



Home and Community-Based Services – Opportunity in Time of Scarcity to Develop an Integrated System of Care

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LEGISLATIVE OBJECTIVE: To provide recommendations on how to improve access for Californians in long-term care through the use of Home and Community-Based Services (HCBS). Recent research has found that states with well-established, integrated HCBS programs had lower overall long-term care (LTC) spending growth. In contrast, states with low ratios of HCBS expenditures had higher overall LTC costs, as their institutional costs increased.

BACKGROUND: California has more persons of age 65 and older than any other state and the population continues to grow. In 2007, California was home to 4 million persons age 65 and older. It is projected that by 2010 the population will increase to 4.4 million, and will double by the year 2030. California spends more than \$10 billion dollars annually on long-term care, and the majority of these funds pay for services in the community. For older adults and adults with physical disabilities, California was ranked 5th nationally in the percentage of Home and Community-Based Services (HCBS), with 48% on institutional care and 52% on HCBS in 2007.

These statistics suggest that in the years to come, California will undoubtedly face unprecedented challenges in maximizing opportunities for seniors and persons with disabilities to live independently in the setting of their choice. Despite California's current budget climate, seniors and persons with disabilities will CONTINUE to need access to supportive services that can keep them from prematurely moving into more expensive, higher levels of care.

RECOMMENDATION: Although, California's budget deficit makes it difficult to consider expanding services in the short term, investments in HCBS programs would likely improve the effectiveness of the "system of care" and reduce the rate of growth by shifting more resources to community services.

Listed below are a number of effective community-based service delivery models that already exist in California. These programs help to reduce Medi-Cal costs, help to promote individual choice and direction, and have proven to be part of the state's long-term care solution – that's what seniors want and it is a fundamental tenet of the Supreme Court's decision in the Olmstead decision.

- **Assisted Living Waiver Pilot Project (ALW)** – The Assisted Living Waiver expands long-term care settings by providing residential service choices; however, it serves persons in a limited number of counties, and is not available statewide. *Expanding the waiver capacity is a more cost effective alternative to institutional care.*
- **Program of All-Inclusive Care for the Elderly (PACE)** – PACE is a comprehensive provider-based, health plan designed to provide quality health care and long-term support services to older adults who meet the State's criteria for nursing home services but want to continue living in their homes and communities. PACE organizations are required to provide all Medicare and Medi-Cal covered benefits and additional medically necessary services. The vast majority of PACE participants are eligible for both Medicare and Medi-Cal. There are currently five approved PACE organizations in parts of eight counties in California, and existing law allows up to ten approved PACE providers. *The PACE program in California needs to be expanded to accommodate the number of beneficiaries eligible to benefit from its services.*
- **Section 1115 Medicaid Waiver** – Currently, the 1115 Waiver is set to expire on August 31, 2010. If approved for expansion, the State will move Medi-Cal recipients into “organized delivery systems of care” set to improve care coordination and cost savings through the use of home and community-based services. *In addition to expanding PACE and IHSS under the new waiver, we propose that ADHC be included as a “core service provider and/or medical home” under the definition of “home and community-based alternatives to institutional care”.*
- **Adult Day Health Care (ADHC)** – ADHC is a vital and cost effective alternative to institutionalization. ADHC is a community-based program for frail persons *and their caregivers*, which provides nursing services that are not available through IHSS (and often serves beneficiaries who also receive IHSS services). Currently, the Governor's budget seeks to eliminate all Adult Day Health Care as an optional Medi-Cal benefit.
- **In-Home Supportive Services (IHSS)** –Tens of thousands of aged, blind and disabled Californians rely on the IHSS program. The Legislative Analyst's Office (LAO) reported that in 2006 the average annual cost for in-home care was \$10,000 a person. *Compared to \$55,000 for institutional care, this program provides substantial savings to the state.* Currently, the Governor's budget seeks to reduce the program by an additional 87%.

Although the economic downturn has severely strained California's long-term care safety-net, Aging Services recommends that steps must be taken to preserve these existing services - and that over the long-term, efforts should be made to develop an integrated system of care that EXPANDS capacity to address critical needs of California's growing aging population.