

# Long-Term Services and Supports (LTSS): Medicaid's Role and Options for States

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State Variation in Long-Term Services and Supports: Location, Location, Location  
National Health Policy Forum

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# The National LTSS Landscape, 2013 and Beyond

- **Aging of America:** The 85 and over age cohort is at highest risk for needing long-term services and supports (LTSS), and the number of individuals in this age cohort is expected to increase by almost 70 percent over the next two decades.<sup>1</sup>
- **Growth in Demand for Person-Centered LTSS:** Over 10 million Americans of all ages may require daily assistance with self-care tasks, with some individuals needing more extensive, institution-based services as a result of chronic conditions and/or severe functional and/or cognitive impairments.<sup>2</sup>
- **Widespread Use of Informal Supports and Limited Access to Adequate, Affordable Housing:** Family caregivers play a significant role in reducing unmet need among individuals who desire to remain in the community.<sup>3</sup> Access to suitable community-based housing is limited.

<sup>1</sup> A. Houser et al. (2012). *Across the States 2012: Profiles of Long-Term Services and Supports*. AARP Public Policy Institute. Available at: <http://www.aarp.org/home-garden/livable-communities/info-09-2012/across-the-states-2012-profiles-of-long-term-services-supports-AARP-ppi-ltc.html>.

<sup>2</sup> S. Kaye et al. (2010). Long-Term Care: Who Gets It, Who Provides It, Who Pays, And How Much? *Health Affairs*, 29:1, 11-21.

<sup>3</sup> L. Feinberg. (2011). *Valuing the Invaluable: The Growing Contributions and Costs of Family Caregiving, 2011 Update*, available at <http://www.aarp.org/relationships/caregiving/info-07-2011/valuing-the-invaluable.html>.

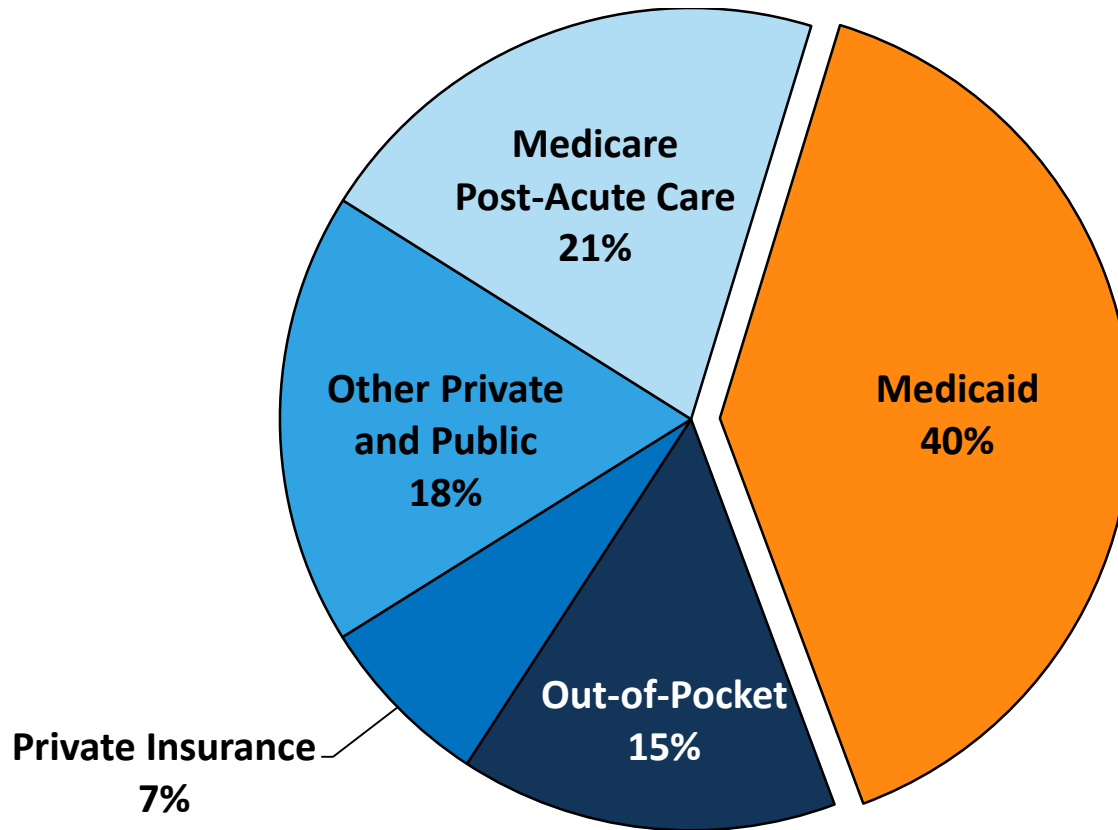
## The National LTSS Landscape, 2013 and Beyond, *continued*

- **Few Can Afford LTSS Expenses:** In the absence of affordable options to finance current and/or future care needs, low-income people with LTSS needs will continue to rely on Medicaid to cover their expenses for institutional and home and community-based LTSS.
- **States Have Considerable Flexibility in Using Medicaid Funding to Provide LTSS and Financial and Functional Eligibility Criteria Differ Among States:** States provide a range of LTSS under various Medicaid authorities and can customize benefits to meet the care needs of particular beneficiary populations.
- **The Affordable Care Act (ACA) Gives States New and Expanded HCBS Opportunities:** To date, all but three states are pursuing at least one ACA option to expand access to Medicaid HCBS; over half are pursuing three or more options.<sup>4</sup>

<sup>4</sup>M. O'Malley Watts, M. Musumeci, and E. Reaves, *How is the Affordable Care Act Leading to Changes in Medicaid Long-Term Services and Supports (LTSS) Today? State Adoption of Six LTSS Options*, The Henry J. Kaiser Family Foundation, April 2013, available at: <http://www.kff.org/medicaid/issue-brief/how-is-the-affordable-care-act-leading-to-changes-in-medicaid-long-term-services-and-supports-ltss-today-state-adoption-of-six-ltss-options>.

Figure 3

# Medicaid is the primary payer for LTSS



**Total National LTSS Spending, 2011 = \$357 billion**

NOTE: Total LTSS expenditures include spending on residential care facilities, nursing homes, home health services, and home and community-based waiver services. Expenditures also include spending on ambulance providers. All home and community-based waiver services are attributed to Medicaid.

SOURCE: KCMU estimates based on CMS National Health Expenditure Accounts data for 2011.

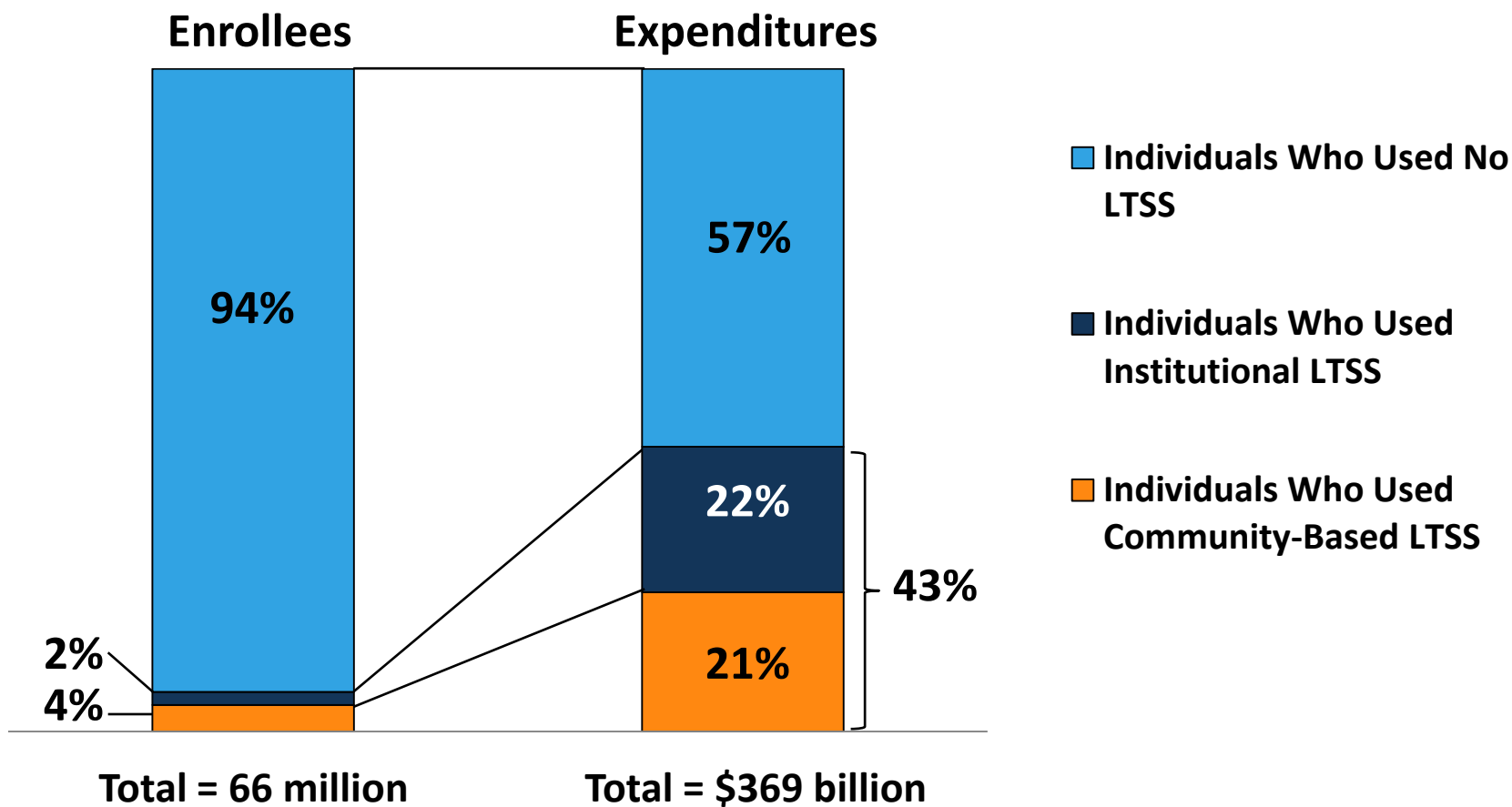
Figure 4

# Overview of Medicaid LTSS

Authority	Provision	Mandatory or Optional	FMAP	Time Limitation
<b>State Plan Services:</b>	Nursing facility	Mandatory	Regular	No
	Intermediate care facility for people with intellectual/developmental disabilities	Optional	Regular	No
	Home health services	Mandatory	Regular	No
	Personal care	Optional	Regular	No
	Community First Choice state plan option (§ 1915(k))	Optional	Enhanced 6%	No
	Health home state plan option	Optional	Enhanced 90% for first 2 years	A state can get more than one period of enhanced FMAP, but can only claim the enhanced FMAP for a total of eight quarters for one enrollee
	HCBS state plan option (§ 1915(i))	Optional	Regular	If a state targets the benefit(s), approval periods are for 5 years, with the option to renew with CMS approval for additional 5-year periods
<b>Waivers:</b>	Section 1915(c)	Optional	Regular	Section 1915(c) waivers are approved initially for a 3-year period and renewed for 5-year periods
	Section 1115	Optional	Regular	In general, Section 1115 demonstrations are approved for a 5-year period and can be renewed, typically for an additional 3 years
<b>Other HCBS Programs:</b>	Money Follows the Person	Optional	Enhanced	Demonstration grant through September 2016
	Balancing Incentive Program	Optional	Enhanced 2% or 5%	State plan option or waiver from Oct. 2011 through Sept. 2015 for states that devoted less than half of Medicaid LTC expenditures to HCBS as of 2009

Figure 5

# Medicaid LTSS Users Accounted for Nearly Half of Medicaid Spending, 2010

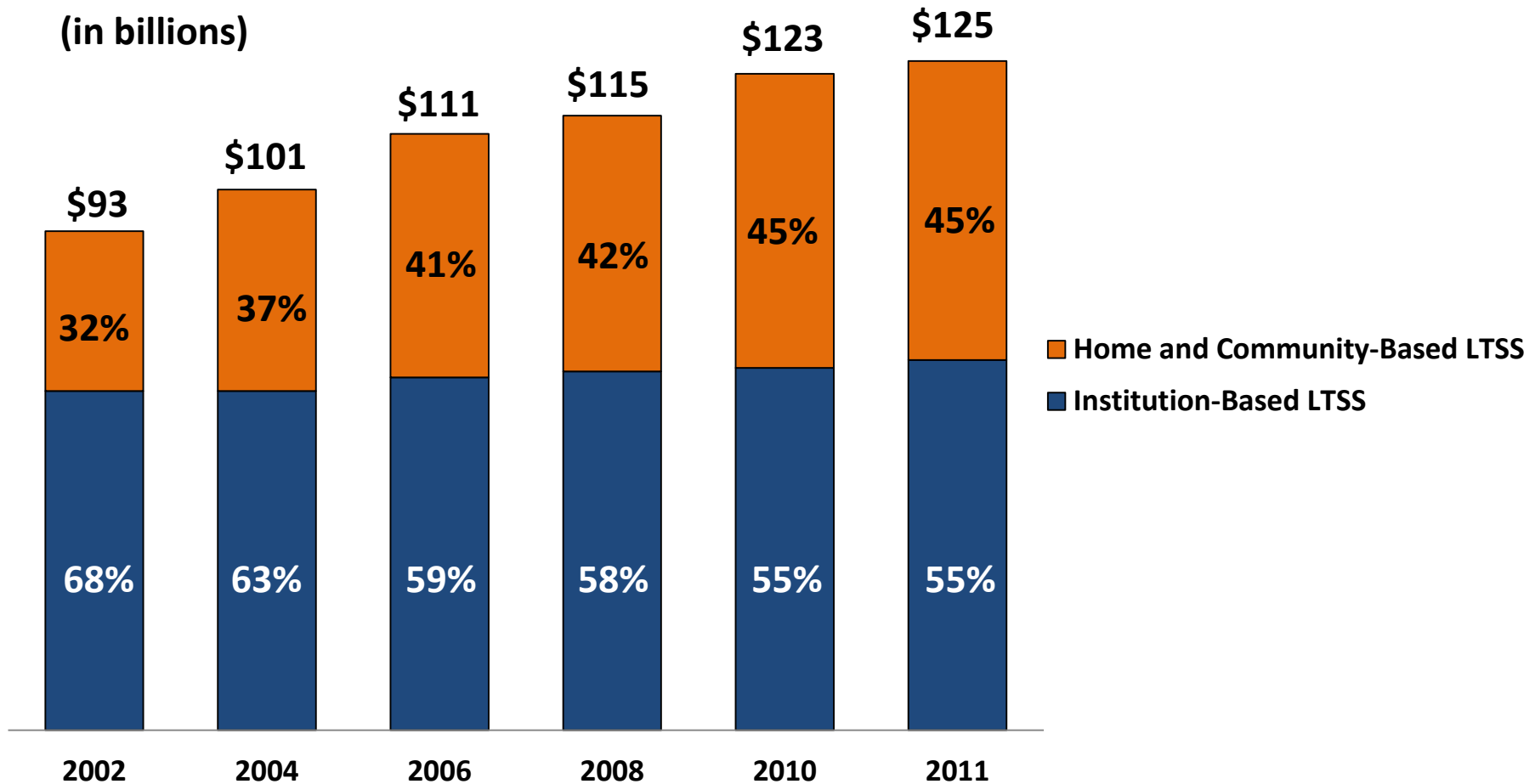


NOTE: Individuals who used both institutional and community-based services in the same year are classified as using institutional services in this figure.

SOURCE: KCMU and Urban Institute estimates based on data from FY 2010 Medicaid Statistical Information System (MSIS). Because 2010 data was unavailable, 2009 data was used for Colorado, Idaho, Missouri, and West Virginia.

Figure 6

# Growth in Medicaid LTSS Expenditures, 2002 - 2011

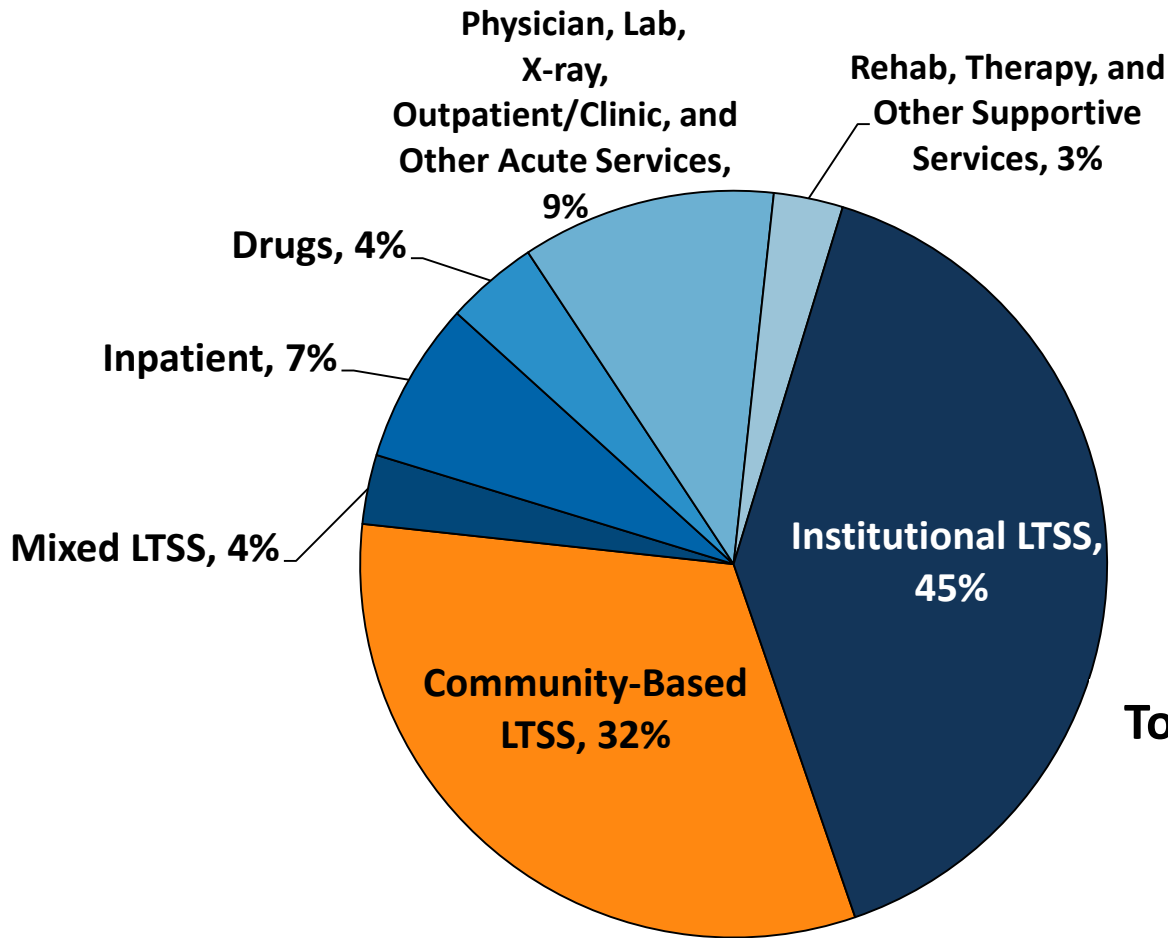


NOTE: Home and community-based care includes state plan home health, state plan personal care services and § 1915(c) HCBS waivers. Institutional care includes intermediate care facilities for individuals with intellectual/developmental disabilities, nursing facilities, and mental health facilities.

SOURCE: KCMU and Urban Institute analysis of CMS-64 data.

Figure 7

# Medicaid Spending by LTSS Users, 2010



**Total Medicaid Spending  
by LTSS Users, 2010 =  
\$159 billion**

NOTE: Community-based services include § 1915(c) home and community-based waiver services, state plan home health services, and state plan personal care services.

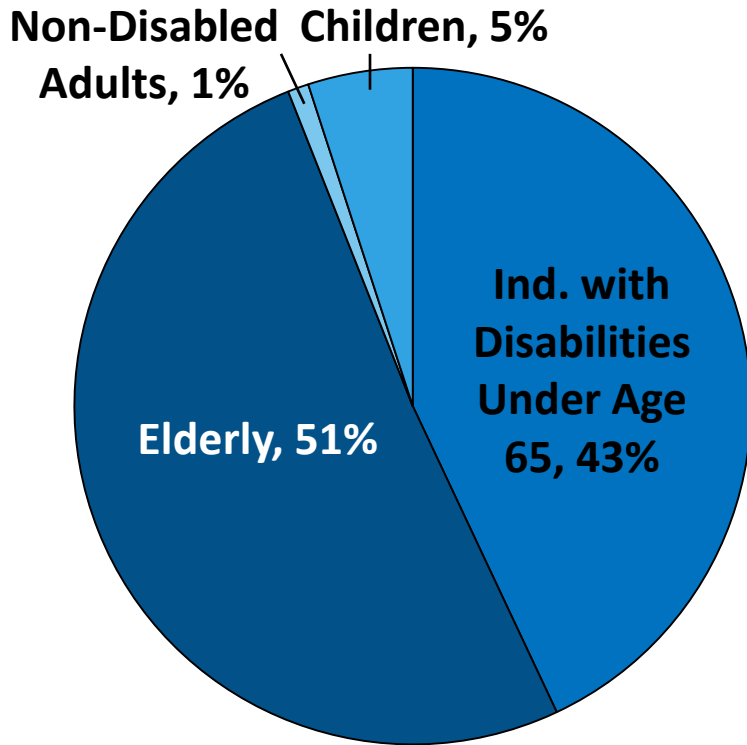
SOURCE: KCMU and Urban Institute estimates based on MSIS and CMS-64 2010 data. Because 2010 data was unavailable, 2009 MSIS data was used for Colorado, Idaho, Missouri, and West Virginia. Spending for these states was then adjusted to 2010 CMS-64 spending levels.



Figure 8

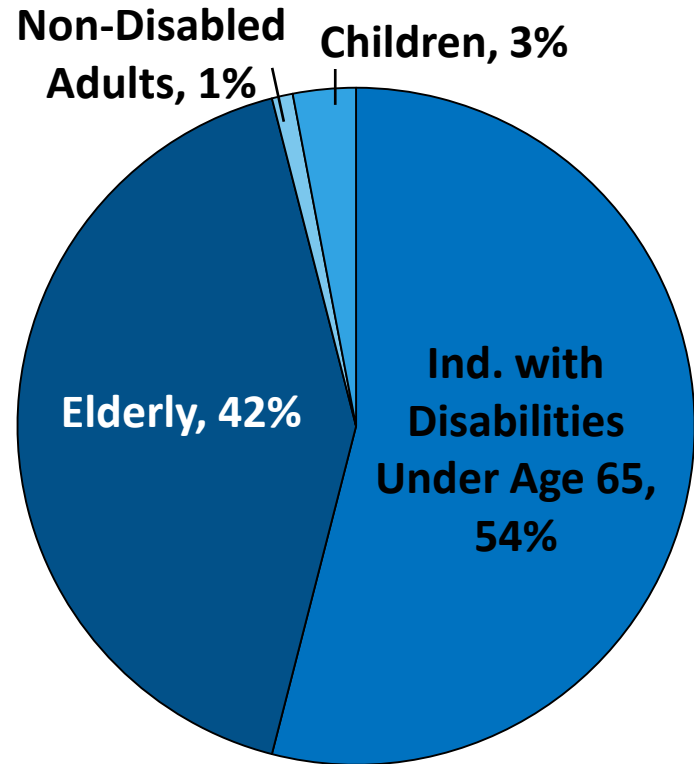
# Medicaid Enrollees Who Used LTSS, 2010

## Enrollment



Total = 3.8 million

## Expenditures



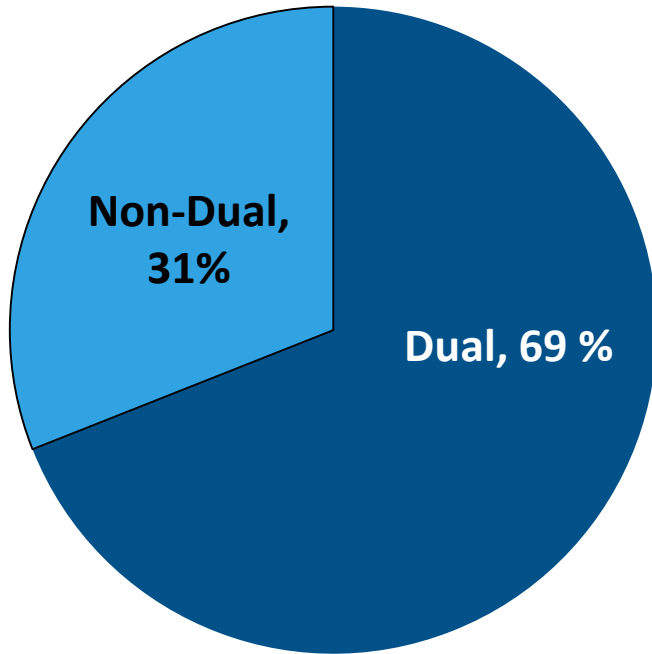
Total = \$159 billion

SOURCE: KCMU and Urban Institute estimates based on data from FY 2010 Medicaid Statistical Information System (MSIS). Because 2010 data was unavailable, 2009 data was used for Colorado, Idaho, Missouri, and West Virginia.

Figure 9

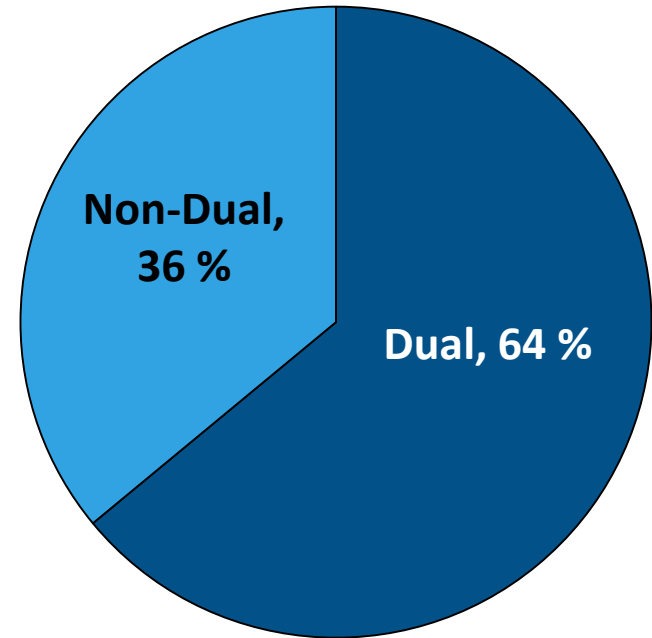
# Distribution of Medicaid Beneficiaries Who Use LTSS, by Dual Eligibility Status, 2010

Enrollment



Total = 3.8 million

Expenditures

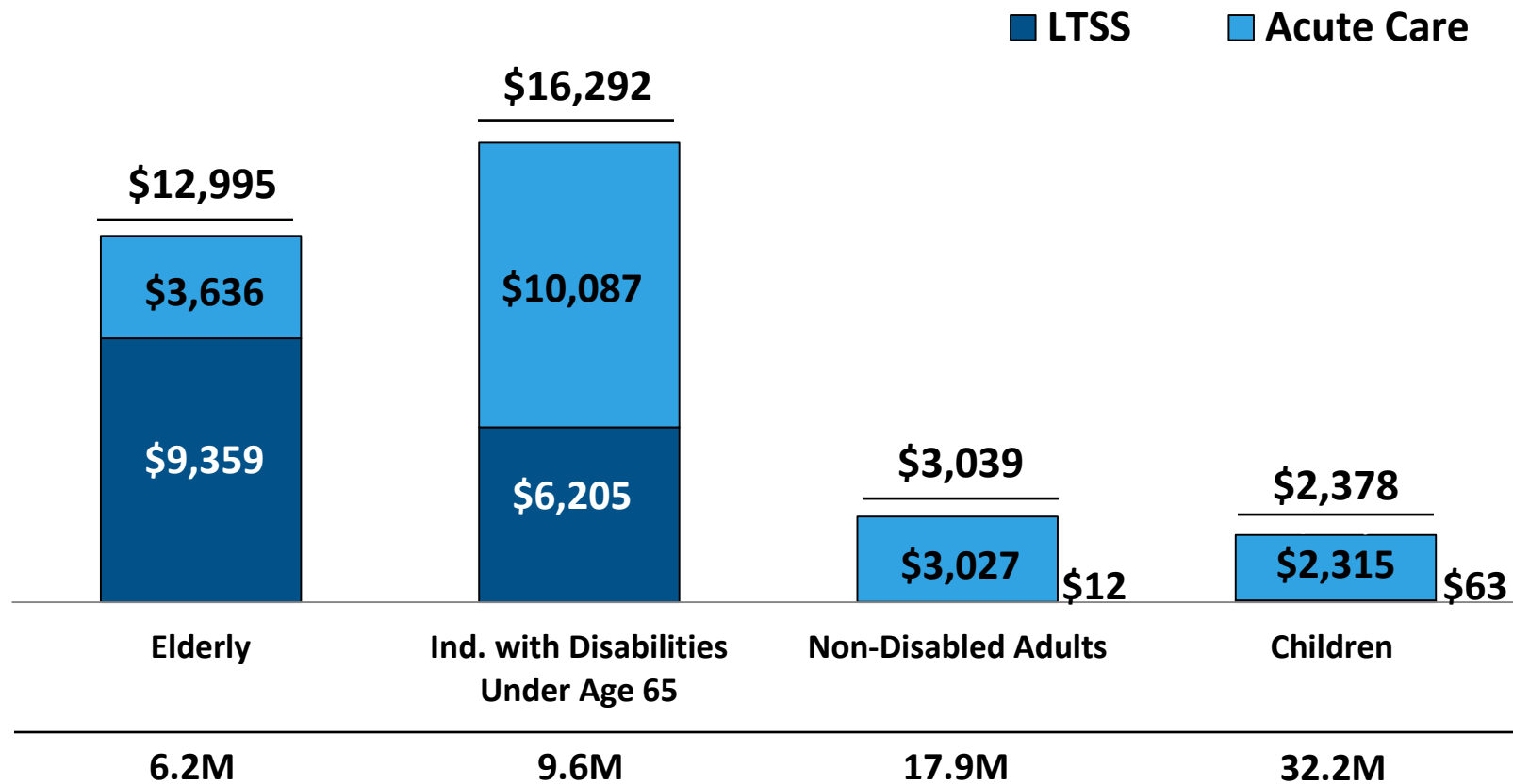


Total = \$159 billion

SOURCE: KCMU and Urban Institute estimates based on data from FY 2010 Medicaid Statistical Information System (MSIS). Because 2010 data was unavailable, 2009 data was used for Colorado, Idaho, Missouri, and West Virginia.

Figure 10

# Medicaid Spending Per Enrollee, by Beneficiary Population, 2010

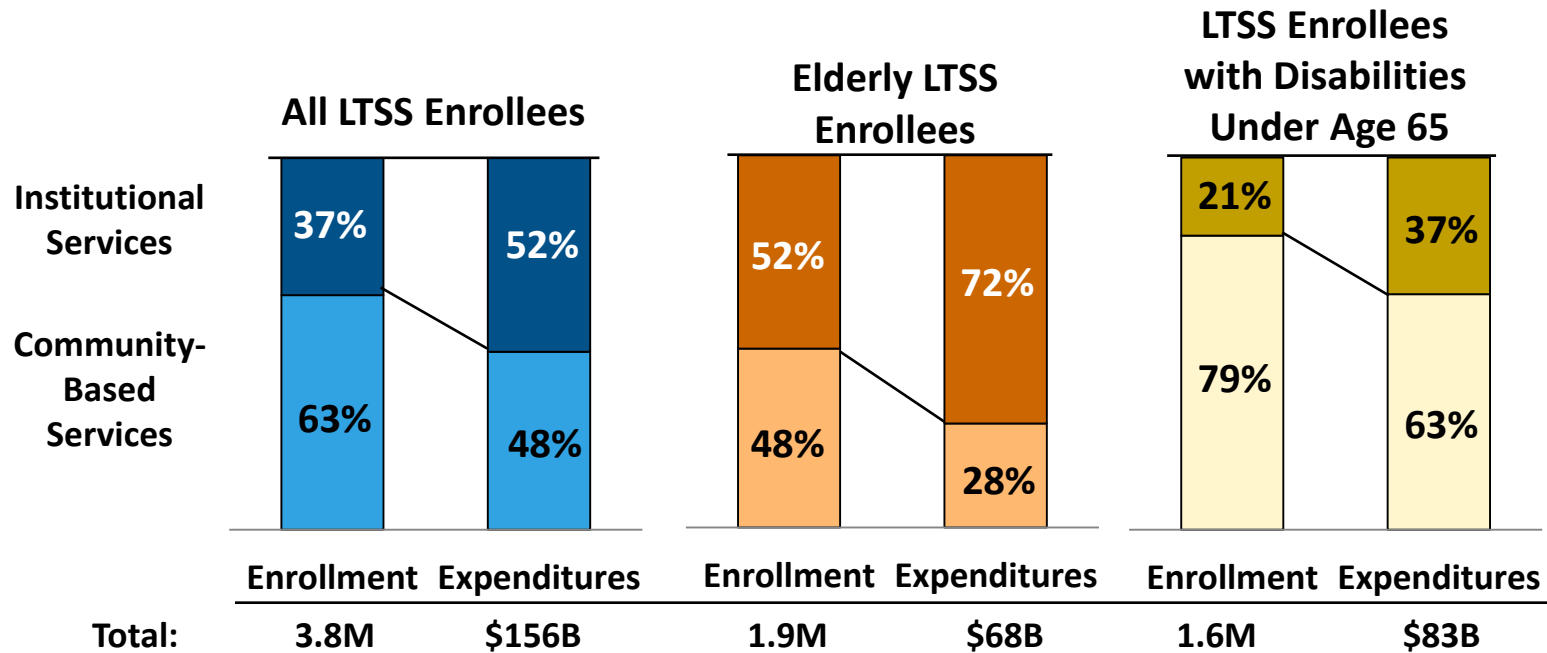


NOTE: Spending per enrollee figures are for *all* Medicaid enrollees, not just LTSS users.

SOURCE: KCMU and Urban Institute estimates based on data from FY 2010 Medicaid Statistical Information System (MSIS). Because 2010 data was unavailable, 2009 data was used for Colorado, Idaho, Missouri, and West Virginia.

Figure 11

# Distribution of Enrollment and Spending Among Medicaid LTSS Beneficiaries, by Population, 2009



NOTE: Note: Individuals who used both institutional and community-based services in the same year are classified as using institutional services in these tables.

SOURCE: KCMU and Urban Institute estimates based on data from FY 2009 MSIS. Because 2009 data was unavailable, 2008 data was used for Pennsylvania, Utah, and Wisconsin.

Figure 12

# Medicaid Home and Community-Based Services (HCBS) Participants and Expenditures, by Program, 2009

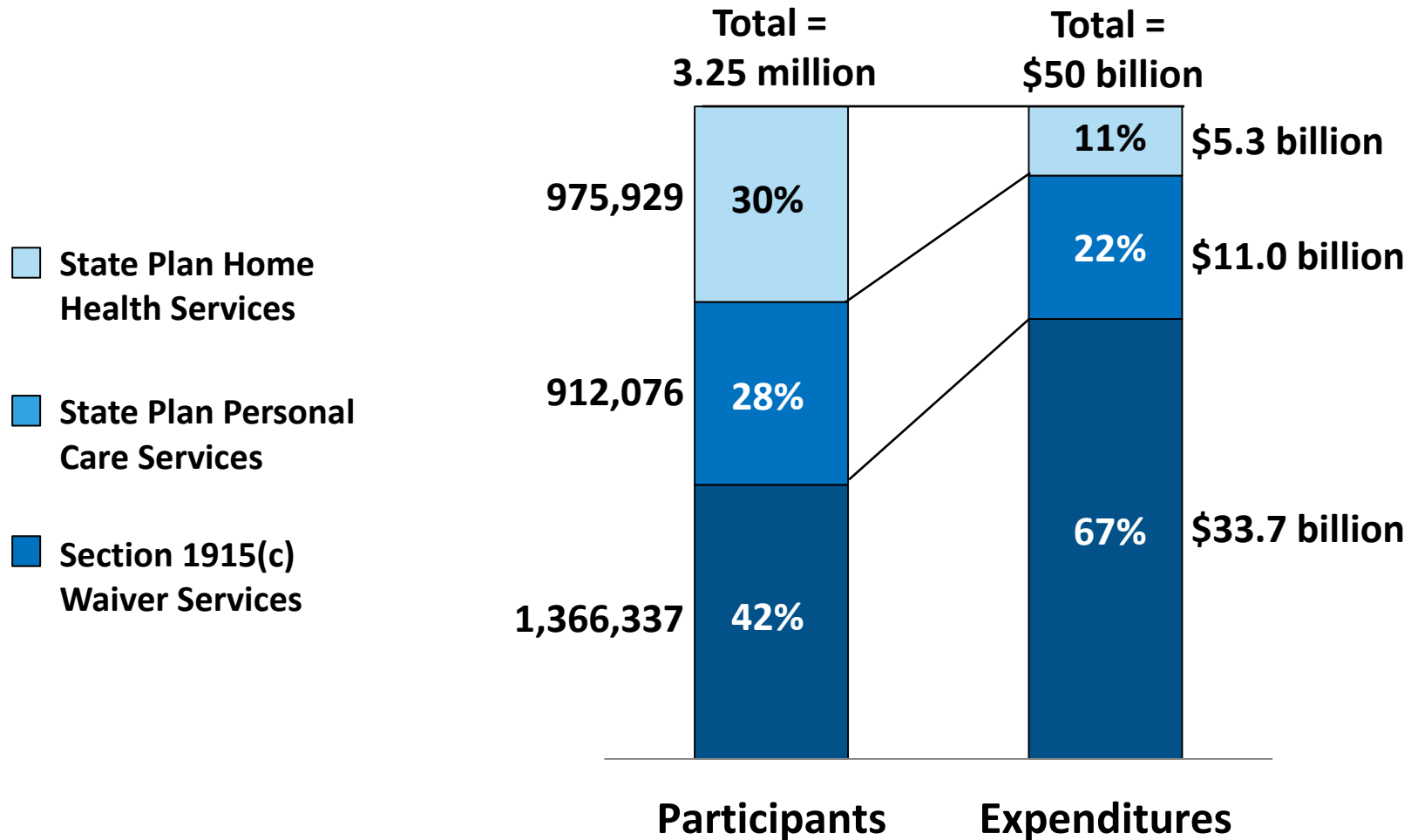
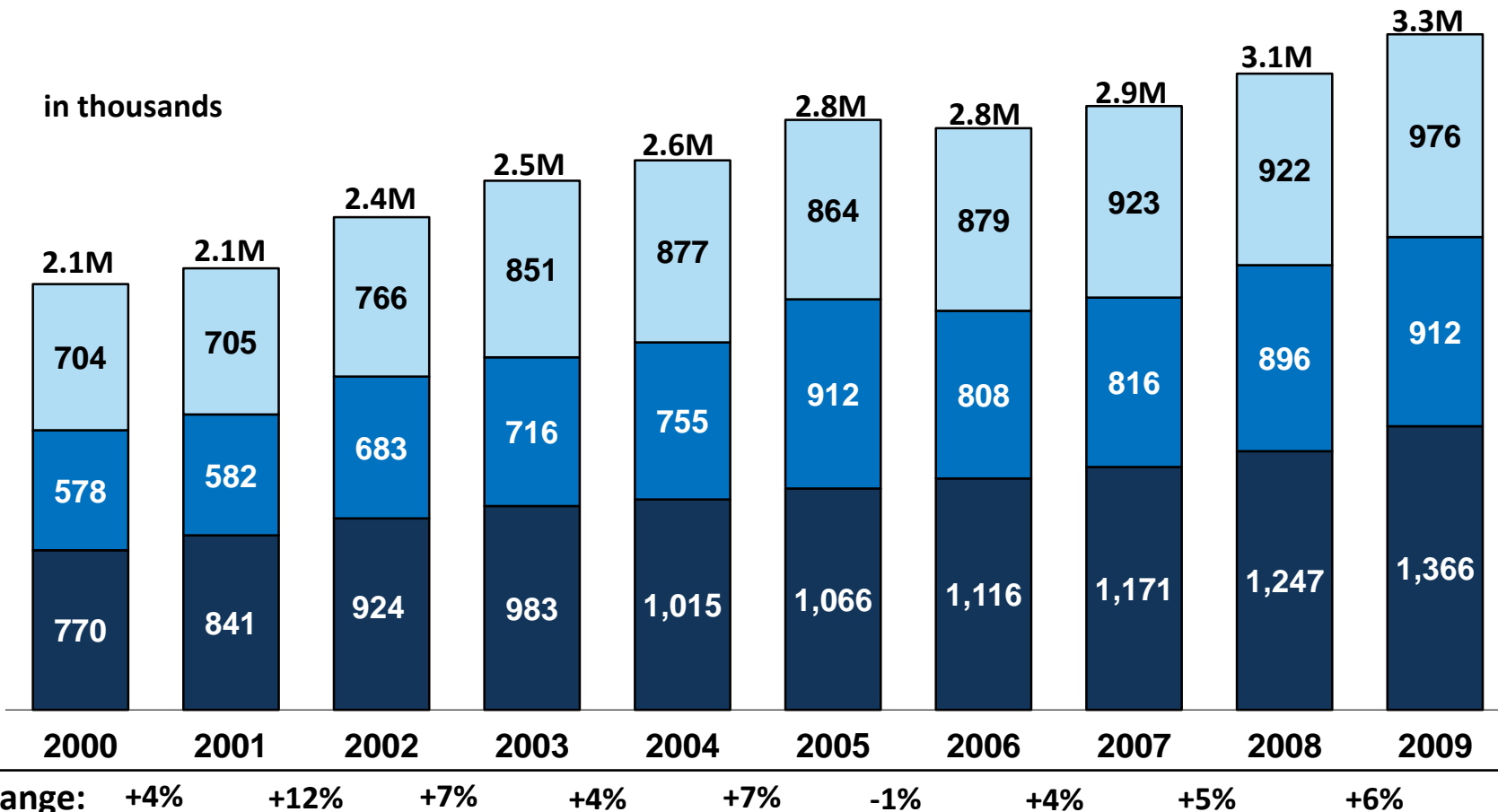


Figure 13

# Growth in Medicaid HCBS Participants, by Program, 2000-2009

■ Home Health Services 
 ■ Personal Care Services 
 ■ Section 1915(c) HCBS Waiver

in thousands



NOTE: Figures updated annually and may not correspond with previous reports.

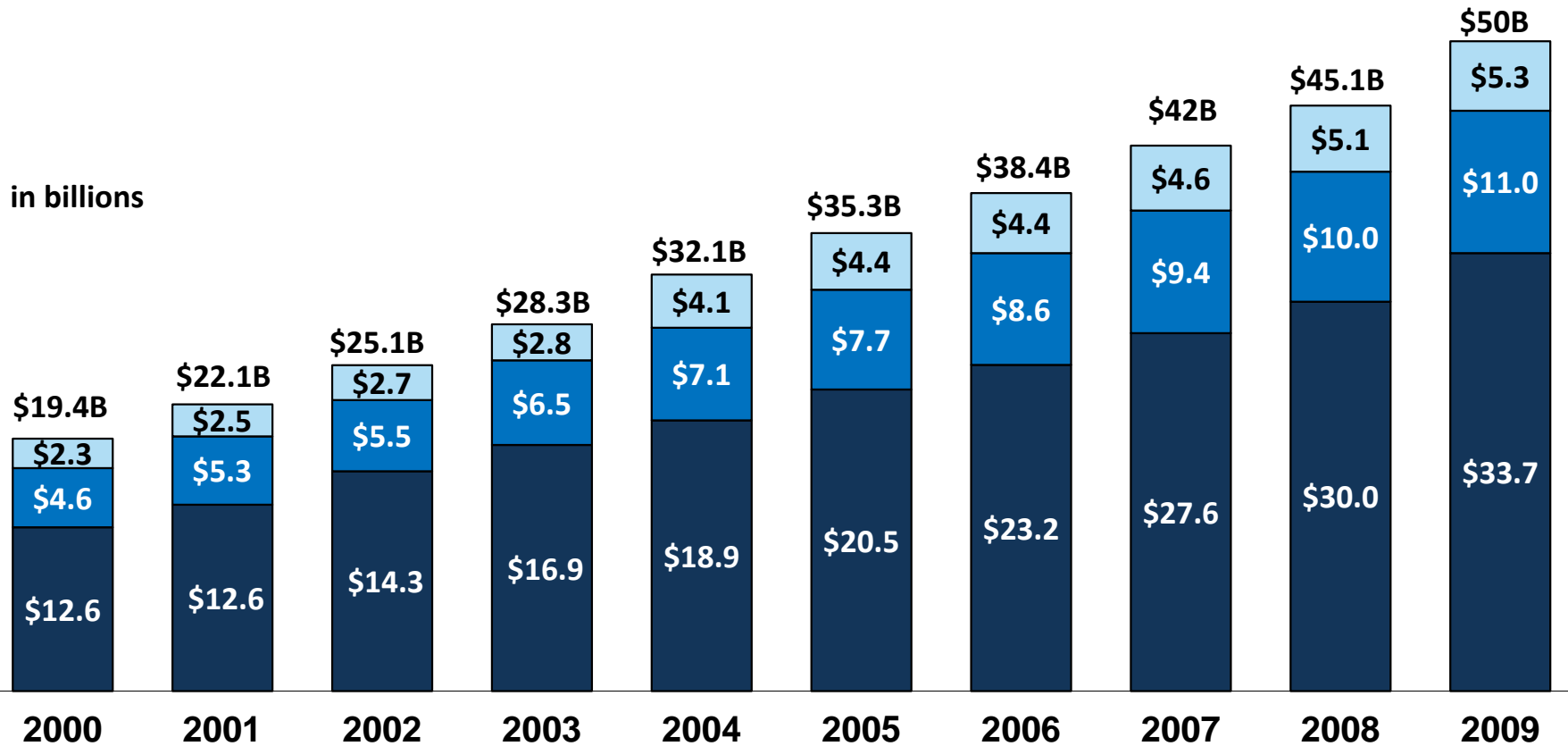
SOURCES: KCMU and UCSF analysis of CMS Form 372 data and program surveys.



Figure 14

# Growth in Medicaid HCBS Expenditures, by Program, 2000-2009

■ Home Health Services 
 ■ Personal Care Services 
 ■ Section 1915(c) HCBS Waiver



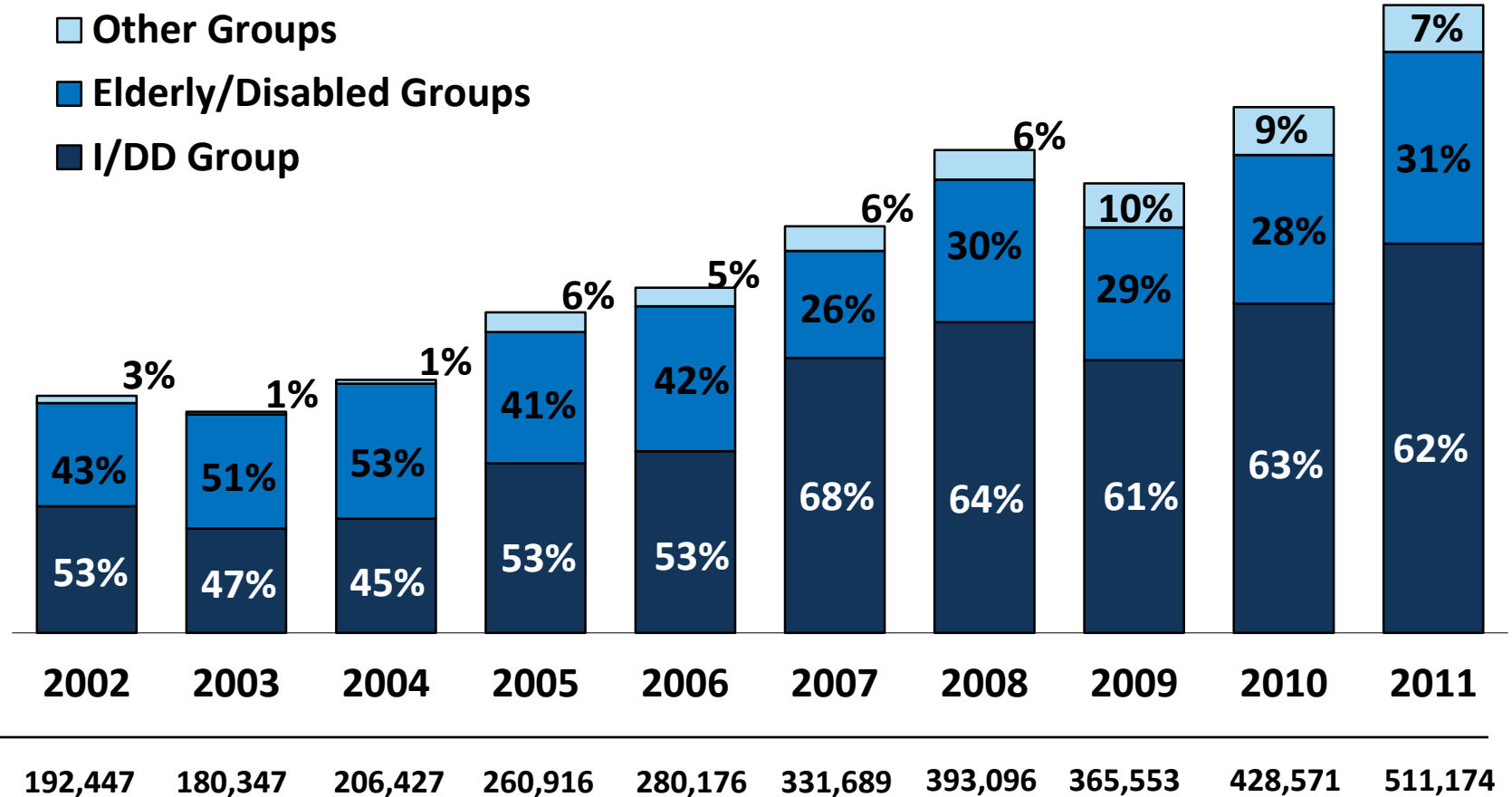
% Change: +14%    +14%    +13%    +14%    +10%    +9%    +9%    +7%    +11%

NOTE: Figures updated annually and may not correspond with previous reports.  
 SOURCES: KCMU and UCSF analysis of CMS Form 372 data and program surveys.



Figure 15

# Medicaid § 1915(c) HCBS Waiver Waiting Lists, by Enrollment Group, 2002-2011



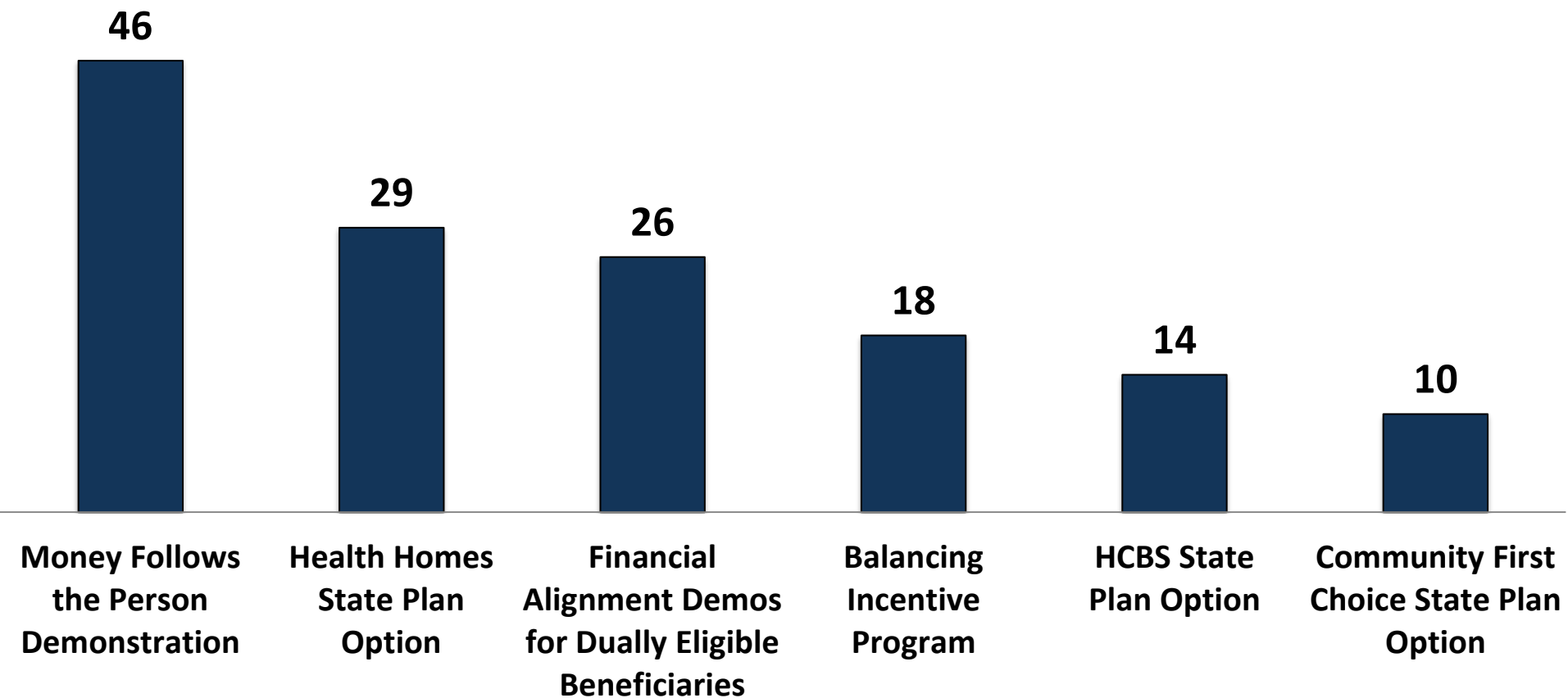
NOTE: "Elderly/Disabled" comprises the following enrollment groups: aged, aged/disabled, and physically disabled. "Other" comprises the following enrollment groups: children, individuals with HIV/AIDS, individuals with mental health needs, and individuals with traumatic brain and spinal cord injuries. Percentages may not sum to 100 due to rounding.

SOURCE: T. Ng et al., December 2012, available at: <http://www.kff.org/medicaid/report/medicaid-home-and-community-based-service-programs/>.



Figure 16

# States' Participation in Six Key Medicaid LTSS Options Provided or Enhanced by the Affordable Care Act



NOTE: Number of states that are participating, used to participate, or have plans to participate in FY 2013 or FY 2014 as of July 2013.

SOURCE: M. O'Malley Watts, M. Musumeci, and E. Reaves, *How is the Affordable Care Act Leading to Changes in Medicaid Long-Term Services and Supports (LTSS) Today? State Adoption of Six LTSS Options*, The Henry J. Kaiser Family Foundation, April 2013, available at: <http://www.kff.org/medicaid/issue-brief/how-is-the-affordable-care-act-leading-to-changes-in-medicaid-long-term-services-and-supports-ltss-today-state-adoption-of-six-ltss-options/>; updated July 2013.

# Capitated Medicaid Managed LTSS: An Emerging Trend

- **CMS reports that more than half the states are expected to be operating capitated Medicaid managed LTSS programs by January 2014, including:**
  - Expansion of current Medicaid capitated managed LTSS programs under § 1115 or § 1915(b)/(c)
    - 19 states with waivers implemented or approved as of 2012 (AZ, CA, DE, FL, HI, KS, MA, MI, MN, NH, NJ, NM, NY, NC, PA, TN, TX, WA, and WI)
  - Establishment of new Medicaid capitated managed LTSS programs under § 1115 or § 1915(b)/(c)
    - 3 states with proposals pending (CA, IL, and NV)
  - Implementation of Medicare/Medicaid financial alignment demonstrations for dual eligible beneficiaries under § 1115A combined with § 1115 or § 1915(b)/(c)
    - 5 states with capitated proposals approved (CA, IL, MA, OH, and VA); 10 states with capitated proposals pending (HI, ID, MI, NY, OK, RI, SC, TX, VT, and WA)

SOURCES: P. Saucier, J. Kasten, B. Burwell, and L. Gold, *The Growth of Managed Long-Term Services and Supports (MLTSS) Programs: A 2012 Update*, July 2012, available at: [http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Downloads/MLTSSP\\_White\\_paper\\_combined.pdf](http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Downloads/MLTSSP_White_paper_combined.pdf); M. Musumeci, *Financial Alignment Demonstrations for Dual Eligible Beneficiaries Compared: California, Illinois, Massachusetts, Ohio, and Washington*, The Henry J. Kaiser Family Foundation's Commission on Medicaid and the Uninsured, May 2013, available at <http://www.kff.org/medicaid/issue-brief/illinois-massachusetts-ohio-and-washington-financial-alignment-demonstrations-for-dual-eligible-beneficiaries-compared/>.

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# APPENDIX: Medicaid Long-Term Services and Supports Provisions

Figure 20

# Medicaid State Plan Institutional Services

Provision	Description	Mandatory or Optional	FMAP	Self-Direction	Time Limitation
<b>Nursing Facility Services</b>	<p>Must require daily care provided in facility</p> <p>Financial eligibility at state option up to 300% SSI federal benefit rate (\$2,130/month for an individual in 2013)</p>	Mandatory	Regular	N/A	No
<b>Intermediate Care Facility Services for People with Intellectual/Developmental Disabilities</b>	Must require health or rehabilitative services provided in facility	Optional	Regular	N/A	No

Figure 21

# Medicaid State Plan Home and Community-Based Services (HCBS)

Provision	Description	Mandatory or Optional	FMAP	Self-Direction	Time Limitation
Home Health Services	Part-time or intermittent nursing services; home health aide services; medical supplies, equipment and appliances suitable for use in the home; and at state option, physical therapy, occupational therapy, and speech pathology and audiology services	Mandatory	Regular	N/A	No
Personal Care Services	Assistance with activities of daily living (e.g., bathing, dressing) and instrumental activities of daily living (e.g., preparing meals)	Optional	Regular	Permitted	No
Community First Choice State Plan Option (§ 1915(k))	Home and community-based attendant services and supports for beneficiaries who would otherwise require institutional care; financial eligibility up to 150% FPL (\$1,436/month for an individual in 2013) or up to state limit for nursing facility services if higher	Optional	6% enhanced	Required	No
Health Home State Plan Option	<p>Services include: comprehensive care management, care coordination, health promotion, comprehensive transitional care/follow-up, patient &amp; family support, referral to community &amp; social support services</p> <p>To be eligible, individuals must:</p> <ul style="list-style-type: none"> <li>• have at least two chronic conditions; or</li> <li>• have one chronic condition and are at risk for a second; or</li> <li>• have one serious and persistent mental health condition</li> </ul> <p>Geographic targeting permitted</p>	Optional	Enhanced 90% for first two years; planning funds up to \$500,000 available	Permitted	If a state targets the benefit(s), approval periods are for 5 years, with the option to renew with CMS approval for additional 5-year periods
HCBS State Plan Option (§ 1915(i))	<p>Services include: case management, homemaker/home health aide/personal care services, adult day health, habilitation, respite, day treatment/partial hospitalization, psychosocial rehabilitation, chronic mental health clinic services, other services approved by Secretary (same as § 1915(c) HCBS waiver)</p> <p>To be eligible, individuals must:</p> <ul style="list-style-type: none"> <li>• meet financial eligibility criteria (individuals are covered up to 150% FPL, or \$1,436/month for an individual in 2013); states have the option to expand up to 300% SSI FBR (\$2,130/month for an individual in 2013) if eligible for HCBS through a waiver</li> <li>• meet needs-based criteria less stringent than institutional care</li> </ul> <p>Enrollment caps not permitted</p> <p>Statewideness required</p> <p>Population targeting permitted</p>	Optional	Regular	Permitted	If a state targets the benefit(s), approval periods are for 5 years, with the option to renew with CMS approval for additional 5-year periods

Figure 22

# Medicaid HCBS Waivers

Provision	Description	Mandatory or Optional	FMAP	Self-Direction	Time Limitation
§ 1915(c)	<p>Services include: case management, homemaker/home health aide/personal care services, adult day health, habilitation, respite, day treatment/partial hospitalization, psychosocial rehabilitation, chronic mental health clinic services, other services approved by Secretary</p> <p>Beneficiaries must otherwise require institutional care</p> <p>Secretary can waive regular program income and resource limits</p> <p>Cost neutrality required</p> <p>Enrollment caps permitted</p> <p>Stewardship not required</p> <p>Population targeting permitted</p>	Optional	Regular	Permitted	Section 1915(c) waivers are approved initially for a 3-year period and renewed for 5-year periods
§ 1115	<p>Secretary can waive certain Medicaid requirements and allow states to use Medicaid funds in ways that are not otherwise allowable under federal rules for experimental, pilot, or demonstration projects that in the Secretary's view are likely to assist in promoting program objectives</p> <p>Budget neutrality required through longstanding administrative policy</p>	Optional	Regular	Permitted	In general, Section 1115 demonstrations are approved for a 5-year period and can be renewed, typically for an additional 3 years

Figure 23

# Other Medicaid HCBS Authorities

Provision	Description	Mandatory or Optional	FMAP	Self-Direction	Time Limitation
<b>Money Follows the Person</b>	<p>HCBS for beneficiaries who transition from institution to community setting</p> <p>Includes supplemental services not otherwise matchable to facilitate transition</p>	Optional	Enhanced for 12 months for state plan or waiver HCBS	Permitted	Demonstration Grant through Sept. 2016
<b>Balancing Incentive Program</b>	<p>New or expanded HCBS for beneficiaries with incomes up to 300% SSI FBR (\$2,130/month for an individual in 2013)</p> <p>Must develop no wrong door/single entry point system, conflict-free case management services, and core standardized assessment</p>	Optional	Enhanced 2% or 5%	Permitted	State plan option or waiver from Oct. 2011 through Sept. 2015 for states that devoted less than half of Medicaid LTC expenditures to HCBS as of 2009