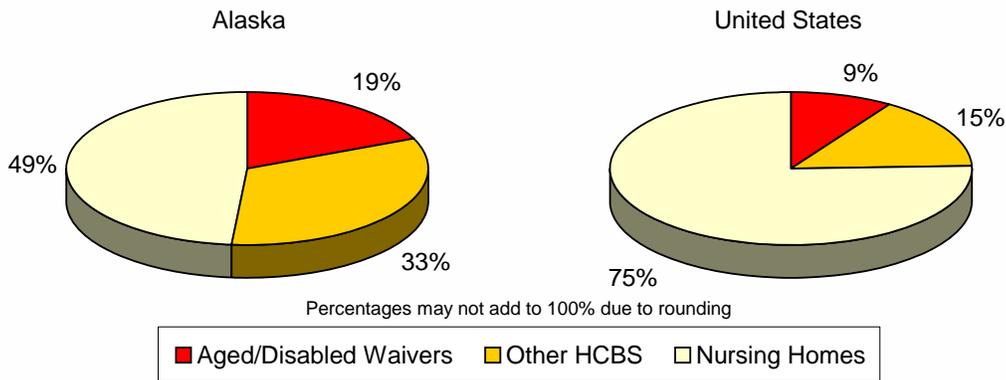


State Long-Term Care Reform in
ALASKA

Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in Alaska and the U.S., 2006



Compared to the U.S. average, Alaska allocates a greater percentage (52 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to home and community-based services (HCBS). In FY 2006, Alaska spent 19 percent on waiver services and 33 percent on personal care services (PCS).

Type of Service	Medicaid Participants ¹			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	2,299	4,838	+2,539	\$33	\$131	+\$98
Nursing Homes	929	967	+38	\$72	\$123	+\$52

Alaska has one of the most balanced LTC systems for older people and adults with physical disabilities in the nation, and recent trends indicate that the state is continuing to make even more progress toward balancing. The vast majority of Medicaid participants with LTC needs receive HCBS rather than nursing home services. From FY 2001 to FY 2006, Medicaid spending on HCBS increased significantly and far outpaced the growth of spending for nursing home services, which also increased during this time. Alaska is one of the few states that spends more on HCBS than it does on nursing homes.

¹ This analysis separates Medicaid participation and spending data for older people and adults with physical disabilities from the population with mental retardation/development disabilities (MR/DD) and other LTC populations. Participants and expenditures for HCBS include all 1915(c) waivers for older people and adults with physical disabilities, and the personal care services option, if the state offers it. All participants and expenditures for nursing homes are included, regardless of the participants' type of disability or reason for admission. Excluded are participants and expenditures for intermediate care facilities for mental retardation (ICF/MR), HCBS waivers for other populations such as MR/DD, home health, and individuals receiving LTC services through managed care programs. Participant numbers include all persons receiving services during the year, not the average number on a given day; the number of nursing home participants is greater than the number of nursing home beds in each state. The average number of Medicaid nursing home residents on any given day for each state appears in the *Tables* tab at the end of the full report *A Balancing Act: State Long-Term Care Reform (#2008-10)*.

Yet, LTC experts called in by the state to review its LTC system noted that the spending totals for HCBS mask several problems. As one study noted, Alaska’s system “remains fragmented and without an over-arching infrastructure.” The state “suffers from parallel systems of care, ineffective rates, and a continuum of LTC that does not provide complete and consistent delivery of services.”²

Major Initiative

In the last several years, the Medicaid Personal Care Assistant (PCA) program has expanded significantly, providing home care services to individuals with disabilities of all ages. The program cost \$7.6 million and served 1,300 consumers in 2000. By 2005, PCA served 3,800 consumers, and the cost of the program had increased to \$79 million.

“Personal Care Assistant Program”

The state implemented reforms to control the costs of the personal care assistant program.

As a result of these dramatic increases, the Alaska legislature directed the Department of Health and Social Services (DHSS) in 2005 to develop regulations to better manage the PCA program. DHSS issued revised regulations in 2006 that established training, education, and Medicaid certification requirements for PCA providers; mandated certification from a physician regarding the medical condition of the client to authorize PCA services; and required that PCA plans be coordinated with Home and Community-Based Waiver Service plans. A participant now must require substantial assistance with at least two activities of daily living (ADLs) to qualify for services. The regulations also require that either the Division of Senior and Disabilities Services or an independent contractor conduct client assessments to reduce the potential for conflict of interest for PCA providers.

Other Developments

Personal Care. The PCA regulations described above have slowed the growth of PCA services. State officials estimate that PCA services grew 4.8 percent between FY 2005 and FY 2006, compared to a 23 percent growth between FY 2004 and FY 2005.

Rural Long-Term Care. To address the scarcity of services in Alaska’s rural areas, the state has created the Rural Long-Term Care Development program, funded by a grant from the Alaska Mental Health Trust Authority. The program assists older adults with services such as care coordination, chore and respite services, Personal Care Assistant Program, and adult day service centers.

Assisted Living. With the financial assistance of the Robert Wood Johnson Foundation Coming Home grant, the state also created the Assisted Living Development program to develop assisted living facilities in the rural areas of the state. As of April 2006, five affordable assisted-living facilities have been completed in the rural areas of Alaska. According to the grant program, affordable assisted living typically refers to licensed residential projects that provide apartment-style housing, together with supportive services to older residents, at least 25 percent of whom are financially eligible for Medicaid.

² Public Consulting Group. (2006, February). *Alaska Long Term Care and Cost Study: Final Report*. Anchorage, AK.