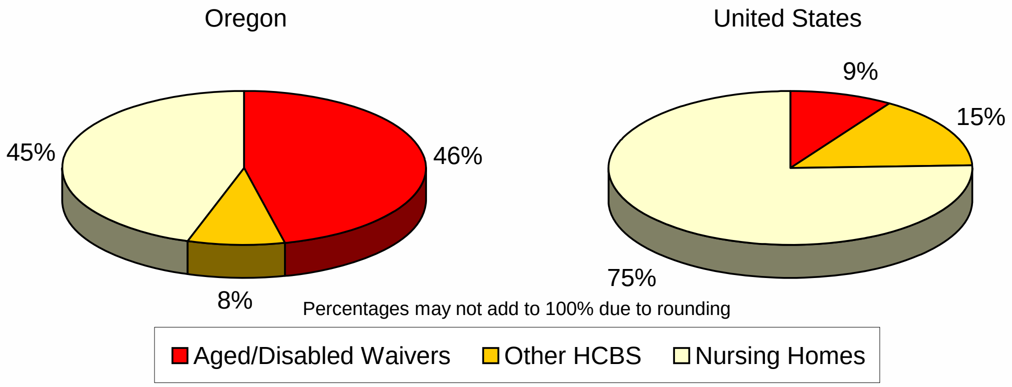
AARP Public Policy Institute

State Long-Term Care Reform in

OREGON

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



Oregon allocates the majority (54 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, Oregon spent 46 percent on waiver services and 8 percent on other HCBS, including personal care services (PCS).

Type of Service	Medicaid Participants[1]			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	27,675	31,628	+3,953	$255	$341	+$86
Nursing Homes	12,031	10,610	-1,421	$240*	$280	+$40

Oregon has the nation's most balanced LTC system for older people and adults with physical disabilities, and recent trends indicate that the state is continuing to make even more progress toward balancing. About three times as many Medicaid participants receive HCBS than receive nursing home services. The number of participants receiving HCBS increased from 1999 to 2004, while the number of participants in nursing homes decreased by nearly 12 percent. From FY 2001 to FY 2006, the increase in Medicaid spending on HCBS was more than twice the increase in spending for nursing homes. Oregon is one of the few states that spend more on HCBS than 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).*
* Expenditures for nursing homes were used from FY 2000—instead of FY 2001—because of state reporting irregularities.

Major Initiative

"Long-Term Care Workgroup"

The Long-Term Care Workgroup, created to address the future of Oregon's LTC system, recommended a Livable Community Initiative to better integrate individuals in the community, provide local communities with a toolkit to plan better for the aging demographic, and develop a new investment strategy regarding prevention and Medicaid funding.

Since 1981, Oregon has led the nation in maintaining a lower institutionalization rate for older persons and adults with physical disabilities and has consistently provided a higher proportion of these populations with HCBS than has any other state. This HCBS system is grounded in Oregon Revised Statutes 410, also enacted in 1981, which creates a system predicated on "honor, dignity…entitled to live lives of maximum freedom and independence." It also builds on Oregon's creation of Oregon Project Independence, funded exclusively with General Fund dollars, in 1977. However, since 1989, Oregon has experienced a net reduction in the proportion of General Revenue (and thus match to available federal Medicaid dollars) of 38 percent. This failure to reinvest from HCBS savings was exacerbated further when the state was forced to curtail services and restrict eligibility during a budget crisis in 2001 and 2004, when services were eliminated for almost 5,000 older persons and people with physical disabilities who did not meet the more limited eligibility criteria.

In February 2008, Governor Ted Kulongoski signed into law Senate Bill 1061, directing the Department of Human Services to oversee a long-range planning process. This follows previous Long-Term Task Force work conducted under governors John Kitzhaber and Kulongoski. Some preliminary ideas resulting from that previous work include:

- DHS should consider integrating work by the Oregon Health Fund Board and its charge, especially regarding chronic care management and primary/medical care home models and LTC.
- DHS should implement a "Livable Community Initiative," which would involve piloting integrated service planning for older persons and people with disabilities in one urban and one rural community.
- The governor, legislature, and DHS should develop and implement a "new model" investment strategy, including navigation and educational supports from establishment of an Adult & Disabilities Resource Network; preventive strategies to keep people from needing more expensive care; and a tiered approach to Medicaid-funded acute and LTC.

Other Developments

Money Follows the Person. Oregon was awarded one of the largest Money Follows the Person grants in May 2007—$114.7 million over five years. In their proposal, state officials said they would use the grant to demonstrate that "long-term institutionalized populations of people with complex medical and LTC needs can be served in their communities with wrap-around packages of supports and services." The 780 people whom the state will assist to move to the community account for 16.5 percent of Oregon's institutionalized Medicaid population. Of the total, 300 are older people with end-stage dementia.