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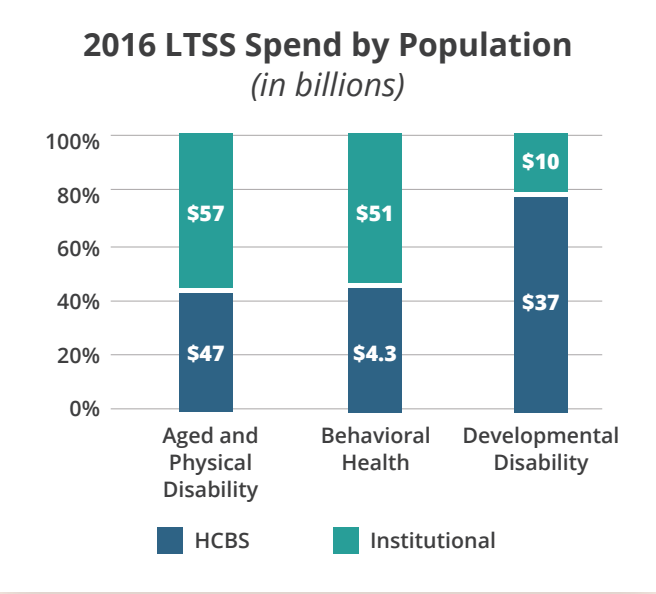
IDEAS TO ACTION IN HEALTHCARE & AGING

Medicaid Eligibility Policy Creates an Institutional Bias

Long-standing Medicaid eligibility policy creates a bias toward institutional care, making it difficult for individuals to remain in their home when they have long-term services and supports (LTSS) needs. This is particularly true among the aged and physically disabled population, as well as individuals with behavioral health needs (see chart below).

What are Home and Community-Based Services (HCBS)?

HCBS include a range of services that help a person live and thrive in the community. They include, but are not limited to homemaker, home health aide, personal care, adult day health, non-medical transportation, and employment supports.



Source for LTSS Spend: Eiken et al. LTSS Expenditure Report 2016. Published May 2018.

Did you know?

- An individual can qualify for Medicaid coverage if medical costs cause the person to spend down to a state-set income level, called the "medically needy" threshold. This threshold **cannot exceed 133% of a state's Temporary Assistance for Needy Families (TANF) eligibility** and goes as low as 10% federal poverty level (FPL). It also **must be the same** for all covered groups, preventing a state from using this eligibility pathway to target HCBS programs to those most in need.

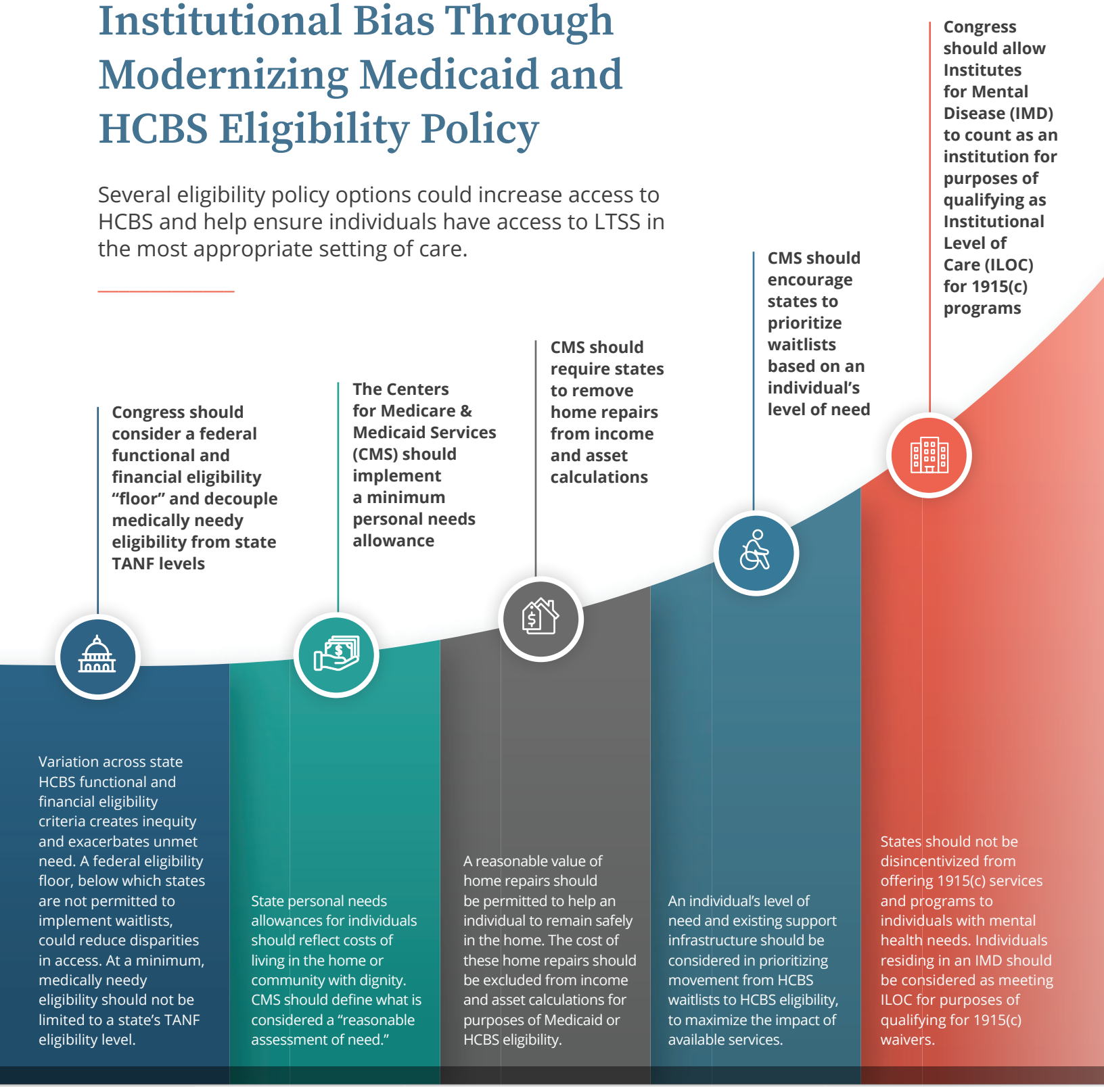
- Individuals in the community with LTSS needs are allowed to retain a certain level of their own personal funds via a "personal needs allowance" (PNA) to pay for basic living such as rent and food. The PNA must meet a "reasonable assessment of need," **but no minimum PNA is required**, and states may set the allowance too low to cover these costs (e.g., $100 in some states).

- A 1915(c) waiver is the most common tool states use to cover HCBS. However, to qualify for a 1915(c) waiver slot, an individual must **already meet a state's criteria for institutional care**. Further, **federal law excludes Institutes for Mental Disease (IMD) from the list of facility types that qualify as institutional care.** This prevents a state from using 1915(c) authority to meet HCBS needs of certain individuals with mental illness, or to address individuals before they escalate to full institutional need.

- Among states with HCBS waiting list policies, **nearly half of the waivers provide services on a first come, first serve basis** without regard for priority of need.

Policymakers Can Help Reduce Institutional Bias Through Modernizing Medicaid and HCBS Eligibility Policy

Several eligibility policy options could increase access to HCBS and help ensure individuals have access to LTSS in the most appropriate setting of care.



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