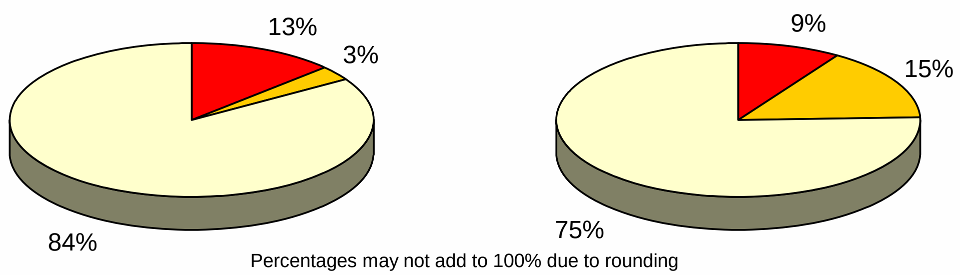
## State Long-Term Care Reform in

# NEBRASKA

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




Compared to the U.S. average, Nebraska allocates a greater percentage (84 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, Nebraska spent 13 percent on waiver services and 3 percent on personal care services (PCS).

| Type of Service | Medicaid Participants[1] | | | Expenditures (millions) | | |
|---|---|---|---|---|---|---|
| | 1999 | 2004 | Change | 2001 | 2006 | Change |
| HCBS | 3,219 | 6,265 | +3,046 | $37 | $67 | +$29 |
| Nursing Homes | 16,487 | 11,109 | -5,378 | $370 | $347 | -$23 |

Although Nebraska has yet to achieve a balanced LTC system for older people and adults with physical disabilities, recent Medicaid trends indicate that the state has made significant progress. The number of participants receiving home and community-based services (HCBS) nearly doubled from 1999 to 2004, while the number of participants in nursing homes decreased by one-third. From FY 2001 to FY 2006, Medicaid spending on HCBS increased by $29 million, while spending on nursing homes decreased by $23 million.

[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

In the late 1990s, the Nebraska Health and Human Services System developed a Long-Term Care Plan to shift LTC from an institutional bias to expansion of home and community care. One significant initiative under that plan has been to convert nursing home beds to assisted living (AL) facility beds. The state has used tobacco settlement and intragovernmental transfer funds to create a trust fund to finance the conversion of nursing homes to AL facilities in rural areas that have had excessive nursing home capacity. Coverage for assisted living services was added to the Medicaid Aged and Disabled (AD) waiver program.

Nebraska also began to revamp its Medicaid program in 2005. The Medicaid reform plan recommends changes to be implemented over several years, including proposals to contain LTC institutional growth while expanding HCBS. "A comprehensive restructuring of the LTC system is essential," the report said, "if the Medicaid program is to be fiscally sustainable in the future. The inherent bias in favor of institutionalization…needs to be replaced with a continuum of care that allows…persons with disabilities to receive safe and appropriate services in the least restrictive and most cost-effective environment." (In 2006, Nebraska was authorized to increase the number of people the AD waiver served from 5,533 in FY 2007 to 8,248 by FY 2011.)

***Nebraska LTC Initiatives***

*Nebraska has been converting nursing home beds to assisted living beds and has established a Long-Term Care Partnership Program.*

Another recommendation encourages Nebraskans to make "appropriate health decisions" and contribute to the cost of their health and LTC needs, which has led to the development of a Long-Term Care Partnership Program linking purchase of LTC insurance with eligibility for Medicaid coverage of LTC services. The legislature authorized the Partnership program (LB 965) in 2006, and the state began to certify Partnership policies in September 2007.

## Other Developments

**Long-Term Care Savings Plans**. In 2006, Nebraska became the first state to create Long-Term Care Savings Plans when the legislature passed LB 965 authorizing such plans. Individuals can deduct up to $1,000 per person per year from taxable income in calculating state income tax liability. Interest earned on such an account is not taxable. The money can be used to pay for the LTC needs of the account holder or spouses in an institution or at home. After age 50, the monies can be withdrawn tax free to pay for LTC insurance.

**Own Your Future**. Nebraska was one of the first states to sign on to the U.S. Administration on Aging "Own Your Future" campaign to stimulate consumer planning for future LTC needs. The campaign encourages Americans to assume greater personal responsibility for financing their own care. In each participating state, a letter from the governor has gone out to households with members between the ages of 45 and 70, explaining the campaign and encouraging consumers to request a Long-Term Care Planning Kit.