Testimony for Little Hoover Commission Hearing on Long-Term Care
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For over thirty years, California has been seeking ways to improve the availability and delivery of services that help Californians remain at home and avoid institutional care. It has been a long journey for many of us. The pace of development of the needed services and organizational infrastructure has been slow and uneven. Today I would like to offer some reflections on the reason for these and discuss what I hope are some strategies that may accelerate our progress.

I would like to argue that we have some successful models in place now that can help us to understand what is needed to provide really integrated home and community-based services for our beneficiaries.

California spends more than $10 billion annually on long-term care services; and the majority of the funds, approximately 52 percent, pay for services in the community. Our home and community-based services are reflected in a long list of programs operated by state and local government and non-profit organizations, and include both direct program services and support for beneficiaries to help be sure that services are available when needed. These programs include:

- **Direct program services**, such as the In-Home Supportive Services (IHSS) personal care services program, the IHSS self-directed personal services option, and Adult Day Health Care (ADHC) services.

- **Information, referral, and assistance services** such as Aging and Disability Resource Connection (ADRC) programs and the CalCareNet website.

- **Managed care arrangements** including the Program of All-Inclusive Care for the Elderly (PACE) and the Senior Care Action Network (SCAN) Health Plan

- **Federal Medicaid home and community-based services waiver programs** including seven operating under federal 1915(c) authority, four operated directly by the Department of Health Care Services, and three others operated by other state departments, with two additional programs planned.

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- **California Partnership for Long-Term Care (LTC)** which educates Californians on the need to plan ahead for their future long-term care needs and offers long-term care insurance to 102,000 policy holders who purchased policies from five private insurers or the CalPERS long-term care program.

- **California Community Transitions** which works to transition Medi-Cal residents who have been in an LTC facility for three months or longer back to their homes or community environments.

While this list of programs is long, the reach of these programs varies widely. Some provide a single direct service to a significant number of beneficiaries. Others provide case management services to help the beneficiary identify and put in place needed services. Others are designed to identify individual opportunities where home or community based care can be provided in place of institutional care. But they do not constitute a comprehensive system that identifies all those who could benefit from community care and makes sure that their needs are met.

Which of these programs offer the most comprehensive approach with a capacity to reach a significant population?

The largest of these programs is the Partnership for Long-Term Care that educates Californians on the need to plan ahead for their future long-term care needs. It encourages middle income persons to provide the financing for their own long-term care. Partnership policies provide insured persons access to home and community-based long-term care services, as well as coverage in nursing facilities. This structure allows the beneficiary the ability to support themselves at home and defer or avoid institutionalization. In addition, Partnership policies offer the added benefit of permitting participants to retain more of their assets if they eventually need to use Medi-Cal to support their long-term care needs. The Partnership currently has 102,000 policy holders who purchased policies from five private insurers or the CalPERS long-term care program.

Another large program is the Developmental Disabilities Waiver administered by the Department of Developmental Services through 21 Regional Centers throughout the state. This waiver provides home and community-based services to 81,000 regional center consumers. It relies on a broad mandate for service eligibility and local case management to make sure the needs of clients are assessed and local resources put together to support the client. It is the most coordinated waiver program in California in which consumers are able to contact a single entity, receive information about their options, assess their service need, and access appropriate home and community-based services. However, it does not connect with primary and acute care services needed by clients.

A third successful approach includes managed care arrangements such as the five Program of All-Inclusive Care for the Elderly (PACE) organizations which offer integrated acute and long-term care services to more than 3,000 Medi-Cal beneficiaries over the age of 55 at one of 20 PACE sites in California, and the Senior Care Action Network (SCAN) Health Plan which operates an integrated health plan for 7,000 residents of Los Angeles, Riverside, and San Bernardino counties who are 65 years or older and are dually eligible for Medi-Cal and Medicare.

These programs represent successes in the effort to deliver comprehensive long-term care services to thousands of Californians. They offer a different vision of how we can make progress in delivering home and community-based services more effectively. We would like to offer an organizational approach based on this experience that has the potential to expand these services; integrate them with primary, acute, and LTC institutional care; and do it in a way that will help to ensure we get the most effective use of our service dollars.

These are the key elements we believe are needed for success:

- Organized systems knowledgeable and responsible for identifying beneficiaries who need home and community-based services, assessing their needs, and putting together the service packages that work.
- The responsible organizations have to be local. It is not something that can be done from Sacramento. Local organizations are more likely to have the knowledge of their beneficiaries' needs and an understanding of local resources.
- The financial incentives need to be structured correctly so that:
    - The primary, acute, LTC institutional, and home and community-based care budgets and the authority to deploy funds where needed are all in the hands of one organization.
    - That organization must be at risk for all the care needed by the beneficiaries so that they are encouraged to make the best allocation of resources and that they retain efficiencies they gain to further meet their beneficiaries' needs.
    - The organization must have local presence to be able to understand local resources and bring them into its service delivery network.
- The responsible organizations must be held accountable for health outcomes of their beneficiaries. We need ways to measure these outcomes in ways that we don't now have in our fragmented system.

This organizational approach has several advantages. It assigns responsibility for putting together a cost effective solution to the problem of access to home and community-based services, and their integration into the beneficiary's primary and acute health delivery system. It gives the state the ability to hold a specific organization accountable for success. It permits the management of scarce resources to be sure that the dollars are well spent. It also provides a local advocate to help develop the local service capacity to deliver the services that are key to preventing unneeded institutionalization, and to increase the likelihood of beneficiaries staying at home as needs increase, or returning home quickly after acute stays.

What are the first steps in this direction?

First, we need to develop the organizational capacity to deliver comprehensive services to our vulnerable populations. In our 1115 waiver renewal proposal, we are proposing to enroll seniors and persons with disabilities in local managed care organizations. Serving these beneficiaries through managed care can be the first step toward providing integrated care. It provides the organizational foundation that we need to begin to do the overall management of care -- not just the medical care services that most managed care plans provide, but also the institutional LTC and home and community-based services they need.

As these organizations gain experience in managing the complex care needs of seniors and persons with disabilities, Medi-Cal managed care organizations will be in a position to assume broader risk that includes nursing facility services as well as home and community based services. This will give plans the incentive to avoid unnecessary institutionalization and to coordinate and monitor their participants' nursing home care so as to transition them back to their community environments as soon as possible.

This broader responsibility for care can be extended to the dually eligible beneficiaries by contracting directly with Medicare Special Needs Plans in California to ensure that these plans provide benefits that are coordinated with the Medi-Cal benefits. As the plans develop a proven capacity to coordinate and organize the delivery of a broader set of needed services, we can consider including responsibility for additional home and community based services such as Adult Day Health Care or In-Home Supportive Services.

This strategy provides us an opportunity to eventually coordinate and finance the full range of Medicare and Medi-Cal benefits for our seniors and persons with disabilities. It leads to the development of local organizations with the skills and experience needed to be responsible for assessing the needs of their beneficiaries and for providing the right mix of services to meet those needs. It also provides the state with the ability to monitor the full range of services it is buying so that we can make sure that desired outcomes are achieved and take corrective action when they are not.

What does this strategy not do?

What I have described to you here is an approach that is focused on Medi-Cal recipients, not all Californians in need of these services. But we have the opportunity to learn from Medi-Cal what works to promote a long-term balance between institutional and community-based care. We are working to make sure that middle income Californians take the right steps toward preparing for long-term care needs. Our success with the Medi-Cal beneficiary population can serve to demonstrate the effectiveness of comprehensive approaches to meeting these needs that can improve care for all Californians.