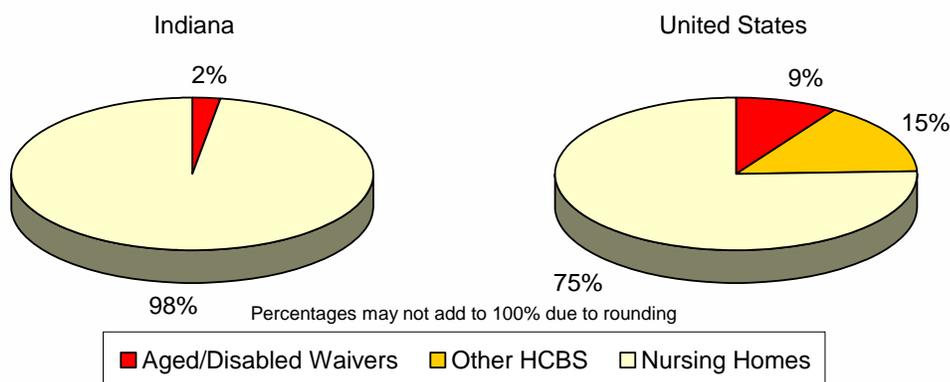


State Long-Term Care Reform in  
**INDIANA**

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



Compared to the U.S. average, Indiana allocates a greater percentage (98 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, Indiana spent 2 percent on waiver services.

Type of Service	Medicaid Participants <sup>1</sup>			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	2,338	3,979	+1,641	\$18	\$32	+\$14
Nursing Homes	47,988	42,952	-5,036	\$818	\$1,289	+\$472

Although Indiana has yet to achieve an overall balance between home and community-based services (HCBS) and nursing home spending, some progress in the Medicaid program has occurred in recent years, and the state has a large state-funded HCBS program. Many more Medicaid participants received nursing home services than received HCBS. However, from 1999 to 2004, the number of participants receiving HCBS increased, while the number of participants in nursing homes decreased. From FY 2001 to FY 2006, the increase in Medicaid spending on nursing homes was more than 33 times the increase in spending on HCBS (most of the increase in nursing home spending occurred between 2004 and 2005). Medicaid, however, is not the only source of funding for LTC services. The state-funded

<sup>1</sup> 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)*.

CHOICE program increased enrollment from 10,275 in 2005 to 15,100 by 2007.<sup>2</sup> The waiting list for CHOICE services was still high—about 5,800 people in May 2007—but the state decreased the number on the waiting list by several thousand from 2006 to 2007.

## Major Initiative

In July 2005, the Indiana Family and Social Services Administration (FSSA) announced a new strategic direction for LTC. FSSA proposed to improve access to an array of LTC services, expand the capacity of HCBS, close nursing facility beds, promote consumer choice of LTC options, and balance public funding for LTC.

### *“The Aging Reform Initiative”*

*Indiana reforms call for increasing the number of people served in the waiver, integrating LTC services, and expanding financial eligibility criteria for community-based services.*

The Indiana plan for reforming its LTC system, called “The Aging Reform Initiative,” includes integration of all HCBS, nursing facility care, and hospice service into a single, integrated LTC program, called Indiana Options for Long Term Care (OPTIONS). With a phase-in schedule over several years (beginning with Phase I in July 2006), the state plans to increase capacity and access to existing LTC services and add or expand services.

Another step was to increase to 3,500 the number of slots for the AD Medicaid Waiver program as of September 2006, with 1,000 slots targeted to people on the program’s waiting list. Phase II of the plan, beginning July 2007, calls for increasing transportation and housing options for older persons and people with disabilities.

Senate Enrolled Act 493 (enacted in 2003) played a key role in driving the state’s actions. SEA 493 required the state to take a number of steps to balance Indiana’s LTC system, including implementing the 300 percent of Supplemental Security Income (SSI) financial eligibility standard.

## Other Developments

**Administration.** On April 25, 2006, Governor Mitch Daniels signed Senate Bill 41, creating the Division of Aging as a separate division in FSSA. Complete budgetary responsibility for nursing facilities and nursing facility level-of-care HCBS waivers was transferred from the Office of Medicaid Policy and Planning to the Division of Aging.

**Aging and Disability Resource Centers (ADRCs).** The state expected to develop and open ADRCs statewide by 2007. With assistance from a \$778,000 grant in 2004, the state created six ADRCs to coordinate information and determine eligibility for services. Funds from the ADRC grant were used to integrate the current management information systems between the aging and disabilities network and to develop an information marketing strategy.

**Money Follows the Person (MFP).** Indiana was awarded a \$21 million MFP grant in 2007 to transition 1,039 persons from institutional care to community settings. The state also hopes to strengthen integration and coordination of the services of all HCBS programs by using grant funds to improve information technology system integration.

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<sup>2</sup> Community and Home Options to Institutionalized Care for the Elderly and Disabled.