

## HOME AND COMMUNITY-BASED LONG-TERM SERVICES AND SUPPORTS FOR OLDER PEOPLE

### Definition

The term “home and community-based long-term services and supports” (HCBS) refers to assistance with daily activities that generally helps people with disabilities to remain in their homes. Many people with functional limitations or cognitive impairments need assistance with activities of daily living (ADLs) such as bathing, dressing, and using the toilet, or instrumental activities of daily living (IADLs) such as shopping and doing laundry.

Services such as personal care, chore assistance, transportation, congregate meals, or adult day services all constitute HCBS. People of all ages with disabilities who use these services live in a variety of settings: their own homes or apartments, assisted living facilities, adult foster homes, congregate care facilities, or other supportive housing.

### Need for HCBS

Estimates of the population with some type of limitation on daily activities vary, depending on the definition of “disability.” In 2002, about 8.7 million people age 65 or older living in the home had a limitation in at least one ADL or IADL (almost 27 percent of the population). About 6 percent of this age group (2 million people) had more severe disabilities (limitation in 3 or more ADLs).

### Paying for HCBS

Researchers estimate that families furnish the majority of care to people with disabilities. Less than two-thirds (61 percent) of older adults with disabilities receive any help with basic personal activities or household chores. Among those who *do* receive long-term services and supports, more than three in four get help only from unpaid sources, usually family members. Fewer than seven percent get help only from paid sources. The

remainder uses a combination of paid and unpaid help.

### Medicaid Funding:

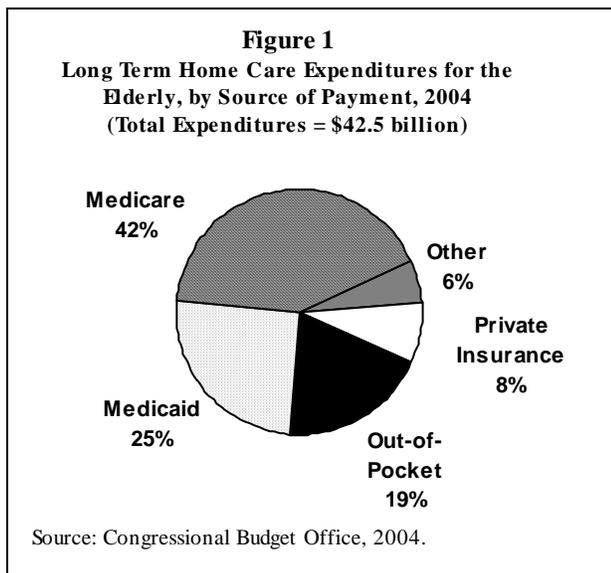
- Every state (except Arizona) had one or more **home and community-based waiver programs** in 2004.<sup>1</sup> Under waiver programs, states can serve a limited geographic area, define the range of benefits, and tailor services to specific groups (such as older people or persons with brain injuries). To be eligible for services, individuals must be at risk of nursing home placement. However, unlike nursing homes, eligible individuals are not *entitled* to receive waiver services and may be placed on a waiting list.
- The **personal care services program** is an *optional* Medicaid benefit that states may use to provide assistance with daily living activities. Twenty-seven states operated these programs for adults in 2004.
- The **home health care** benefit covers primarily skilled nursing services and physical and other therapies. Home health is a *mandatory* Medicaid benefit for eligible persons. (The Medicare program also provides home health services to people who are homebound, need help intermittently, and require skilled services.)

Medicaid spent a total of \$89.3 billion for long-term care services in 2004. Of that total, \$31.7 billion or 36 percent went to HCBS. Of Medicaid spending for HCBS, two-thirds (\$21.2 billion) paid for waiver program services. These expenditures are for people of all ages.

<sup>1</sup> Arizona provides comparable services under a different type of federal waiver.

To qualify for Medicaid-funded services, people generally must have monthly incomes equal to or below the Supplemental Security Income (SSI) program eligibility level (\$603 in 2006). However, many states allow people with higher incomes (generally up to 300 percent of SSI) to receive services under the waiver program.

Government data generally do not distinguish between skilled home health services such as nursing or physical therapy and the unskilled services that constitute the core of HCBS. Therefore, the data in Figure 1 overstate the role of Medicare, which provides the majority of *skilled* home care, but a much smaller share of unskilled services. Other public sources of HCBS funding include the Older Americans Act, state general revenues, and some local funds.



**Older Americans Act (OAA) Funding:** OAA programs provide home-delivered meals, in-home assistance (such as chore or homemaker), and adult day services for people age 60 and older. OAA programs target care to people with the “greatest social or economic need.” For fiscal year 2006, Congress appropriated \$1.4 billion for OAA services. Congregate and home-delivered meals accounted for \$567 million (41 percent of the total). The OAA also provided \$156 million to support family caregivers.

**State Funding:** Many states use general revenue funds to provide services for people whose incomes or assets are too high for them to qualify for Medicaid services. States also have greater

freedom in establishing functional eligibility and setting other rules with their own funds. A 2003 survey reported that states spent \$1.4 billion on these programs in fiscal year 2002.

**Expanding Options**

**Assisted Living:** This type of housing generally offers personal care and supportive services 24 hours a day, some health care, and meals in congregate residential settings. In 2004, over 36,000 assisted living facilities served approximately 938,000 residents. Assisted living is primarily private pay, although, by 2004, 41 states provided at least some Medicaid coverage (for personal care services, not room and board) serving about 121,000 elderly Medicaid beneficiaries.

**Subsidized Rental Housing for Older People:**

The federal government funds service coordinators in federally subsidized housing projects serving older people to help residents age in place. The principal program is Section 202 housing, which focuses specifically on subsidized rental housing for older adults. Approximately 270,000 Section 202 units were designated for the elderly in 2004.

These programs provide little personal care or oversight, but some states are now expanding their capacity to offer a more complete range of assisted living services.

**Consumer-Directed Services:** States are offering more recipients of publicly funded HCBS the option of directing their own care, particularly by hiring and training their own workers. A 2004 report with responses from 40 states found 62 consumer-directed service programs serving older people. Thirty-eight percent of these programs were less than five years old.

*By Enid Kassner*  
 AARP Public Policy Institute  
 601 E St., NW  
 Washington, DC 20049  
 202-434-3863; E-Mail: [ppi@aarp.org](mailto:ppi@aarp.org)  
 March, 2006  
 © 2006, AARP <http://www.aarp.org/ppi>  
 Reprinting with permission only.