



United States
General Accounting Office
Washington, D.C. 20548

Health, Education and Human Services Division

B-256199

July 21, 1994

The Honorable William S. Cohen
Ranking Minority Member
Special Committee on Aging
United States Senate

Dear Senator Cohen:

You asked us to obtain information to help inform congressional deliberations on long-term care reform issues. This letter summarizes the briefing we provided to your staff on the results of work on long-term care. We will provide a more detailed examination of these results in a report to be issued in September. This work is based on a mail survey of State Agencies on Aging and State Medicaid Agencies in all 50 states and the District of Columbia. We asked these agencies for their views on best ways to design and administer home and community-based services for the elderly. These two types of agencies oversee more home and community-based services for the elderly than any other agencies and frequently have been leaders in improving approaches to long-term care.

We summarized survey results in the attached charts and tables to provide information on some of the key issues being addressed in proposals before the Congress. Specifically, we organized the information to help inform discussion of (1) how needs are best determined, (2) what services a long-term care system should offer, (3) how costs can best be controlled, and (4) what potential role the private sector may have.

The data in the attached charts and tables show some overall consistency among the state agencies surveyed in their views on which criteria and methods are most useful in determining need and what type of services are most appropriate for inclusion in a long-term care system to serve the elderly. Views of the state agencies show less consensus about the efficacy of any single cost-control method and suggest the potential need to use multiple methods to control costs.

State agencies' views on the potential value of private sector approaches are more complex. Because state officials generally have much less experience to draw upon in evaluating the impact of private activities than they do in evaluating government activities, we asked them if they

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thought private sector approaches had the potential of reducing government long-term care spending but we did not ask whether this potential reduction was minimal or substantial. State agencies generally responded that they saw some potential that private sector approaches could reduce government long-term care spending, but the results reported here do not address whether these cost reductions would be small or large. Officials we interviewed in designing the survey generally expressed less confidence in state officials' ability to gauge the magnitude of private sector impacts than of the impact of government programs.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this letter for 30 days. At that time, it will be made available on request. If you have any further questions, please call me at (202) 512-7215 or Jim Musselwhite at (202) 512-7259.

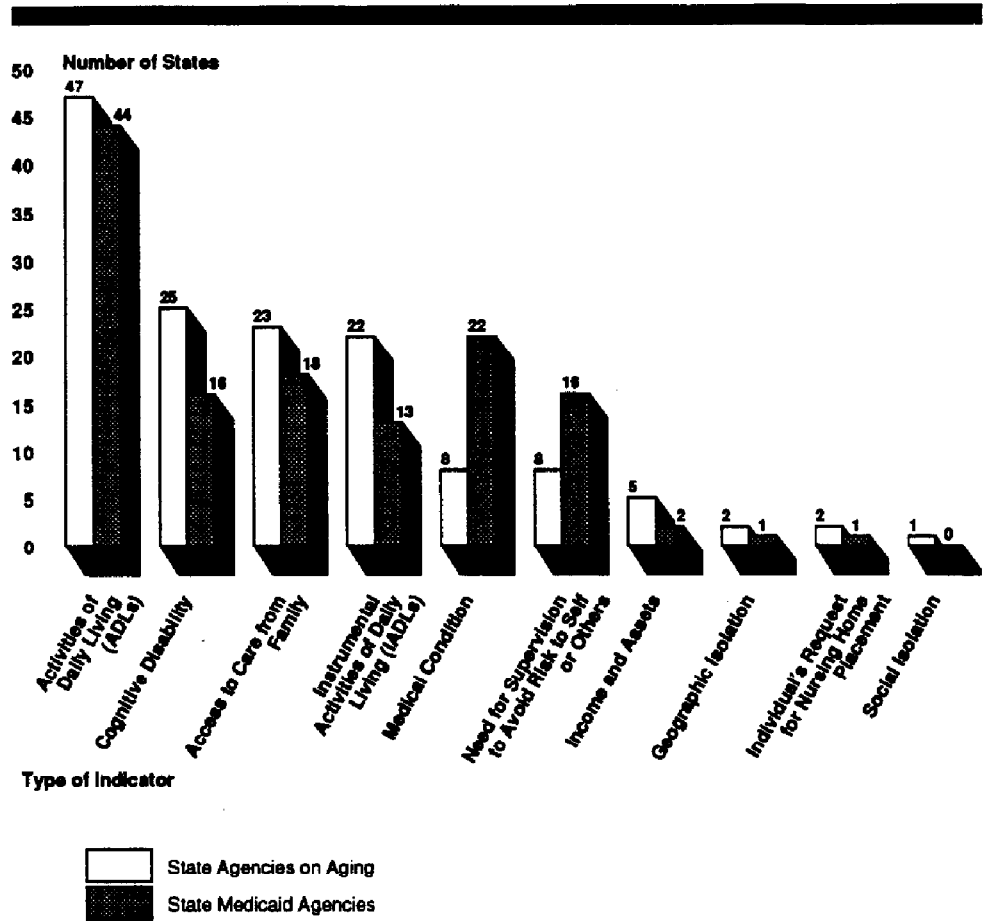
Sincerely yours,



Jane L. Ross
Associate Director
Income Security Issues

Enclosure

Figure 1. Best Indicators to Identify Severely Disabled Elderly Persons with the Greatest Need for Home and Community-Based Services



Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994)

Table 1a: State Agencies on Aging Views on Importance of Various Indicators in Determining the Needs of the Severely Disabled Elderly

Criterion	Essential	Very Important	Moderately important	Somewhat important	Of little or no importance	Don't know
An individual's ability to perform the Activities of Daily Living or <u>ADLs</u> , such as toileting, dressing, and bathing	47	4	0	0	0	0
An individual's ability to perform Instrumental Activities of Daily Living or <u>IADLs</u> , such as balancing a checkbook, shopping, managing medication, or using transportation	24	18	8	0	0	0
An individual's cognitive disabilities	28	23	0	0	0	0
An individual's medical condition	16	17	13	4	1	0
An individual's income and assets	6	14	12	11	7	0
An individual's geographic isolation, such as living in a sparsely populated area	4	13	14	16	4	0
An individual's social isolation or being socially disadvantaged	4	16	14	14	3	0
An individual's need for supervision to avoid risk to self or others	24	21	3	3	0	0
An individual's request for nursing home placement	7	16	7	13	6	2
An individual's access to care from family, friends, and other community sources	28	18	3	1	1	0
Other	4	3	1	0	0	0

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

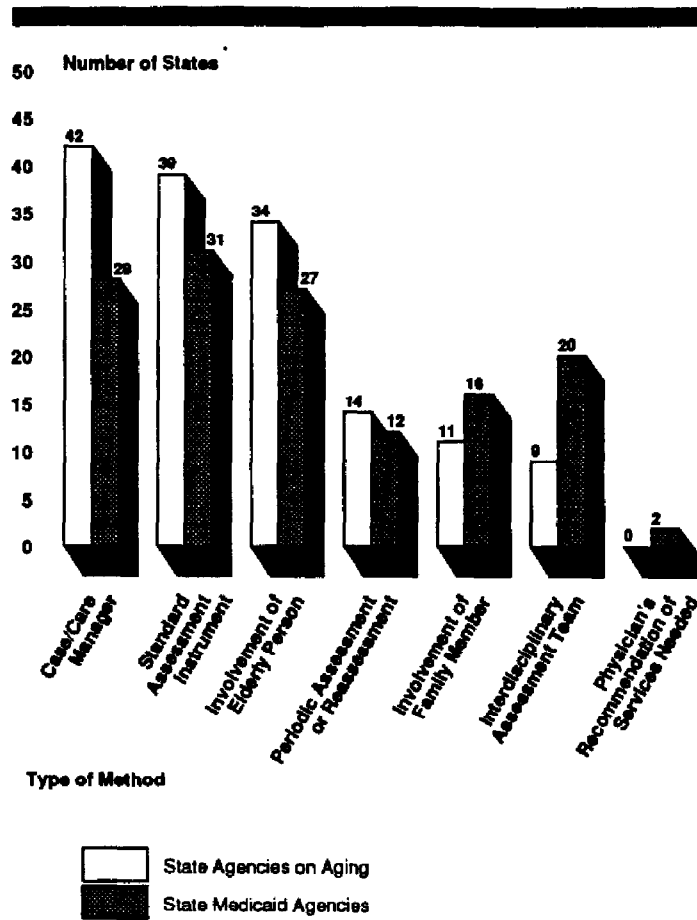
Table 1b: Medicaid Agencies' Views on Importance of Various Indicators in Determining the Needs of the Severely Disabled Elderly

Criterion	Essential	Very Important	Moderately important	Somewhat important	Of little or no importance	Don't know
An individual's ability to perform the Activities of Daily Living or <u>ADLs</u> , such as toileting, dressing, and bathing	43	3	0	0	0	0
An individual's ability to perform Instrumental Activities of Daily Living or <u>IADLS</u> , such as balancing a checkbook, shopping, managing medication, or using transportation	17	20	6	2	1	0
An individual's cognitive disabilities	23	19	3	1	0	0
An individual's medical condition	23	18	2	3	0	0
An individual's income and assets	9	11	16	8	1	0
An individual's geographic isolation, such as living in a sparsely populated area	1	18	14	7	4	2
An individual's social isolation or being socially disadvantaged	1	14	15	10	4	1
An individual's need for supervision to avoid risk to self or others	21	17	6	1	1	0
An individual's request for nursing home placement	4	10	17	9	4	2
An individual's access to care from family, friends, and other community sources	23	16	4	3	0	0
Other	4	0	1	0	0	1

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Figure 2. Most Useful Methods to Determine Home and Community-Based Services Needed by Severely Disabled Elderly Persons



Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 2a: State Agencies on Aging Views on Usefulness of Various Methods to Determine Types of Services Needed

Method	Very useful	Moderately useful	Somewhat useful	Of little or no use	Don't know
Standard assessment instrument or protocol	48	2	1	0	0
Case/care manager	47	3	0	0	0
Interdisciplinary assessment team	20	18	8	4	0
Involvement of the elderly person in identifying services needed	46	4	1	0	0
Involvement of elderly person's family members in identifying services needed	32	17	2	0	0
Physician's recommendation on services needed	7	14	16	12	0
Periodic assessment or reassessment of needs	44	7	0	0	0
Other	9	0	0	0	0

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

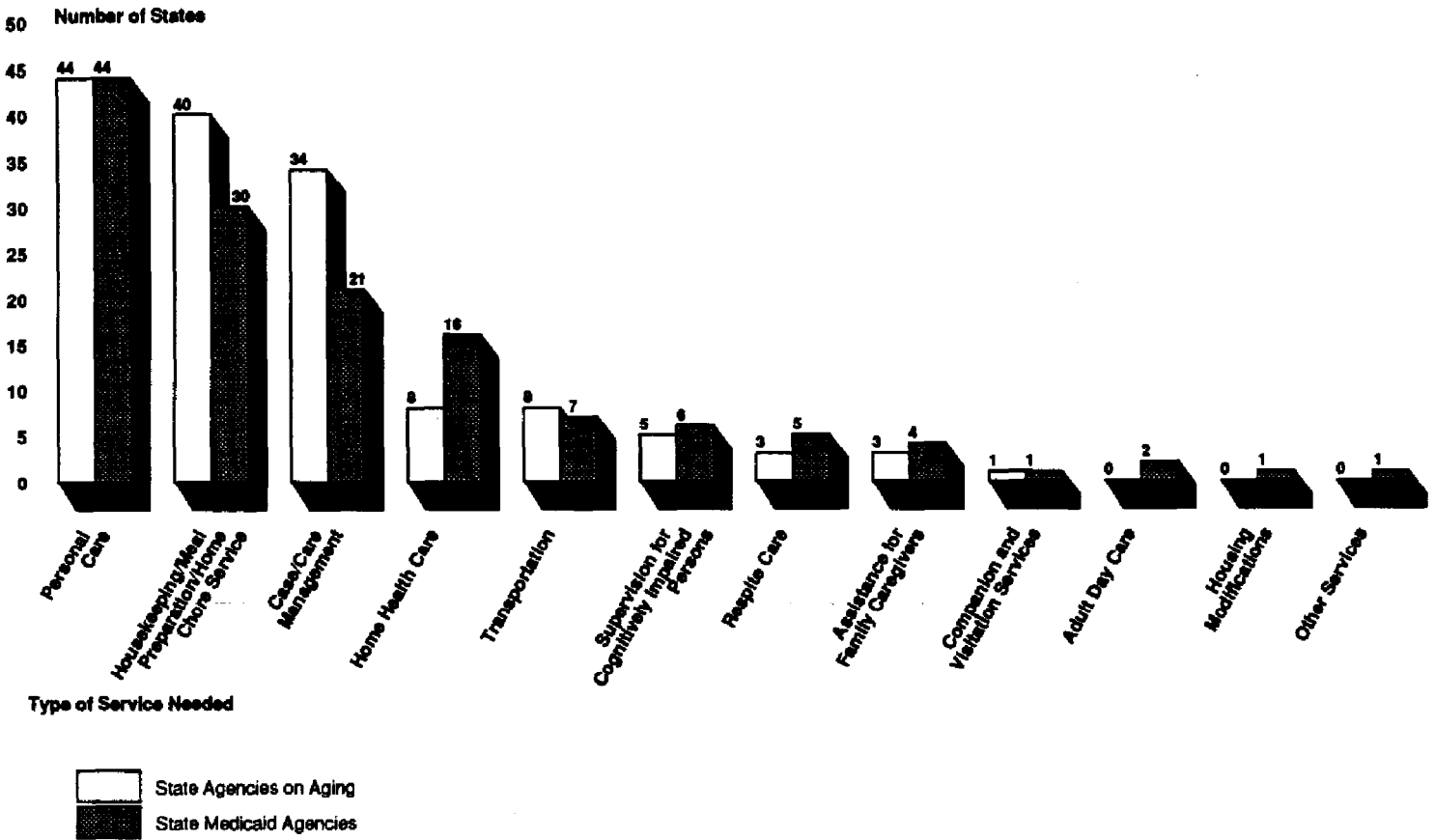
Table 2b: Medicaid Agencies' Views on Usefulness of Various Methods to Determine Types of Services Needed

Method	Very useful	Moderately useful	Somewhat useful	Of little or no use	Don't know
Standard assessment instrument or protocol	37	9	1	0	0
Case/care manager	38	6	1	0	0
Interdisciplinary assessment team	22	16	8	0	1
Involvement of the elderly person in identifying services needed	40	5	2	0	0
Involvement of elderly person's family members in identifying services needed	29	16	1	1	0
Physician's recommendation on services needed	8	18	17	4	0
Periodic assessment or reassessment of needs	35	11	1	0	0
Other	5	1	0	0	1

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Figure 3. Home and Community-Based Services Needed by the Largest Number of Severely Disabled Elderly Persons



Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 3a: State Agencies on Aging Views on Proportion of Severely Disabled Elderly Needing Specific Services

Service	All or almost all	Most	About half	Some	Few if any	Don't know
Home health care	9	9	10	18	0	4
Housekeeping, meal preparation, and other home chore services	30	15	4	1	0	0
Personal care such as assistance in bathing, toileting, eating, and mobility	24	19	5	2	0	0
Transportation	18	16	9	4	0	1
Housing modifications	3	5	5	32	3	2
Congregate programs such as meals and social interaction	2	4	9	26	5	1
Adult day care	2	0	8	35	3	1
Companion and visitation services	3	8	15	20	2	0
Supervision for cognitively impaired persons at home	6	5	8	28	1	1
Case/care management	26	20	1	3	0	0
Respite care	5	10	14	19	0	1
Assistance for family caregivers such as training, counseling, or support groups	6	12	18	13	0	1
Other	3	3	3	6	0	2

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

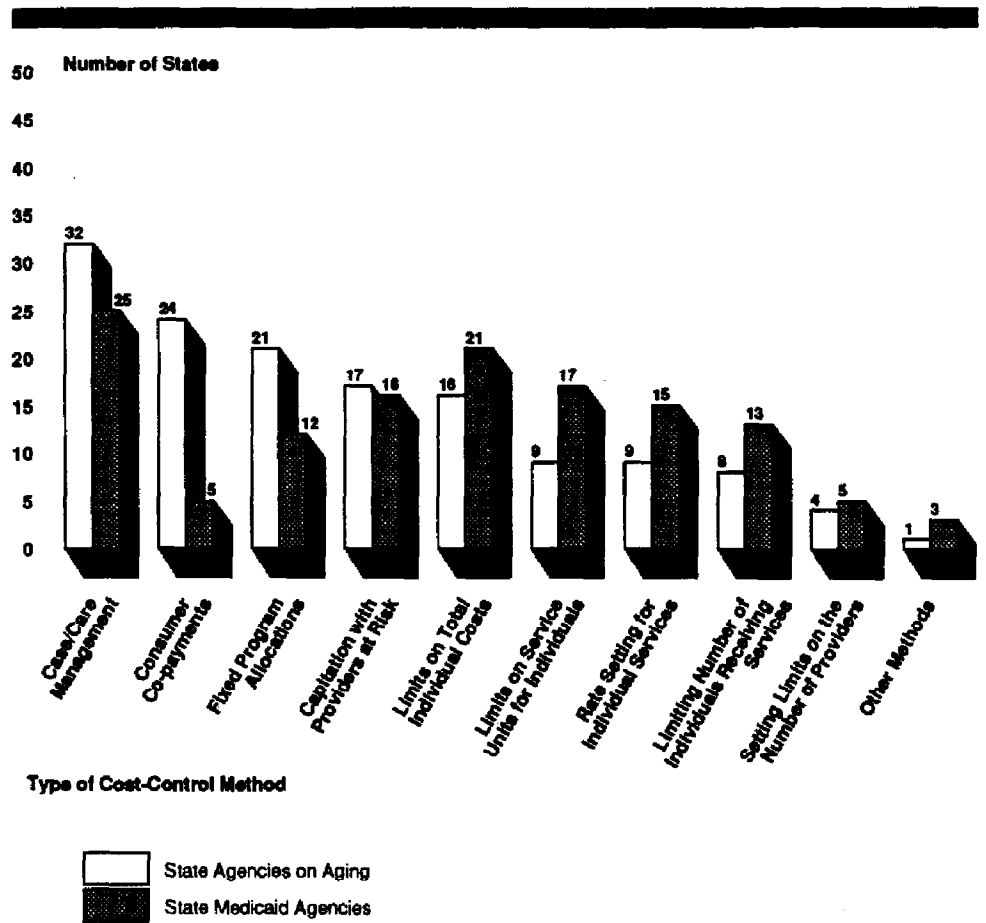
Table 3b: Medicaid Agencies' Views on Proportion of Severely Disabled Elderly Needing Specific Services

Service	All or almost all	Most	About half	Some	Few if any	Don't know
Home health care	9	13	10	13	0	2
Housekeeping, meal preparation, and other home chore services	19	20	5	1	0	2
Personal care such as assistance in bathing, toileting, eating, and mobility	24	19	1	1	0	2
Transportation	7	13	9	15	0	3
Housing modifications	1	2	6	27	7	4
Congregate programs such as meals and social interaction	2	4	10	24	2	5
Adult day care	2	2	8	32	1	2
Companion and visitation services	3	9	6	20	2	6
Supervision for cognitively impaired persons at home	5	7	8	17	3	7
Case/care management	20	17	6	1	0	2
Respite care	4	7	12	18	1	5
Assistance for family caregivers such as training, counseling, or support groups	5	8	9	17	1	7
Other	2	2	5	6	0	4

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Figure 4. Most Effective Methods for Controlling the Costs of Home and Community-Based Services Needed by Severely Disabled Elderly Persons



Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 4a: State Agencies on Aging Views on Effectiveness of Methods in Controlling Government Spending for Home and Community-based Services

Method	Very effective	Moderately effective	Somewhat effective	Slightly or not effective	Don't know
Fixed program allocations, sometimes called global budgets	22	12	8	7	1
Capitation with providers that are at risk for excess costs	15	18	12	3	2
Rate setting for individual services	3	20	21	5	1
Setting limits on the number of individuals receiving services such as slots	13	11	14	11	1
Setting limits on the numbers or types of providers through mechanisms such as licensure or certification of need	3	8	10	27	2
Case/care management to keep program costs within budget	27	17	5	2	0
Setting limits on service units available to an individual	10	12	14	13	1
Setting limits on total cost for an individual	22	13	8	7	1
Consumer co-payments	21	15	10	4	1
Other	3	1	0	0	0

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

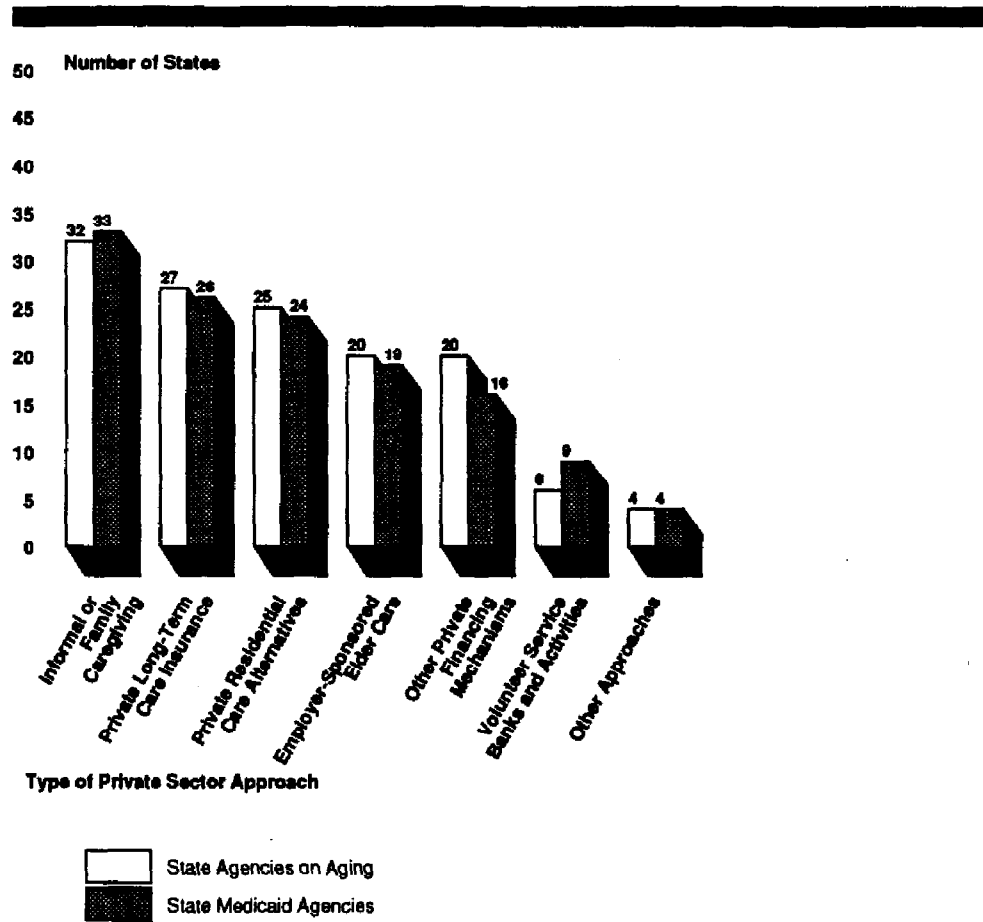
Table 4b: Medicaid Agencies' Views on Effectiveness of Methods in Controlling Government Spending for Home and Community-based Services

Method	Very effective	Moderately effective	Somewhat effective	Slightly or not effective	Don't know
Fixed program allocations, sometimes called global budgets	14	14	7	6	3
Capitation with providers that are at risk for excess costs	15	17	10	2	3
Rate setting for individual services	18	9	11	9	0
Setting limits on the number of individuals receiving services such as slots	15	10	9	12	0
Setting limits on the numbers or types of providers through mechanisms such as licensure or certification of need	7	8	10	20	2
Case/care management to keep program costs within budget	24	12	8	2	1
Setting limits on service units available to an individual	11	17	7	8	1
Setting limits on total cost for an individual	23	11	6	6	0
Consumer co-payments	7	12	17	9	1
Other	4	0	0	0	1

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Figure 5. Most Effective Private Sector Approaches to Reduce Government Long Term Care Spending For Severely Disabled Elderly Persons



Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 5a: State Agencies on Aging Views on Effectiveness of Private Sector Approaches to Reduce Government Spending for Nursing Home Services and Home and Community-based Services

Approach	Would an increase in the use of the approach reduce government spending for long-term care services?				
	Definitely yes	Probably yes	Probably no	Definitely no	No Basis to judge
Informal or family caregiving	27	10	13	1	0
Employer sponsored elder care programs for employees who are caregivers	5	31	13	0	2
Private, long-term care insurance	12	27	7	2	3
Other private financing mechanisms such as reverse annuity mortgages (RAMs), long-term care medical IRAs, and life insurance conversions	5	29	9	1	6
Residential care alternatives such as Continuing Care Retirement Communities (CCRCs) and other private assisted living options	12	26	11	1	1
Volunteer service banks and other volunteer activities to provide services	2	17	24	2	6
Other	4	2	0	0	0

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 5b: Medicaid Agencies' Views on Effectiveness of Private Sector Approaches to Reduce Government Spending for Nursing Home Services and Home and Community-based Services

Approach	Would an increase in the use of the approach reduce government spending for long-term care services?				
	Definitely yes	Probably yes	Probably no	Definitely no	No Basis to judge
Informal or family caregiving	26	15	4	1	1
Employer sponsored elder care programs for employees who are caregivers	10	25	8	1	3
Private, long-term care insurance	16	25	4	0	2
Other private financing mechanisms such as reverse annuity mortgages (RAMs), long-term care medical IRAs, and life insurance conversions	5	30	9	0	3
Residential care alternatives such as Continuing Care Retirement Communities (CCRCs) and other private assisted living options	13	23	11	0	0
Volunteer service banks and other volunteer activities to provide services	5	21	12	0	9
Other	4	2	0	0	1

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 6a: State Agencies on Aging Views on Likelihood of Government Intervention--Other than Funding--Increasing the Use of Private Sector Approaches

Approach	How likely is it that government intervention would increase use of the approach?					
	Very likely	Somewhat likely	As likely as not	Somewhat unlikely	Very unlikely	Don't know
Informal or family caregiving	5	16	8	9	12	0
Employer sponsored elder care programs for employees who are caregivers	11	14	14	7	1	4
Private, long-term care insurance	15	21	6	5	2	2
Other private financing mechanisms such as reverse annuity mortgages (RAMs), long-term care medical IRAs, and life insurance conversions	10	21	8	4	2	4
Residential care alternatives such as Continuing Care Retirement Communities (CCRCs) and other private assisted living options	13	18	14	4	0	2
Volunteer service banks and other volunteer activities to provide services	7	14	9	10	5	6
Other	4	1	0	1	0	0

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

Table 6b: Medicaid Agencies' Views on Likelihood of Government Intervention--Other than Funding--Increasing the Use of Private Sector Approaches

Approach	How likely is it that government intervention would increase use of the approach?					
	Very likely	Somewhat likely	As likely as not	Somewhat unlikely	Very unlikely	Don't know
Informal or family caregiving	3	7	15	11	10	1
Employer sponsored elder care programs for employees who are caregivers	4	25	10	3	2	3
Private, long-term care insurance	9	26	6	2	1	3
Other private financing mechanisms such as reverse annuity mortgages (RAMs), long-term care medical IRAs, and life insurance conversions	8	22	8	3	2	4
Residential care alternatives such as Continuing Care Retirement Communities (CCRCs) and other private assisted living options	16	15	10	3	2	1
Volunteer service banks and other volunteer activities to provide services	6	12	11	10	3	5
Other	3	2	0	0	0	1

Note: Maximum number of responses: 51 State Agencies on Aging, 47 State Medicaid Agencies.

Source: GAO survey of state agencies (July, 1994).

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