

# Transforming California's System of Care for Older Adults: Considerations for the Next Administration

*This policy brief describes multiple opportunities that the Brown administration has to improve a system of community-based care for older adults who wish to age with dignity and independence.*

## Introduction

California's new governor has an opportunity to reshape the system that serves the state's growing older adult population. In 2011, the largest generation in history – the baby boomers – will start turning 65. What this means for California is a 100 percent projected increase of older adults over the next 20 years, from 4.41 million in 2010 to 8.84 million in 2030.<sup>1</sup> Although some older adults live independent lives well into old age, roughly 70 percent of people age 65 and above will have a need for personal care and/or supportive services at some point in their lives.<sup>2</sup>

These demographic shifts have been looming over the state for some time. The Brown administration will not be able to avoid the reality of an aging California and the burden of its fragmented and unsustainable long-term care system. The time is now to create a system that integrates medical and supportive services, is person-centered, and is cost effective. Without a concerted plan, Californians will increasingly rely on public resources to fulfill long-term care needs while facing fewer care choices. Under Governor-elect Brown's leadership, California can become a national model for empowering its residents to age with dignity and independence.

## Background

Older adults find it increasingly more challenging to live independently as they age, which leaves many Californians feeling deeply worried and unprepared. According to a March 2010 poll commissioned by The SCAN Foundation and the UCLA Center for Health Policy Research, 66 percent of California voters 40 and older worry about being able to pay for long-term care that they or a family member may need in the future. Concern crosses party affiliation, with majorities of Democrats (72%), Republicans (59%), and independents (63%) worried about being able to afford needed care.<sup>3</sup>

California's continuum of care, composed of primary, acute, and rehabilitative medical services along with supportive long-term care services, is fragmented and unsustainable. Given the current absence of comprehensive long-term care financing, low consumer uptake of private long-term care insurance, and low savings rates among those nearing retirement, many middle-class aging boomers will likely have substantial difficulty paying for future long-term care needs. Those needing services have few reasonable options to pay for their care. The few middle class protections that currently

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exist, such as spousal impoverishment measures, are only available for those in nursing homes and not for those receiving services and supports in the community, where individuals overwhelmingly prefer to live as they age. Many typically rely on their own resources or help from family members and friends for the care they need. Private long-term care insurance, while available, is not an option for many people because it is often too expensive or individuals do not meet the underwriting requirements. This leaves long-term care coverage through the Medi-Cal program (California’s Medicaid program) as the default option, requiring individuals to deplete most of their assets to qualify. In addition, Medi-Cal coverage for home-and community-based services (HCBS) care is limited because of being an “optional” state service. Finally, state budget woes further complicate long-term care financing, as cuts to aging and disability services were included in the last two budget cycles, including cuts to In-Home Supportive Services.<sup>4</sup>

The Brown administration is presented with numerous options to achieve the vision of an integrated continuum of care that offers person-centered, efficient, high quality and accessible care. Some key opportunities to improve long-term care, concurrently creating and strengthening linkages between medical care and supportive services are presented in the Patient Protection and Affordable Care Act (ACA, P.L. 111-148).<sup>5</sup> Other options include utilizing existing authorities and re-evaluating priorities to transform our system of care. Below we outline several recommendations for Governor-elect Brown and the incoming Secretary of the California Health and Human Services Agency to help move our state toward the vision of more integrated, person-centered continuum of care.

## **Recommendations: Improving Services For Today’s Older Californians**

The ACA contains several provisions allowing states to expand access to Medicaid HCBS, while also providing financial incentives through increased Medicaid federal matching rates. In addition, the recently-approved 1115 Waiver and opportunities to conduct demonstrations through the newly created Center for Medicare and Medicaid Innovation and Federal Coordinated Health Care Office inside the Centers for Medicare and Medicaid Services (CMS) are the seeds of opportunity for reshaping the long-term care system in California. Finally, the ACA offers several mechanisms by which the state can support the development of a sufficient and well-trained workforce to meet the long-term care needs of the population.

- Rapidly evaluate and consider applying for enhanced Medicaid HCBS options in the Affordable Care Act. California is eligible to apply for two new state plan options that can improve access to home- and community-based care with the support of an increased federal Medicaid match:
  - Community First Choice - a new Medicaid State Plan option that provides community-based attendant services and supports to those meeting nursing facility eligibility criteria, which includes a 6 percent increase in the federal match; and
  - Medicaid Home- and Community-Based Services State Plan Option (1915i) - which permits states to both extend HCBS enrollment to individuals with incomes up to 300%

of SSI and offer the full range of Medicaid benefits to all eligible individuals receiving services through the 1915(i) option.

Consistent with recent guidance from CMS,<sup>6</sup> these opportunities available through the ACA are important tools for Governor-elect Brown's consideration to achieve the goal of serving individuals in the most integrated setting possible, building a strong continuum of care, and meeting the state's obligations under the Americans with Disabilities Act (ADA) and Olmstead (the landmark Supreme Court decision, which found that unjustified institutionalization of people with disabilities was a violation of the ADA).

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- » instituting an eligibility instrument that is standardized across institutional and home- and community-based settings;
  - » creating a data collection infrastructure to receive real-time information on beneficiary eligibility, service use, and cost information;
  - » developing high-quality case management services as part of beneficiary access and service delivery; and
  - » streamlining regulatory processes between the state and county service areas where appropriate.
- Pave the way to successful care coordination and service integration for vulnerable seniors and people with disabilities. The Brown administration has the opportunity to:
    - Provide sufficient support necessary to ensure that the Medi-Cal 1115 Waiver and other care integration efforts are implemented successfully and in line with recommendations made by diverse stakeholder work groups in 2010.
    - Drive administrative changes that foster further rebalancing of long-term care services from institutional to home- and community-based settings, such as:
      - » aligning funding and programmatic accountability to break down administrative silos;
      - » expanding "single point of entry" portals for older adults and their families to get information and connection to local services;
  - Maximize funds available through the newly-extended Money Follows the Person (MFP) Demonstration to help facilitate the relocation of eligible individuals in nursing homes back to the community. MFP provides a 75 percent federal match (a 50 percent increase over the state's standard match) for services provided to eligible individuals in the first year following relocation from an institution. In addition, the state should explore the potential for using these funds to support diversion from institutional settings with CMS.
  - Grow and maintain a well-trained direct care workforce. California has already taken great strides to help support the current and anticipated direct care workforce by applying for federal dollars to increase training opportunities. Even with federal funds supporting this effort, the state will need to continue to identify ways to support and grow a well-trained direct care workforce, given that the future demand will far exceed existing supply.

## Recommendations: Calling on Californians to Plan for Tomorrow's Needs

As described above, the number of older Californians will increase dramatically in the coming decades. California can get ahead of the curve by encouraging younger individuals today to plan for future long-term care needs and support families who are often the backbone of the caregiving workforce.

- *Educate Californians about the need for pre-planning.* Similar to financial pre-planning for retirement, this communications campaign would include information and options about how Californians can plan for future long-term care needs.
  - Encourage residents to be more invested in their own futures through a broad public education campaign to inform them of the high likelihood of needing care in old age and the realities of its cost; and
  - Encourage employers to play a key role in educating and informing workers about the need for long-term care coverage, and linkages to information and assistance portals that provide guidance to families in need.
- *Support CLASS Program Implementation.* The Community Living Assistance Supports and Services (CLASS) program in the Affordable Care Act creates a voluntary, federally administered long-term care insurance program. CLASS creates a paradigm shift toward personal responsibility for one's future long-term care needs to complement existing government programs, both of which are needed to achieve a sustainable, efficient system of care for California's older and disabled residents. CLASS also provides potential savings to the state's Medi-Cal program.<sup>7</sup> Governor-elect Brown can:
  - Encourage residents to be more invested in their own futures through a broad public education campaign to inform residents of the high likelihood of needing care in old age;
  - Encourage employers to play a key role in educating and informing workers about CLASS, the need for pre-planning, and assist employees with CLASS enrollment; and
  - Offer CLASS as a benefit available to state employees and encourage local governments to participate in enrollment.
- *Support Other Long-Term Care Coverage Options.* The governor can provide greater visibility of additional long-term care coverage options so that individuals can avoid or delay reliance on Medi-Cal services. Options could work in conjunction with CLASS policies and include:
  - Encourage individuals to consider purchasing private long-term care insurance. Options include individual and group policies, as well as "Partnership" policies that allow for qualified individuals to have greater asset protection under Medi-Cal if they first draw benefits from a Partnership policy;
  - Encourage development of wrap-around long-term care insurance products to bolster CLASS benefits; and
  - Offer state tax credits to family members who provide care for individuals with functional needs.

## Conclusion

California's long-term care system is broken- it operates in silos and it is not person-centered. Governor-elect Brown has the opportunity at this critical moment to design a more stable, integrated, efficient, and person-centered system that can meet the needs of our state's aging population. The SCAN Foundation looks forward to partnering with the new Brown administration to help achieve this vision.

## References

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