



# The Rural Health Connection

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## Home and Community-Based Services: Meeting the Long-Term Care Needs of Rural Seniors

Rural Americans have long dealt with poorer health status and less access to care than their urban counterparts. Today, rural households have higher rates of death, disability and chronic disease. The rural population is older; has lower education and income levels; and is more likely to smoke, be obese and be physically inactive than the urban population. Approximately one-quarter of the country's population lives in a rural area, but only about 10 percent of the nation's physicians are located there.

According to the Health Resources and Services Administration (HRSA), the nation has 6,090 primary Health Professional Shortage Areas (HPSAs), 65 percent of which are located in rural areas; nearly 35 million people live within their boundaries. This primary care provider shortage means that patients tend to receive less preventive and primary care due to greater travel distances, longer wait times and affordability issues. To meet current rural health care needs, an additional 3,981 primary care practitioners would need to start practicing in these rural areas.

### Seniors

Of all groups, America's rural seniors may be most adversely affected by these challenges. As people age, they typically require more health care services. At the same time, however, they often become less mobile due to physical disability or chronic illness. In areas where the nearest doctor may be two towns or 90 miles away, older people frequently are forced to move prematurely to assisted living or nursing facilities because they are unable to meet their own day-to-day needs. This shift to institutionalization is costly, and much of the cost burden falls to government programs such as Medicare and Medicaid.

The rate of growth for seniors living in rural areas has tripled since the 1990s, and if the 80 million baby boomers living in the United States continue to follow these migration patterns, the rural population of those age 55 to 75 is set to increase 30 percent between 2010 and 2020. Further, the fastest growing segment of the popu-

lation—those age 85 and older—is expected to grow from 4 million in 2000 to 21 million by 2050. Based upon these migration patterns, it can be expected that much of the growth will be concentrated in rural areas.

### Long-Term Care and Medicaid

As people age, they often require help with daily activities due to decreased mobility, or they may require more extensive assisted living or nursing home facility care due to impaired cognitive functioning or chronic disease. Today, nearly 70 percent of people over age 65 will need some form of long-term care services at some time in their lives.

Older individuals and adults with disabilities make up only about a quarter of all Medicaid enrollees; however, these groups account for approximately 70 percent of all Medicaid spending. Medicaid is the nation's largest payer for long-term care services. Because meal and housing costs are not covered under most Medicaid programs, and home and community-based service waiver programs have long waiting lists in many states; many rural seniors must go to assisted living and nursing care facilities. These services typically are more costly, ranging from \$38,000 per year for assisted living facilities and up to \$72,000 per year for nursing home care.

### Home and Community-Based Services

During the past few decades, states have increasingly used home and community-based services to help reduce long-term care costs and improve patient satisfaction. Although programs vary from state to state, spending on home and community-based services more than doubled between 1995 and 2008, growing from 19 percent to 42 percent of all Medicaid long-term care expenditures; the number of people served also has increased greatly.

States face two significant issues in providing less costly long-term care services—especially home-based care—to America's rural seniors, for those who prefer to "age in place" by remaining in their homes instead of moving to assisted living or nursing home facilities.



## How Home and Community-Based Services Are Provided

Most non-institutional long-term care spending occurs through 1915(c) home and community-based services waivers. This accounted for a total of \$27.2 billion in 2007, including \$9.5 billion for personal care services and \$4.9 billion for home health services.

Most home and community-based services currently are provided through three primary programs in the states:

- Optional 1915(c) home and community-based services waivers,
- Optional state plan personal care services benefit, and
- Mandatory home health benefit.

The first issue is a shortage of people who are trained to provide long-term care services. Between 70 percent and 80 percent of paid long-term care is provided by nursing aides, orderlies, home health aides, home care aides and personal care aides.

Because rural seniors often lack access to such providers or cannot afford basic home-based services that allow them to remain independent, many rely upon informal caregivers such as family, friends or neighbors. In fact, in urban and rural communities nationwide, 87 percent of those who need long-term care receive it from unpaid caregivers. In 2009, 43.5 million people in the United States served as unpaid caregivers to an adult over age 50.

The second major issue is that, with the exception of certain Medicaid waiver programs, family, friends and neighbors cannot receive payment for long-term care services under Medicare and Medicaid. Thus, in addition to providing services to an aging family member or friend, many informal caregivers also hold full-time jobs. These responsibilities can be difficult for caregivers, especially when a family member's needs are complex.

### Conclusion

Seniors age 65 and older spend 3.3 times more on health care than those age 18 to 64. The result is that 34 percent of all personal health care spending goes for only 12 percent of the population. As a quarter of the nation's population begins to reach retirement age, this spending can be expected to increase significantly during the next two decades. It presents serious challenges for state legislators who are attempting to juggle the difficult tasks of balancing the budget and continuing to provide adequate care for a rapidly growing senior population. The task can be especially difficult in rural areas where the health care system already is strapped by deficits in workforce, large geographic coverage areas, and a generally lower socioeconomic population—all of which result in significant disparities in health status.

States have taken a number of actions in recent years to address these issues, but simply creating better access will not solve the problems facing rural seniors. In order to prepare adequately for the growing elder population, state legislators will want to address long-standing policies and programs that lead seniors into more costly institutional care.

The movement to a system of home and community-based services is not without criticism or challenges, especially given the current economic and political climate. The enhanced Federal Medical Assistance Percentages (FMAP) enacted under the American Recovery and Reinvestment Act of 2009 expired at the end of June 2011, bringing Medicaid cost containment to the forefront of issues for FY 2012 budgets. This, along with provisions of the Affordable Care Act may bring home and community-based services to the forefront of policy decisions related to Medicaid reform. Because most home and community-based services are optional and institutional care—such as nursing facility services—is required under Medicaid, legislators may look to cut these services as they attempt to balance the budget. Cutting home and community-based services could cost states more in the long run, however.

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