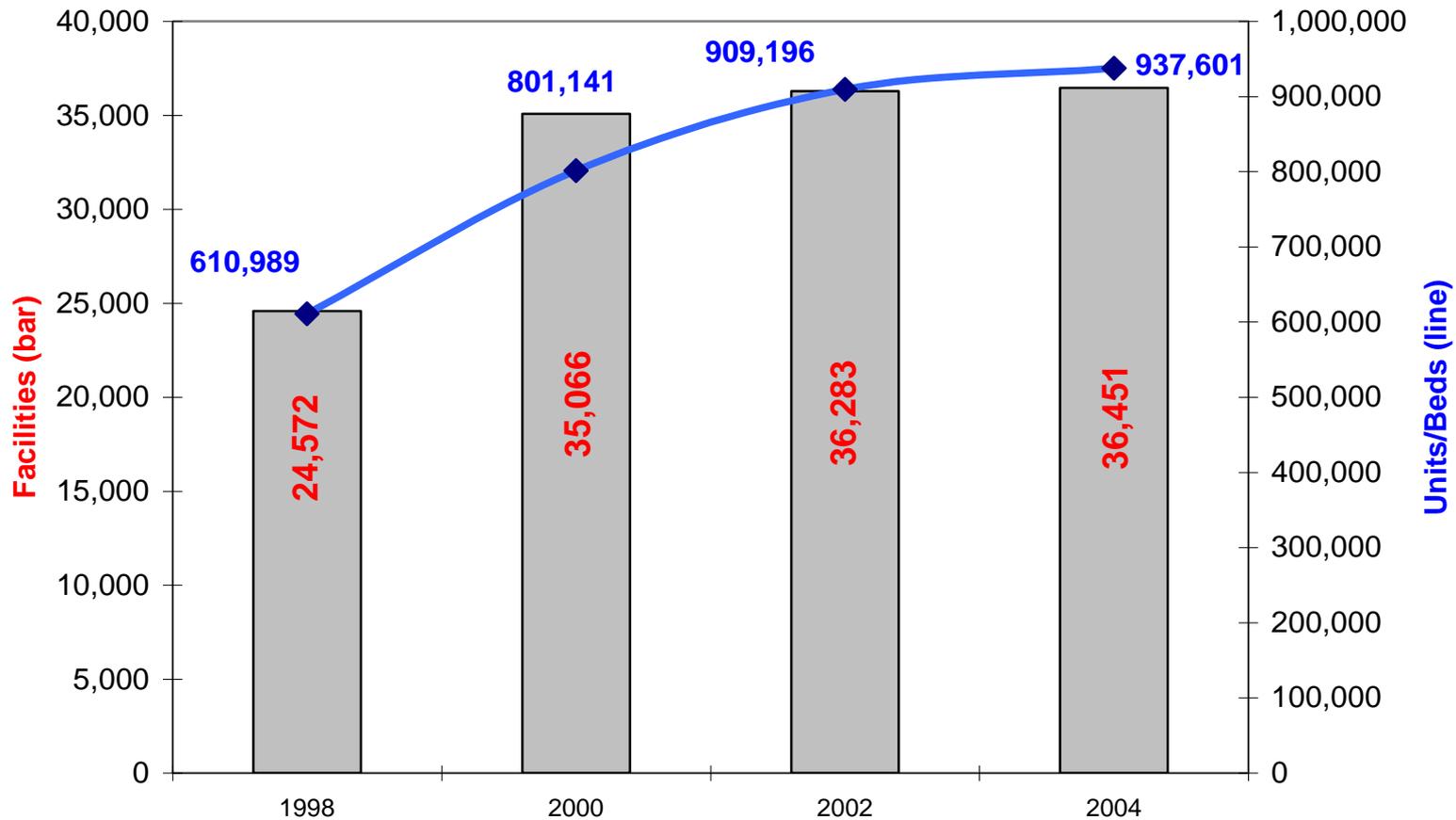
# Most People in Nursing Homes Need to Be There?

- Often hear: “People in nursing homes today are too frail to live in the community. Only a few of them can really leave.”
- Research: For every person in a nursing home who needs assistance with three or more activities of daily living, there are 1.83 people living in the community who have the same level of disability.

# Assisted Living

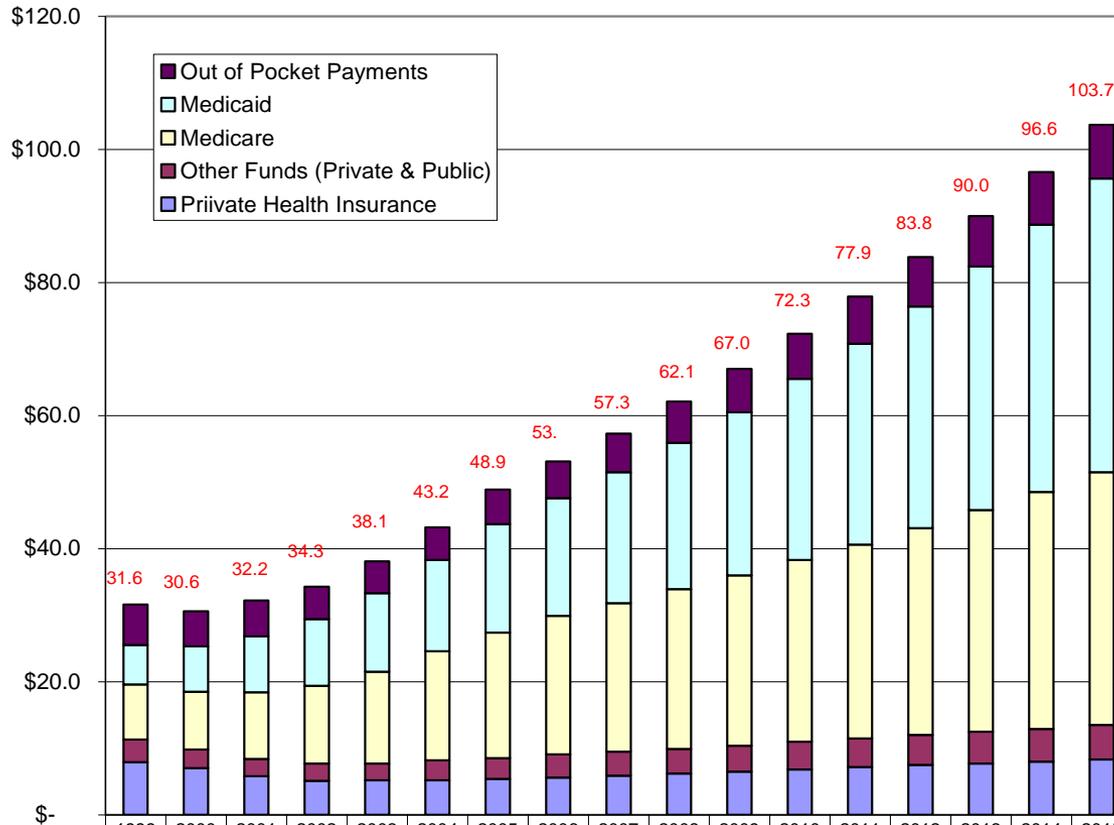
- Fastest growing senior housing
- State and facility definition/regs vary
- Quality oversight left to States
- Medication administration an issue
  - Polypharmacy
  - State policies
- Few available to moderate/low income
- Medicaid support for ALFs increasing
- Aging in place?

# Assisted Living Facilities (ALF) and Beds/Units 1998–2004



Source: Mollica, 2005

# Home Health Care Expenditures 1999–2015



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Out of Pocket Payments	\$6.1	\$5.3	\$5.4	\$4.9	\$4.8	\$4.9	\$5.2	\$5.5	\$5.8	\$6.2	\$6.5	\$6.8	\$7.1	\$7.4	\$7.6	\$7.9	\$8.1
Medicaid	\$5.9	\$6.8	\$8.4	\$10.0	\$11.8	\$13.7	\$16.3	\$17.7	\$19.7	\$22.0	\$24.5	\$27.2	\$30.2	\$33.3	\$36.6	\$40.2	\$44.1
Medicare	\$8.3	\$8.7	\$10.0	\$11.7	\$13.8	\$16.4	\$18.9	\$20.8	\$22.3	\$24.0	\$25.6	\$27.3	\$29.1	\$31.1	\$33.3	\$35.6	\$38.0
Other Funds (Private & Public)	\$3.4	\$2.8	\$2.6	\$2.6	\$2.5	\$3.0	\$3.1	\$3.5	\$3.6	\$3.7	\$3.9	\$4.2	\$4.3	\$4.5	\$4.8	\$4.9	\$5.2
Private Health Insurance	\$7.9	\$7.0	\$5.8	\$5.1	\$5.2	\$5.2	\$5.4	\$5.6	\$5.9	\$6.2	\$6.5	\$6.8	\$7.2	\$7.5	\$7.7	\$8.0	\$8.3

\$ in Billions

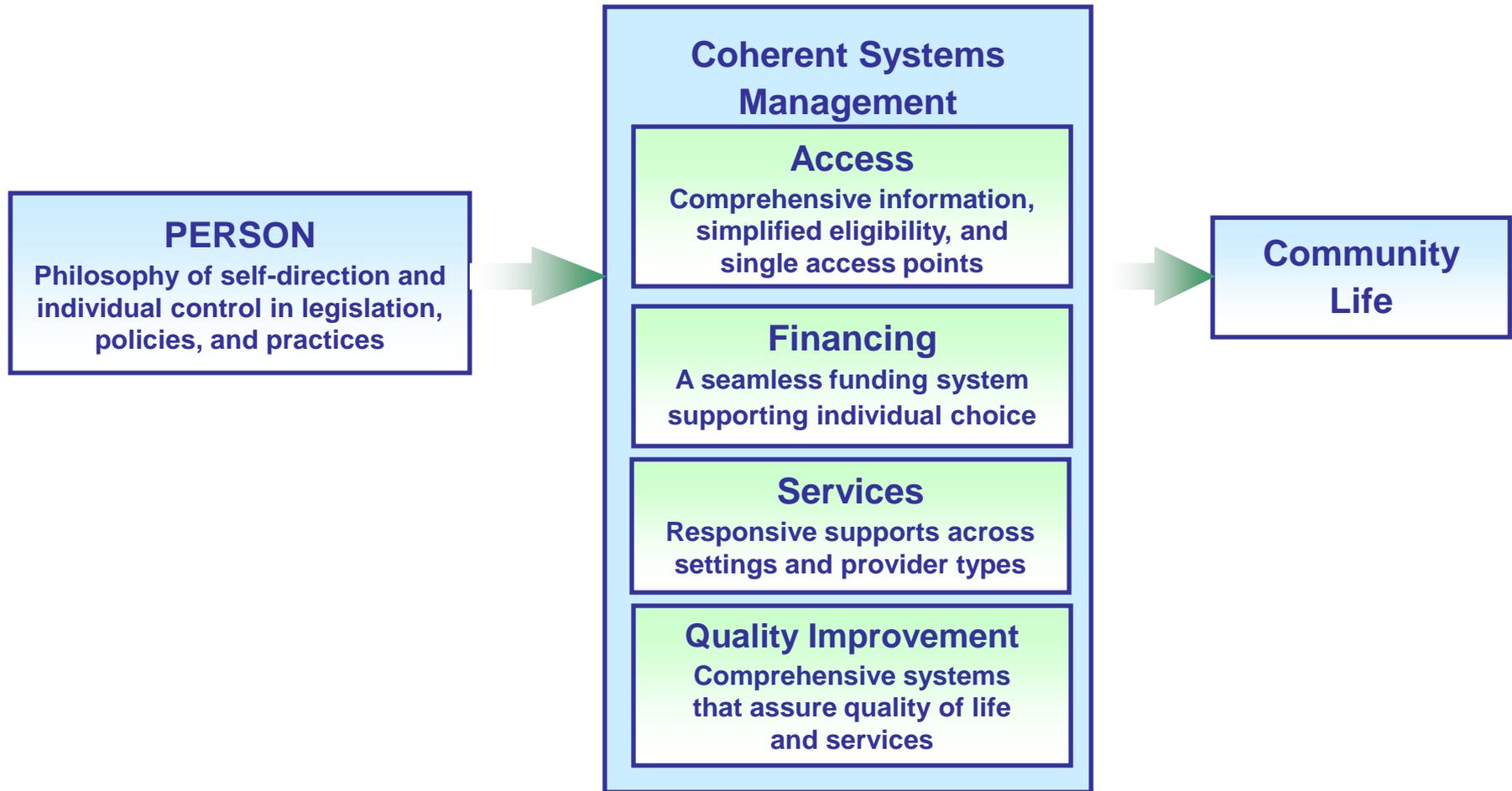
# Drivers of Change

- Federal policy is promoting community living for all – Americans with Disabilities Act, Olmstead Decision, New Freedom Initiative
- For the first time ever, the Centers for Medicare & Medicaid Services (CMS) and the Administration on Aging (AOA) are partnering...

# CMS Investment

- Since 2001, CMS has awarded 306 Real Choices grants
- Vast majority of these grants were for small amounts, but total is \$237 million to 50 States, Guam, Northern Mariana Islands, and DC
- Many different types of grants

# Agenda for Change: Key Building Blocks for Reform



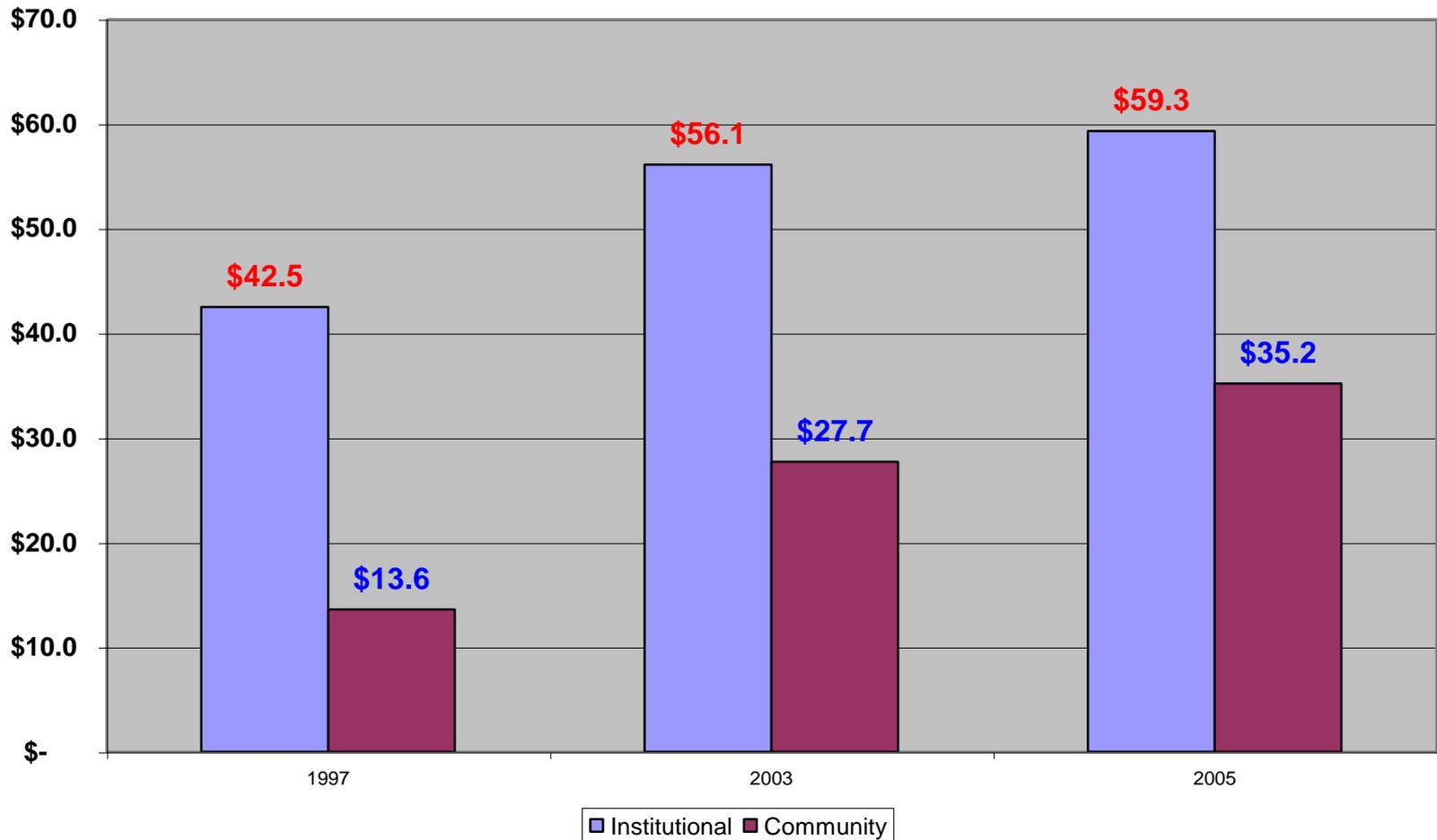
# State Roles in LTC Reform

- Financing LTC and balancing public dollars spent
- Creating more options
- Informing people about their options and financing facts
- Examining the “critical pathways” to premature or unwanted institutionalization and pathways back out
- Supporting consumer direction
- Assessing and supporting family caregivers
- Addressing workforce
- Addressing quality across settings

# Balancing LTC

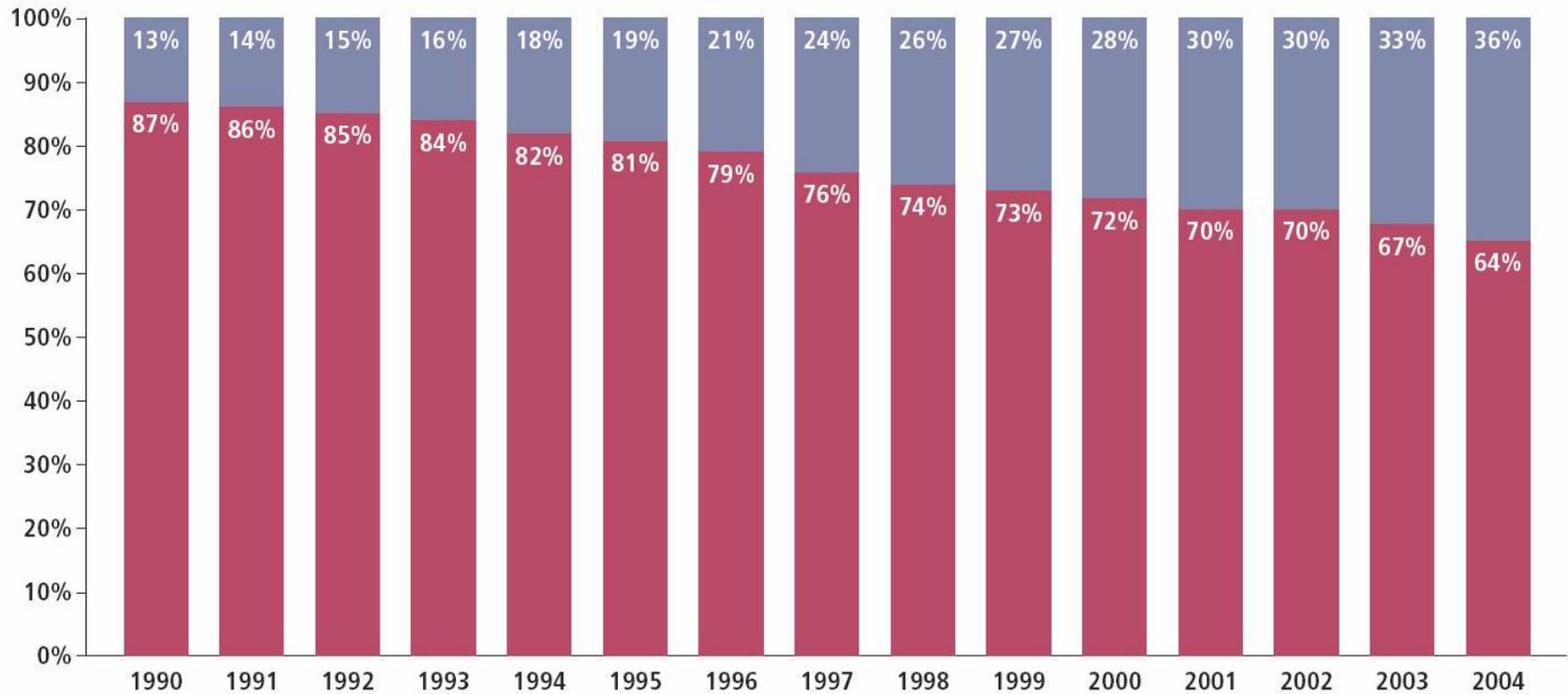
- Rebalancing (or Balancing) = reduced reliance on institutional options, increased community options
- Money Follows the Person = financing for services and supports moves with the person to the most appropriate and preferred setting
  - Global budgeting
  - Texas MFP
  - \$1.75 billion CMS demonstration starting

## Spending balance (billions)



Source: Burwell, B., Sredl, K., & Eiken, S. (2006, July). Medicaid Long Term Care Expenditures FY 2005

## Percentage Distribution of Medicaid Long-Term Care Expenditures by Community-Based Services and Institutional Care, 2004



Sources: Burwell, 2005



# Hallmarks of a Comprehensive LTC System

- Philosophy of care
- One State organization responsible for all functions
- Access to multiple funding sources
- Single appropriation for Medicaid LTC services
- Streamlined functional and financial eligibility
- Comprehensive entry points
- Standardized assessment tool

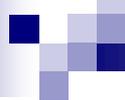
Mollica & Reinhard, 2005

# Hallmarks of a Comprehensive LTC System (cont'd)

- Full array of in-home, residential, and institutional services
- Information and assistance
- Consumer directed services
- Care coordinators assigned to NH to assist with relocation
- Quality assurance and Improvement system
- Integration of health and LTC services

# Support Consumer Direction

- Permits person to arrange own care; spend as sees fit, allows hiring family
- RWJ/CMS cash and counseling and ASPE research
- Programs with high percentage of older adults show they like having control over services, schedules, and worker selection
- California serves 200,000 people and 77% are more than 65 years

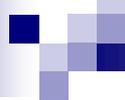


# Support Informal Caregivers

- Permit payment to informal caregivers through consumer-directed programs
- Include family assessments
- Provide options for respite care
- Education, training, support groups
- Tax credits
- Encourage employer involvement

# Addressing Quality

- CMS Quality Framework for HCBS
- Information systems need improvements
- NH culture change and workforce innovations through use of civil monetary penalty funds
- Issues for State policymakers:
  - Nurse staffing levels in NH
  - Medicaid payment rates
  - Provider reactions to MFP efforts

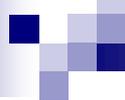


# Addressing Workforce

- Develop new worker pools including older adults and family members
- Improve wages and benefits
- Develop career ladders
- Increase and improve training requirements
- State nurse practice acts

# Educate Boomers About LTC and Financing Facts

- Boomers need to plan for future
- “The Costs of LTC: Public Perceptions vs. Reality” – AARP survey
  - Underestimate costs
  - Hold false beliefs
    - 50% believe Medicare covers LTC
    - Think their insurance covers LTC
- Denial about need for LTC is almost universal



# Contact Information

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