

Key Findings

- The population age 85 and older, those most likely to need long-term services, has increased by more than 75,000 in the last 15 years and will more than double in the next two decades.
- In response to criticism that the system of long-term services has been too heavily concentrated on institutional care Ohio has dramatically expanded home- and community-based services. For example, the PASSPORT program has grown from an average daily census of 4200 twenty years ago, to a daily census of 32,500 today.
- Ohio has changed its approach to providing long-term services. In 1993, 91 out of every 100 older people receiving Medicaid-funded long-term care did so in an institutional setting. By 2011, the balance ratio had shifted to 55 institutional/45 home care.
- Despite the increase in home- and community-based services, the overall Medicaid long-term care utilization rate for individuals age 60 and older has remained relatively constant.
- The expansion of home- and community-based services has been accompanied by a reduction in nursing home use by those 60 and older. In 2011, the average statewide daily census dropped by 5000, compared to 1997.
- Total long-term care costs for those age 60 and older during the 1997-2011 time period (at 2011 rates) increased by \$195,000, while Ohio served almost 17,000 more people in response to the growth in the aging population. This cost increase is estimated to be about \$12 per person, per year.

Delivering Long-Term Services to Ohio Elders: Good Progress, But Challenges Await

**Robert Applebaum, Shahla Mehdizadeh,
& Ian M. Nelson**

March 2013

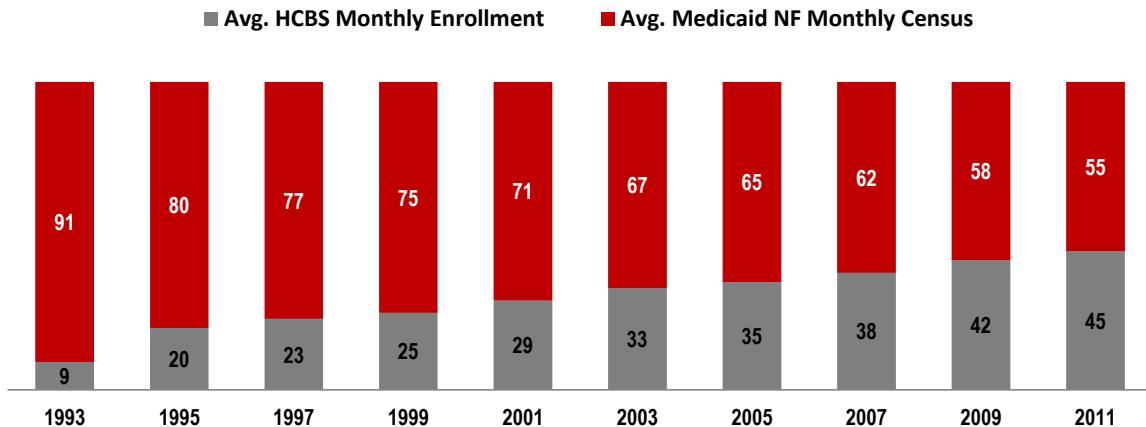
Background

Ohio is growing up, with more of its citizens reaching age 60 and older than ever before (2.4 million over 60 in 2012). This reflects an almost 20% expansion in the last 15 years. The most dramatic change has been among those age 85 and older, whose numbers increased by more than 75,000 in this same time period. While this 50% growth rate of the 85 plus age group is dramatic, even more startling are Scripps projections that the age 85 and older population will more than double over the next two decades, as will the number of older people with severe disability. While a larger older population is a mark of societal progress, it is also accompanied by a new set of challenges: a growing need for long-term services. These future changes are problematic because most individuals do not have long-term care insurance or adequate resources to finance their long-term care needs. In Ohio, two-thirds of nursing home residents are supported by Medicaid. With Medicaid consuming about one-quarter of Ohio's entire state expenditures and long-term care accounting for 36% of this total, the projected growth in long-term expenditures represents an enormous future concern.

Providing Long-Term Services

Since the 1980s experts both nationally and in Ohio have argued that long-term care Medicaid expenditures have been too heavily concentrated on institutional care. In response to these criticisms Ohio has modified its approach to delivering long-term services through an expansion of home- and community-based services (HCBS). For example, Ohio's HCBS program for individuals age 60 and over with severe disability and limited income, PASSPORT, has grown from serving an average of 4200 individuals each day 20 years ago, to an average daily census of more than 32,500 today. The Assisted Living Waiver Program for low income individuals with severe disability, began in 2007 and now serves more than 4000 individuals each day. These and other changes have significantly altered Ohio's approach to providing long-term services (See Figure 1). In 1993, 91 out of every 100 older people receiving Medicaid-funded long-term care received it in an institutional setting. By 2011, the balance ratio had shifted to 55 institutional/45 home care.

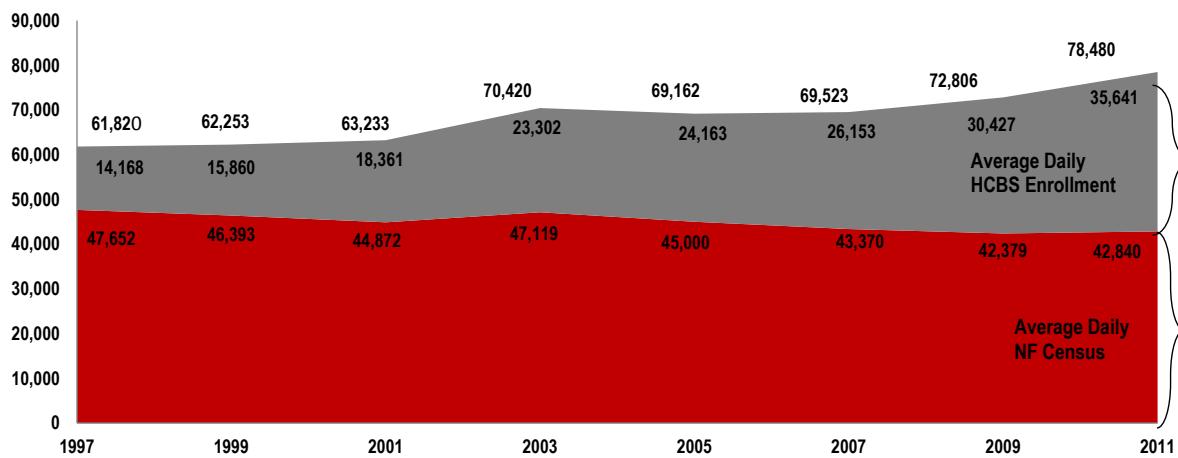
Figure 1. Percent Distribution of Ohio's Medicaid Long-Term Care Services and Supports Utilization by People Age 60 and Older, 2011



*HCBS included in all figures are PASSPORT, Assisted Living Medicaid Waiver, Choices Waiver, Transitions Aging Carve-Out and Program of All-Inclusive Care for the Elderly (PACE).

In Figure 2 we show the number of older people receiving long-term services through Medicaid. Between 1997 and 2011, Ohio more than doubled the number of older people on Medicaid receiving home- and community-based services from 14,168 to 35,641. During this time period, the average daily census of older Ohioans on Medicaid in nursing homes dropped by some 5000 people.

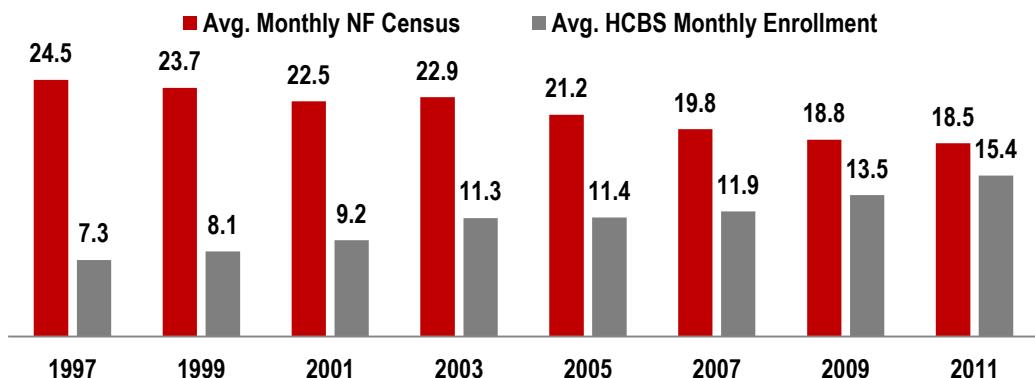
Figure 2. Average Number of People Age 60 and Older Receiving Medicaid Long-Term Services and Supports, 1997-2011



Medicaid Utilization Rate

The expansion of home- and community-based services has been accompanied by a common question raised by policy makers: Will the availability of more HCBS increase the utilization rate by older consumers? Sometimes called the “woodwork effect,” the projected growth in the older population has magnified the importance of this question. To address this question we examined the long-term care Medicaid use rate for individuals age 60 and older between 1997 and 2011 (See Figure 3). In 1997, the utilization rate for older people was just under 32/1000. The nursing home use rate was 24.5/1000 and the HCBS rate was 7.3/1000. In 2009 the rate remained at just over 32/1000, despite a substantial expansion of the HCBS population. In 2011, that rate did increase slightly to 34/1000, but the ratio shifted considerably, with the nursing home rate dropping to 18.5/1000. These data indicate that overall the utilization rate has been relatively constant, but the slight uptick in 2011 will need to be monitored.

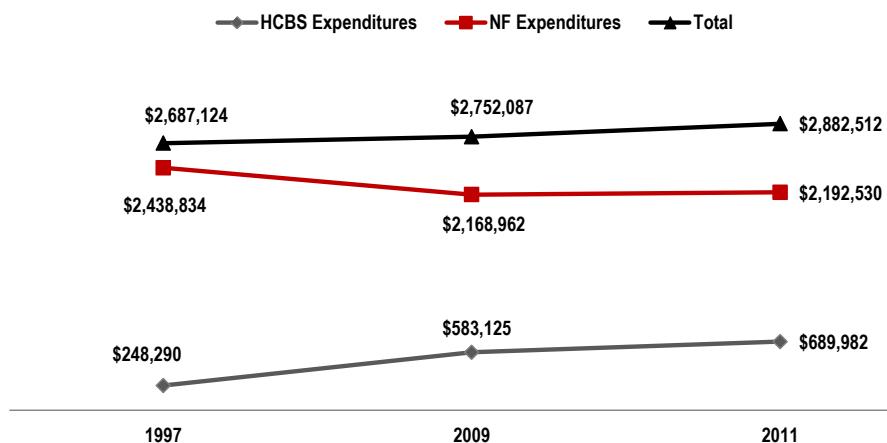
Figure 3. Number of People Age 60 and Older on Medicaid Residing in Nursing Facilities or Enrolled in HCBS Per 1000 Persons in Population



Medicaid Expenditures

In 1997, Ohio spent \$2.69 billion on long-term care for individuals age 60 and older through Medicaid (if long-term care services were priced at 2011 rates). The vast majority of these expenditures (\$2.44 billion) were on institutional care, with \$248 million on HCBS. In 2011, total long-term care Medicaid expenditures on older people were \$2.88 billion. Nursing home costs had dropped to \$2.19 billion, with HCBS reaching \$690 million. The total number of older people served grew from 61,820 to 78,480, reflecting the growing number of older people, but not an increased utilization rate. This translates into Ohio serving an added 16,600 older people with severe disability for an additional \$195,400, or about \$12 per person, per year (see Figure 4).

**Figure 4. Comparison of Total Medicaid Expenditures on Services and Supports for People Age 60 and Older in 1997-2011 at 2011 PMPM Rates
(in Thousands of Dollars)**



Future Challenges

The progress made to create a more balanced system of long-term services for older people in Ohio has been considerable. However, the road ahead is even more difficult. The growth in the number of older adults, particularly the “oldest old,” will be higher than ever. At the same time in the last decade Ohio has seen an increased rate of participation in long-term care of the “young old,” those between 60 and 64. In combination with the doubling of the 85 and over population, these trends indicate the potential for exploding demand in the future. To meet these challenges policy makers will need to address three critical areas: (1) serious promotion of health and disability prevention, (2) the development of educational efforts and incentives to assist individuals to plan for their own long-term services, and (3) state and local efforts to make the current long-term system more efficient and effective. State and federal initiatives, such as Money Follows the Person and other nursing home and hospital transition programs, and the integrated care demonstrations, represent efforts to innovate. Careful evaluation of these and other programs will be necessary to ensure that Ohio continues its current progress.

This study was funded by a grant from the Ohio Department of Aging and by a grant from the Ohio General Assembly through the Ohio Board of Regents to the Ohio Long-Term Care Research Project.



Visit Scripps at www.scrippsaging.org
 396 Upham Hall · Miami University · Oxford, Ohio 45056 · 513.529.2914
 To print/download this report go to:
<http://scripps.muohio.edu/content/delivering-long-term-services-ohio-elders>