

## IN-BRIEF

STATE-FUNDED HOME AND COMMUNITY-BASED  
SERVICE PROGRAMS FOR OLDER PEOPLEIntroduction and Purpose

This In Brief summarizes the findings of the AARP Public Policy Institute (PPI) issue paper, *State-Funded Home and Community-Based Service Programs for Older People*.<sup>1</sup> The Medicaid program is the largest payer for long-term care services, accounting for 47 percent of all long-term care spending. Yet nearly all states fund community-based long-term care services independent of Medicaid in order to have greater flexibility in determining eligibility, providing services, and allocating resources. These programs can provide services to people who are not eligible for the Medicaid program as well as services that may not be available under Medicaid. States can also use available resources to provide services without the constraints imposed by federal rules and regulations. These state-funded programs play a significant role in terms of both expanding access to care and serving as a source for innovation in care delivery.

This paper summarizes a 2003 survey and compares its findings with a 1996 survey also from AARP's Public Policy Institute. Both reports provide a detailed description of state-funded home and community-based care programs, independent of Medicaid, that serve older people. This report presents snapshots of state-funded long-term care programs at two points in time. The two data sets also provide some indication of changes in the delivery of home and community-based services, though the findings do not indicate how or why the mix of programs and services has changed.

Key Findings

Forty-seven states and the District of Columbia responded to the survey. Maryland, Missouri, and North Dakota declined to participate, and California and Wisconsin provided only some of the information requested.

***Number of state-funded programs***

- Respondents identified a total of 41 single-service programs in 21 states and 51 multi-service programs in 37 states.
- There was little change in the number of multi-service programs between 1996 and 2003, but the number of single-service programs decreased substantially.
- The number of states with no state-funded programs increased from two to five.

---

<sup>1</sup> Summer, Laura L., and Emily S. Ihara. PPI Issue Paper #2004-11. October 2004

In Brief written by Enid Kassner, October 2004

© 2004, AARP. Reprinting with permission only.

AARP Public Policy Institute, 601 E Street, NW, Washington, DC 20049

<http://www.aarp.org/ppi>

### ***Program funding and revenue sources***

- The reported level of spending for state-funded programs was \$1.4 billion in fiscal year 2002, slightly higher than the amount reported in 1996 (though not adjusted for inflation).
- General revenue is the funding source for most of the programs. Tobacco taxes or settlement funds and casino or lottery revenue are the most popular alternate sources of funding for state programs.

### ***Program services***

- The most commonly provided services include homemaker, adult day, respite, personal care, or meals.
- Compared to 1996, services that require intensive hands-on individual attention, such as home health aide and chore services, were less likely to be offered in 2003, while services, such as home repairs and modification, home-delivered meals, transportation, and emergency response systems, were more likely to be offered in 2003 than in 1996.

### ***Cost-containment strategies***

- About half the programs charge co-payments. Generally, these programs use a sliding-fee scale, which considers the client's financial situation, to determine the amount of the co-payment.

### ***State-funded programs and their relationship to Medicaid***

- Most (84 percent) multi-service programs provide services to people who are not eligible for Medicaid based on financial criteria, and 65 percent provide services to people who are ineligible for Medicaid home and community-based waiver services based on functional eligibility criteria.
- Some 57 percent serve people awaiting placement in the state's Medicaid home and community-based waiver program.

### **Conclusions**

State-funded home and community-based long-term care programs play an important role in delivering long-term care services. Over the last several years, despite an increase in the demand for services, this segment of the long-term care system has experienced little growth. As states face budget shortfalls, there may be a financial incentive to expand Medicaid's role in the long-term care system since a matching federal payment for services is provided through Medicaid. Many states recognize, however, that while it is necessary to use all available strategies to stretch limited state resources, it is also important to retain programs that traditionally have provided services to a segment of the population that would not otherwise be eligible for care.