

AGING OF AMERICA: State Approaches to Controlling Health Care Costs

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AGING OF AMERICA: State Approaches to Controlling Health Care Costs

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The Council of
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Summary

Americans are living longer and states are taking a variety of innovative approaches to confront the mounting costs of medical and nursing home services for older adults. Policies designed to encourage healthy living, prevent illness, keep the elderly living independently as long as possible, and control the cost of providing care when illness or disability occurs include:

- integrating state health and aging services to use less costly home and community-based care for older adults whenever appropriate, decrease use of higher cost nursing home care, and allow the elderly and caregivers more choices in the services they use.
- creating environments that enable older adults to live independently and delay the need for caregiving, as well as promote physical activity.
- educating older adults and implementing programs to reduce smoking, prevent illness and injuries and self-monitor the status of chronic diseases such as asthma and diabetes.
- improving efficiencies in medical care provided to the elderly and creating insurance incentives to encourage use of efficient medical and custodial care.

States are using multiple approaches to address increasing health care costs and continually seek new ways to advance their efforts.

Integrating state elderly support programs

In order to enable older adults and their caregivers to use lower cost home and community-based services as an alternative to more costly nursing homes and assisted living facilities, states have integrated state agencies and programs that support these services. Integrated comprehensive programs include institutional, home-based and community-based care, all of which the elderly can access through one point of entry and allowing them to choose the care option that offers the most independence and lesser cost. Integrated programs use care management organizations to control costs, which are responsible for providing all services including nursing home care and can be held accountable for patient results. Oregon and Washington have completely integrated Medicaid long-term care services with state aging programs. In Wisconsin, an example of the approach many states have taken, state agencies have not been fully integrated but the Family Care Program's resource centers provide single entry points for all types of long-term care services available to the elderly.¹

Other examples include:

- Florida's *Nursing Home Diversion Program*, established in 1999 through a Medicaid waiver, places patients in the least intensive level of care appropriate for their condition.²
- Illinois' *Older Adult Services Act of 2004*, Public Act 93-1031, transforms the state's elderly services from primarily a facility-based system to a home and community-based system that integrates 24-hour skilled nursing care and congregate housing services. The restructured approach encompasses the provision of housing, health, financial and supportive older adult services, regardless of where the service is provided.³
- Connecticut's *Home Care and Assisted Living Alternatives to Nursing Home Care Initiative* was launched in 2000, and builds on an expansion of home and community-based service options which began in Connecticut in 1996. The program allows the elderly in need of long-term care to avoid or delay entering a nursing home. It also establishes a variety of pilot projects where additional support is provided to enable the

elderly to remain independent through raising the income eligibility level for Connecticut's state home care program, and evaluating the success of assisted living services in state and HUD supported or subsidized facilities and through private pay arrangements.

Other state policy approaches that are integrated with the home and nursing home care alternative services are: compensating family members who care for elderly relatives in the home;⁴ innovative models of home and community based care for older adults, including adult day care;⁵ and enhancing benefits for homecare workers, by assisting workers with health insurance coverage or subsidizing wages.⁶ States are also reducing restrictions on how state support is used, allowing consumers and caregivers to choose the services that will enable them to remain in their homes. For example, the Illinois local Area Agencies on Aging provide vouchers to family caregivers for goods and services needed so they can continue providing personal care to their family member. The average value of the vouchers is \$1,000 per year, which can be used for items ranging from respite care and home modifications to haircuts and lawn care.⁷

Environments for healthy aging

Vermont's *Commission on Healthy Aging* exemplifies state solutions to establish an environment, both physical and social, that supports healthy aging in place and delays the need for care giving as long as possible. The Commission, established in March of 2005 by Governor Jim Douglas, has two goals: to contain health care costs and keep elders healthy, active and productive in their communities.⁸ Composed of public and private experts from a variety of fields, the Commission is working to focus and coordinate programs as Vermont strives to make healthy aging the rule rather than the exception. The components of this environment include accessible, affordable housing linked with necessary support services, transportation systems which assist older adults in retaining their mobility once they no longer drive, effective wellness and nutrition programs, and responsive mental health services.⁹

Florida's *Communities for a Lifetime* is Governor Jeb Bush's statewide initiative to help Florida communities plan and implement improvements that will create better places for older adults to live, while benefiting all residents. Over 70 communities were participating as of October 2005, supplementing existing resources with technical assistance from the state to improve housing, health care, transportation, accessibility, business partnerships, community education, use of natural resources and volunteer opportunities for the elderly.¹⁰

Preventing disease and injury

Strategies to curb illness and reduce health care costs for the elderly are aimed at controlling chronic disease and avoiding injuries and vaccine-preventable infectious diseases.¹¹ State and local public health agencies are expanding their traditional roles to include promoting healthy behaviors in older adults, preventing disability and maintaining the highest level of functioning in the elderly.¹² State programs to promote healthy lifestyles and avoid chronic diseases emphasize increased physical activity, improved nutrition and anti-smoking programs.

For example, West Virginia's *Wheeling Walks* used an 8 week powerful media campaign to encourage seniors to walk, starting with just 10 minute increments. Thirty percent of the older adults surveyed after the program were regular walkers, 14 percent higher than those in a

comparison community. The intensity of the media campaign, with support from physicians who wrote prescriptions for walking and workplace events, was credited with the success of the program.¹³

In order to keep older adults as healthy as possible, Medicare has improved insurance coverage for screenings that identify and treat diseases early. In 2005, Medicare expanded its preventive services benefits to include a “Welcome to Medicare” physical exam, and screening for high cholesterol and diabetes, building on the other covered preventative screenings for breast, colorectal, and cervical cancer and glaucoma.¹⁴ States are educating the elderly to self-monitor the status of their chronic diseases and avoid complications. In Washington State, a telephone outreach service teaching self-management was initiated for Medicaid clients with asthma, diabetes, heart failure, and chronic kidney disease, which led to estimated savings of \$2 million attributed to fewer emergency room visits and hospital admissions.¹⁵ To prevent influenza-related illnesses and hospitalizations, states have approved standing orders for pneumococcal and influenza vaccines to be given to the elderly when admitted to a nursing home or other facility.

Injuries among the elderly result in costly treatment and rehabilitation, so state programs seek to reduce seniors’ susceptibility to household falls and motor vehicle accidents. The *GrandDriver* campaign in Virginia, Maryland and the District of Columbia is a social marketing campaign aimed at elderly drivers and their adult family members to make them aware of the signs of impaired driving, and to make plans for the time when the elderly need to stop driving. Other components of the program encourage use of larger traffic lights, more prominent signage for intersections, and more clearly marked street names, as well as automobile industry incentives to assess the impact of new technologies on older drivers.¹⁶

Managing use of health care treatments and medications

The elderly account for approximately 30 percent of Medicaid spending, so state Medicaid programs have implemented programs to control costs of treating chronic diseases by integrating appropriate use of medical technology, prescription drugs, medical care services, and in-home supportive care. These disease management programs integrate use of proven cost effective medical treatments with patient education on how keep their diseases under control and avoid complications.¹⁷ Texas adopted disease management for its Medicaid program in 2005 and is expected to save \$28 million in the first year, and is one of eight states trying this approach.¹⁸ Mississippi implemented a similar program for Medicaid clients with asthma, diabetes, and hypertension which saved hospital and emergency room visit costs.¹⁹ Case managers coordinate care for frail and disabled Medicaid beneficiaries in Georgia. This has resulted in a decreased need for nursing home and hospital care and has reduced overall per capita program costs.²⁰

For the elderly with chronic conditions, appropriately prescribed and administered medications are a proven cost effective intervention to keep them healthy and their chronic conditions under control. These appropriate treatments also help patients avoid the costly repercussions of complications.²¹ Illinois, New Hampshire, Minnesota and Wisconsin are among the states that have implemented the *I-SaveRX* program, where individuals use a state sponsored system to directly purchase renewal prescriptions from pharmacies in Canada, England, Scotland, and Ireland where prices are 20 to 25 percent lower.²² Arizona implemented a *CoppeRx* free discount card for seniors’ prescription drugs at a network of 500 pharmacies statewide, and

North Carolina integrated their Senior Care prescription assistance program enrollees with the new Medicare Prescription Drug discount cards which enables seniors to take advantage of both programs at their pharmacy.²³

Insurance approaches

To limit future Medicaid payments for long-term care services, some states have offered incentives for individuals to purchase long-term care insurance, while others are seeking ways for patients to use more of their personal assets to pay for nursing home care before becoming eligible for Medicaid. California, Connecticut, Indiana, and New York Medicaid programs participate in partnerships with long-term care insurers to encourage individuals to purchase long term care insurance and not rely entirely on Medicaid in the future.²⁴

A longer term approach to controlling future nursing home costs seeks to provide health insurance for medical treatment in younger adults, with the expectation that continuous medical care and treatment would help avoid or delay future disability and expensive complications. Insurance pools have been created in over thirty states to support coverage of high risk individuals with no health insurance,²⁵ and Medicaid waivers have been implemented in Maryland, New Mexico, and Rhode Island to extend coverage to those in need who are beyond standard eligibility criteria. States are also encouraging use of lower cost drugs and providers by making cost information available to the public, and initiating health insurance incentives that shift more payment responsibility to patients through additional co-pays, higher premiums, and deductibles when higher cost providers are chosen.²⁶

Conclusion

Controlling health care costs through care management and integrating elderly services to avoid nursing home admissions are attainable goals for states. Encouraging patient and family involvement in care decisions and empowering the elderly to take charge of their medical treatments and adopt healthy behaviors will generate improved care and better quality of life for older adults. Modifying insurance to share the payment burden with users, assure that diseases are continuously managed with medical care, and discourage patient-driven unnecessary use of medical services, will control the costs of providing care. With the expected growth in the number of elderly Americans in the future, and as new developments in medical technology provide new opportunities for cost savings, these controls will become the basic tools for managing costs of medical and custodial care.

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