Does Home and Community-based Care Affect Nursing Home Use?

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Purpose

• To assess change in numbers, expenditures, and case mix of nursing home residents as Medicaid investment in home and community-based services (HCBS) 1915c waivers increased in seven states.
Methods

• Seven states provided Medicaid expenditure and utilization data from 2001-2005, including waiver and state plan utilization. Minimum Data Set was used for nursing home residents. For three states comparable community assessment data was also used.
Results

- In six states, the number of nursing home clients decreased as the numbers of HCBS clients grew. However, in most states, the numbers of additional waiver clients often greatly exceeded reductions in nursing home residents.
- Nursing home payments decreased moderately but it was offset by increases in HCBS waiver and state plan expenditures, leading to a net increase in long-term care (LTC) expenditures from 2001-2005.
- Increases in waiver expenditures outpaced increases in waiver clients, indicating expansion of services on top of expansion in clients.
- States that showed substantial increases in HCBS showed only modest increases in nursing home case mix.
- The case mix for nursing home residents was more acute than that for HCBS users.
# Changes in Utilization and Costs

<table>
<thead>
<tr>
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<th>% Change in Number of Clients 2001 to 2005</th>
<th>% Change in Medicaid Expenditure 2001 to 2005</th>
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<tbody>
<tr>
<td>HCBS</td>
<td>29.9%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Nursing Facilities</td>
<td>-5.2%</td>
<td>-4.7%</td>
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<tr>
<td>Combined</td>
<td>14.4%</td>
<td>10%</td>
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Change in NH ADL Scores on Admission
Change in NH ADL Scores at 3 Months
Change in NH CPS Scores on Admission
Change in NH ADL and CPS 2002-2005

![Graph showing the change in ADL and CPS admissions from 2002 to 2005. The graph indicates a steady increase in both ADL admission and CPS admission over the years.]
Number of Clients in HCBS Programs from 2001-2005
Number of Clients in Nursing Facilities from 2001-2005

The graph shows the number of clients in different states over the years from 2001 to 2005. Each state is represented by a different line or marker, with AR, FL, MN, NM, TX, VT, and WA. The graph also includes a line labeled 'POOLED AVG.' which represents the average number of clients across all states.
Annual Medicaid Payment for HCBS Clients from 2001-2005

Medicaid Payment in $1,000,000

2001 2002 2004 2005

AR FL MN NM TX VT WA POOLED AVG.
Annual Medicaid Payment for Nursing Facility Clients from 2001-2005

Medicaid Payment in $1,000,000

States represented in the graph:
- AR
- FL
- MN
- NM
- TX
- VT
- WA

POOLED AVG.
ADL Assessment across MDS Data and LTC Assessment Data in Minnesota, 2004
Washington ADL Dependency Scores for Aging and Disabled Waiver Recipients and Nursing Home Residents, 2005

Washington ADL Scores Adult and Disabled Waiver Recipients and Nursing Home Residents, 2005
Washington CPS for Aging and Disabled Waiver Recipients and Nursing Home Residents, 2005

Washington Cognitive Performance Scores Aging and Disabled Waiver Recipients and Nursing Home Residents, 2005
Conclusions

• The expectation that greater HCBS use would siphon off less severe LTC users and hence lead to a higher case mix in nursing homes was partially met.

• The more acute case mix in nursing homes suggests that HCBS serves some individuals who were previously cared for in nursing homes but many who were not.

• Efforts to promote substitution of HCBS for institutional care will require more proactive strategies such as diversion.