

LONG-TERM CARE SERVICES AND COVERAGE

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Across the nation, systems of care are struggling to improve healthcare quality, including long-term care services delivered to aging and disabled populations. Arizona, as a Sun Belt state, has an even greater challenge in meeting the needs of these populations due to its high and growing number of aging residents.¹

The Patient Protection and Affordable Care Act (Act) focuses considerable attention on long-term care. In addition to improving general healthcare delivery and access to behavioral health services, the Act contains a broad array of provisions specifically focusing on long-term care. These provisions are tackled from a variety of perspectives: the delivery system, providers and consumers.

From the service delivery side, the Act supports the development of more effective systems of care, champions home and community-based services (HCBS), improves nursing home transparency and prevents the depletion of resources needed to pay for long-term care. Provisions related to long-term care providers include the development of a qualified and adequate direct care workforce and efforts to improve nursing home quality and compliance. While the consumer stands to benefit from the majority of the long-term care provisions, the Act also includes specific abuse protections for this population. It also provides consumers with the tools necessary to navigate the system and resolve issues through the provision of funding for resource centers, a long-term care ombudsman and a nursing home comparison website.

Because of Arizona's early investments in home and community-based services, our state will not benefit as much from some of the long-term care provisions as states who are still struggling with management of high numbers of people in costly institutions. Nonetheless, the Act contains opportunities for Arizona to support and expand programs already in place. More importantly, Arizona residents stand to gain from many of the other long-term care provisions such as availability of private long-term care insurance; nursing home transparency and improvement; and program enhancements related to consumer outreach, support and protection.

NATIONAL VOLUNTARY LONG-TERM CARE INSURANCE PROGRAM

While the number of Arizonans needing long-term care services will continue to grow, the ability of individuals to pay for the high cost of long-term care services is a challenge. Nursing home costs are averaging more than \$75,000 a year and home care services about \$20 per hour.² Since Medicare offers only limited long-term care services (90 days in a nursing facility and limited home health coverage), many individuals will need to rely on their own resources or family members for any needed long-term care services.

KEY REFORM CHANGES

- Establishes federal voluntary long-term care insurance program – Community Living Assistance Services and Supports (CLASS).
- Promotes increased access to Medicaid home and community-based long-term care services.
- Includes development of a long-term care workforce as part of expansive new healthcare workforce initiatives.
- Enacts extensive nursing home reform measures aimed at consumers, quality improvement, and reporting.
- Supports consumer education programs like the Aging and Disability Resource Centers and Long Term Care Ombudsman.

For some, Medicaid serves as their long-term care safety net. But access to long-term care services under Medicaid often requires individuals to deplete most of their assets to qualify for services. Efforts have been made to encourage individuals to purchase long-term care insurance (such as the long-term care partnership program).³ However, it is estimated that only about 10 percent of all older adults have long-term care policies, with cost of these policies continuing to be a key barrier, along with consumers being denied coverage due to their health risk.⁴

CLASS

The Act establishes the Community Living Assistance Services and Supports Program (CLASS), a federally-administered voluntary insurance program for long-term care services and supports. The goal of this long-term care insurance program is to provide individuals with functional limitations a financing alternative for long-term care services and supports. This additional support is intended to help these individuals continue to live in the community, defray the cost of institutional care and avoid the need to become impoverished in order to access these services through Medicaid. The program is not designed to replace the need for basic health insurance or potentially the care that is provided by family, friends and neighbors.

The U.S. Department of Health and Human Services (HHS) will administer the CLASS program, which will include the following key elements:

- Adults who work for a participating employer will be automatically enrolled, unless they choose to opt out. The self-employed and employers who do not offer the class program can enroll through a separate enrollment process.
- Individual adult workers will be able to participate in the program with no medical underwriting and no lifetime or aggregate benefit limits.
- The program is required to be fully self-sustaining through the premiums payment made by the enrolled individuals. These payments may be made through automatic payroll deductions.
- The program will be consumer-directed. A cash benefit is paid to eligible enrollees who have a disability expected to last at least 90 days, meet the function/cognitive eligibility criteria and have paid premiums for five years.
- The benefit will be at least an average of \$50 a day and will vary depending on the functional limitation of the individual.
- For those individuals who are eligible for both CLASS and Medicaid, a portion of the CLASS benefits will be used to offset the costs to Medicaid. For example, a Medicaid enrollee residing in HCBS will be able to retain 50 percent of their CLASS cash payment with the remainder going to the state to offset the individual's Medicaid costs.
- The program will become effective January 2011, with the first payouts to individuals to begin in 2017.

At this time, it is hard to know the impact CLASS will have on Arizona. Much will depend on the number of eligible adult workers enrolling in the program and the effectiveness of the cash payments in preventing or deferring the depletion of their resources, thus decreasing their need for Medicaid. It is also possible that if CLASS recipients are eventually enrolled in AHCCCS (Arizona's Medicaid program), AHCCCS will benefit financially by receiving a share of the cash payment made by the CLASS program.

Regardless of the overall impact, there are a number of CLASS-related activities that will require involvement by state agencies or local community organizations.⁵ These include:

- Conducting an outreach and education campaign to encourage participation in the CLASS program or promoting purchase of long-term care insurance.
- Having Arizona's federally-designated Protection and Advocacy System – Arizona Center for Disability Law – enter into an agreement with HHS no later than January 1, 2012 to provide advocacy services (such as information on accessing the appeals process, assistance with annual recertification and notification and assistance in obtaining services) to CLASS eligibles.

- Identifying public or private entities that will enter into an agreement with HHS to provide advice and counseling to eligible CLASS beneficiaries on access and coordination of long-term services, eligibility for other benefits and services, service and support plan development and assistance with decision making. Likely entities to take on this responsibility may be Arizona’s Aging and Disability Resource Centers (such as the Maricopa County Area Agency on Aging) and/or other community organizations such as Arizona Bridge for Independent Living or New Horizon Independent Living Center.
- Collaborating with HHS to establish the Eligibility Assessment System, which will provide eligibility assessments of active CLASS enrollees who apply for benefits. This may entail amending the current agreement the state has with HHS for making medical disability determinations for Supplemental Security Income and Social Security Disability Insurance programs.⁶
- Assessing within two years of enactment of CLASS (2013) whether there is an adequate supply of entities within the state to serve as fiscal agents to provide employment-related benefits for personal care attendant workers who provide personal care services to CLASS enrollees, and designating or creating fiscal agents so that there will be an adequate supply of personal care attendant workers when the payouts being in 2017.
- Revising AHCCCS policies and systems to be able to facilitate the interface between the AHCCCS program and the CLASS program for those individuals who are beneficiaries of both programs. This may entail the need to work with HHS and the Treasury Department to establish links between AHCCCS and the CLASS enrollment and payments systems in order to enable the identification of joint beneficiaries and the transfer of funds between the agencies.

KEY TAKEAWAYS:

- Despite being a federal program, Arizona will have a number of tasks it will be required to complete to implement the CLASS program.
- A key to the program’s success will be the development and implementation of an outreach and education campaign to encourage participation in the CLASS program. Arizona should partner with community organizations to educate and encourage working adults and their employers’ participation in the program.

EXPANDED HOME- AND COMMUNITY-BASED SERVICES UNDER MEDICAID

Historically, the acknowledged bias in Medicaid has been the provision of institutional care for persons with long-term care needs over the much preferred and less costly alternative of HCBS. Despite the regulatory barriers, there has been a concerted effort by states over the past decade to make HCBS accessible through the limited HCBS program options available under Medicaid (e.g., HCBS waivers, special demonstration projects). However, progress in shifting to a community-based service delivery system has been slow. To further encourage states to change their delivery models, the Act includes provisions making it easier for states to offer HCBS under Medicaid as well as providing certain financial incentives to do so. These include:

- Availability of a new Medicaid state plan option (Community First Choice Option) beginning October 1, 2011 to provide consumer-controlled attendant services and supports to Medicaid eligible individuals who are at risk of institutionalization. Under this option, states are allowed to pay for items such as one month’s rent, utility deposits and household furnishings in order to facilitate the member’s transition into the community. Finally, states that select this option can receive an increase of six percentage points in federal financial participation for services provided through this option.
- Changes to the HCBS Medicaid state plan option (1915(i)) that was enacted as part of the Deficit Reduction Act of 2005 (DRA) to provide HCBS to Medicaid eligible persons who have lower levels of need without the budget neutrality requirements associated with HCBS waivers. These changes (effective immediately) remove a number of the barriers (such as service and eligibility limitations) that have discouraged states from participating in this Medicaid state plan option.

- A five-year extension (from 2011 to 2016) of the Money Follows the Person demonstration program that was authorized by the DRA. Thirty-one states have been awarded grants to transition an estimated 37,000 Medicaid eligible nursing facilities residents to community-based settings.
- A temporary five-year mandate beginning in 2014 that states include spousal impoverishment protection for persons whose spouses qualify for Medicaid HCBS services. Previously, this had been at the option of the individual states.
- Establishment of the State Balancing Incentive Payments Program, in which states that are spending less than 50 percent of their long-term care service dollars on HCBS can receive an enhanced federal reimbursement for all HCBS provided under their Medicaid program for a four-year period beginning October 1, 2011. The state must use the additional Medicaid funding for new and expanded services and make certain structural changes to their long-term care programs (e.g., single entry point, conflict-free case management, standardized assessment tool).

While these provisions have the potential to change the nature of the service delivery system for individuals needing long-term care services across the nation, they offer a more limited set of opportunities for Arizona. Through its Medicaid 1115 demonstration project waiver,⁷ Arizona has over the past two decades developed a Medicaid long-term care service delivery system (ALTCS) that is committed to supporting members in the community and as such includes a strong comprehensive HCBS component. Currently, under ALTCS:

- Over 70 percent of the ALTCS members who are elderly or physically disabled and over 95 percent of the ALTCS members with developmental disabilities have their long-term care needs met in a non-institutional setting such as their own home, a family home, or an assisted living facility.
- More than 50 percent of Arizona's total Medicaid long-term care expenditures are directed toward HCBS.
- AHCCCS already applies and uses spousal protection provisions for persons who receive HCBS services when making an ALTCS determination.

Of all the options offered under the Act, the one that holds the most promise for Arizona is the Community First Choice Option. Attendant care is already a key service provided under Arizona's ALTCS program. If the Centers for Medicare and Medicaid Services (CMS) would allow Arizona to adopt this option through a Medicaid state plan amendment, Arizona would be able to receive an enhanced federal match rate for the provision of these services. The state could also receive reimbursement for the provision of transition services if CMS ultimately does not approve Arizona's current request for coverage of these services.

In addition to the Community First Choice Option, Arizona may also want to see if there is any way to take advantage of the enhanced federal reimbursement under the State Balancing Incentive Program, even though Arizona appears to be spending more than 50 percent of its long-term care dollars on HCBS.



KEY TAKEAWAY:

- Although the impact and benefit of these provisions are limited for Arizona due to its well-developed community-based long-term care system, Arizona should explore adopting the Community First Choice Option for attendant care services along with any other strategies to benefit from the enhanced federal financial match that are afforded to other states through the State Balancing Incentive Payments Program.

BUILDING A QUALITY LONG-TERM CARE WORKFORCE

In addition to enhancing the nation's long-term care delivery system through the promotion of HCBS and private long-term care services, the Act also addresses the need for developing a sufficient and high-performing long-term care workforce. The Act specifically focuses on the recruitment, training and ongoing education of a long-term care workforce as a component of their overall healthcare workforce development initiatives. This includes:

- Grants for higher education institutions to provide assistance for direct care workers employed in long-term care settings to participate in educational training programs.
- Grants for long-term care facilities and community-based long-term care entities to provide training and technical assistance regarding management practices that will promote retention of direct care workers.
- Demonstration projects for states to develop core training competencies and certification programs that are aimed at recruiting low-income individuals to qualify as personal or home care aides. The training standards developed under these grants are to be utilized as the gold standard. The Health Resources and Services Administration (HRSA) has already posted the application for these grants, which was due on July 19, 2010 and will be awarded to six states. It is unknown whether any entity in Arizona applied.
- Grants to community colleges or community-based training programs to provide infrastructure support for the development, evaluation and demonstration of a competency-based uniform curriculum to train qualified nursing assistants and home health aides at alternative sites or through telehealth methodologies. HRSA has posted the application for these grants which were due on July 22, 2010 and will be awarded to 10 entities.
- Grants to geriatric education centers to use short-term intensive courses to train healthcare professionals in geriatrics and to provide annual free training to family caregivers and direct care providers. This money is also to be used to provide geriatric incentive awards to individuals (advanced nurse, clinical social worker, pharmacist or psychologist) to pursue a doctorate or other advanced degree in geriatrics or related fields. It appears that both ASU and the Arizona Board of Regents received grants (\$148,000 and \$385,000, respectively) as a result of the new geriatric education center grants.

Despite the current reprieve with the tight Arizona job market, a shortage of a direct care workforce continues to loom as an area of concern for Arizona.⁹ HRSA ranks Arizona 19th in terms of number of health aides and 46th in terms of nursing aides, orderlies and attendants.¹⁰ The Arizona Department of Economic Security reports the projected 10-year job growth rate in Arizona for home health aides at 69 percent (48 percent nationally) and for personal and home care aides at 48 percent (40 percent nationally), and for nursing aides, orderlies attendants at 50 percent (24.9 percent nationally).¹¹ As an outgrowth of Arizona's Interagency Council on Long-Term Care, Arizona established the Direct Care Workforce Committee (a public-private partnership) to specifically promote and facilitate direct care workforce initiatives that include recruitment and retention, training and raising the qualifications of direct care professionals in Arizona.¹² Achievements to date include but are not limited to:

- Development of standardized competency for direct care workers (personal/attendant care and homemakers)
- Guidelines for training and testing of direct care workers including a model curriculum
- Professional development workshops and training workshops on the new model curriculum

AHCCCS has further worked to enhance the direct care workforce by expanding the qualifications of who can provide direct care (allowing spouses to be paid caregivers under an attendant care service option) and increasing the hourly pay for certain direct care staff (attendant care). While the grant opportunities may provide Arizona with additional resources to enhance its current training programs and recruitment and retention efforts, the state has already achieved or is in the process of addressing many of the goals set forth in the demonstration programs.

KEY TAKEAWAYS:

- Although many of the grant application deadlines have closed for this year, Arizona, through its Direct Care Workforce initiative, should continue to review additional funding opportunities that would further support and enhance its current workforce efforts.
- Arizona should monitor activities and outcomes from the grants to identify any best practices, especially as they relate to development of model curriculum and competencies.

NURSING HOME REFORM

The Act contains a wide range of provisions that address the delivery of nursing facility services, many of which target nursing home transparency and improvement issues. Some of the major changes address:

- Improving the transparency of information available to consumers by expanding the type of information a nursing facility must disclose, making improvements to the nursing home compare website, and revising the Medicare cost reports to identify direct care worker wage and benefit expenditures.
- Enhancing nursing facility compliance with federal rules by improving the types of notification and transfer processes for facility closures, establishing a new pilot program to monitor large interstate facilities with quality of care issues, and establishing a National Training Institute for federal and state surveyors.
- Improving quality of care provided to residents by requiring dementia and abuse prevention training for nurse aides; requiring nursing facilities to establish an internal ethics and compliance program to prevent and detect violations and promote quality of care; funding two demonstration programs to develop best practices for changing facilities' cultures and for using technology to improve resident care; and implementation by CMS of a quality assurance and performance improvement program for nursing facilities.
- Increasing responsiveness to residents' concerns by establishing a new state complaint resolution process along with a standardized complaint form; and providing grants to state survey agencies to develop complaint investigation systems as well as other grants to improve the capacity of the state long-term care ombudsman programs.

In 2007, Arizona was reported to have one of the lowest percentages of individuals in nursing homes (1.5 per 100 age 65 years or older were nursing facility residents). At that time there were 137 nursing facilities with approximately 16,200 nursing facility beds and a resident population in which Medicaid was the primary payer for 61 percent of the residents and Medicare for 13 percent of the residents.¹³ Based on the current CMS five-star quality rating program ("Nursing Home Compare"), AARP reported that one-third of Arizona's nursing homes rated above average in health inspections. Arizona, like other states across the nation, has established nursing home quality initiatives that include the nursing home compare website, consumer information materials and a partnership with Arizona's quality improvement organization to provide assistance to nursing homes to improve their performance. Additionally, the Arizona Department of Economic Security (DES) long-term care ombudsman program assists consumers in accessing nursing homes and resolving complaints.

For Arizona, the new nursing home reform provisions have the potential to improve quality of care provided by nursing homes in Arizona as well as to improve the transparency of information made available to Arizona consumers. At the same time, there is a fear among nursing homes providers that the overall impact will be an increase in the administrative burden concurrent with a reduction in the rates paid for the needed care.

KEY TAKEAWAYS:

- As the state licensing agency for nursing facilities, the Arizona Department of Health Services will need to work in partnership with Arizona nursing facilities, associations and CMS to implement the changes in nursing home requirements and survey inspections. The state may want to consider applying for grants designed to support state survey agencies in developing complaint investigation systems or workforce development ([see previous section](#)).
- Consumer advocacy groups such as the DES long-term care ombudsman office and the Area Agencies for Aging will need to develop outreach strategies for educating consumers about key nursing home reforms (complaint resolution process, reporting requirements) that impact their consumers.

CONSUMER EDUCATION

Throughout the Act, there is a focus on meeting consumers' needs and supporting efforts and initiatives to educate and assist the consumer in navigating the long-term care system. In particular, this support is reflected in the enhancing of funding for two consumer-based programs.

- For the next five years, \$10 million in annual funding is made available to support and expand the state's aging and disability resource centers. The role of these centers is to streamline access to long-term care services and support for consumers as well as to support state efforts to develop one-stop shopping. DES, through the Division of Aging, has received federal funding for developing the state's Aging and Disability Resource Centers (referred to as AZLinks). In addition to establishing local public-private partnerships in seven counties of the state, AZLinks has developed a reference manual on long-term care topics and regional supplements on local agency-specific information, a website to provide information and links, and a screening tool and common intake form for those seeking services. CMS and the Administration on Aging have announced the availability of grant monies for Aging and Disability Resource Centers, with a grant deadline of July 30, 2010.
- Beginning in 2011, grants to improve the capability of the state's long-term care ombudsman program in resolving complaints and enable them to conduct pilot programs will be available. Additionally, HHS is charged with and funded to establish ombudsman training programs. The DES Office of Long Term Care Ombudsman has the primary responsibility for identifying, investigating and resolving complaints made by or on behalf of residents of long-term care facilities and to assist, advocate and intervene on behalf of the resident. The Office, which coordinates these services through the local Area Agency on Aging, would be eligible to apply for one of these grants.

KEY TAKEAWAY:

- The state should explore the different funding opportunities made available to support the role of the Aging and Disability Resource Centers and the Office of Long Term Care Ombudsman program in working with consumers.

ABOUT THE AUTHOR

Linda Huff Redman, PhD is an independent healthcare consultant with 14 years of experience advising organizations that serve low income populations on a broad range of healthcare related issues. Her expertise includes Medicaid program and provider organization restructuring, redesign of programs serving special need populations, federal fund maximization, managed care Medicaid RFP submittals, performance reviews, and federal waiver and strategic plan development. Previously, Dr. Redman spent eight years with Arizona's Medicaid agency (AHCCCS) as the Deputy Director.

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- 6 Currently, the Disability Determination Service Administration within the Department of Economic Security is responsible for making medical disability determinations.
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- 8 University of Arizona’s Geriatric Education Center is one of a national network of 45 such federally funded centers.
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