

# **Incentives for Home and Community Based Care Under the Affordable Care Act**

## **Implications for Supplemental Security Income Receipt**

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## Introduction

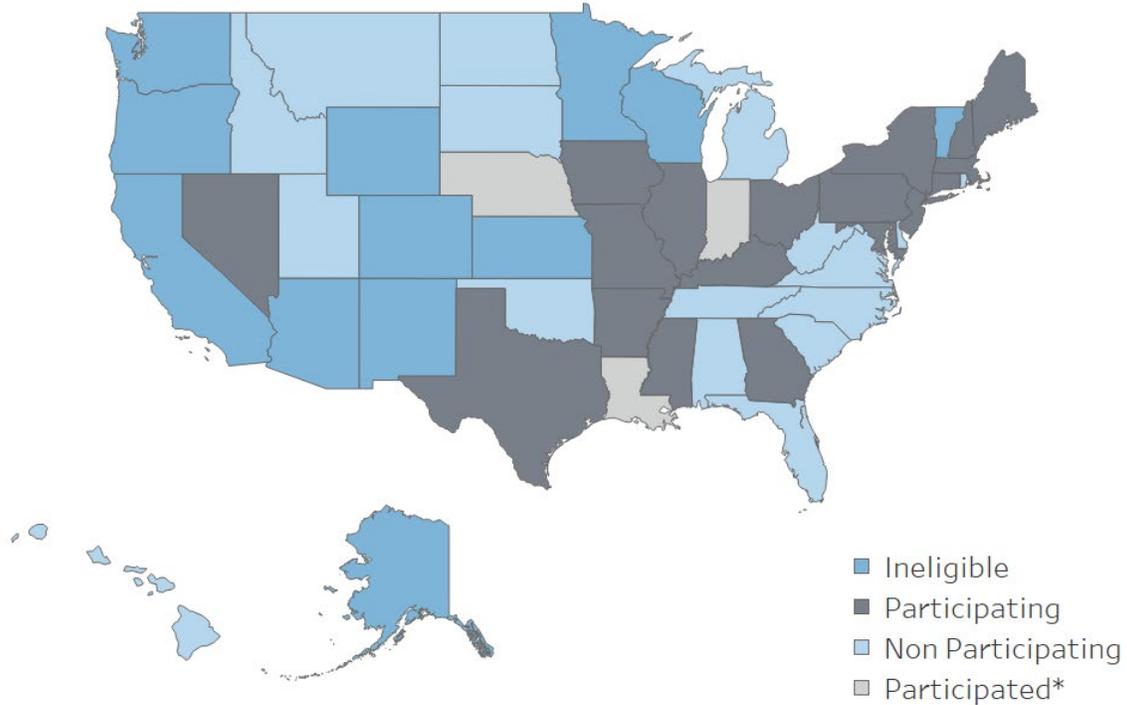
One in three 65-year-olds will require long-term care at some point in their lives. Medicaid covers approximately 60% of all long-term care expenses, but does not cover care received at home or in assisted living unless under a state waiver program. The Affordable Care Act's (ACA) Balancing Incentives Program authorized over \$3 billion to support Medicaid coverage of home and community based long-term care. A reduction in the elderly population living in nursing homes could have important implications for Supplemental Security Income (SSI). Low-income elderly are eligible for SSI but receive substantially lower payments if living in a nursing home. This study investigates the question: What was the impact of the ACA's Balancing Incentives Program on living arrangements of the financially vulnerable elderly and their receipt of SSI?

### *The Balancing Incentives Program (BIP)*

The BIP aimed to “rebalance” Medicaid spending on long-term care between institutional (nursing home) and home or community settings from 2011 to 2015. States that spent 50% or less of their total Medicaid long-term care dollars on home and community based care in 2009 were eligible to participate in the BIP. Of the 38 eligible states, 21 were approved to participate and 18 participated through May 2015. Figure 1 provides a map of ineligible, eligible, and participating states. Participating states had to increase home and community based care spending to 50% of total Medicaid long-term care spending (or 25 percent in Mississippi), and implement three structural reforms:

1. A “no wrong door” or single point of entry system to simplify pathways to eligibility determination and onward through enrollment.
2. A core standardized assessment for all persons applying for services.

3. Conflict free case management to ensure the entities providing care were not the same entities carrying out initial assessments.



**Figure 1 Balancing Incentives Program Eligibility and Participation**

\*Three states began participating but did not continue through September 2015.

Notably, BIP funds could serve any persons within participating states in need of long-term care, not only elderly. Of the 18 participating states, 16 listed elderly as a target population in their applications.

Existing studies of the BIP found 13 of the participating 18 states met their expenditure target by September of 2015, 14 implemented all three structural reforms, 10 achieved spending targets and all structural reforms, and 16 received extensions to continue BIP activities through 2017. The question is: Did these shifts in spending and

structural reforms change the living arrangements of low-income elderly, and if so, was there an accompanying change in SSI receipt?

## Data

Although expenditures on institutional long-term care are large, only about 7 percent of the elderly population lives in an institutional setting and few data sources include information about this population. We use data from the 2006 through 2017 American Community Survey (ACS) and Health and Retirement Study (HRS). Both contain information about residency and SSI receipt for institutionalized and community dwelling elderly. There were important changes in the ACS sampling methods for group quarters over our study period so we cross validate findings with HRS data, but ACS provides a far larger sample for greater precision. Our analysis samples consist of over 6.3 million person-year observations from the ACS and 60,000 from the HRS.<sup>1</sup>

## Results

Figure 2 provides regression adjusted estimates of the share of elderly living in institutions, the share receiving any SSI, and the amount received for those receiving any SSI in the 16 states where elderly were a BIP target population based on our analysis of ACS data (n = 608,737). These estimates control for sex, age, marital status, race, ethnicity, educational attainment, income, whether the respondent was widowed within the past year, and whether born outside the US.

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<sup>1</sup> All analyses use survey weights to produce population estimates and adjust standard errors for the complex sampling methodology for each survey.

Although there is an apparent decline in the institutionalized population over our study period, it appears to begin before the BIP started. Analysis of HRS data supports this observation. In additional analyses of ACS data, we find similar patterns in non-BIP states over the 2011 to 2015 period, and the results appear sensitive to more detailed controls for marital status, indicating broader societal trends may explain a substantial portion of the decline in nursing home residents.

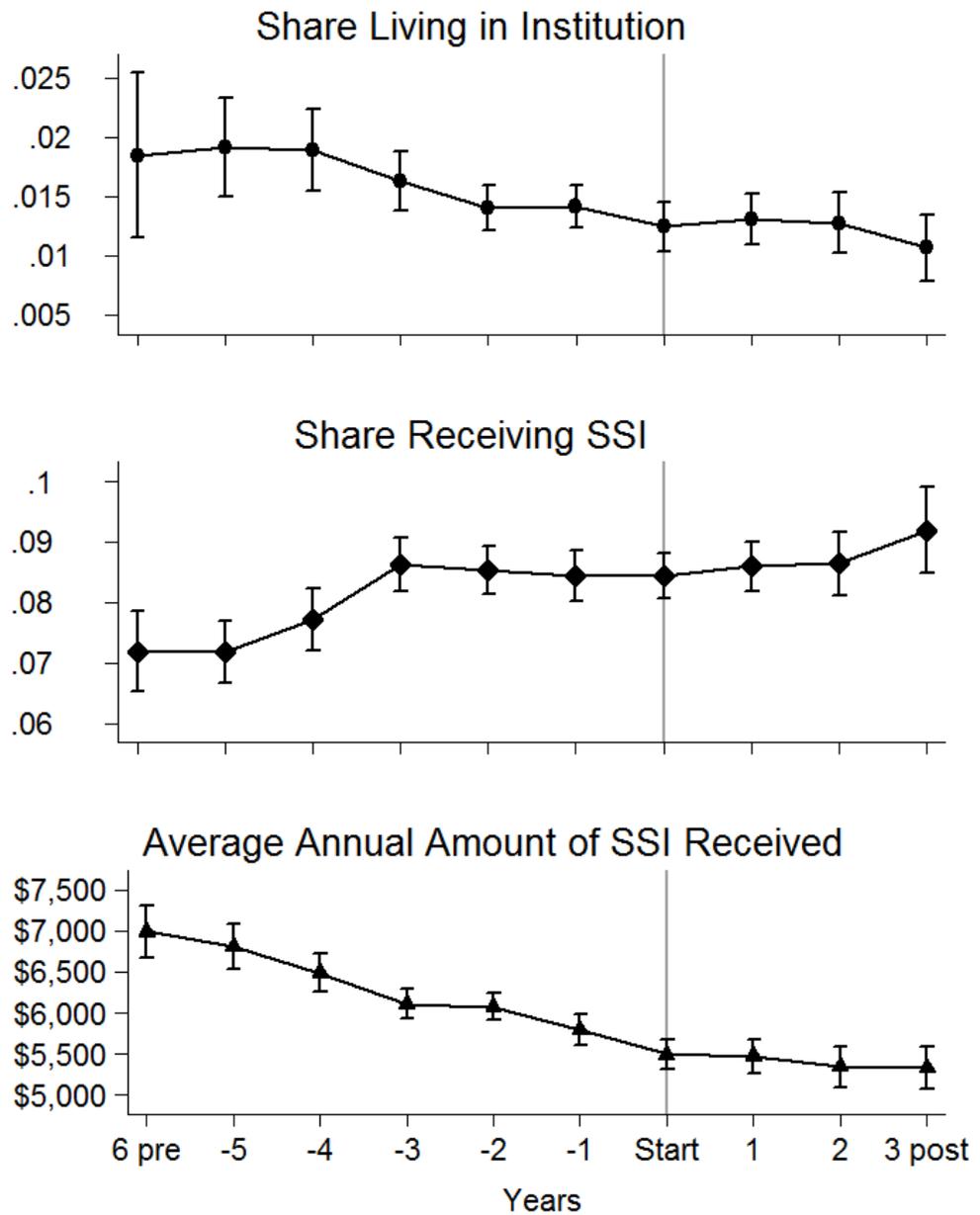


Figure 2 Changes in Residency and SSI Receipt in 16 BIP States Targeting Elderly Population

Although it is unclear whether the declines in institutional residence are attributable to the BIP, institutional residence does appear correlated with SSI benefits. As the share of elderly living in institutions declines, the share receiving any SSI benefits rises but the amount received falls. This is contrary to our hypothesis, but in additional analyses we find there was also an increase in elderly living with relatives. Cohabitation can also lead to lower SSI benefit amounts.

## Conclusion

The share of elderly living in nursing homes declined in BIP states, but the decline begins before the BIP started and is likely due to other factors. Prior studies also find no correlation between nursing home use and Medicaid long-term care waiver programs. Regardless of the cause, the decline in institutional residence coincides with an increase in the number of SSI recipients, which points to the importance of monitoring trends in residency patterns among the elderly.

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