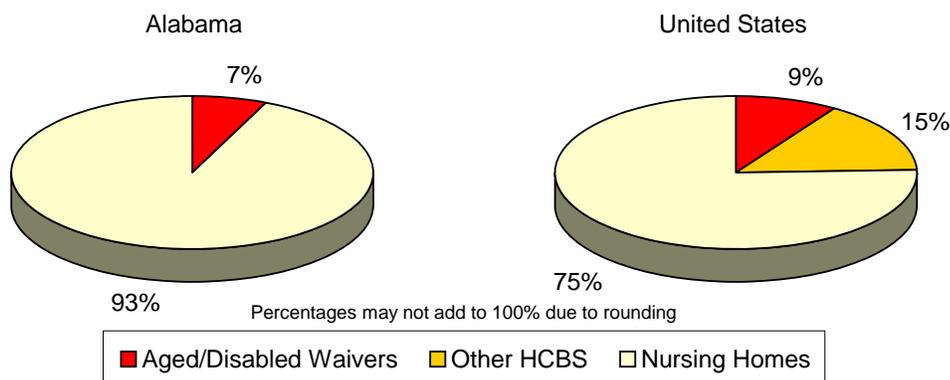


State Long-Term Care Reform in
ALABAMA

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



Compared to the U.S. average, Alabama allocates a greater percentage (93 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to nursing homes, even though most people prefer to remain in their own homes and communities. In FY 2006, Alabama spent 7 percent on waiver services.

Type of Service	Medicaid Participants ¹			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	6,161	8,215	+2,054	\$48	\$60*	+\$12
Nursing Homes	24,576	26,723	+2,147	\$674	\$839	+\$165

Recent Medicaid trends indicate that Alabama still has an unbalanced LTC system for older people and adults with physical disabilities. Many more Medicaid participants receive nursing home services than receive home and community-based services (HCBS). However, the number of participants receiving HCBS and nursing home care both increased about the same amount from 1999 to 2004. From FY 2001 to FY 2006, the increase in Medicaid spending on nursing homes was more than 13 times as great as the increase in spending on HCBS.

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)*.
* The state reported a significant portion of 2006 waiver expenditures under 1115 waivers, reports for which do not include target population information; therefore, the HCBS numbers may be underreported.

The Elderly and Disabled Medicaid waiver program has been in existence since 1982 and had 8,600 participants in FY 2006. State officials estimate that the waiver program has saved Alabama about \$22,000 per participant compared to the cost if each waiver participant had instead received institutional care.

Major Initiative

In May 2007, Alabama became the first state to take advantage of a provision in the federal Deficit Reduction Act of 2005 (DRA) that allows states to make consumer-directed care for Medicaid HCBS a part of their Medicaid State Plan. Before the enactment of the DRA, states had to request periodic approval from the federal Centers for Medicare & Medicaid Services for amendments to Medicaid HCBS waiver programs to add consumer direction.

Alabama received federal approval in October 2004 to implement “Personal Choices,” a three-year Cash and Counseling Demonstration project funded by the Robert Wood Johnson Foundation and the U.S. Department of Health and Human Services. Under this program,

“Personal Choices”

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individuals receive a monthly allowance to spend on the services they need. They may hire someone to help with their care or use the money for equipment purchases. Financial counselors from Area Agencies on Aging are available to assist participants in developing a budget and managing their funds. Waiver participants must choose personal caregivers from a list of approved providers.

The new program is voluntary and open to participants in the Elderly and Disabled waiver program and the State of Alabama Independent Living (SAIL) waiver program. (Administered by the state Department of Rehabilitation Services, SAIL provides services to adults age 18 and older with disabilities who have specific medical diagnoses and who otherwise would qualify for care in a nursing facility.) The program became effective in August 2007 on a pilot basis for 700 older adults and persons with disabilities in seven west Alabama counties. The first participants were enrolled in September 2007.

Other Developments

Task Force. The Alabama Medicaid Agency created a Long Term Care Choices work group in April 2006 to explore opportunities offered by federal initiatives (such as the Systems Change grants) to support community options for elderly and disabled Medicaid recipients.