

Boosting home care options under Medicaid

Balancing Incentive Payment Program, Community First Choice Option

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Executive Summary

Under the Affordable Care Act, the federal government provides new incentives to expand services in the home and community. Taking advantage of these options will bring federal money into Ohio, create jobs in Ohio, and improve the lives of senior citizens and Ohioans with disabilities.

The Balancing Incentives Payment Program (BIPP) and the Community First Choice Option (CFCO) are two new Medicaid programs authorized under the Affordable Care Act that provide extra, incentive financing to help states provide long-term care for the elderly and disabled in their homes instead of in hospitals and nursing homes. They offer significant financial incentives to help a state transition from institutional care to home and community-based care services.

Key findings

- Balancing Incentives Payment Program could boost the federal share of Medicaid funding by two percentage points on home care through 2015.
- This could mean some \$58 million more for Ohio Medicaid each year through 2015.
- The Community First Choice program would permanently boost the federal share for personal home care attendants by six percentage points.

Medicaid has favored institutional care over home and community-based services because that is how it was first set up, in the 1960s. Over time Ohio, like other states, has asked for ‘waivers’ from Medicaid rules to allow for elderly and disabled people to receive care in their home or in the community. Today, Ohio has nine waiver programs that provide home and community based services with Medicaid financing. Yet the system is not yet balanced evenly between care in the home and care in the nursing home: more are cared for in institutions.

The state is improving services and controlling costs by allocating additional funds for home care, reducing complexity of the ‘waiver’ system and creating a managed care demonstration project. Even more can be done to help people in their homes, bring in additional federal dollars to underwrite these services, and create jobs in the community.

Moving services for elderly and disabled patients from institutions to homes can involve some new costs up front, but leads to cost savings over time. The Balancing Incentives Payment Program, a time-limited program, provides states like Ohio with an increased federal Medicaid match of two percentage points for home and community-based services, with the goal of balancing institutional and home and community based services evenly – on a 50-50 basis. Ohio authorized application for this program in the current budget bill, with stakeholders anticipating it could bring in \$50 million in federal funds. BIPP only runs through 2015, so the upcoming budget presents a good opportunity to take advantage of the time left.

The Community First Choice Option would permanently boost the federal Medicaid match by six percentage points for home-based personal attendant services provided to those eligible for Medicaid and in need of an institutional level of care. It funds services through the Medicaid plan, not through a waiver program, so it becomes available statewide. Personal care attendants can help seniors remain in their homes or even return home from a nursing home. For those with developmental disabilities, who may face long waiting lists for services in some counties, these attendants may facilitate independent and productive lives.

States that offer personal care attendants under their Medicaid plans anticipate significant benefits from the CFCO: California, the first state approved under this program, expects \$573 million in federal funds in the first two years, while New York expects \$90 million a year. At least seven other states are moving to apply for this program.

Over time, enhanced federal funding could support appropriate services to meet the needs of Ohioans who are elderly or have disabilities. Providing appropriate and sufficient services for Ohio's most vulnerable people is the right thing to do. It also brings an influx of new federal dollars into state coffers, making it the smart thing to do. Those dollars will create new jobs in the community, boosting local economies. It's a winning proposition.

In the upcoming budget, the state of Ohio needs to embrace Medicaid expansion in a smart way, by taking advantage of every budget incentive to better meet needs. Applying for the Balancing Incentives Payment Program and working to bring in the resources offered under the Community First Choice Option should be part of the pending two-year state budget.