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States Slash Home Health Care & Adult Day Care Services for the Neediest; Likely to Increase Costs

By Editor, on July 17th, 2011

Several reports recently have noted that across the nation, U.S. states are slashing Medicaid dollars for home health care services and adult day care services that help keep the elderly and disabled out of nursing homes. State lawmakers cite budget shortfalls, yet these cuts may end up costing Medicaid and taxpayers more in forced nursing home costs, authorities say.

According to a July 16 report by the [Associated Press](#), “Aging and disability services in three out of four states have been reduced over the last two years or face cuts, even though demand is increasing.”

For example:

- Texas lawmakers underfunded Medicaid by nearly \$5 billion in the state budget, including deep cuts in Medicaid funds for home health, which, according to the AP, “home health advocates say leaves the elderly and adults with disabilities unsure how their care at home will be provided;”
- California eliminated funding for about 330 adult day centers, affecting 35,000 seniors, some of whom, along with their family caregivers, depend on these services while their family caregivers are working, in order safely to avoid living in a nursing home. (According to the AP, however, California “lawmakers are hoping to restore about \$85 million to transition seniors into an as-yet undetermined alternate program — about half the amount cut from the budget”);
- Minnesota is considering cuts to home health aides and a program that allows disabled people to live on their own, which, the executive director of the Minnesota HomeCare Association told the AP reporter, will end up removing control from seniors over the decision whether to remain in their own homes;
- South Carolina is ending payments for adult dental and vision care, according to the AP;
- In Massachusetts, Gov. Deval Patrick has proposed cutting \$55 million from the state’s adult day care program, which, according to the [Boston Globe](#), is two-thirds of its funding and will affect 5,200 participants;
- Florida is considering changes to its Medicaid Home Health Services Coverage and Limitations policies which would limit the coverage options of people who receive Medicaid Home Health services, including the number of private nurse hours covered by Medicaid, to the point where those now covered by Medicaid home health services may need to be moved into institutions for care, according to the web newspaper blog [Tallahassee.com](#), a Gannett company.



Slashing Home Health Care & Adult Day Care Will Cost More in Medicaid Dollars

About 12 million people receive home health services nationwide, according to the National Association for Home Care and Hospice.

Without the services being cut, many of these people, who include the neediest elderly, will most likely be unable to remain in their own homes, and will be forced into Medicaid beds in nursing homes, according to the reports. Providing Medicaid coverage for these persons in nursing homes or skilled care facilities will cost the states and federal government several times the cost of the home health care and day care services being slashed.

According to a 2010 survey released by MetLife Inc., the average price of an adult day health center is \$67 a day, compared to \$229 a day for a private room at a nursing home.

As reported by the AP, overall, Medicaid spending on nursing homes amounted to \$46.5 billion in 2007 (the latest figures available), while home health services cost only \$6.3 billion, according to the U.S. Department of Health and Human Services.

Slashing the more cost-effective home health care and adult day care services in the name of budget cutting now, will likely end up costing the states and their taxpayers more money in expensive Medicaid coverage for nursing homes.

“Down the road,” reports the AP, “steep cuts in these services eventually could cost states more money if they end up pushing more people out of their own houses and into nursing homes that would require taxpayer subsidies.” “Just because you cut the budget doesn’t mean their needs go away,” Anita Bradberry, executive director of the Texas Association for Home Care & Hospice Inc., told the AP reporter.

So Why Do States Slash Home Care Coverage Only to Pay More for Nursing Home Coverage?

What explains this apparently irrational cutting of Medicaid for home health care and adult day care, which is likely only to increase overall Medicaid costs via increased nursing home admissions?

As explained by the Associated Press,

“Home health services are an easy target for budget-cutters because they are not required by federal law, have been subject to fraud and don’t have deep-pocketed special interests advocating for them.” “Medicaid, the state-federal program that pays for medical and long-term care for the poor and disabled, is generally required to help fund nursing homes but not home care and community services.”

“Because the programs are not required, most states first look at cutting home health care funded through Medicaid, even though such programs are much cheaper than nursing homes.”

Illustrative of the cost disparity, before the recession and before the 2010 elections, “many states actually expanded home health programs because they are less costly,” as reported by the Boston Globe.

In fact, recognizing the lower cost of home care and adult day care relative to nursing homes, Ohio has taken a slightly different approach to its current Medicaid cutting. According to the [News-Messenger](#), a Gannett company, “Gov. John Kasich’s first two-year budget, which began July 1, decreases Medicaid reimbursements for nursing homes and increases funding for home-based care.” “The PASSPORT program, which provides funding for in-home and community based care settings, including adult day care for seniors... will get an additional \$55.6 million in state funds, according to budget documents, a 30 percent increase,” the News-Messenger reports. “However,” they say, “all home and community-based care providers got a 3 percent decrease in their Medicaid reimbursement rate starting July 1.”

“With so many states now saying they are facing billion-dollar deficits, lawmakers say they have no choice but to cut Medicaid spending, the second-biggest spending item for states behind education,” the AP reports.

But, the questions remain,

1. Is cutting home health care and adult day care, only to wind up forcing vulnerable seniors into nursing homes and costing taxpayers more in legally mandated Medicaid coverage of nursing home care, a rational way to address these budget shortfalls? and
2. What really is motivating state lawmakers to act in these ways? Who stands to gain by these actions?

More Information

For more information about home health care, see generally, our resource pages [About Home Health Care](#).

See also, [About Senior Housing & Care Facilities](#).

And, for information on financial and legal issues, see [Legal & Financial Issues for Seniors and Caregivers](#).