CareOptions
December 2011

Introduction and Purpose

The Health Plan of San Mateo (HPSM), working with the San Mateo County Health System (SMCHS), has submitted a proposal to the State of California for the development of CareOptions, a program for long term care integration. CareOptions will provide Medi-Cal beneficiaries integrated care across the health and social continuum, including preventive, primary, acute, long term care (LTC), and home and community based (HCB) services. The goal is to improve the health status and quality of life for vulnerable Medi-Cal beneficiaries in San Mateo County, help people stay in their communities rather than enter nursing home facilities, and begin to reduce cost growth for the Medi-Cal program.

CareOptions will:

- Ensure the Medi-Cal beneficiary receives needed services regardless of eligibility for any specific home and community based program or service;
- Adopt incentives that encourage greater use of HCB services in order to delay or prevent nursing home placement;
- Promote consumer independence by providing services in the least restrictive settings in lieu of nursing home care;
- Integrate services so that Medi-Cal HCB services are combined with acute and LTC into one system of care;
- Centralize financial and administrative accountability for the entire range of Medi-Cal funded acute, LTC, and HCB services;
- Build on community partnerships among local healthcare programs and institutions to deliver high quality and cost effective care; and
- Promote publicly accountable governance responsible for the long-term health of our community.

HPSM and SMCHS propose to integrate the following Medi-Cal funded services and funding into CareOptions: skilled nursing services (already provided through HPSM); In-Home Supportive Services (IHSS); Multipurpose Senior Service Program (MSSP); and the Adult Day Health Care (ADHC) Program. The ADHC Medi-Cal funded benefit is slated for elimination in March 2012, to be replaced by the new Community-Based Adults Services (CBAS) program. It is assumed that CBAS will be offered as one of the HCBS service options in lieu of nursing facility care.

Under CareOptions, all current State and Federal Medi-Cal funding for these programs will flow through HPSM, which will receive a monthly per member payment (capitation) for all adult Medi-Cal beneficiaries in the “Seniors and Persons with Disabilities” aid codes. In turn, HPSM will hold the financial risk for all of these members’ health care and personal care needs, including nursing home stays and IHSS.

Long Term Care Challenges facing San Mateo County

Why is CareOptions needed? There are several reasons, discussed in more detail below: 1) There are increasing numbers of aged and disabled consumers in this county, and the current system cannot handle this increase; 2) There is a serious shortage of nursing home beds in this community for residents who have Medi-Cal, as well as a dearth of other community living options; 3) Fragmentation within the current system leads to frustration, delays, and worse outcomes than we believe an integrated system will provide, especially for those individuals who have serious chronic health conditions; and 4) The current system is increasingly difficult to sustain financially as the State continues to cut fee for service HCBS.

Increasing Long Term Care Needs

As our population ages, we expect the demand for long term care and related services in San Mateo County to increase, as it will in California and the rest of the nation. The number of California residents over the age of 65 is projected to double by 2030 to 8.84 million people, or 18 percent of California's population [*A Long-Term Strategy for Long-Term Care*, Little Hoover Commission, April 2011, p. 10]. Working age adults with disabilities likely will increase in number to more than half a million by 2030, exerting additional pressure on California's long-term care system. The aging population also is living longer, many with physical or cognitive disabilities or chronic illnesses such as Alzheimer's Disease, high blood pressure, diabetes and obesity, or with a history of heart attack or stroke [ibid].

In San Mateo County, nearly one out of four San Mateo County residents will be over the age of 65 by the year 2030, significantly higher than the state average of 18%. The number of people over the age of 85 will more than double (San Mateo County Health Policy and Planning division. *San Mateo County Projection Model* (2008)). Other critical figures are cited in San Mateo County Health System's publication, Maintaining the Health of an Aging San Mateo County. By 2030,

- Approximately 23,000 older adults in San Mateo County will have developed Alzheimer's Disease, a 70% increase from current numbers.
- One of five people over the age of 65 in San Mateo County will have a physical or mental disability, and some communities will face an even greater prevalence of these conditions.
- Almost one out of every two older adults in the County will be either Latino or Asian/Pacific Islander, and almost every other older adult (44%) will have been born in another country. [Policy Brief, Issue 2: Sociodemographic Overview].

Shrinking Number of Nursing Home Beds

We know that there is already a shortage of nursing home beds in San Mateo County, especially for Medi-Cal beneficiaries. A 2010 analysis by the California Association of

Health Facilities (CAHF) showed that San Mateo has an average of 1.19 beds per 100 people over the age of 65, while the statewide average is 2.44; in other words, statewide there are more than twice as many nursing home beds available for the older population than in San Mateo County.

We have also seen the recent closure of Millbrae Serra, a 115 bed free standing facility that served Med-Cal beneficiaries nearly exclusively. With the closure of this facility, over 40% of the residents had to be moved to facilities outside of the county. Such distances place hardships on families who must travel long distances to see their loved ones. Finally, the State's Medi-Cal provider cuts, recently approved by CMS, may force the closure of additional nursing home facilities; skilled nursing facilities operated by hospitals (over 40% of the Medi-Cal beds in this county) are targeted for especially steep reimbursement reductions. Shrinking nursing home resources means that programs to help people live quality lives in their own homes are even more urgently needed in this county.

Finally, there have always been few if any living options in San Mateo County for lower income people who need long term care other than SNFs, with a paucity of affordable assisted living, residential care facilities for the elderly, or intermediate care facilities located in the county.

Current System Needs Improvement

Most important are the challenges facing individual recipients in the current system:

- Consumers face a maze of programs as they try to navigate different systems to access the care and help they need. The best description of the system's overwhelming complexity is a picture (see p. 6), as presented in the Little Hoover Commission's April 2011 report, *A Long Term Strategy for Long Term Care*. This complexity is especially problematic when a consumer must receive timely services to prevent institutionalization or reinstitutionalization.

- Despite the complex landscape of program options, there is a shortage of options for individuals who need long term care supports and services. Often the choice is between a nursing home and IHSS, with not much else in-between. Other living alternatives, such as assisted living or other community based living options, are very difficult to find and even harder to pay for.

- Services are delivered piecemeal, each with their own eligibility standards and assessments, making it burdensome and frustrating for both consumers and providers. Especially lacking are:
    - A Single point of entry (SPOE) –A single entry point provides information about all long-term care options and streamlines access to services. It ensures the consumer is tracked throughout various systems and eliminates costly duplication of services and administrative functions.

- Uniform assessment – Consumers now must be assessed separately for each service, such as IHSS, MSSP, ADHC, and nursing facility services. Each assessment asks similar but not identical questions, and each was developed to determine eligibility for services that are specific to the program rather than to focus on the consumer's needs. Such duplicative assessment wastes consumers, family members, and agencies' staff time and resources.
- Good care coordination across different systems of care – Coordinating the medical care provided to individuals from various providers and institutions, such as primary care, acute hospital, and nursing home services, has been shown to be critical in ensuring good outcomes for individuals. It is also critical to coordinate care across the array of long term care services and supports, including IHSS, ADHCs, and Area Agency on Aging services. The highest quality coordination will ensure all services in both systems are working well together to meet the consumer's needs.
- Assurance of high quality throughout the continuum of services – there is no single entity responsible for ensuring that all services provided are of high quality.
- Care transitions between various settings (e.g., hospitals to homes and other settings). In Medicare nationally, 20% of people discharged from hospitals return to the hospital within 30 days, largely because they need more support at home than is traditionally provided in our siloed systems. HPSM, working with the San Mateo County Health System and through its Special Needs Plan, has already shown that with the right interventions, readmissions and admissions from nursing facilities can be reduced. These efforts will expand and improve with CareOptions.

- The IHSS program as it currently operates is not part of a broader long-term system; rather it is "out there floating by itself," as stated by Brenda Premo, Chair of California's Olmstead Advisory Committee [Little Hoover Commission report, p. 35). The fact that IHSS is not incorporated into a broader long-term care assessment and coordinated care approach is a significant problem for many consumers.
    - The functional index rating scale and Hourly Task Guidelines (HTG) used by IHSS do not gather information about health conditions, mental health diagnoses, or the consumer's health providers.
    - It is difficult to determine which consumers have the highest needs and could most benefit from care coordination and other services
    - It is difficult to determine which consumers are at highest risk of nursing home entry.
    - There is no ability to tailor levels of care management and services to each consumer to support good health outcomes; this has become more of a problem as increasing numbers of elderly people and people with cognitive impairments join the program.

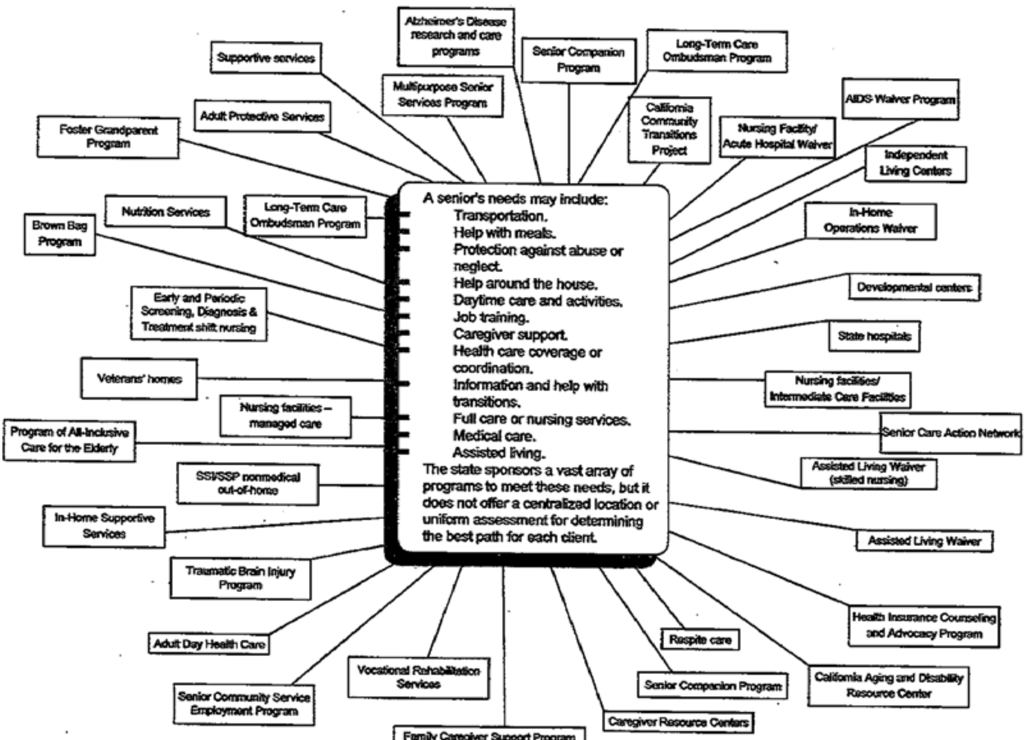
- o The IHSS assessment focuses on program eligibility and number of service hours needed rather than the comprehensive needs of the consumer (i.e., physical health, mental health, functioning, social resources, economic resources, and physical environment).
- o Therefore, it is difficult to meet the needs of the whole person, whether social, medical, or psychological.

Current System Not Sustainable

Finally, the current system appears to be unsustainable. Financially, IHSS has been in the State budget spotlight every year, fighting off attempts to reduce program benefits and beneficiaries. Questions about the cost effectiveness of the program in its current configuration persist, and are difficult to answer as long as the program – funded almost entirely by Medi-Cal – functionally operates outside of the health system. Under current financing and service arrangements, it is impossible to show definitively that IHSS reduces institutional care costs.

The next big threat on the horizon is the 20% “trigger cut” mandated if the State fails to reach the FY 2011-12 revenue targets, an increasingly likely scenario. IHSS has already sustained several service reductions in the past year (e.g., mandatory medical certification; three percent reduction in hours); the AHDC benefit has been eliminated and replaced with a less comprehensive program; and MSSP has also absorbed and likely will continue to receive cuts. The future for Medi-Cal funded benefits, especially those paid through fee for service, looks dim indeed.

A Consumer's View of Long-Term Care Services



The structure of California's long-term care system is inconsistent in how it links people with programs. Because of the fragmented structure, someone may enter the system through a county office, a services hotline, a doctor, a senior center or a variety of other points. As the services provided by these organizations vary, so do the assessment processes they offer for connecting people with programs. Government offices and other organizations offer a wide array of services, but people often must take several steps to identify their needs and locate the most approriate programs.

Source: Legislative Analyst's Office. February 2006. Analysis of the 2006-07 Budget Bill. Improving Long-Term Care." also, SCAN Foundation. May 25, 2010. Program Compendium. Written testimony to the Commission.