Issue Brief – Medicaid Nursing Home Placement Prevention Program or the Aging Waiver

MEDICAID NURSING HOME PLACEMENT PREVENTION PROGRAM OR AGING WAIVER

The Area Agencies on Aging (AAA) under the Division of Aging and Adult Services (DAAS) is requesting $340,000 in General Funds for the Aging Waiver Program for FY 2007. In FY 2006, the Legislature provided $300,000 of one-time General Funds for this program. The additional $40,000 is to maintain the same level of support because of a change in federal policy.

OBJECTIVE

The objective of this program is to provide services to allow senior citizens to remain in a community setting rather than being placed in a skilled nursing facility.

DISCUSSION AND ANALYSIS

Home and Community Based Services (HCBS) Waiver Program

The Division of Aging and Adult Services (DAAS) in the Department of Human Services under the State Medicaid plan has an interagency agreement with the Department of Health to act as the operating agency to administer the Aging Waiver services in a home setting. Medicaid waiver programs are exceptions to the regular Medicaid State Plan. Waiver programs allow states more flexibility than the regular State Medicaid Plan. Waiver programs must be cost neutral or less expensive than nursing home placement. To qualify for this program, an individual must meet the following three criteria: 1) be 65+ years; 2) require a nursing home level of care; and 3) meet the Medicaid eligibility requirements (income and assets).

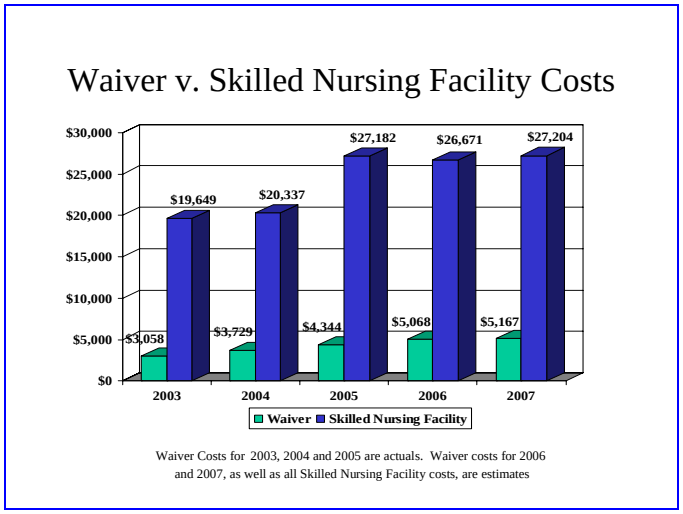
Services Provided

Once on the Waiver, qualified individuals receive services as long as they meet the eligibility requirements. On average, persons remain in the waiver program about 244 days. The most common reason for leaving the waiver program is due to death. The second reason for leaving the program is nursing home placement of 11.1 percent. A small percentage moves to a home of a relative or leaves the Waiver program due to improved health. The following list includes some of the services provided under this program:

1. Homemaker services – help the elderly with housework and meal preparation
2. Chore services – lawn mowing, snow shoveling, etc.
3. Companion services – helps to reduce isolation of homebound clients
4. Supplemental meals
5. Transportation – (non-medical)
6. Case management
7. Environmental accessibility adaptation services – evaluate the home for access and safety and install equipment such as safety bars etc. for the elderly
8. Medical equipment/supplies and assistive technology
9. Personal emergency response system – to summon help in case of an emergency
10. Personal attendant services – client may hire and train employee themselves

Cost of the Program

DAAS provides services to the elderly that are less expensive than skilled nursing facilities. In FY 2006, DAAS served about 800 clients in this program at an annual cost of $5,068 per client versus the annual cost of a skilled nursing facility at $26,671 per client. The following graph provided by DHS shows that the cost of skilled nursing facilities is five times greater than the Aging Waiver program:



Projected Growth in the Aging Population

The Aging Waiver can play a key role in reducing the cost of caring for the aging population. Nationally, about 9 percent of all Medicaid enrollees are elderly, yet 25 percent of the total expenditures are for elderly services with 84 percent of the Medicaid funding being used for waiver programs. According to the U.S. Census Bureau, 330 baby boomers will turn 60 every hour in 2006, almost 2.9 million by the end of the year. In addition, the 2005-2006 annual report of the Utah Commission on Aging reported that "In 2006, Utah's 65+ populations will grow by 118 percent between 2000 and 2030, from 211,142 in 2006 to 460,553 in 2030. As a proportion of Utah's total population, Utah's 65+ populations will increase from 8.6 percent in 2006 to 13.2 percent in 2030."

Continuation of FY 2007 One-time Funding for the Waiver Program - $300,000

Starting in FFY 2005, there was a change in the service rate from $3,677 in FY 2004 to $4,951 in FY 2005 for 206 clients. In addition, the administrative funding increased by $37,600 because of the rate change. During the 2005 and 2006 General Sessions, the Legislature appropriated $300,000 of one-time General Funds in both FY 2006 and FY 2007. In order to maintain the same level of support, DAAS is requesting the one-time funding be converted to ongoing in FY 2008.

Administrative Costs for the Waiver Program - $40,000

The aging waiver program was amended in 2005, changing the ratio of Medicaid payments for administrative costs. For example, Medicaid used to pay a 3 to 1 ratio for the funding of client assessments to determine program eligibility. Under the new guidelines, the ratio was reduced to 1 to 1. Additionally the feds are requiring a greater emphasis on increasing the number of providers for waiver clients which increases the costs for training, monitoring and reviewing of case plans. The cost to maintain the same level of support will be $40,000.

RECOMMENDATION

It is the recommendation of the Analyst that $340,000 in General Funds for the Medicaid waiver for aging services be appropriated for FY 2008.