

A WHITE PAPER ON

**Long Term
Care Reform**

PRESENTED BY

**Florida's Association of Area Agencies on Aging
&**

Community Care for the Elderly Lead Agency Coalition

OCTOBER 1, 2010

Background and Introduction

In response to proposals introduced during the 2010 Legislative Session to reform Medicaid and Long Term Care, the Florida Association of Area Agencies on Aging (F4A) and the Community Care for the Elderly Coalition (CCE Coalition) formed a task force to work together to develop a White Paper containing their recommendations for improving Florida’s Long Term Care System. The work of the Task Force, and their recommendations which follow, **focus specifically on increasing efficiencies and reducing the rate of growth in the cost in Florida’s Medicaid Program** and are hereby respectfully presented to the Governor, the President of the Senate, the Speaker of the House of Representatives, and to the Secretaries of the Department of Elder Affairs and the Agency for Health Care Administration.

Florida’s Area Agencies on Aging (AAAs) and Community Care for the Elderly (CCE) Lead Agencies, a.k.a., **“Florida’s Aging Network”**, are the backbone of Florida’s publicly funded, largely not-for-profit, home and community-based care network – a critical component of Florida’s Long Term Care system. Programs administered by Florida’s Aging Network include:

- Community Care for the Elderly
- Home Care for the Elderly
- Federal Older Americans Act
- Aging/Disabled Medicaid Waiver
- Nursing Home Diversion
- Assisted Living for the Elderly
- Local Services Programs
- Alzheimer’s Respite Care
- Consumer Directed Care

Every single one of these programs reduces Medicaid Long Term Care Costs by providing cost-effective and efficient home and community-based care to frail, low-income seniors, helping them remain at home safely and with dignity and avoiding or delaying the need for more costly institutional care in a nursing home or hospital. The average cost of care for home and community based programs is much less than

the cost of institutional care as illustrated in Table A below.

But, you ask, the real question is “how effective are these programs at actually delaying the need for nursing home care?” You need only to look at the most recent legislative report issued in March, 2010 by the Office of Program Policy and Government Accountability (OPPAGA), Report No. 10-33, which found that:

1. The Aging and Disabled Adult, Assisted Living for the Elderly, and Nursing Home Diversion Medicaid Waiver Programs provide alternatives to more restrictive and costly nursing home placement by helping frail elders stay in their homes or other community settings for as long as possible.
2. *All three Medicaid Waiver programs effectively delay nursing home care when compared to elders with similar characteristics who did not receive any waiver program service.*
3. While the Nursing Home Diversion waiver program was the most effective in delaying nursing home placement, it cost the state more, on average, than the other two waiver programs, which also perform well at delaying nursing home placements.

OPPAGA also recommended that the Legislature could:

- Expand the number of slots to serve frail elders in the Aged and Disabled Adult Waiver Program,
- Direct the Department to implement strategies to increase enrollment in the Assisted Living for the Elderly Waiver Program and,
- Designate that any future Nursing Home Diversion Waiver Program Funding increases be used to expand the program to counties not currently served.

TABLE A	Program	Annual Cost of Care (State & Federal Funds)
	Community Care for the Elderly:	\$ 6,134
	Aging & Disabled Medicaid Waiver:	\$ 8,844
	Assisted Living for the Frail Elderly Medicaid Waiver:	\$ 9,802
	Nursing Home Diversion:	\$18,336
	Medicaid Nursing Home Care:	\$50,000

A Proven Return on Investment (ROI) Florida's Home & Community-Based Care (HCBS) Programs for Seniors

Program	Number Served	Annual Cost Per Senior	Annual ROI* (In Total \$'s Saved)	Annual ROI** (As a %)
Community Care for the Elderly	17,573	\$6,134	\$770,857,218	715%
Home Care for the Elderly	4,521	\$2,140	\$216,375,060	2236%
Aging & Disabled Medicaid Waiver	11,000	\$8,844	\$452,716,000	465%
Assisted Living - Frail Elderly Medicaid Waiver	4,000	\$9,802	\$160,792,000	410%
Nursing Home Diversion Program	16,402	\$18,336	\$519,352,928	173%
Totals:	53,496		\$2,120,093,206	382%

Home and Community Based Care for Frail Seniors REDUCES Medicaid Long Term Care Costs AND Provides a Remarkable Return on Investment of State/Federal Tax Dollars

* (ROI in \$'s [dollars] is calculated by subtracting the annual cost of home care from the annual cost for nursing home care [\$50,000])

** Annual ROI as a % is calculated by dividing 'Profit' (total dollars saved by HCBS) divided by (total cost/investment of HCBS dollars)

A 40 Year Old, Not-for-Profit Service Delivery Infrastructure

Area Agencies on Aging:

- Eleven Area Agencies on Aging operate Florida's Aging Resource Centers (ARCs) that provide Choice Counseling, Intake, Screening, Information, and Referral to seniors and their caregivers who are in need of home care and community-based care, and
- Serve as the Department of Elder Affairs' regional infrastructure, providing contract management, quality assurance, financial accountability, and service system planning.

Community Care for the Elderly Lead Agencies:

- Fifty-four Community Care for the Elderly Lead Agencies provide Care Management and service coordination for tens of thousands of seniors annually, coordinated through individualized care plans.
- Lead Agencies directly or through subcontract provide home care and community-based services that help seniors remain safely in their homes. Services include:
 - Care Management
 - Adult Day Care
 - Adult Day Health Care
 - Home Delivered Meals
 - Case Aide
 - Chore Service
 - Companionship
 - Consumable Medical Supplies
 - Counseling

- Escort
- Emergency Alert Response
- Emergency Home Repair
- Home Health Aide
- Homemaker
- Home Nursing
- Information & Referral
- Legal Assistance
- Medical Therapeutic Services
- Personal Care – help with bathing, eating, dressing, etc.
- Respite
- Shopping Assistance
- Transportation

For over 40 years, Florida's Aging Network has provided quality, cost-effective home and community-based care that has **REDUCED Medicaid Long Term Care Costs** by helping millions of elder Floridians to remain at home and avoid more costly institutional care.

Medicaid Reform and Florida's Long Term Care System

During the 2010 Legislative Session, Florida's Medicaid Program underwent review and the following concerns portrayed Florida's Medicaid Program as an inefficient, costly, unsustainable fee-for-service system, beleaguered by client access and quality of care concerns, increasing costs, and as a system beset by rampant fraud, waste and abuse and simply too complex to effectively and efficiently administer.

TABLE C

Florida's Long Term Care Services Continuum

	← Least Impaired & Lowest Cost	Older Americans Act Program	Contracted Services	Local Service Programs	Alzheimer's Disease Initiative & Respite Care	Home Care for the Elderly Program	Community Care for the Elderly Program	Aged & Disabled Medicaid Waiver	Assisted Living for the Frail Elderly Medicaid Waiver	Nursing Home Diversion Program	Program of All Inclusive Care for the Elderly (PACE)	Nursing Home Care	→ Most Impaired & Highest Cost
	SERVICES CONTINUUM												
Average Annual Cost of Care*	\$994	\$86	\$235	\$1,963	\$2,140	\$6,134	\$8,844	\$9,802	\$18,336	\$18,688	\$65,251		
Total Clients Served (FY 2008/09)	81,624	12,495	29,828	7,242	4,521	17,573	11,000	4,000	16,402	550	68,051		

* Includes all funds; State, Federal, and personal responsibility.

Florida's Aging Network agrees that Medicaid needs to be improved and problems must be addressed.

However, these concerns are *not* valid for Florida's Long Term Care System; specifically, home and community-based care (HCBS) programs serving our low-income, frail elderly, in their homes such as the Aging and Disabled Adult Medicaid Waiver Program, Community Care for the Elderly, Home Care for the Elderly, and Local Service Programs, are administered effectively and efficiently. These home and community-based care programs have undergone rigorous evaluation and review proving their cost-savings value and effectiveness by successfully keeping low-income, frail seniors at home and out of more costly, less preferred institutional care. Furthermore, Florida's deeper-end long term care programs, residential programs, such as the Assisted Living Medicaid Waiver, Nursing Home Diversion, and indeed our nursing home facilities, **effectively** care for our most frail, sickest, vulnerable elderly and are essential, effective components of our Florida's long term care system.

We understand Florida is at a crossroads as it works to balance its budget and support policies and programs that allow for quality of life and address the needs of its citizens. Florida is faced with three significant challenges – (1) sizeable, chronic budget deficits expected to exceed \$2.5 billion for fiscal year 2011-2012; (2) the increasing cost of Medicaid; and (3) the enormous projected increase in Florida's older population (which promises to double or even triple the need for long-term care services by 2030).

We agree that to reduce costs, Florida must reform its Long Term Care System which relies too heavily on care provided in nursing homes and hospitals. Today, Florida spends 80% of its long term care funding on nursing home care – \$2.7 billion dollars annually. **Just to be clear on a very, very important point: Florida's Aging Network strongly supports adequate public funding to provide safe, quality care in nursing homes and assisted living facilities when and if required.**

However, based on years of proven experience in serving Florida's seniors, Florida's Aging Network knows that to truly reduce the growth in Medicaid Long Term Care costs, Florida's Legislature must implement the successful reforms already carried out by several other states that have rebalanced the proportion of public funding between home and community-based care and nursing home care. Allocating additional funding for less costly, proven-effective home care programs and services will reduce the rate of growth in Medicaid long term care costs. The future solvency of our state budget depends on implementing more cost-effective HCBS alternatives in our long term care system.

For fifty years now, Florida has held itself out as a retirement state, inviting seniors to move here, and migrate to Florida they have – by the millions – 4.2 million to be exact. Florida has benefited tremendously from the buying power and retirement revenues seniors have injected into our economy and in fact, it has been our retirees, **Florida's seniors, who have led our state out of every major economic recession that has occurred since the early 1970's.** Our bottom line, however, is that many of our seniors, now in their 80's and 90's have exhausted their retirement savings or have seen their financial resources shrink to a fraction of their value during the great recession – resources needed to support them in their later years. If we fail to provide at least some level of support to these frail seniors, many of whom need minimal help to remain in their homes and in their communities, Florida could see its budget for Medicaid nursing home care increase from its current \$2.7 billion annually to an amount far greater and simply unsustainable. *It's simple economics.*

The demographic charts that follow clearly support the need for action and as Florida's elder population grows we must support cost-effective home care options to meet our growing long term care needs.

TABLE D % of Population Growth by Age Group

- Between 2009 and 2030, Florida's population is forecast to grow by almost 5.1 million
- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 64.4 percent of the gains
- Florida's younger population (age 0-17) will account for 13.0 percent of the gains

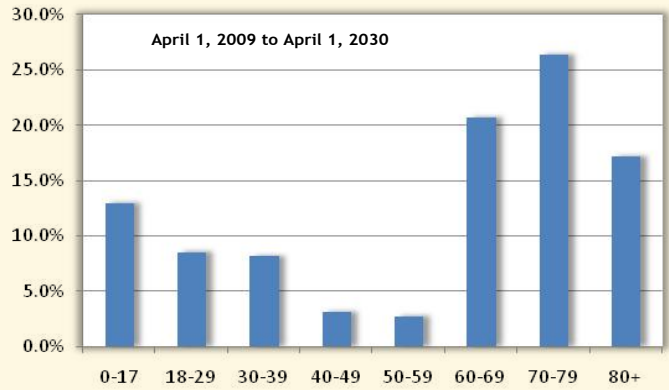
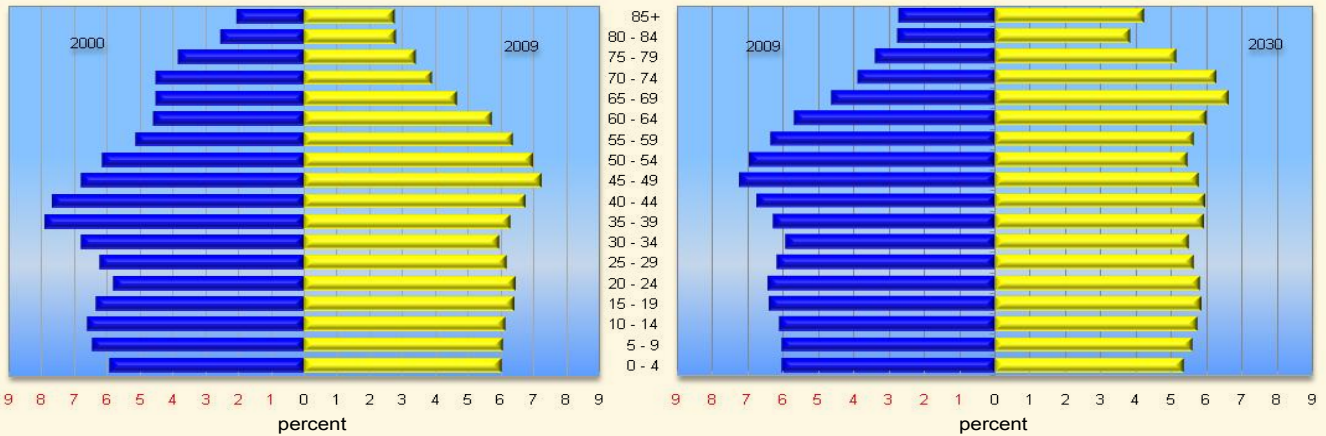


TABLE E Percent of Total Population by Age Group



- In 2000, Florida's prime working age population (ages 25-54) accounted for 41.5 percent of total population. With the aging baby boom generation, this percentage is estimated to have fallen to 39.4 percent in 2009 and by 2030 is projected to represent 34.1 percent
- Population aged 65 and over is forecast to represent 26.0 percent in 2030, compared to 17.6 percent in 2000 and 17.5 percent in 2009

This White Paper is presented in three parts:

Part A examines the concerns raised during the 2010 Legislative Session about Florida's Medicaid Program, and the six primary reasons driving Medicaid & Long Term Care Reform. It includes the Florida Aging Network's assessment of each concern and illustrates the value and efficiency of the existing system of home and community-based care.

Part B provides specific policy and budget recommendations and options to improve Florida's current system of in-home care and community-based services under the existing service delivery structure administered by Florida's Aging Network.

Part B focuses on Major Systemic Changes needed to improve Florida's Long Term Care System, reduce the growth in Medicaid institutional care costs, and effect operating efficiencies to the *existing* Long Term Care System administered by the Aging Network.

Part C examines the provisions contained in House Bill 7223 and 7225 relating to Medicaid and Managed Long Term Care Reform and presents four high-level policy recommendations for Legislative consideration should similar legislation transitioning Florida's Medicaid program, including long term care, to a 'managed care' operation be introduced again during the 2011 Legislative Session.

Part A: The Florida Aging Network's Assessment of the Primary Concerns Driving Medicaid and Long Term Care Reform

The following information examines the six problems/primary concerns raised during the 2010 Legislative Session. These are the reasons given for reforming Florida's Medicaid Program. Following each of these concerns, the Florida Aging Network has provided their assessment of these issues as they relate to the home and community-based care programs they administer within Florida's Long Term Care System.

The concerns driving Medicaid Reform and Long Term Care Reform include:

1. Access & Quality: Medicaid recipients cannot find providers that will see them and often must travel long distances to receive care.

Aging Network Response: HCBS Access problems are due to a lack of funding, NOT a lack of providers.

Home and community-based care provided under the Aging & Disabled Medicaid Waiver, Community Care for the Elderly, Home Care for the Elderly, and the federally funded Older Americans Act Program, is available in **every** county in Florida. ARCs provide choice counseling, intake, screening, and referral services to every frail elder, caregiver, and family member who calls seeking help. CCE Lead Agencies provide care management, develop client care plans and offer a comprehensive menu of in-home and community-based services to all eligible frail and low-income seniors within available resources (state, federal, local, & private funds).

The only 'access' problems experienced by these long term care home and community-based programs are due to limited state/federal appropriations and associated waiting lists for care. Table F illustrates the impact of waiting lists to Medicaid and General Revenue expenditures. The fiscal impact to the State of Florida's budget of these home and community-based care waiting lists is staggering. Table F (below) illustrates the impact of waiting lists.

In FY 2008, 4,923 seniors waiting for in-home care, instead, entered a nursing home at a much higher cost than Medicaid. These seniors could no longer safely remain at home without help. (See Table F)

Both quality of care and the management of care remain the highest priority of Florida's Aging Network. Quality assurance reviews are conducted frequently by both Area Agencies on Aging and the Florida Department of Elder Affairs to ensure quality of service and accountability.

2. Cost: The growth in Medicaid costs is unsustainable and is estimated to grow from the current \$18.81 billion annually (28.3% of the total state budget) to \$28 billion (33.4% of the total state budget) by 2015.

Aging Network Response: We must invest more in less-costly home care programs that keep frail seniors at home for eight to ten times *LESS* than the cost of institutional care.

We agree the growth in Medicaid costs is unsustainable. Florida's Aging Network has advocated for years for the very 'rebalancing' of funding between the Medicaid nursing home line item and home and community-based care that was in fact proposed by House Bill 7223.

We unequivocally support adequate funding to ensure quality nursing home care when needed. However, we strongly believe that Florida **must increase** funding for less expensive home care options that cost eight to ten times **less** than institutional care if we truly seek to reduce long term care costs and the rate of growth in Medicaid. For example, the clients served today by our Aging and Disabled Medicaid Waiver Program (and other Medicaid Waiver Programs) must meet a nursing home level of care as determined by the State's Medicaid Nursing Home Preadmission Screening

TABLE F

The Cost of Waiting Lists

The General Revenue (GR) cost of institutional care for these 4,923 seniors:	\$101.5 million
The GR cost to provide home care for these 4,923 seniors:	\$ 24.2 million
The GR SAVINGS had we helped these 4,923 seniors remain at home:	\$ 77.4 million

Teams (CARES). We are already targeting the most frail, most at risk, low income seniors in all of our Medicaid-funded home and community-based care programs.

We support gradually rebalancing how Florida funds its long term care system from the current 80% allocation for institutional care toward more of a 60% - 40% ratio/split between funding for nursing home care and funding for home and community-based care. Should we fail to implement this rebalancing, many seniors will continue to choose the only option available to them in our Long Term Care System – institutional care – and our State will face unsustainable increases in long term care costs driven by our aging demographics.

Other states that have increased their funding for home and community-based care (HCBS) have seen the number of elderly residing in institutional care decrease substantially as illustrated below in the December 2008 report entitled: Long-Term Care: Aging and Disabled Adults Literature Review prepared for the Florida Department of Elder Affairs by Dr. Larry Polivka, Director for the Claude Pepper Center at Florida State University.

The Alexih (2008) Analysis contained in the Polivka report identifies three measures of effectiveness in the development of more balanced LTC systems featuring the expansion of HCBS programs:

How Do We Know What Works? Three Measures of Progress

- [Increases in the] Proportion of Medicaid HCBS Spending [as a percentage] of total Medicaid long-term care spending.
- Changes [Reductions] in [the number of] institutional placements
- Changes in the per capita rate of Medicaid Long-Term Care Spending

In 2005, three states met all three of the Lewin measures of success in creating balanced Long Term Care systems.

When the data is examined, Florida's Long Term Care

Home and Community-Based Medicaid Waiver Programs actually have helped reduce the overall growth in Medicaid costs. No better example illustrates this fact than the following:

Every single one of the 11,000 low-income, frail elderly served at home by the Aging and Disabled Medicaid Waiver Program in 2009 was assessed and found in need of and eligible for Medicaid nursing home care as determined by the State's nursing home preadmission screening staff (CARES).

By keeping these 11,000 nursing home-eligible seniors at home with services provided by the Aging and Disabled Medicaid Waiver Program, Florida's Aging Network reduced the annual growth in Medicaid long term care institutional costs by over **\$540 million!**

3. Systematic Failures within Medicaid include: inefficient service delivery; uneven quality of services; and overutilization.

Aging Network Response: Every frail senior served by Florida's home and community-based care programs is screened for eligibility and assessed for frailty. From this assessment, a care plan is developed authorizing services and frequency, and quality of care is consistently monitored by CCE Lead Agency care managers.

Florida's Aging Network has been in operation for forty years efficiently managing service delivery. Area Agencies on Aging are responsible for local

TABLE G States Meeting All 3 Medicaid LTC Measures			
	Washington	Minnesota	Wisconsin
1995 % HCBS	18.1%	4.1%	11.5%
2005 % HCBS	50.1%	37.5%	34.3%
% pt difference	32.0%	33.4%	22.8%
1995 NF* / 1,000 65+	26.7	45.2	42.9
2005 NF / 1,000 65+	16.8	31.9	30.6
% difference	-37.0%	-29.3%	-28.8%

* NF: Nursing Home Facility.

The data in the chart above presents a compelling analysis that demonstrates the affect of rebalancing – States that *increased* the percentage of dollars spent on Home and Community-Based Services saw a significant *decline* in the percentage of seniors aged 65+ residing in nursing homes.

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service system planning and contract management and oversee local service delivery systems that include CCE Lead Agencies and other service subcontractors. Because the Department of Elder Affairs has no local/regional offices, these Area Agency on Aging duties are critical to the efficient operation of the home and community-based care service delivery system. Area Agencies on Aging routinely monitor service quality, as well as service utilization, through regular contract management and on-site quality assurance monitoring of service provider operations.

CCE Lead Agency Care Managers ensure efficient service delivery by developing individualized care plans for every client served. These Care Managers develop care plans and arrange for services to a frail senior in their home based on an assessment of the frail elder's physical and cognitive functionality, care needs, caregiver support availability, etc. CCE Lead Agencies either provide home care services directly or arrange for service delivery through their direct service subcontractors. Care managers routinely follow up with all clients, monitoring service delivery, quality, safety, and satisfaction.

All services provided must be authorized by individual client care plans which effectively prevent overutilization.

Finally, all services provided are delivered under strict adherence to Department of Elder Affairs' Programs and Services Manual Standards; Nutrition services, for example, must be approved by a licensed nutritionist to ensure both quality and nutritional guidelines are met.

4. Systematic Failures within Medicaid also include a) the rising cost of care, b) fraud and abuse, and c) low rates for fee-for-service providers.

a. Rising Cost of Care.

Agging Network Response: Florida's home and community-based care programs, including the Agging & Disabled Medicaid Waiver, Community Care for the Elderly, and Home Care for the Elderly, have received no appropriations for price level increases for at least 20 years.

All funding increases provided by the Florida Legislature for these programs have been designated to serve additional frail elders on waiting lists for in-home care. Service costs have been controlled via contract and competitive procurement by Florida's Agging Network. In addition, Medicaid Home and Community-Based Waiver rates are capped by the Agency for Health Care

Administration. The cost of care for home and community-based services within Florida's long term care system has been completely managed and controlled by both the Legislature and the Department of Elder Affairs.

b. Fraud and Abuse – fighting fraud has been ineffective, and prevention has had a modest impact in Medicaid fee-for-service operations.

Agging Network Response: There have been no findings of fraud, waste or abuse within Florida's Agging Network operations and the State/Federally Funded home and community based care programs it administers, including Medicaid Waiver Programs.

For the past 20+ years, following multiple audits by AHCA and annual contract monitoring by the Department of Elder Affairs, as well as annual financial audits by independent certified public accountants, there have been no findings of fraud and abuse within Florida's Agging Network. In fact, Florida's Agging Network just completed an extensive three-year audit of claims paid for the Agging and Disabled Medicaid Waiver Program by the AHCA Office of Medicaid Program Integrity. No instance of fraud or abuse was discovered.

c. Medicaid pays low rates for fee-for-service providers.

Agging Network Response: Florida's Agging Network agrees that the continued low rates paid by Medicaid and the lack of price level increases are a growing concern. However, local matching funds added to State and Federal appropriations for all programs have helped rates remain low.

Florida's Agging Network raises millions of dollars each year in matching funds from local government and private donations that add to state and federal appropriations. Service rates, therefore, have been able to remain low due to these local matching funds and the absence of 'profit margin requirements' within service rate calculations. In other words, Florida's Agging Network has allowed Florida to maintain low service rates for 40+ years because of local matching funds and the absence of 'profit margin' requirements.

5. The current Medicaid System is too complex and difficult to manage.

Aging Network Response: Florida's Aging Network effectively and efficiently manages the Medicaid Waiver Programs (and the General Revenue-funded HCBS programs) that the Legislature has entrusted to their administration and oversight.

Florida's Aging Network has strong competencies and a solid understanding of current Medicaid System Operations. The Home and Community-Based Medicaid Waiver Programs, administered by Area Agencies on Aging, are managed by Medicaid Waiver Specialist positions in each of the eleven planning and service areas throughout the State. These Medicaid Waiver Specialists enroll Medicaid providers within the HCBS programs, monitor billing, and provide technical assistance related to Medicaid.

CCE Lead Agencies are licensed Medicaid providers that bill Medicaid directly for services authorized by client care plans. CCE Lead Agencies operate under the rules and regulatory requirements found in the Medicaid Service Provider Handbook, promulgated by rule under the Agency for Health Care Administration. Periodic training is conducted by Area Agencies on Aging and the Department of Elder Affairs on changes/updates to Medicaid regulations, so that CCE Lead Agency Medicaid Program Operations are administered efficiently and effectively.

6. The Medicaid program is controlled by Special Interests, Carve Outs, etc.

Aging Network Response: Florida's Home and Community Based Medicaid Waiver Programs are administered by Florida's Aging Network. Area Agencies on Aging and the Community Care for the Elderly Lead Agencies are not 'special interests'. These are long-standing, reputable, community-based organizations established under Chapter 430, Florida Statutes.

These organizations with their strong local community ties have provided home and community-based long term care for over four decades to millions of Florida seniors.

In addition to the Medicaid Waiver Programs, the Community Care for the Elderly Program, established in 1973, has provided in-home care services to millions of senior Floridians for 37 years and has been recognized as a national model of in-home care, helping frail seniors remain at home safely, with dignity, and at a much lower cost

than institutional care. These programs are not controlled by special interests and are available to frail seniors who meet eligibility requirements in every county in Florida. They have a long and distinguished history of bi-partisan support by the Legislature and by Florida's Governors past and present.

Part B: Policy Changes to Improve Florida's Existing HCBS System and Reduce the Rate of Growth in Medicaid Long Term Care Costs

This section of our report provides specific policy and budget recommendations and options to improve Florida's *current* system of in-home care and community-based services under the existing fee-for-service delivery structure administered by the Aging Network. These organizations have a long history of effectively managing home and community-based care programs funded by state and federal appropriations and in addition, raise millions of dollars in local and private matching funds for services each year. Florida's Aging Network has administered the current fee-for-service programs/service delivery system without any instances of fraud, waste or abuse or other serious operational deficiencies for over 40 years.

The Major Systemic Changes needed to improve Florida's Long Term Care System, reduce the rate of growth in Medicaid costs, and improve operating efficiencies to the *existing* Long Term Care System, operated by Florida's Aging Network, include:

Recommendation 1:

Florida should create a more **balanced and integrated** Long Term Care System by investing in cost-effective in-home and community-based care services to reduce the rate of growth and costs in Medicaid institutional care expenditures because seniors prefer to remain at home.

- Florida invests approximately 80% of its Long Term Care Public Funding in institutional care. The relatively limited level of public funding for in-home and community based care, care that costs on average, 8 to 10 times **less** than institutional care, severely restricts the ability for seniors who lack financial resources, to remain at home; and often forces seniors to chose care in a more costly, less preferred institutional setting. This further drives up Medicaid costs. As illustrated earlier in our report, **States that *increased* the percentage of dollars spent on Home and Community-Based Services saw a significant *decline* in the percentage of seniors aged 65+ residing in nursing homes.**
- Fiscal necessity, driven by Florida's increasing budget deficit, the large projected increase in Florida's older population, and indeed, the future of Florida's

budget, requires that lower-cost, in-home and community-based care alternatives to more costly, less preferred institutional care be made available to Florida's elder population. This single issue, if implemented, will reduce Florida's long term care costs and the rate of growth in Medicaid institutional care budgets. The research supporting this recommendation includes the following:

- As reported by the Claude Pepper Center at Florida State University, multiple studies conducted between 1995 and 2010 determined that in-home and community-based services were "cost effective alternatives to nursing home care." This report also notes that in-home and community based services range from one-quarter to one-half as expensive as the Medicaid nursing home program, after matching the impairment and caregiver resource profiles of entrants to in-home and community-based programs with those profiles of the nursing home population over a three-year study period. Recent reports by the Office of Program Policy and Government Accountability (OPPAGA) on Florida's Home and Community-Based Medicaid Waiver Programs generated very similar findings.
- This same report by the Claude Pepper Center references a revealing "analysis of state spending data between 1995 and 2005" in a report published by Kaye, Laphante, & Harrington. This report found that:
 - "Long Term Care Spending Growth was greater in states offering limited non-institutional, community-based services than for states with large, established community-based Long Term Care Programs. The report notes that expansion of home and community-based services entails a short-term increase leading to a longer term reduction in nursing home care and long-term cost savings."
 - Although Florida does not have a comparatively large Home and Community Based Service System (HCBS), the OPPAGA Report, the Mitchell, et. al studies, and the leveling off of the nursing home population since the late 1990s would indicate that Florida has enough HCBS capacity to generate LTC cost savings."

- The authors conclude by noting that "...[it] is clear, in any case, that states offering non-institutional alternatives have been able to contain and even reduce costs, largely avoiding a feared 'woodwork effect' in which the demand for services was predicted to grow tremendously once HCBS programs became available". Florida has established rigorous client screening and assessment tools and program eligibility requirements for entry into its General Revenue and Medicaid funded home and community-based care programs.
- "Methods of organizing, administering, and financing LTC are critical to achieving these goals. The availability of HCBS programs, however, is a necessary, if not sufficient, condition for the development of more efficient and consumer-oriented LTC systems and for closing the gap between what we know and what we do in providing LTC services. Creating more balanced LTC systems, by expanding HCBS programs and containing the use of nursing home care, is critical to meeting the large projected growth in the need for LTC services over the next two decades in a cost-effective manner."

Recommendation 2:

Establish the Aging Resource Centers (ARCs) as the coordinated entry mechanism to Florida's Long Term Care System for ALL long term care programs and services.

- Choice Counseling – Intake, Screening, Eligibility Determination, Referral and **Placement** in the most appropriate program – is **KEY** to controlling growth in Medicaid long term care expenditures.
- ARCs should serve as this coordinated entry mechanism for Florida's Long Term Care System for all home and community-based care programs, Medicaid Waivers, as well as for institutional care programs. While the State made an initial investment to support the ARC infrastructure in each service delivery area, the legislature will need to review these resources to ensure the ARC has the capacity to handle the significant increase in client workload under a rebalanced long term care system.
- The Comprehensive Assessment and Review for Long Term Care Services, i.e., the "CARES teams" are the state administered nursing home preadmission screening teams that assess/determine 'level of care' for nursing home eligibility. CARES teams should be integrated with ARC operations. Furthermore, the State should examine the

feasibility and cost-savings potential for outsourcing the CARES teams to the ARCs to further improve client care coordination and placement decisions.

Recommendation 3:

Eliminate antiquated and punitive program policies that keep Florida's Aging Network from operating at maximum efficiency and cause Medicaid and long term care costs to increase.

- One such example relates to Hospital and Nursing Home Discharge Planning
 - Current agency Medicaid policies prevent CCE Lead Agency Care Managers from participating in and billing for hospital or nursing home client discharge planning activities for existing clients who are returning home. Implement policy that allows CCE Lead Agency Care Managers to provide and bill for appropriate Care Management for existing clients transitioning from a Nursing Home/Hospital back to their home.
 - Inadequate or incomplete discharge planning increases the likelihood of readmission and jeopardizes the safety and successful transition of seniors back to their homes.

To illustrate, seniors returning home often have had their power and water shut off, food has spoiled in the refrigerator and must be removed, meals on wheels must be restarted; help is needed with medication management and, temporarily, ambulation is hazardous.

- In the aforementioned example, a CCE Lead Agency Care Manager, working with a hospital discharge planner, can address each of the needs, thereby increasing the likelihood of a successful hospital/nursing home discharge.
- Current Medicaid Waiver Program Policy should allow for Care Management to be billed by CCE Lead Agencies for client discharge planning purposes. Medicaid expenditures for hospitals and nursing homes will *decrease* as the number of successful discharges *increase*.

Simply put,

"Successful hospital and nursing home discharges mean reduced readmissions and reduced Medicaid costs".

- A second example relates to allowing Adult Day Care Providers to offer 'night/evening care' to support caregivers and clients.

- Current program policies/licensure requirements limit the hours of operation for adult day care programs.
- Changing current policies will allow for greater caregiver support and will increase the likelihood that the senior requiring care will remain at home longer thereby reducing the rate of growth in Medicaid Institutional Care Expenditures.

Recommendation 4:

Simplify aging programs administration, achieve greater budget certainty, reduce administrative costs, and focus on client outcomes. The Legislature should consider transitioning the current fee-for-service contracts to a PMPM (per member, per month) capitation-based contract approach for all HCBS programs.

The authority to transition these programs to a 'capitation model' and achieve greater administrative efficiencies and reduce costs already exists in Chapter 430, Florida Statutes. However, the Department of Elder Affairs has not implemented a capitation model for its home and community-based care programs.

- A capitation-based contract approach will reduce administrative costs, reporting requirements, the frequency of administrative monitoring visits, and permit the shift from a focus on process and documentation to client outcomes and service quality. Such a transition, however, must allow for sufficient transition time to ensure success. The Aging Network should assist with the design and development of the capitated model.
- The Agency for Health Care Administration (AHCA) should work with Florida's Area Agencies on Aging (Aging Resource Centers) to develop uniform, statewide, quality assurance standards, performance criteria, client satisfaction measures, and program monitoring protocols that meet Medicaid program policy requirements. Current Department of Elder Affairs Administrative/Fiscal Monitoring Protocols for Area Agencies on Aging and CCE Lead Agencies that are in addition to AHCA monitoring requirements for licensed Medicaid providers should be eliminated and/or immediately streamlined to reflect current AHCA standards for all Medicaid Providers.

Recommendation 5:

Create a single, web-based client information system that supports the client care management function and has the capacity/capability to communicate and/

or interface/share data with other key state agency management information systems, such as the Florida Medicaid Management Information System (FMMIS), and ACCESS (the Medicaid financial eligibility system).

- The current Department of Elder Affairs Client Information system is over 20 years old, is costly to maintain, and has limited care management functionality.
- A new system, designed around the care management function, billing, and that is able to integrate with and/or share data with other state information systems will increase operating efficiencies and reduce costs.
- A modernized information technology system will improve Aging Network reporting, accountability, as well as ensure greater transparency of performance metrics and data. Because the new system would also be used for managing Medicaid Waiver Programs, the costs might be eligible for enhanced federal matching funds.

Recommendation 6:

Ensure that every senior enrolled in any of Florida's Medicaid Long Term Care Waiver Programs is assigned to and/or has access to a primary care physician similar to the 'medical home' model of care, (i.e., seniors living at home and enrolled in the Aging & Disabled Adult Medicaid Waiver or seniors living in an assisted living facility and enrolled in the Assisted Living for the Elderly Medicaid Waiver).

- As reported in the Medicaid Medical Home Task Force Report, dated February 2010, assigning a primary care physician to every Medicaid recipient will improve patient care coordination and will help integrate all the elements of the health care system and the community. Frail seniors enrolled in Medicaid Home and Community-Based Waiver Programs have chronic medical conditions as well as physical problems that limit their ability to perform normal activities of daily living.
- Primary care physicians can work with CCE Lead Agency Care Managers to ensure appropriate follow up for disease management and chronic care needs and help reduce emergency room visits and hospital/nursing home readmissions. Adding a primary care physician component to Florida's Medicaid Long Term Care Waiver Programs will improve overall care by integrating health care with community-based, in-home care to improve client outcomes and reduce costs.

Part C: Florida's Aging Network – Key Policy Recommendations for a Managed Long Term Care System

This section of the White Paper presents four high-level policy recommendations critical to Florida's Area Agencies on Aging and Community Care for the Elderly Lead Agencies. These recommendations are in part, in response to the provisions contained in House Bill 7223 and 7225 relating to Medicaid and Managed Long Term Care Reform.

These policy recommendations reflect our best efforts to **preserve** the value and quality of services and programs administered by Florida's traditional Aging Network, with preservation of this 'Network' expressed as a priority by several key members of legislative leadership during the 2010 Session.

Florida's Aging Network – a 40+ year old, largely not-for-profit, home and community-based care system remains focused on its primary mission:

To provide cost-effective home and community based care to frail seniors to help them remain at home and avoid or delay the need for more costly institutional care.

At the present time, Florida's Area Agencies on Aging and Community Care for the Elderly Lead Agencies remain neither in support of nor in opposition to transitioning Florida's Medicaid Program to a managed care operation. We wish to remain engaged in this public policy debate and remain invited to sit at the table during coming policy deliberations and meetings with stakeholders and elected officials.

It is with a deep sense of commitment to the seniors we serve, our communities, our boards of directors and the thousands of Floridians we employ who are committed to providing quality, compassionate care, that we present these policy recommendations for legislative and executive leadership consideration.

Key Policy Recommendation #1:

It is essential that CCE Lead Agencies, whether acting as designated 'Plans' or operating as Exclusive Provider Organizations or Preferred Provider Service Networks, retain the Care Management function/role.

Care Management is the Key, Core Service or 'foundation' that controls costs and affects client outcomes by managing and coordinating client care. Florida's CCE Lead Agencies employ hundreds of highly skilled, qualified, credentialed care managers who are managing the care of tens of thousands of seniors that are receiving HCBS services. This large pool of dedicated care managers in both the rural and urban areas of Florida are an essential resource within the long term care system responsible for controlling costs and quality.

Key Policy Recommendation #2:

Choice counseling (intake, screening, eligibility, referral and placement) should be the primary function of the Aging Resource Centers (ARCs) with ARCs acting as the coordinated entry mechanism for ALL long term care services.

Presently, ARCs serve in this capacity for all home and community-based care programs. Consolidating all Choice Counseling Activities within the ARC, for all programs administered within Florida's Long Term Care System, will increase efficiency, eliminate the current bifurcated client intake, screening, and referral system, and should improve client placement decisions.

Key Policy Recommendation #3:

Qualify Florida's Community Care for the Elderly (CCE) Lead Agencies as Long Term Care 'Plans' within the new Managed Care Long Term Care System. Require at least one plan in every region be a plan administered by the Aging Network.

House Bill 7223 established existing PACE Projects as 'Plans'. CCE Lead Agencies already efficiently and effectively manage the care provided to tens of thousands of frail, homebound seniors today. Under this proposal, CCE Lead Agencies would be required to establish referral relationships with primary care physicians, hospitals, and nursing homes which is already an activity performed by several CCE Lead Agencies who are licensed Nursing Home Diversion Program Providers. In addition, provide/ensure:

1. A minimum transition period of 3 years is essential – earlier Medicaid Reform Pilot Projects have taught us that sufficient time to establish provider relationships, negotiate contracts, and transition clients from fee-for-service to managed care is essential.
2. Prompt payment requirements for all entities must be established and enforced.

Key Policy Recommendation #4:

A managed long term care system should provide for 'Choice' by seniors and their caregivers in terms of enrollment, program/provider, and services provided including choice of nursing home provider when and if such care is required.

The State should continue current Medicaid policy on Medicaid nursing home provider rates to provide budget certainty to 'Plans' should nursing home care be required and provide certainty with regard to consumer 'Choice'. This approach might also address the current operational problems associated with the Nursing Home Diversion Program whereby some clients disenroll from the program when nursing home care is needed because they do not want to reside in the nursing home that the Diversion Program Provider has under contract.



This report was prepared for the Florida Association of Area Agencies on Aging and the Community Care for the Elderly Coalition by PinPoint Results, LLC, a Tallahassee, Florida-based Management, Technology, and Government Relations Consulting Firm. For additional information, please contact Robert S. Beck, President, PinPoint Results, LLC, at: rbeck@pinpointresults.com.

