Overview

Millions of Americans of all ages need long-term services and supports (LTSS) that result from disabling conditions and chronic illnesses. LTSS includes nursing facility care, adult day care, transportation, home health aides or family caregiving assistance and personal care services. Specific services help individuals complete activities of daily living—for example, dressing, bathing, housework, and managing medications or finances. Services are provided in the home or in institutional settings such as nursing homes, supportive housing or assisted living facilities.

People who require LTSS represent a diverse group, including those older than 65 and younger adults with different types of physical and mental disabilities, as well as children who are medically fragile. Demand for such services is projected to grow in the coming years—as are the associated costs, which are often paid for by public dollars. Medicaid, the largest single payer of LTSS across age groups, accounts for about half of all LTSS spending.

HOME- AND COMMUNITY-BASED SERVICES

In response to consumer demands, court cases and federal law changes, states have been reforming their Medicaid-funded long-term care systems by moving away from costly institutional care toward home- and community-based services (HCBS), which typically cost less and are more popular among people who need LTSS. According to the Kaiser Family Foundation, in 2015, the median annual cost for nursing facility care was $91,250. Even though HCBS are generally less expensive than institution-based care, they may still represent a major financial commitment or burden for individuals, their families and states. In 2015, the median cost for one year of home health aide services (at $20 per hour, 44 hours per week) was almost $45,800 and adult day care (at $69 per day, five days per week) totaled almost $18,000.

Unlike nursing facility care, which is a mandatory service under Medicaid’s federal requirements, states may choose whether to cover HCBS in their Medicaid programs. To qualify for Medicaid-supported HCBS, a person must meet the criteria for a nursing facility level of care. States vary on the specific services they offer and the authority they use to establish these programs. Some home- and community-based services are offered within a Medicaid state plan, while other HCBS programs operate under Medicaid 1915(c) or 1115 waivers. Under waiver programs, states have the flexibility to target services to specific populations, such as seniors with dementia or children with developmental disabilities. Otherwise, absent a waiver, Medicaid rules require states to offer access to similar types and levels of care to all Medicaid enrollees, as needed.

As more people who qualify for LTSS receive such care in community settings, Medicaid spending on HCBS outpaced spending on institutional long-term care for the first time in 2013 and continues to increase. In fact, 55 percent of Medicaid spending on LTSS was for HCBS in 2015. The federal Money Follows the Person demonstration project has provided grants to help states rebalance their Medicaid long-term care systems by helping individuals transition from institutions back into community-based services. The Centers for Medicare & Medicaid Services (CMS) last awarded funds in 2016, but the 43 participating states and the District of Columbia have until 2020 to expend funds.

MANAGED LONG-TERM SERVICES AND SUPPORTS

State policymakers are taking steps to ensure that affordable and high-quality long-term services and supports are accessible to the growing population in need of such services, and to manage the impact to state budgets.
State legislators can play key roles in reforming their LTSS systems by both shifting services to home settings and to capitated, managed long-term services and supports (MLTSS). States adopt MLTSS for a variety of reasons, including to integrate primary care, behavioral health, and long-term care services. MLTSS encourages health care providers to deliver coordinated, patient-centered care, and it also can improve outcomes through care management, coordinated care teams and value-based purchasing.

According to a 2018 study published by Truven Health Analytics, state Medicaid agencies have “rapidly increased” the use of managed care to provide LTSS. Medicaid spending for MLTSS more than doubled in three years from 2012 to 2015, and continued growth is expected as states implement new programs.

Given the complex health care needs of MLTSS beneficiaries, it is important for states to monitor access to necessary services and supports as they transition away from fee-for-service and into managed care programs. According to a 2017 study, four states that had adopted MLTSS agreed that “maintaining access to LTSS is critical to the success of MLTSS.”

Those states had taken several steps—such as adopting provider network standards and transition of care policies—to ensure uninterrupted access to necessary long-term services and supports. As shown in Figure 1, as of January 2018, 24 states were operating MLTSS programs, which collectively covered 1.8 million beneficiaries. States use different Medicaid managed care authorities to establish these programs, including through federal waivers, such as Section 1115, Section 1915(a) or Section 1915 (b)/(c) waivers, or through state plan authority.

State Examples

As of August 2018, 18 states used Section 1115 waivers to provide capitated MLTSS, according to the Kaiser Family Foundation. For example:

- **New Jersey** combined four 1915(c) home- and community-based services waivers into one comprehensive 1115 Medicaid waiver between 2012 and 2017. The waiver expanded managed care to include LTSS and behavioral health services for individuals receiving MLTSS. According to a 2015 program evaluation, the state reported that nearly 33 percent of the Medicaid long-term care population was enrolled in HCBS, up from about 29 percent in July of 2014. The nursing facility population decreased by more than 1,500 individuals between 2014 and 2015. While increasing numbers served in HCBS “seem promising,” the evaluation finds that most stakeholders felt it was too early to know the full impact of MLTSS on consumers or providers.

- **Tennessee** operates the CHOICES in Long Term Services and Supports program for seniors and adults with physical disabilities. The program provides HCBS to help individuals live in their home or community, and nursing facility services when needed. The state also operates the Employment and Community First CHOICES program for individuals of all ages who have an intellectual or developmental disability. Between 2005 and 2017, the percentage of elderly and adults with physical disabilities receiving nursing facility services has declined from 97 percent to 62 percent, while the percentage of individuals receiving HCBS has increased from 3 percent to 39 percent. Funds awarded to the state through CMS’ Money Follows the Person program have helped transition individuals in nursing homes and institutions to home.
and community-based care. Tennessee also operates the Program of All-Inclusive Care for the Elderly (PACE) in Hamilton County to help frail, elderly patients with functional limitations stay in their homes.

- **Wisconsin** supports consumer choice through several innovative programs, including the Family Care and IRIS (Include, Respect, I Self-Direct) programs. These Medicaid waiver programs provide eligible individuals with HCBS in an effort to avoid using costly institutions. Family Care has been found to provide cost-effective and quality care, prompting lawmakers to pass legislation in 2015 that expanded the program statewide. According to the Wisconsin Department of Human Services, the per member per month cost for Family Care members was $3,340, or $550 less per member per month for individuals enrolled in the state’s legacy waivers.

The LTSS State Scorecard—a tool created by AARP, the Commonwealth Fund and The SCAN Foundation—aims to improve LTSS by providing comparable state data to measure progress and performance and identify areas for improvement. The scorecard measures 25 indicators across five dimensions: affordability and access; choice of setting and provider; quality of life and quality of care; support for family caregivers; and effective transitions between care settings or providers. Beginning in 2017, the scorecard also examined housing and transportation measures since affordable and accessible housing and transportation help the aging population and individuals with disabilities remain in their homes and communities.

Figure 2 shows rankings from the LTSS State Scorecard.

**Evidence of Effectiveness**

A 2018 study published by the Medicaid and CHIP Payment Access Commission (MACPAC) finds “modest evidence of some successes” in state MLTSS programs, yet unanswered questions resulting from limited data and insufficient targeted quality measures. Another 2018 study released by CMS compared use of institutional care, home- and community-based services, and personal care by MLTSS enrollees in New York’s Managed Long-Term Care (MLTC) program and Tennessee’s CHOICES program, relative to comparable fee-for-service beneficiaries. It found mixed results “with respect to the goal of rebalancing care from institutional settings to care in home- and community-based settings.” For example, enrollment in New York’s MLTC program was associated with lower institutional care and higher use of HCBS and personal care as compared with individuals enrolled in fee-for-service LTSS. After enrollment in Tennessee’s CHOICES program, enrollees were more likely to use personal care, but changes in their use of institutional care were not significant, compared with individuals enrolled in fee-for-service programs.

**Conclusion**

States continue to innovate to improve their health systems, motivated by rising costs, inefficiencies and consumer demands for better care. Overall, new payment designs are driving innovation in how states pay for and deliver health care, improving the chances that smart investments in health will move the overall system toward better outcomes, lower costs and better access to care.
Notes

2. Ibid.
4. Centers for Medicare & Medicaid Services (CMS), Money Follows the Person (Baltimore, Md.: CMS, n.d.).
11. Tennessee Division of TennCare, LTSS Governor’s Dashboard Graphics (Nashville, Tenn.: Division of TennCare, n.d.).
12. Tennessee Division of TennCare, Money Follows the Person (Nashville, Tenn.: Division of TennCare, n.d.), https://www.tn.gov/tenncare/long-term-services-supports/money-follows-the-person-mfp.html.
14. Wisconsin Department of Health Services, Family Care (Madison, Wis.: DHS, Aug. 1, 2018).
15. Wisconsin Department of Health Services, Family Care and IRIS Programs to Expand Statewide (Madison, Wis.: DHS, July 28, 2016).
17. MACPAC, Managed Long-Term Services and Supports: Status of State Adoption and Areas of Program.

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