



Security Matters

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

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Practitioner applications provided by the Center for Financial Security, UW-Madison

Summary

One in three 65-year-olds will require long-term care at some point in their lives. Most long-term nursing home stays cost more than \$3,500 a month, and eventually exhaust the financial resources of most families. Medicaid currently covers these expenses for 60% of nursing home residents. Though, not all those who require care need the extent of care offered in a nursing home. In many states, Medicaid will not pay for care received at home, but all states must cover care in nursing homes. This institutional bias could lead to an overuse of nursing home services.

The Balancing Incentives Program (BIP), which is part of the Affordable Care Act, encouraged states to adopt structural changes and redirect funds to cover care received while living at home, with relatives, or in assisted-living facilities. This policy may have important interactions with the Supplemental Security Income (SSI) program because SSI payment amounts partially depend on where the recipient lives. Payment amounts for those living independently can be as much as 25 times greater than for those living in a nursing home, and 50 percent greater than when living with family without paying room and board. The logic behind these differences is people living independently must cover all of their own room and board costs, so SSI payments are higher to help with those expenses.

This paper examines whether and in what ways the BIP changed living arrangements and SSI receipt. Only some states participated in the BIP so we could examine changes in BIP states and states ineligible for BIP funding.

Key Findings

- We find no consistent effects of the BIP on rates of nursing home residence, but we do find a reduction in co-residence with family members. These changes in co-residence coincide with increases in SSI receipt and SSI payment amounts.
- Annual SSI payments increased in BIP states, and the share of the population aged 65 and older receiving SSI also increased in BIP states relative to non-BIP states.
- SSI recipients moving from co-residence to independent living could lead to as much as a \$300 million increase in SSI payments.

Practitioner Ideas

For aging adults and their families, navigating the web of agencies that provide long-term care services and supports can be very complex. Practitioners can help explain this complexity and assist families in planning

for long-term care needs early. Though less than 5 percent of seniors live in a nursing home at any given time, most people will require long-term care services and supports at some point in their lives. Arrangements for care from family members should be openly discussed and not assumed. These arrangements can strain family relationships and put real emotional and financial burdens on caregivers. Practitioners who work with unemployed persons juggling caregiving responsibilities can help connect their clients to home and community-based services in their states.

Practitioners can also help their clients:

- Navigate rules for Medicaid eligibility and the variety of options available for long-term care. Self-directed care is becoming more widely available but the wide array of options and programs may be overwhelming.
- Transitioning older adults from nursing homes back into the community may be especially difficult. Helping clients who are still in the community to obtain the care they need to avoid institutionalization may be more effective.
- Encourage low-income adults over the age of 65 to apply for SSI. SSI benefits may provide an essential source of financial assistance when living independently. Some states supplement federal SSI benefits and extend supplemental payments to seniors who do not qualify for federal benefits.
- Know the resources available in your state to support caregivers and informal care with paid care services when desired. All states cover some home and community-based care. For example, if your state operates a Health Home program, all adults dually eligible for Medicare and Medicaid can obtain help with care
- Be proactive. Planning for long-term care for parents and oneself should be a core part of financial planning. Home and community-based Medicaid services have been expanding nationally since the 1980s. Clients may not be aware of the choices available to them.
- Consider the impact of co-residency on SSI payments. Even if co-residence is the best option for providing care for a loved one, it can have financial implications if that person had been receiving SSI. Who lives in whose home and how living expenses are shared may affect benefits.

Key Resources

Balancing Incentives Program (BIP)

<https://www.balancingincentiveprogram.org/>

SSI and Living Arrangements

<https://www.ssa.gov/ssi/spotlights/spot-living-arrangements.htm>

Medicaid Long-Term Care Services and Supports

<https://www.medicaid.gov/medicaid/long-term-services-supports/index.html>

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