Office of the Assistant Secretary for Planning and Evaluation
A Profile of Medicaid Institutional and Community-Based Long-Term Care Service

This project estimated how Medicaid long-term care is balanced between institutional and community-based care. Significant variation across states and age groups was found. The proportion of Medicaid long-term care expenditures that are for community-based services declines with age.

Lead Agency:

Office of the Assistant Secretary for Planning and Evaluation
U.S. Department of Health and Human Services

Agency Mission:

The Assistant Secretary for Planning and Evaluation advises the Secretary of the Department of Health and Human Services on policy development in health, disability and aging, human services, and science and data policy, and provides advice and analysis on economic policy. The Office of the Assistant Secretary for Planning and Evaluation (OASPE) leads special initiatives, coordinates the Department's evaluation, research and demonstration activities, and manages cross-Department planning activities such as strategic planning, legislative planning and review of regulations. Integral to this role, OASPE conducts research and evaluation studies, develops policy analyses, and estimates the cost and benefits of policy alternatives under consideration by the Department or Congress.

Principal Investigator:

Audra T. Wenzlow, Ph.D.
Mathematica Policy Research, Inc.
555 S. Forest Ave, Suite 3
Ann Arbor, MI 48104

General Description:

A Profile of Medicaid Institutional and Community-Based Long-Term Care Service Use and Expenditures Among the Aged and Disabled Using MAX 2002

Since 1982, states have increasingly utilized Medicaid Section 1915(c) waivers and optional state community-based programs to shift long-term care for the aged and disabled from institutions to the community. New rules introduced under the Deficit Reduction Act (DRA) of 2005 provide states with even more flexibility to provide home and community-based long-term care services to their low-income populations. Two overarching goals underlie these policies: (1) to provide long-term care services more

cost-effectively; and (2) to give aged and disabled people more options in how they receive their care.

As baby boomers enter their senior years and increase the need for long-term care services nationally, information about how Medicaid community long-term care programs have functioned in the past will be critical for assisting states in choosing how to utilize the new options provided under the DRA. Until recently, only limited aggregate data and some national surveys have been available to examine Medicaid community-based long-term care service use and compare it with use of institutional care. The Medicaid Analytic eXtract (MAX) data system produced by Centers for Medicare & Medicaid Services now enables much more detailed analyses of long-term care utilization and expenditures at the person level.

This study evaluates the potential of using MAX Person Summary files to examine how successfully states have rebalanced their long-term care systems and how Medicaid enrollees who utilize community-based long-term care services differ from people in institutions. Data for 2002 were analyzed for 37 states that have reliable MAX long-term care data.

In 2002, only 34 percent of Medicaid long-term care expenditures paid for persons served were for community-based services in 2002, while almost 59 percent of long-term care users used community-based services. National estimates mask significant variation across states. Community-based services accounted for over 60 percent of long-term care expenditures in Alaska and New Mexico but less than 12 percent in the District of Columbia and Mississippi. Use of community-based services among long-term care users ranged from 87 percent in Alaska to 23 percent in Indiana.

Institutional and community long-term care expenditures were much more balanced among young disabled Medicaid enrollees than their aged counterparts in 2002. Over half of long-term care expenditures were for community-based services among disabled enrollees but less than 20 percent were for community-based care among those over 65. Community-based service expenditures as a share of total long-term care expenditures ranged from 50 percent for people under age 65, 31 percent for people between ages 65 and 74, 21 percent for people between ages 75 and 84, and 13 percent for those age 85 and older. Rates of community-based service utilization were higher but followed a similar pattern by age.

People using both institutional and community-based services (6 percent of long-term care users) had higher average total Medicaid expenditures ($46,055) than users of institutional care only ($38,844) or community care only ($24,966). Aged and disabled enrollees using Medicaid long-term care services accounted for 7.7 percent of all full-benefit Medicaid enrollees in our 37 sample states but represented over 50 percent of their total Medicaid expenditures.