

At the Crossroads: Providing Long-Term Services and Supports at a Time of High Demand and Fiscal Constraint

Diana Scully
Eunhee (Grace) Cho
John Michael Hall
Kelsey Walter
 National Association of States
 United for Aging and Disabilities

Jenna Walls
 Health Management Associates

Wendy Fox-Grage
Kathleen Ujvari
 AARP Public Policy Institute

Tight fiscal budgets and increasing demand for publicly funded long-term services and supports (LTSS) are putting pressure on states to transform their systems of care for older people and adults with disabilities. Many states are beginning to implement Affordable Care Act LTSS options that increase access to Medicaid home and community-based services, but non-Medicaid aging and disability funding has either decreased or remained flat in most states.

The third annual survey of state long-term services and supports (LTSS) systems, conducted in the fall of 2012, highlights transformations and reforms under way in LTSS and identifies emerging trends. Forty-nine states and the District of Columbia responded to the survey by the AARP Public Policy Institute, the National Association of States United for Aging and Disabilities (NASUAD), and Health Management Associates (HMA).

The survey shows LTSS at the crossroads. States are working to transform their LTSS systems to provide these services to vulnerable populations. In the process, they are facing conflicting pressures:

- State finances are strained by the lingering and persistent impact of the Great Recession, which continues to drive public policy decisions.
- Publicly funded LTSS are in high demand.

Major findings include:

- ***Slow and Uneven Recovery of State Budgets.*** Although most states (34) project 2013 tax revenues above 2007 pre-recession levels, many (16) project collections to remain below 2007 levels. States are also continuing to reduce their workforce.
- ***Expansion of Medicaid Home and Community-Based Services (HCBS).*** Most states continue to expand HCBS waiver recipients and expenditures. In contrast, Medicaid nursing facility residents continue to decrease or remain unchanged in most states, but 28 percent of responding states reported “slight” increases in 2012.
- ***Reduced or Flat Funding but High Demand for Non-Medicaid Aging and Disability Services.*** Non-Medicaid LTSS funding and expenditures have either decreased or remained unchanged in most

states, while demand for aging and disability services has grown. For example, caseloads for adult protective services—for victims of abuse, neglect, and exploitation—have increased each year from 2010 to 2012, without spending increases in many states.

- **Duals Initiatives.** A significant development is state efforts to better coordinate care for people who are dually eligible for Medicare and Medicaid services, the so-called “duals.” Two-thirds of the states (34) either have or will launch new initiatives over the next 2 years. Most states are turning to risk-based managed care models to deliver integrated services to duals.
- **State Aging and Disability Agencies’ Restructuring.** As states are reforming the ways in which they pay for and deliver publicly funded LTSS, they also are restructuring the state agencies that administer aging and disability services.
- **Increasing State Participation in HCBS Options within the Affordable Care Act (ACA).** The ACA included several LTSS options and health care programs with implications for LTSS populations. More states are pursuing these optional Medicaid provisions that support HCBS, including health homes, improved care coordination for dually eligible individuals, the Community First Choice Option under Section 1915(k), amendments to Section 1915(i) HCBS State Plan Option, and the Balancing Incentive Program.

Examples of Non-Medicaid Aging and Disability Services

- Aging and Disability Resource Centers
- Congregate and home-delivered meals
- Family caregiver supports
- Transportation
- Case management
- Long-Term Care Ombudsmen
- Adult Protective Services
- Senior centers

State policymakers are opting to fundamentally restructure services and financing to achieve efficiencies, reduce duplication, and function with reduced staffing levels in response to fiscal realities, rather than make deep cuts to services and programs.

Methodology: The survey and phone interviews of state aging and disability agencies and Medicaid agencies were conducted in the fall of 2012. Forty-nine states plus the District of Columbia responded to the survey with LTSS information on programs for older individuals and adults with physical disabilities.

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