Background on Older Adult Services

Presentation for
Senate Aging and Long Term Care Policy Committee
January 25, 2017
The Long-Term Care Imperative is a collaboration of LeadingAge Minnesota and Care Providers of Minnesota, two of the state’s largest long-term care associations.

The Long-Term Care Imperative is committed to advancing a shared vision and future for older adult housing, health care and supportive services.
The Demographic Imperative

Population of Minnesotans 85+ Projected to Increase more than 150% over next 30 Years

Source: Minnesota State Demographer using 2010 Census Data
% Population 65+ by County in 2020
% Population 85+ by County 2020

A Minnesota Collaboration for Changes in Older Adult Services

Minnesota State Demographic Center Projections

County Percent 85+
- Less than 2%
- 2% to 3%
- 3% to 4%
- 4% to 5%
- Greater than 5%
Increasing Use of Services for Aging

Lack of Informal Caregivers Will Lead to Greater Percentage Increases in Formal Care Use

Number in Millions

- Care Center
- Home Care
- Informal Assistance

Nursing Facility (NF)

- State/Federal funded program
- Must meet nursing facility level of care
- Minimum Data Set (MDS) used to determine 48 Medicaid and Private Pay Rates, and 66 Medicare Payment Rates
- Case Mix
- Payors include Medicaid, Private Pay, Medicare and Other/Third Party
- Rate Equalization
- New rate setting system
  - 2015 Value Based Reimbursement still rolling out
Paid Days and Percent of Revenue
Over 89% of Revenue Controlled by State and Federal Governments

Nursing Facility Revenue by Percentage

- Medicaid, 55.9%
- Private Pay, 25.6%
- Medicare Part A & B, 9.3%
- Third Party Payors, 9.2%

Nursing Facility Paid Days by Percentage

- Medicaid, 48.1%
- Private Pay, 23.3%
- Medicare Part A & B, 16.0%
- Third Party Payors, 11.5%

Source: 9-30-2013 DHS Annual Statistical and Cost Report of Nursing Facilities
Utilization Rates of Care Centers Declining - utilization by people over 85 has gone down almost 200% in 30 years

Source: DHS Report to the Minnesota Legislature: Status of Long-Term Care Services and Supports 2015
Downsizing and Closure
Reduce Nursing Home Beds

Medicaid-Certified Beds Down 28,796 in March 2016

March 15 of Each Year

Certified Beds (in thousands)

Source: Minnesota Department of Health
Assisted Living, Housing with Services, and Home Care

- Minnesota has taken a different approach than other states
- For “Assisted Living,” the services are separated from housing/landlord/tenant functions
- Housing registers with Department of Health as Housing with Services.
- Home Care Agency provides services, and is licensed by Department of Health.
- Private pay
- Medicaid
  - Elderly Waiver Customized Living and 24-Customized Living
  - Group Residential Housing
Dramatic Growth in Housing with Services Providers

47% Designated as Assisted Living

Source: Minnesota Department of Health
Elderly Waiver (EW)
an alternative for a person age 65 years or older, who would otherwise require the level of care provided in a nursing facility.

**Covered Services**

- 24-hour customized living
- Adult day service bath
- Adult day services, center-based and family-based
- Adult foster care (family and corporate)
- Caregiver assessment
- Caregiver training and education
- Case management
- Case management aide
- Chore service
- Companion service
- Consumer directed community supports
- Customized living
- Environmental accessibility adaptations
- Extended home health aide
- Extended personal care assistant
- Extended private duty nursing (LPN and RN)
- Home-delivered meals
- Homemaker
- Personal emergency response
- Respite care (in home, out of home)
- Residential care services
- Specialized equipment and supplies
- Transitional services
- Transportation

*Source: Disability Services Program Manual (DSPM)*
Elderly Waiver (EW)

an alternative for a person age 65 years or older, who would otherwise require the level of care provided in a nursing facility.

- Basic eligibility
  - Age 65 years or older
  - Chooses to receive community services instead of nursing facility services
  - Eligible for Medical Assistance

- Level of care determination

- Cost of care
  - In aggregate, the average per person cost for persons in receipt of EW services cannot be greater than the average per person cost for persons in receipt of nursing facility services.

Source: Disability Services Program Manual (DSPM)
Elderly Waiver – Customized Living and 24-Hour Customized Living

- For services provided in residential, Housing with Services Setting (HWS)
- Client-based payment
- Case Mix
- Amount paid for clients services determined by EW Customized Living Workbook
  - Minnesota Long-Term Care Consultation Services Assessment
  - Services and Units of Services authorized
  - EW Customized Living Rate Limits or Caps
  - EW-CL or 24-Hour EW-CL
  - CL Component Rates

Source: Minnesota Department of Human Services
Elderly Waiver

Elderly Waiver Program Serves Those Previously in Nursing Facilities
Elderly Waiver Enrollment Exceeds MA Nursing Facility Recipients

Source: Minnesota Department of Human Services, Spending Forecast, November 2016
State Budget and Strategy
Estimated Net Additional Nursing Facility Costs Without The Elderly Waiver Program

- Net Additional Expenditures if Elderly Waiver Clients Resided in Nursing Facilities
- Elderly Waiver (Actual State Share Spending)
- Nursing Facility (Actual State Share Spending)

Decrease due to increased Federal Match
Elderly Waiver is Economical Alternative to Nursing Facilities

Average Monthly Cost per Recipient

Source: Minnesota Department of Human Services, Spending Forecast, November 2016

Costs Medicaid more than $3,200 less per month
2015 Payment Reforms: Value-Based Reimbursement

**Goals:**

- Invest in Caregivers
- Ensure quality
- Promote Efficiencies
- Preserve Access
Health Insurance Enrollment Increased Post VBR

Percent Increase in Full Time Employee Health Insurance Plan Enrollment for Nursing Facilities from February 2015 to February 2016

- Twin Cities Metro: 0.3%
- Northeast: 18.7%
- Northwest: 9.9%
- East Central: 7.5%
- West Central: 22.8%
- Southeast: 12.1%
- Southwest: 9.3%
- Statewide: 6.6%

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Wage Spending Increase Post VBR

Percent Increase in Nursing Facility Spending on Wages from June 2015 to January 2016

- Twin Cities: 8.3%
- Metro: 7.6%
- Northeast: 11.0%
- Northwest: 7.6%
- East Central: 10.1%
- West Central: 8.9%
- Southeast: 12.1%
- Southwest: 9.2%
- Statewide: 10.6%

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Percent Increase in Nursing Facility Spending on Benefits from June 2015 to January 2016

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Workforce-Challenges outpace Goals

- **Goals**
  - Seniors should live independently for as long as they are able, with access to the services they need in the communities they call home.
  - Flexibility to choose the best options for care, while continuing to encourage innovation, quality and value-based decisions.
  - Caregivers should receive the support they need to make older adult services a successful and stable career.
Large Increases in Vacant Positions in Housing with Services Establishments

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<th>Role</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tr>
<td>RNs</td>
<td>2.4%</td>
<td>9.3%</td>
<td>5.8%</td>
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<tr>
<td>LPNs</td>
<td>2.4%</td>
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<td>Home Care Aides</td>
<td>4.9%</td>
<td>7.3%</td>
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<td>Food Service Staff</td>
<td>6.1%</td>
<td>4.6%</td>
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Average Nursing Home has 7.9 Vacant FTE Positions, Increase of 5%

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Reasons for Vacant Positions

- No applicants: 70.1%
- No qualified applicants: 51.6%
- Competition with other employers: 75.8%
- Non-competitive wages and benefits: 42.7%
- Unable to hire 16 and 17 year olds: 13.4%
- Other: 20.4%

Source: Long Term Care Imperative 2016 Legislative Survey
Staff Turnover Housing with Services

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<th>2015</th>
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<tbody>
<tr>
<td>RN</td>
<td>15.8%</td>
<td>25.2%</td>
<td>28.8%</td>
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<tr>
<td>LPN</td>
<td>13.2%</td>
<td>18.2%</td>
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<tr>
<td>Home Care Aide</td>
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<td>27.2%</td>
<td>35.4%</td>
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<tr>
<td>Food Service Staff</td>
<td>48.0%</td>
<td>36.8%</td>
<td>52.4%</td>
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Nursing Facility Staff Turnover

Source: Long Term Care Imperative 2016 Legislative Survey
Nursing Home RN Vacancy Rate

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Nursing Home LPN Vacancy Rate

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Nursing Home NAR Vacancy Rate

Source: Long Term Care Imperative 2016 Payment Reform Benchmark Survey
Questions? Contact....

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