

## **Pulling Together: Administrative and Budget Consolidation of State Long-Term Care Services**

### **Introduction and Purpose**

This is a summary of the AARP Public Policy Institute issue paper *Pulling Together: Administrative and Budget Consolidation of State Long-Term Care Services*.<sup>1</sup>

The delivery of long-term care (LTC) services differs considerably from state to state. Currently, in most states, LTC functions and operations are dispersed throughout state government. This often results in confusion for consumers as they try to deal with a variety of programs and procedures scattered throughout many different state agencies. To ease this process, many state officials are exploring several strategies, one of which includes the consolidation of LTC programs, policies, and budgets within one state agency.

This paper contains the following:

- An examination of a consolidated agency approach, by studying the structure of such an agency, reviewing the arguments for consolidation, and the barriers to achieving it;
- A description of how several states accomplished consolidation; and
- A checklist of steps toward consolidation to serve as a resource for state policymakers considering a move toward such a model.

### **Key Findings**

1. The ultimate purpose of a state's consolidation of its LTC system is to overcome barriers to providing access and viable, real choices to consumers. Consolidating the existing fragmented program areas makes it possible for program administrators and consumers to begin thinking about LTC as a system designed to meet the changing needs of individuals, and not just a collection of separate programs.

2. There is no single definition of a consolidated state agency. For purposes of this project, the authors offer the following definition of a model consolidated state LTC agency:

*A consolidated agency has responsibility for administration, policy, funding, and regulation for all LTC services and settings. This includes Medicaid institutional care and community-based programs, such as personal care, home and community-based waiver programs, home health, hospice, Programs for All-Inclusive Care (PACE), and state-funded LTC programs, if applicable. The model structure includes the state agency on aging with its Older Americans Act programs. The model agency has responsibility for Medicaid financial eligibility determinations and responsibility for quality management for the LTC system. The agency can cover all populations of people with disabilities—older persons, other adults with physical disabilities, and persons with mental retardation/developmental disabilities. Persons with mental illness are rarely included.*

A state can have a consolidated agency that serves only older people or that serves older persons and younger people with physical disabilities. However, some states—for example, Oregon, Vermont, and Washington—have organized their LTC systems to also include people with developmental disabilities.

3. Consolidation into one administration could include the following components:

- A single budget with flexibility and authority to fund an array of LTC services and supports;
- A single point of entry that does a timely and standardized assessment of financial and functional eligibility that is also used to gather hard data to manage the LTC system;
- Case management capacity to provide assistance and oversight for consumers;
- A process for resource development that meets consumer demand for services and supports;
- A fair rate setting and contracting processes for providers of service;
- A structure and process for ensuring regulatory oversight and quality management throughout the system; and
- Integration of programs supported by Older Americans Act funds.

4. Barriers to consolidation can include the difficulty of serving multiple populations with different issues and funding streams, agency turf battles, fear of big government, and some resistance from some consumer groups.

5. Major state LTC system change generally requires two key elements: (1) leadership and vision reflecting core values on the part of top state policymakers; and (2) participation of major stakeholders, including consumers, providers, state officials, and representatives of persons with disabilities and the groups that represent them.

6. All agency directors who were interviewed for this paper agreed that it would be much more difficult to shift more funding to home and community-based services without the consolidated structure but that many LTC reforms *can* be accomplished without the consolidation of individual agencies.

## **Conclusion**

A consolidated agency can bring about consistent policymaking and focus the system on persons rather than on program providers. Although many LTC reforms can occur in states without a single, consolidated agency and are being developed in many states today, comprehensive system reform is much more likely to happen in states with consolidated agencies.

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<sup>1</sup> Fox-Grage, Wendy, Barbara Coleman, and Dann Milne, PPI Issue Paper #2006-05. February 2006