On the Verge:
The Transformation of Long-Term Services and Supports
Research Methodology

E-Survey to 50 states, DC, and 4 territories

| Medicaid Agencies and State Units on Aging | Targeted programs for aged and physically disabled |

Follow up telephone interviews

Response: 48 states and DC

| 22 from both Medicaid and State Unit on Aging Agencies | 23 State Units on Aging only | 3 Medicaid only |
## Primary Findings

| State LTSS Transformations | • States on the verge of transforming the financing and delivery of LTSS  
|                           | • Many plan to or have implemented Medicaid Managed LTSS |
| Budget Cuts and Increased Demand | • States using administrative tools at their disposal to curtail expenditures  
|                              | • Increased demand due to economic downturn |
| Staffing Changes and Reductions | • With 26 new governors in office in 2011, record number of new state officials  
|                               | • Staff reductions top the list of savings strategies for aging and disability agencies |
| Uncertainty of The Affordable Care Act (ACA) | • Litigation pending before the U.S. Supreme Court  
|                                                | • Many states are reluctant to commit to ACA programs |
Budget Context

States Continue to Struggle through Tough Economy
Recession Remains a Significant Factor

Major General Fund revenue sources (PI, Corp, and Property Tax) below pre-recession levels for most states

- 28 states still project 2012 tax revenues below 2007 pre-recession levels
- 22 states are now projecting collections above 2007 levels

While revenues are down, states must contend with increasing service demand
Percent Change in State Tax Revenue
2007 (actual) to 2012 (projected)
Personal Income, Corporate, and Property Taxes

Source: HMA analysis of data from National Association of State Budget Officers (NASBO), Spring Fiscal Survey of States, 2007-2010 reports, and Fall 2011 Report for 2012 Notes: 2012 figures are enacted. For Illinois, this map uses projected revenue from NASBO’s 2006 report because 2007 data was not available.
Medicaid

Impact of the Recession on Medicaid Funded LTSS
States are Transforming LTSS Delivery and Finance

Increased interest in Medicaid Managed LTSS

- 12 states with existing programs
- 11 states plans to implement in 2012 or 2013
- Half plan to implement statewide
- About 2/3 have or will require mandatory enrollment – but half of these will allow an opt out

Increased focus on Dual Eligible service integration

- At least 28 states report efforts to integrate Medicare and Medicaid services for “duals”

Plans for HCBS Waivers Consolidation

- 15 states considering for administrative and programmatic simplification
U.S. Medicaid Enrollment Increases in Economic Downturns

Aged and Disabled *enrollment* largely unaffected by economic fluctuations, but….

Enrollment increase in other groups creates fiscal stress may prompt states to curtail LTSS optional services

Enrollment increases likely contribute to LTSS policy decisions
U.S. Medicaid Enrollment Growth Shows Signs of Slowing

Loss of Federal ARRA FMAP Results in 24% Increase in FY 2012 State Medicaid Funding

Annual Growth in Total and State Medicaid Spending, 2000-2012

New Hampshire released a request for proposal (RFP) in October 2011, after the survey was completed. Although the state did not indicate plans to implement an MMLTSS program on the survey, the RFP includes the nondual aged and disabled as a mandatory population in its managed care program, and dual eligibles as a voluntary population for July 1, 2012. The state is also seeking a waiver to include dual eligibles as a mandatory group in managed care.
Most states have or plan statewide implementation

Geographic Area of Medicaid Managed LTSS Programs
n = 23

Existing MMLTC Programs

- Statewide: 6
- Limited geographic area: 5
- Pilot program only: 1
- Undecided: 0

Planned MMLTC Programs

- Statewide: 5
- Limited geographic area: 2
- Pilot program only: 0
- Undecided: 4
Enrollment Requirements

• Most states have either voluntary enrollment or mandatory with opt out option

• However, 6 require enrollment with no opt out

Note: One state is represented in data for both Mandatory with an opt out, and Voluntary opt in.
Indication of strong interest to integrate MMLTSS programs for people enrolled in Medicare and Medicaid (“Duals”)

Integration for People Enrolled in Medicare and Medicaid in MMLTSS
n = 23

- Program currently integrates both: 45.5%
- State plans to integrate both: 22.7%
- No integration currently or planned: 22.7%
- Under consideration: 9.1%
Most states increased HCBS waiver expenditures in 2011

Percentage Range of Increases in HCBS Expenditures 2010 to 2011

- Less than 5%: 10 states
- 5%-8%: 6 states
- 8%-15%: 9 states
- More than 15%: 2 states
Most states increased the number of individuals served through HCBS waivers…
....while Medicaid nursing facility census is expected to decrease or remain static.

States Reporting Nursing Facility Census Change:
FY 2011 to FY 2012
n=37

Number of States

- Increase: 5
- Stay the Same: 15
- Decrease: 17
Aging and Disability Programs

Impact of the Recession on non-Medicaid Funded LTSS
Reductions in non-Medicaid State Aging and Disability Agency Budgets, SFY 09 - 12

SFY 2012 Non-Medicaid State Aging and Disability Agency Budget Actions
Current and Planned Savings Strategies, SFY 11 –12

Percent of States

- Eliminated services
- Used regional delivery systems
- Adjusted eligibility/limited enrollment
- Delayed implementation of new programs
- Limited services
- Formed new partnerships
- Froze or reduced provider rates
- Reduced state’s allotment to Area Agencies
- Other
- Staff reductions

2011

2012

Programs with Increased Service Demands, SFY 2011

- Information and Referral
- Aging and Disability Resource Center
- Respite
- Transportation
- Home-Delivered Meals
- Adult Protective Services
- Long Term Care Ombudsman
- Family Caregiver Support
- Alzheimer's Support Program
- Personal Care/Assistance
- Case Management
- State Health Insurance Assistance Program (SHIP)
- Homemaker
- Legal Assistance Development
- Community Transition from Nursing Homes
- Adult Day Services
- Senior Centers
- Chore
- SCSEP
- Elder Abuse Prevention
- Supplemental Nutritional Assistance Program (SNAP)
- Home health care
- Disease Prevention/Health Promotion
- Congregate Meals
- Senior Medicare Patrol
- Senior Farmers' Market Nutrition Program (SFMNP)
- Kinship Care
- Environmental Modifications
- Emergency response systems
- Assisted Living
- Low-Income Home Energy Assistance Program (LIHEAP)
- Housing Assistance
- Traumatic Brain Injury Program

Number of States
Decreased Service Expenditures for Non-Medicaid Programs, SFY 10-11 and SFY 11-12
Affordable Care Act

Many states report uncertainty about pursuing provisions within the Affordable Care Act due to pending litigation in the U.S. Supreme Court and lack of final federal guidance on implementation.
Indications of Intent to Pursue Selected Affordable Care Act Options

- Balancing Incentive Payments Program: 21 states definitely plan to implement, 6 under consideration, 6 don't know, 6 definitely plan not to pursue.
- Section 1915(i) State Plan Option: 22 states definitely plan to implement, 7 under consideration, 6 don't know, 6 definitely plan not to pursue.
- Community First Choice Option: 18 states definitely plan to implement, 8 under consideration, 6 don't know, 6 definitely plan not to pursue.
- Health Home State Plan Option: 14 states definitely plan to implement, 16 under consideration, 10 don't know, 8 definitely plan not to pursue.
State Outlook

What to expect in 2012
State LTSS Priorities

No change    Scaling back of services has become a priority    Expanding services is not a priority    Developing HCBS is more of a priority    Creative use of technology is more of a priority    Maintaining current service levels is now a priority

Number of States

2010: Blue, 2011: Red
Conclusion

LTSS Transformations

• The sluggish economy and increased demand for publicly-funded LTSS are putting pressure on state policymakers to redefine the way LTSS are financed and delivered.

State Officials

• Many state officials are new to their jobs and many state agencies have less staff due to staff reductions.

Reforms

• Many service delivery system changes are still unfolding. The next few years will be critical as we go from policy and demonstrations to full implementation.