



Legislative Committee on Senior Citizens, Veterans, and Adults with Special Needs

AARP Comments – March 21, 2012

Good morning Madam Chairwoman and members of the committee. For the record, my name is Barry Gold and I am the Director of Government Relations for AARP Nevada.

I am not here today to talk about each and every program and service available to older adults in the Medicaid waiver programs. There are great descriptions available on the website – and the staff in the ADSD can tell you in detail about the criteria and processes for eligibility, assessment, case management, exact service components and delivery. I am not here to talk about legislative appropriations. I am here to talk about how important these programs are, and how cost effective they are.

Basically there are three Medicaid waiver programs – these are all people that are on Medicaid and meet NH level of care criteria. The following are basic descriptions of the three programs taken from the ADSD website.

[Home and Community Based Waiver \(HCBW formerly CHIP\)](#)

Non-medical services to older persons to help them maintain independence in their own homes as an alternative to nursing home placement.

[Waiver for the Elderly in Adult Residential Care \(WEARC\)](#)

Non-medical services in a group care setting to offer individuals a less expensive alternative of supervised care in a residential setting.

[Assisted Living \(AL\) Waiver](#)

Assisted living supportive services to eligible individuals in a residential facility as an alternative to nursing home placement

EXHIBIT B – Meeting Date: 3-21-12
Senior Citizens, Veterans and Adults With
Special Needs (NRS 218E.750)
Document consists of 4 pages.
Entire Exhibit provided.

Note that all the descriptions state, “as an alternative to nursing home placement”. There is more information on the website in each program about the criteria that says, “Are at risk of nursing home placement within 30 days without services.

Currently there are approximately 1767 slots in the Medicaid waiver programs. There are 1241 in HCBW, 472 in WEARC, and 54 in AL. We have to remember that Slots are really people.

They are combining the WEARC and HCBW (CHIP) waiver to allow for easier transition for clients between the programs if they move or change settings.

Currently the average costs for these programs range from \$8000 for HCBW, \$9000 for AL and \$12,000 for WEARC per client per year. Only half of that or less is General Fund – so that is roughly \$4,000 to \$6,000 dollars per year to keep people living in the community out of a nursing home. The rest is the Federal Matching dollars or FMAP.

According to the ILG report the Annual Medicaid General Fund cost per Nursing Home client is \$19,000. That is General Fund. The total cost is over \$60,000 including FMAP.

We have a significant savings to the state with these programs. It has been estimated that we can take care of 4 or 5 people in these waiver programs for the same cost as 1 person in a nursing home. The waiver programs could save over 25 million per year in General Fund if all the people in the waiver programs had to get go to a nursing home. This is \$50 million over the biennium. How many of you would like to think you could potentially save and have \$50 million when you are figuring the state budget - to use for other needs in our state?

These are the numbers you get by taking half the average cost per client in each waiver (which is about the General Fund portion) and subtracting that from 19,000 (the General Fund cost for Nursing Homes) and then multiplying the difference by total number of slots in that waiver – and adding up the three programs. Again, this a very rough projection – but it really shows the cost effective nature of these services and potentially how much they are, they can, and they will save Nevada.

These savings I stated are found by this formula:

\$8,000 avg HCBW becomes \$4000 of general fund, subtracted from 19,000 (nursing home GF) = 15,000 (GF) x 1241 (# of slots/people in HCBW) = \$18,615,00

\$ 12,000 avg WEARC becomes \$6,000 general fund, subtracted from \$19,000
= \$13,000(GF) x 472 (# of slots/people in WEARC) = \$6,136,00

\$9,000 avg AL become \$4,500 of general fund, subtracted from \$19,000
= \$4,500 (GF) x 54 (of slots in AL) = \$783,000

Total savings from waiver programs over nursing home placement: \$25,534,000 per year.

As mentioned earlier, the people who are currently in each and every one of those “slots” all meet a level of care criteria for Nursing Home – and would be at risk of nursing home placement within 30 days WITHOUT supports or services -- according to the definition of and criteria for being in the programs. So they all could be in nursing homes if they wanted to be, or if there were not these cost effective services available to them.

There will always be people who need 24 hour supervised nursing care – and we need to be sure we have the capacity to do this – and the appropriate facilities to care for them, even if they cognitive or behavioral deficits. Nevada currently has difficulties placing behavior problem or dementia patients in Nevada nursing homes and is forced to place them out of state in nursing homes at a much higher cost. That is a separate problem that may need a separate presentation.

The Independent Living Grant programs take care of people in the community as well, and make up the backbone of community services for those older adults that may only need a little help. Without these services they would face difficulties in living independently, and could end up eventually needing more expensive services and nursing home placement. These services are paid for out of the Tobacco Master Settlement Agreement.

The Aging and Disability Services Division’s 2011 report states that 5,872 people received Independent Living Grant funded services. The report details the services, and impact to Nevada residents, as well as savings to the state.

The report states that 17% or 684 people who received ILG services are at imminent risk for institutionalization according to their deficits in ADLS. Those 684 would overload the waiver programs – if forced into them – and while on what would certainly be long waiting lists – may eventually have to be placed in a NH. The report states the ILG annual average expenditure per client is \$384 per year. That’s right \$384. This translates to over \$12 million in savings for GF dollars by keeping these 684 people out of a nursing home, according to the report.

That is what this presentation is all about. Preventing - avoiding – or perhaps delaying what is known as “premature” placement in an institution. These home and community based services save money, and keeps people where they want to be.

We used to advocate for the waiver programs and the ILG services as a way to keep people living independently and with dignity. It is the “right thing to do”. This is still true, however, because of the severe budget deficits Nevada has faced – we now also concentrate and focus on the cost effective nature of these services; how they actually save the state money now and in the future. Many of you have heard me testify before the legislature on the cost savings these services provide.

The number of slots has not been increased for at least 5 years. In fact they have been reduced. While Nevada has one of the fastest growing older adult populations – our capacity to take care of people in these home and community based settings has been reduced. Most of this was done for budget reasons, and any vacant slots were quickly cut and absorbed back into the budget. When the need grows, and it surely will – what will Nevada be faced with? Will we be placing people in Nursing Homes at a higher cost because these waiver programs are maxed out or ?? That is the question.

In 2014 Medicaid will be expanded to 128% of FPL in accordance with the Affordable Care Act. There will be more people who are eligible – some of them undoubtedly will be frail, disabled, vulnerable, old – and need these type of services. Nevada can be proactive and consider this and look at expanding the slots – or just “wait and see what happens”. For the first several years the costs for these newly eligible Medicaid recipients will be almost entirely covered by the Federal govt with FMAP. People filling these “slots” will not be costing the state very much at all. Or - we can have them go into a nursing home – again covered mostly by the Feds – but where would you want to go? Where would you want your Mother to go?

AARP Nevada is here today to urge the committee that Nevada should develop a philosophy that consumer choice and quality of life should drive the Long Term Support Services system.

That Nevada should allocate a greater proportion of Medicaid funding for HCBS instead of nursing home care.

Nevada must provide potential consumers with viable options for home and community based services that will help care for them in their communities where they would rather be, and help divert them from nursing home care before admission. These services cost less, save the state and taxpayers money; and as I have said before allow people to live with dignity and independence.

Thank you.