

## Home and Community-Based Long-Term Services and Supports for Older People

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**More than 5 million older people need services and supports to remain living in their homes and communities. Most receive help exclusively from family caregivers, but others pay for services through public programs, out-of-pocket spending, or private insurance. The primary source of public funding is Medicaid, but other sources include the Older Americans Act and state funds. Residential alternatives that deliver supportive services in a home-like environment also play a role in helping older people avoid more institutional settings.**

### Definition

The term “home and community-based long-term services and supports” (HCBS) refers to assistance with daily activities that generally helps older adults and people with disabilities to remain in their homes. Many people with functional limitations or cognitive impairments need assistance with activities of daily living (ADLs) such as bathing, dressing, and using the toilet, or instrumental activities of daily living (IADLs) such as shopping, managing money or medications, and doing laundry.

Services such as personal care, chore assistance, transportation, congregate meals, or adult day services all constitute HCBS. People of all ages with disabilities who use these services live in a variety of settings: their own homes or apartments, assisted living facilities, adult foster homes, congregate care facilities, or other supportive housing.

### Need for HCBS

In 2009, about 10 million Americans living in the community needed long-term services and supports (LTSS), of whom more than half (5.2 million) were age 65 or older and 1.7 million were

aged 85+. Those with LTSS needs comprised some 14 percent of the community-dwelling population age 65+ and 38 percent of those age 85+.<sup>1</sup>

### Paying for HCBS

Researchers estimate that families furnish the majority of care to people with disabilities. Almost three-fourths (72 percent) of older adults with disabilities receive help with basic personal activities or household chores *exclusively* from family caregivers. Among these, only 28 percent receive supplemental assistance from paid services (either out-of-pocket, by private insurance, or through a public program.)<sup>2</sup>

### Medicaid Funding

- Every state provides some level of HCBS, most often through a *home and community-based waiver program*.<sup>3</sup> Under waiver programs, states can serve a limited geographic area, define the range of benefits, and tailor services to specific groups (such as older people or persons with brain injuries). To be eligible for services, individuals must be at risk of nursing home placement.

However, unlike nursing homes, eligible individuals are not *entitled* to receive waiver services and may be placed on a waiting list. As of 2007, some 1.2 million individuals were served in these programs, of whom nearly half (49 percent) were older people or adults with physical disabilities.<sup>4</sup> It should be noted, however, that spending for this population comprised just 20 percent of all Medicaid expenditures for HCBS waiver programs, as services for this population are less costly than are those for persons with intellectual disabilities.

- The **personal care services program** is an *optional* Medicaid benefit that states may use to provide assistance with daily living activities. Thirty states operated these programs in 2007, serving more than 826,000 individuals.<sup>5</sup>
- The **home health care** benefit covers primarily skilled nursing services and physical and other therapies. Home health is a *mandatory* Medicaid benefit for eligible persons and served nearly 814,000 persons in 2007. (The Medicare program also provides home health services to people who are homebound, need help intermittently, and require skilled services.)

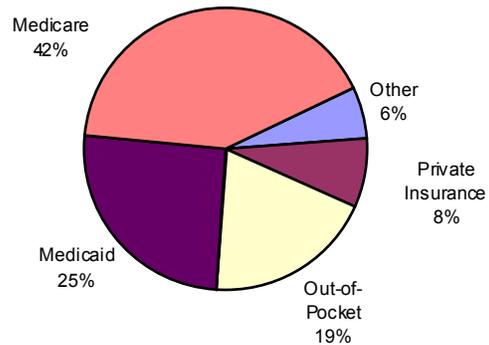
Medicaid paid \$114 billion for LTSS in 2009, about 32 percent of Medicaid expenditures. Only about one-third of Medicaid spending for older people and adults with physical disabilities paid for HCBS; the majority paid for institutional services.<sup>6</sup>

To qualify for Medicaid-funded services, people generally must have monthly incomes equal to or below the Supplemental Security Income (SSI) program eligibility level (\$674 in 2011). However, many states allow people with higher incomes (generally up to

300 percent of SSI) to receive services under the waiver program.

Government data generally do not distinguish between skilled home health services such as nursing or physical therapy and the unskilled services that constitute the core of HCBS. Therefore, the data in Figure 1 overstate the role of Medicare, which provides the majority of *skilled* home care, but a much smaller share of unskilled services. Other public sources of HCBS funding include the Older Americans Act, state general revenues, and some local funds.

**Figure 1**  
**Long Term Home Care Expenditures for Older People, by Source of Payment, 2004**  
(Total Expenditures = \$42.5 billion)



Source: Congressional Budget Office, 2004.

### Older Americans Act (OAA) Funding

OAA programs provide home-delivered meals, in-home assistance (such as chore or homemaker), and adult day services for people age 60 and older. OAA programs target care to people with the “greatest social or economic need.” For fiscal year 2010, Congress appropriated \$1.4 billion for OAA meals and supportive services, including \$154 million to support family caregivers.<sup>7</sup>

### State Funding

Many states use general revenue funds to provide services for people whose incomes or assets are too high for them

to qualify for Medicaid services. States also have greater freedom in establishing functional eligibility and setting other rules with their own funds. A 2009 report found that states spent \$1.2 billion on these programs in fiscal year 2007.<sup>8</sup>

### Expanding Options

#### Assisted Living

This type of housing generally offers personal care and supportive services 24 hours a day, some health care, and meals in congregate residential settings. In 2007, more than 38,000 facilities, containing nearly 975,000 beds provided services.<sup>9</sup> Most residents pay privately for assisted living, but as of 2009, over 130,000 residents had their payment subsidized by Medicaid or state revenues.<sup>10</sup>

#### Adult Foster Care

These residences offer a community-based living arrangement to adults who are unable to live independently because of physical or mental impairments. Generally serving one to six individuals in a homelike and family-like environment, they offer 24-hour supervision and personal care. In 2008, nearly 19,000 adult foster care residences provided services to over 64,000 individuals.<sup>11</sup>

#### Subsidized Rental Housing for Older People

The federal government funds service coordinators in federally subsidized housing projects serving older people to help residents age in place. The principal program is Section 202 housing, which focuses specifically on subsidized rental housing for older adults. More than 300,000 individuals currently reside in 202 housing,<sup>12</sup> but according to a 2006 AARP study, these properties have, on average, a 13 month waiting list.<sup>13</sup>

Although 202 managers estimate that more than one-third (36 percent) of their residents are frail or disabled, these

programs generally provide little personal care or oversight.<sup>14</sup> However, some states are expanding their capacity to offer a more complete range of services in 202 housing.

#### Consumer-Directed Services

States are offering more recipients of publicly funded HCBS the option of directing their own care, particularly by hiring and training their own workers. A 2004 report with responses from 40 states found 62 consumer-directed service programs serving older people.<sup>15</sup>

Fact Sheet 222, May, 2011

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<sup>1</sup> Richard W. Johnson and Janice S. Park. *Who Purchases Long-Term Care Insurance?* Urban Institute, March 2011.

<sup>2</sup> Ari Houser, Mary Jo Gibson, and Donald L. Redfoot. *Trends in Family Caregiving and Paid Home Care for Older People with Disabilities in the Community: Data from the National Long-Term Care Survey.* AARP, September 2010.

<sup>3</sup> Arizona and Vermont provide HCBS through a different program, called an 1115 demonstration waiver.

<sup>4</sup> Kaiser Commission on Medicaid and the Uninsured. *Medicaid Home and Community-Based Service Programs: Data Update*, February 2011.

<sup>5</sup> Kaiser Commission on Medicaid and the Uninsured. *Medicaid Home and Community-Based Service Programs: Data Update*, February 2011.

<sup>6</sup> Eiken, Steve; Sredl, Kate; Burwell, Brian; Gold, Lisa. *Medicaid Long-Term Care Expenditures 2009*, accessed at [http://www.hcbs.org/moreInfo.php/nb/doc/3325/Medicaid\\_Long\\_Term\\_Care\\_Expenditures\\_FY\\_2009](http://www.hcbs.org/moreInfo.php/nb/doc/3325/Medicaid_Long_Term_Care_Expenditures_FY_2009)

<sup>7</sup> Angela Napili and Kirsten J. Colello. *Older Americans Act: Funding*, Congressional Research Service, April 2010.

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<sup>8</sup> Robert L. Mollica, Kristen Simms-Kastelein, and Enid Kassner. *State-Funded Home and Community-Based Services Programs for Older Adults*, AARP, April 2009.

<sup>9</sup> Robert Mollica, Kristen Simms-Kastelein, and Janet O’Keeffe. *Residential Care and Assisted Living Compendium: 2007*, ASPE, 2007.

<sup>10</sup> Robert Mollica. *State Medicaid Reimbursement Policies and Practices in Assisted Living*, National Center for Assisted Living, 2009.

<sup>11</sup> Robert L. Mollica, Kristin Simms-Kastelein, Michael Cheek, Candace Baldwin, Jennifer Farnham, Susan Reinhard, and Jean Accius. *Building Adult Foster Care: What States Can Do*, AARP, September 2009.

<sup>12</sup> Rebecca Cohen. *Supportive Housing*, AARP, March 2010.

<sup>13</sup> Andrew Kochera. *Developing Appropriate Rental Housing for Low-Income Older persons: A Survey of Section 202 and LIHTC Property Managers*, AARP, December 2006.

<sup>14</sup> Andrew Kochera. *Developing Appropriate Rental Housing for Low-Income Older persons: A Survey of Section 202 and LIHTC Property Managers*, AARP, December 2006.

<sup>15</sup> NASUA and the National Council on the Aging. *Implementing Consumer-Directed Home & Community Services: Results of the 2004 Survey of State Administrators, Opinion Survey & Telephone Interviews*.