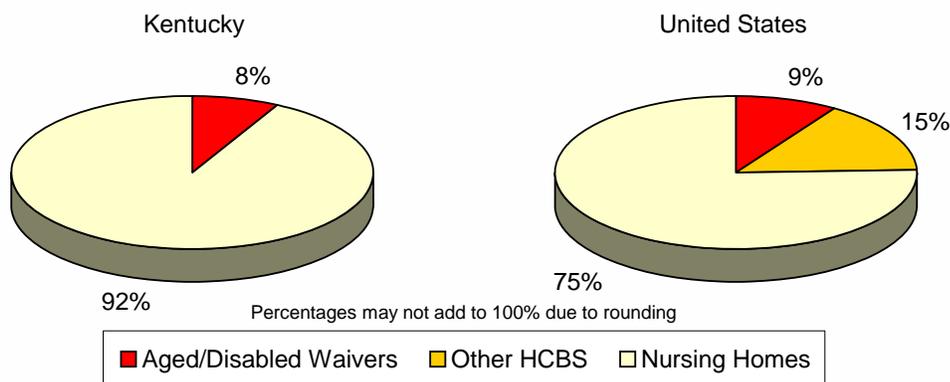


State Long-Term Care Reform in
KENTUCKY

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



Compared to the U.S. average, Kentucky allocates a greater percentage (92 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, Kentucky spent 8 percent on waiver services.

| Type of Service | Medicaid Participants ¹ | | | Expenditures (millions) | | |
|-----------------|------------------------------------|--------|--------|-------------------------|-------|--------|
| | 1999 | 2004 | Change | 2001 | 2006 | Change |
| HCBS | 13,391 | 12,744 | -647 | \$77 | \$62 | -\$15 |
| Nursing Homes | 27,739 | 26,736 | -1,003 | \$565 | \$734 | +\$169 |

Recent Medicaid trends in spending on home and community-based services (HCBS) and nursing homes indicate that Kentucky still has an unbalanced LTC system for older people and adults with physical disabilities. The numbers of Medicaid participants receiving nursing home services and HCBS both decreased from 1999 to 2004. From FY 2001 to FY 2006, Medicaid spending on nursing home services increased by \$169 million, while spending on HCBS decreased by \$15 million (specifically, most of the increase in nursing home expenditures occurred from FY 2004 to FY 2006).

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)*.

Major Initiative

Under the provisions of the Deficit Reduction Act of 2005 allowing states to vary the benefits packages they offer to some groups of Medicaid beneficiaries, Kentucky obtained a state plan amendment on May 3, 2006, for its new Medicaid program, KyHealth Choices. The program provides tailored benefits packages for four categories of beneficiaries. The standard benefits package is “Global Choices,” which provides basic medical care for adults, foster children, and older people not eligible for nursing facility level of care.

“Comprehensive Choices” is the benefit package for those older people who meet nursing facility level of care, need LTC services, are at risk of being institutionalized, and/or are covered under a Medicaid waiver program. Comprehensive Choices is expected to cover 27,000 people who are eligible for all Global Choices benefits and other benefits, depending on the level of care they need. An individual’s care plan will identify whether the person fits into a basic or high-intensity level; the latter level receives nursing facility services. The program has service limits and co-payments.

In October 2006, the state implemented a “Consumer-Directed Option” for 14,000 KyHealth Choices members who were receiving services under the Medicaid Home and Community-Based waiver program. Consumers choosing self-direction are assigned to a support broker who provides case management and assists with care planning.

“KyHealth Choices”

Under Kentucky’s new Medicaid program, KyHealth Choices, a benefits package includes consumer-direction options for older people who need LTC.

Other Developments

Administration. In December 2006, Governor Ernie Fletcher signed an executive order creating the Department for Aging and Independent Living to centralize policy coordination, services, and leadership on aging issues. In partnership with the state’s 15 Area Agencies on Aging, the department administers LTC programs and services and certifies assisted living facilities.

Money Follows the Person. In 2007, the state was awarded approximately \$50 million for a five-year Money Follows the Person Demonstration. The state plans to use the funds to expand home and community-based options and transition 431 people into the community. Resources will also go toward collaborating with stakeholders in the public, private, and nonprofit sectors to design a comprehensive transition process that reduces the burden for consumers while giving them more home and community-based options.