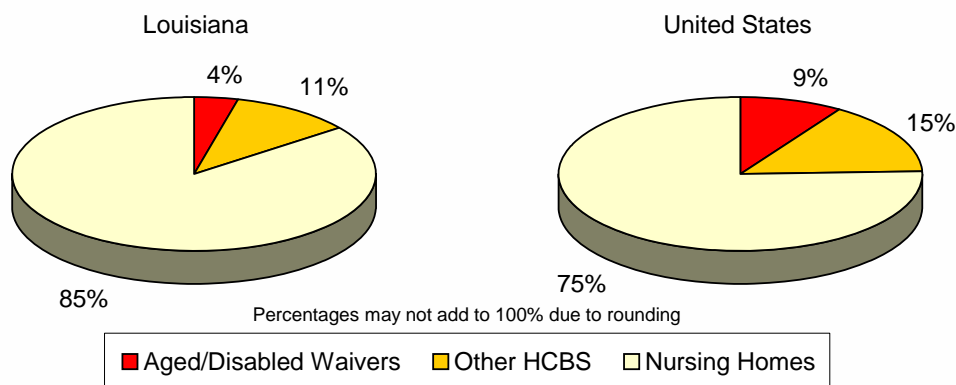


State Long-Term Care Reform in  
**LOUISIANA**

**Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in Louisiana and the U.S., 2006**



Compared to the U.S. average, Louisiana allocates a greater percentage (85 percent) of its Medicaid long-term care (LTC) spending for older people and adults with physical disabilities to nursing homes, even though most people prefer to remain in their own homes and communities. In FY 2006, Louisiana spent 4 percent on waiver services and 11 percent on personal care services (PCS).

Type of Service	Medicaid Participants <sup>1</sup>			Expenditures (millions)		
	1999	2004	Change	2001	2006	Change
HCBS	872	3,210	+2,338	\$10	\$109*	+\$100
Nursing Homes	35,508	32,306	-3,202	\$515**	\$637	+\$122

Although Louisiana has not achieved an overall balanced LTC system for older people and adults with disabilities, the state has made progress in recent years. Medicaid participants in nursing homes far outnumber those who received home and community-based services (HCBS) in 2004. However, the number of participants receiving HCBS increased from 1999 to 2004, while the number in nursing homes decreased. From FY 2001 to FY 2006, both Medicaid spending on nursing homes and on HCBS increased, but the *increase* in spending

<sup>1</sup> This analysis separates Medicaid participation and spending data for older people and adults with physical disabilities from the population with mental retardation/development disabilities (MR/DD) and other LTC populations. Participants and expenditures for HCBS include all 1915(c) waivers for older people and adults with physical disabilities, and the personal care services option, if the state offers it. All participants and expenditures for nursing homes are included, regardless of the participants' type of disability or reason for admission. Excluded are participants and expenditures for intermediate care facilities for mental retardation (ICF/MR), HCBS waivers for other populations such as MR/DD, home health, and individuals receiving LTC services through managed care programs. Participant numbers include all persons receiving services during the year, not the average number on a given day; the number of nursing home participants is greater than the number of nursing home beds in each state. The average number of Medicaid nursing home residents on any given day for each state appears in the *Tables* tab at the end of the full report *A Balancing Act: State Long-Term Care Reform (#2008-10)*.

\* The state reported a significant portion of 2006 waiver expenditures under 1115 waivers, whose reports do not include target population information; therefore, the HCBS numbers may be underreported.

\*\* Expenditures for nursing homes were used from FY 2000—instead of FY 2001—because of state reporting irregularities.

on nursing homes was larger than the *total* HCBS spending for older people and adults with disabilities.

The state's Medicaid Elderly and Disabled Adults waiver program served about 2,750 persons in 2007, but the program also had a waiting list of approximately 7,500 people. The Louisiana legislature provided additional funding in 2007 to increase the number of people served by 1,500.

***“Executive Order for Choice in Long-Term Care”***

*The governor issued an executive order, which, along with several federal grants, has promoted affordable and accessible housing for people with disabilities.*

## **Major Initiative**

The governor issued Executive Order 43, “Louisiana’s Plan for Choice in Long-Term Care,” in October 2004. In the first phase, an interagency team developed a Plan for Immediate Action, which was approved by the governor in March 2005. The Department of Health and Hospitals issued a report on October 1, 2007, that included work plans for accessible transportation, affordable and accessible housing, information technology, and aging and adult services. Under the last category, for example, the Office of Aging and Adult Services proposed focusing its review on assisted living, self-directed service options, a single point of entry for aging services, and chronic disease management, in addition to proposing recommendations by July 2008. The state received a \$3.2 million Real Choice Systems Transformation grant in 2005, which state officials said would help support “the larger long-term care reform plan called for in the Governor’s Executive Order.” In their grant proposal, state officials said the focus was on three areas: long-term supports coordinated with affordable and accessible housing; a comprehensive quality management system; and transformation of information technology to support systems change. One of the housing strategies undertaken with the Systems Transformation grant is a 3,000-unit Permanent Supportive Housing Initiative for people with various disabilities, including older persons. Low Income Housing Tax Credits and Community Development Block Grant funds also finance this project, in which many public agencies are involved. The federal grant has also supported development of a housing resource website, [www.LAHousingSearch.org](http://www.LAHousingSearch.org).

## **Other Developments**

**Money Follows the Person.** Louisiana was awarded a five-year, \$31 million dollar grant in 2007 to relocate about 760 people from nursing homes to the community and to continue to build on the projects underway from previous federal Systems Change grants.

**Lawsuit.** In April 2000, *Barthelemy v. Louisiana Department of Health and Hospitals* alleged that the Louisiana Department of Health and Hospitals (DHH) failed to provide significant home care options for the state’s older persons and persons with disabilities, and that the state was not providing sufficient funding for community-based care. The state settled the lawsuit in 2001 and again in 2002 through an agreement to develop an additional 1,500 waiver program slots and \$118 million in additional funds. DHH then submitted an amendment to the Medicaid State Plan to add personal care, which the federal government approved in 2004. State officials expect to provide PCS to about 2,300 people.



# Long-Term Care in Louisiana



**The number of Louisiana residents age 85 and older is projected to grow by over 80 percent by 2030.**

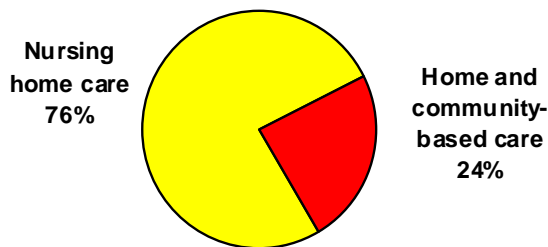
Louisiana’s older population can be at greater risk for chronic illnesses and in need of long-term care.

Twelve percent of Louisiana’s population is age 65+ with over 72,000 residents age 85+.<sup>1</sup> Louisiana’s age 85+ population – the age group that is most likely to need long-term care services – will grow 84% from 2007 to 2030.<sup>2</sup> This makes Louisiana the 23<sup>rd</sup> ranked state in the projected growth rate of the 85+ population.

**Most prefer to receive long-term care at home; however, Louisiana spends over three-quarters of the state’s Medicaid funds on institutional care.**

The majority of Americans age 50+ (89%) want to stay in their homes for as long as they can.<sup>3</sup> Almost 1.1 million Louisianans rely on Medicaid, and 10% are age 65+.<sup>4</sup> Home and community-based service (HCBS) waivers allow Medicaid recipients to receive Medicaid funding for in-home care. In Louisiana, Medicaid allows some to choose in-home care instead of nursing home care. In 2006, 3,748 Louisianans 65+ with disabilities received a waiver.<sup>5</sup> In 2008, there were 8,433 people 65+ with disabilities who waited to receive a waiver.<sup>6</sup> On average, the Medicaid program can provide HCBS to three people for the cost of serving one person in a nursing home.<sup>7</sup>

Louisiana spends 24% of its Medicaid long-term care dollars for older people and adults with physical disabilities on home and community-based care – ranking it 22<sup>nd</sup> in spending on home care services for this population.<sup>8</sup>



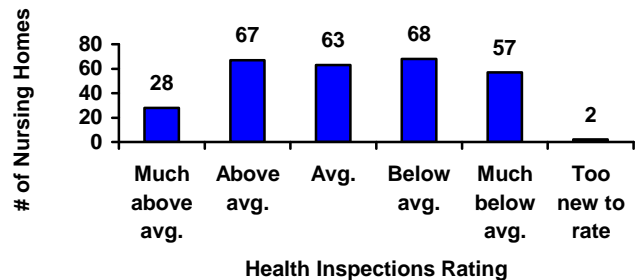
In addition, 560,000 Louisianans are providing family caregiving to a loved one at home. This care is valued at nearly \$5 billion.<sup>9</sup>

**Louisiana has the lowest average nursing home private pay rate in the nation at \$125 per day.**

In 2007, Louisiana’s nursing homes had an occupancy rate of 74%.<sup>10</sup> In 2008, Louisiana had the least expensive nursing homes in the country, with an average private pay daily rate of \$125.<sup>11</sup> Louisiana also had one of the lowest rates for home health aides (\$14/hr private pay); however, the state had the 4<sup>th</sup> highest rate for Medicare-certified home health aides (\$69/hr). Louisiana’s private pay rate for adult day care was \$52 per day.<sup>12</sup>

**One-third of Louisiana’s 285 nursing homes rated above average in health inspections.**

The Centers for Medicare and Medicaid Services (CMS) created a five-star quality rating to help consumers compare nursing homes. CMS rates nursing homes on health inspections, staffing, and quality measures.



The health inspection process is comprehensive and conducted by a trained team of objective surveyors.<sup>13</sup>

Recent studies have found that non-profit nursing homes generally deliver higher quality of care.<sup>14</sup> In 2007, 75% of Louisiana’s nursing homes were for profit (20%, non-profit; 5%, government-owned).<sup>15</sup>

**Few Americans have long-term care insurance.**

Nationally, about 7 million long-term care insurance policies were in effect in 2005, and the typical purchaser was age 61 with assets over \$100,000.<sup>16</sup> Cost is a major factor in the decision to purchase long-term care insurance. In 2008, premiums for a married couple in their sixties were about \$3,000 a year.<sup>17</sup> Louisiana has not adopted the most recent long-term care insurance recommendations from the National Association of Insurance Commissioners (NAIC).<sup>18</sup>

## End Notes

The data utilized in this report is the most recent publicly available data collected for all states.

<sup>1</sup>U.S. Census Bureau, Population Division. Estimates of the Resident Population by Selected Age Groups for the United States and Puerto Rico: July 1, 2008. Released May 14, 2009. URL: <http://www.census.gov/popest/states/asrh/SC-EST2008-01.html>

<sup>2</sup>Gibson, Mary Jo, Fox-Grage, Wendy, Houser, Ari. *Across the States 2009: Profiles of Long-Term Care and Independent Living: Executive Summary, State Data, and Rankings*. Page 34. AARP Public Policy Institute. Washington, D.C. URL: [http://www.aarp.org/research/ppi/ltc/Other/articles/across\\_the\\_states\\_2009\\_profiles\\_of\\_long-term\\_care\\_and\\_independent\\_living.html](http://www.aarp.org/research/ppi/ltc/Other/articles/across_the_states_2009_profiles_of_long-term_care_and_independent_living.html)

<sup>3</sup>Providing More Long-term Support and Services at Home: Why It's Critical for Health Reform. AARP Public Policy Institute, June 2009. URL: [http://www.aarp.org/research/ppi/ltc/hcbs/articles/fs\\_hcbs\\_hcr.html](http://www.aarp.org/research/ppi/ltc/hcbs/articles/fs_hcbs_hcr.html)

<sup>4</sup>The Kaiser Family Foundation, statehealthfacts.org. State Medicaid Fact Sheets, 2006-2007: Louisiana. URL: <http://www.statehealthfacts.org/mfs.jsp?rgn=20&rgn=1&x=9&y=12>

<sup>5</sup>Ibid. *Medicaid 1915(c) Home and Community-Based Service Waiver Participants, by Type of Waiver, 2006*. Data Source: The Kaiser Commission on Medicaid and the Uninsured (KCMU) and The University of California at San Francisco's (UCSF) analysis based on The Centers for Medicare & Medicaid Services (CMS) Form 372, December 2009, Table 5. "Medicaid 1915(c) Home and Community-Based Service Programs: Data Update" available at <http://www.kff.org/medicaid/7720.cfm>. URL: <http://www.statehealthfacts.org/comparetable.jsp?ind=241&cat=4>

<sup>6</sup>Ibid. *Waiting Lists for Medicaid 1915(c) Home and Community-Based Waivers, 2008*. Data Source: The Kaiser Commission on Medicaid and the Uninsured (KCMU) and The University of California at San Francisco's (UCSF) analysis based on The Centers for Medicare & Medicaid Services (CMS) Form 372, December 2009, Table 11. "Medicaid 1915(c) Home and Community-Based Service Programs: Data Update" available at <http://www.kff.org/medicaid/7575.cfm>. URL: <http://www.statehealthfacts.org/comparetable.jsp?ind=247&cat=4&sub=62&yr=62&typ=1>

<sup>7</sup>Providing More Long-term Support and Services at Home: Why It's Critical for Health Reform. AARP Public Policy Institute, June 2009. URL: [http://www.aarp.org/research/ppi/ltc/hcbs/articles/fs\\_hcbs\\_hcr.html](http://www.aarp.org/research/ppi/ltc/hcbs/articles/fs_hcbs_hcr.html)

<sup>8</sup>Gibson, Mary Jo, Fox-Grage, Wendy, Houser, Ari. *Across the States 2009: Profiles of Long-Term Care and Independent Living: Executive Summary, State Data, and Rankings*. Page 45. AARP Public Policy Institute. Washington, D.C. URL: [http://www.aarp.org/research/ppi/ltc/Other/articles/across\\_the\\_states\\_2009\\_profiles\\_of\\_long-term\\_care\\_and\\_independent\\_living.html](http://www.aarp.org/research/ppi/ltc/Other/articles/across_the_states_2009_profiles_of_long-term_care_and_independent_living.html)

<sup>9</sup>Ibid. Page 44.

<sup>10</sup>Ibid. Page 66.

<sup>11</sup>Ibid. Page 59.

<sup>12</sup>Ibid. Page 60.

<sup>13</sup>Centers for Medicare and Medicaid Services. Note: These data are updated monthly. Data for this brief was pulled on November 3, 2009. URL: <http://www.medicare.gov/NHCompare/Include/DataSection/Questions/ProximitySearch.asp>.

<sup>14</sup>BMJ 2009 (British Medical Journal); 339:b2732. URL: [www.pnhp.org/nursing\\_home](http://www.pnhp.org/nursing_home)

<sup>15</sup>The Kaiser Family Foundation, statehealthfacts.org. Table: *Distribution of Certified Nursing Facilities by Ownership Type, 2007*. Data Source: C. Harrington, H. Carrillo, and B. Blank. Table 7, "Nursing, Facilities, Staffing, Residents, and Facility Deficiencies, 2001 Through 2007," Department of Social and Behavioral Sciences, University of California, San Francisco, accessed September 2008. Available at <http://www.pascenter.org>. Based on the Online Survey, Certification, and Reporting system (OSCAR), Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services. URL: <http://www.statehealthfacts.org/comparetable.jsp?ind=412&cat=8&sub=97&yr=62&typ=2>

<sup>16</sup>Kassner, Enid. Long-Term Care Insurance Fact Sheet. AARP Public Policy Institute. June 2009. URL: [http://www.aarp.org/research/ppi/ltc/ltc-ins/articles/LTCI\\_fact\\_sheet\\_2009\\_08.html](http://www.aarp.org/research/ppi/ltc/ltc-ins/articles/LTCI_fact_sheet_2009_08.html)

<sup>17</sup>Tumlinson, Anne, Aguiar, C. and Watts, M. Closing the Long-Term Care Funding Gap: The Challenge of Private Long-Term Care Insurance. Kaiser Family Foundation. Page 6. June 2009. URL: <http://www.kff.org/insurance/upload/Closing-the-Long-Term-Care-Funding-Gap-The-Challenge-of-Private-Long-Term-Care-Insurance-Report.pdf>

<sup>18</sup>Gibson, Mary Jo, Fox-Grage, Wendy, Houser, Ari. *Across the States 2009: Profiles of Long-Term Care and Independent Living*. Page 28. AARP Public Policy Institute. Washington, D.C. URL: [http://www.aarp.org/research/ppi/ltc/Other/articles/across\\_the\\_states\\_2009\\_profiles\\_of\\_long-term\\_care\\_and\\_independent\\_living.html](http://www.aarp.org/research/ppi/ltc/Other/articles/across_the_states_2009_profiles_of_long-term_care_and_independent_living.html)