

# The Price of Choice

## what it costs to make home-based care work

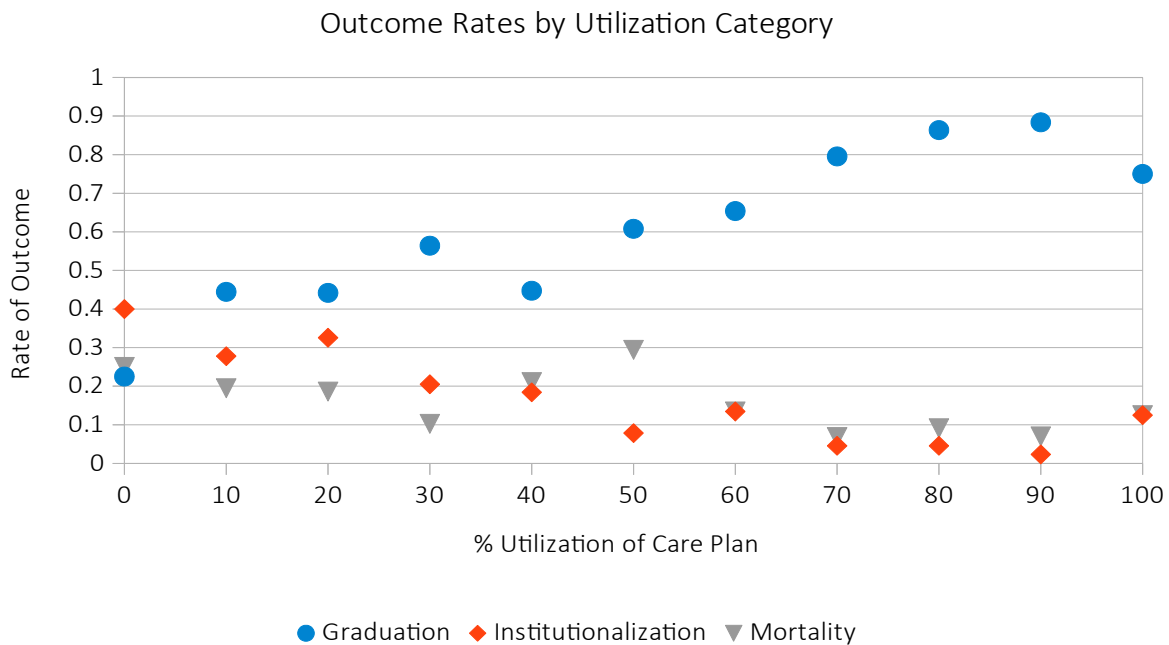
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### Executive Summary

The cost of home and community based long-term care has been difficult to compare to that of long-term care in a skilled nursing setting. The Money Follows the Person Project was conceived as a way to transition residents of skilled nursing facilities to home and community based residences in order to better study this phenomena. In this article, we use the data provided from eleven years of transitions in Vermont to construct a model of the successful provision of home and community based services to high-needs Medicaid recipients. This model allows accurate comparison of the average cost of home and community based service delivery with that of skilled nursing facility care.

To construct this model, the 462 unique outcomes of transitions (excluding outliers) were analyzed using standard statistical and actuarial techniques. The strongest association between factors related to successful community-based service provision was with the utilization of the participants' care-plan, defined as the percentage of actual claims paid from the authorized funding amount for that client. Other factors examined for association with success included age and type of residence to which the client transitioned. Both were not highly significant after accounting for care-plan utilization.

Figure 1, below, shows the rates of graduation, institutionalization, and mortality for given care-plan utilization rates. For instance, of participants who utilized 50% of their care-plan, around 45% graduated (remained in the community for at least 1 year after transitioning), 20% returned to an institution for more than 90 days, and 20% died in the year following their transition to the community.



**Figure 1: Outcome Rates by Utilization Category**

The analysis provides the following model for estimating the cost of sustaining home and community based care. Given a care-plan with a utilization rate of at least 60% and annual claims of approximately \$70,400, about 78% of home and community based clients will be expected to remain in the community while only 7.5% of clients are expected to return to an institution. This model provides the basis for continuing program improvement and sound estimation of cost comparison of home and community based services with nursing home services. In Vermont, at the time of this article, the average daily Medicaid rate for skilled nursing facility care is \$295.44 which results in an average annual cost of \$107,836.46 per client. Applying basic expected value with the rates of successful completion from our model, the expected annual savings to the program is \$29,172 per client ( $\$37,400 \cdot .78$ ). As of October 2022, over 2500 of the approximately 7000 Vermont Choices for Care Medicaid recipients are residing in skilled nursing facilities. If just one-tenth of these residents could be served in a home or community based setting, the savings would be around seven million dollars annually.

### **Key Takeaways**

The data analysis and model provide us with the following key takeaways:

- Clients who are utilizing at least 60% of their care-plan dollars (judged by dividing dollars claimed by dollars authorized) have a 78% likelihood of remaining in the community and a 7.5% probability of returning to an institution for 90 days or more.
- The average cost of successful home and community based care for those with the highest needs is \$70,400 per year.
- The expected savings of delivering care in the community over delivering care in a skilled nursing facility is \$29,200 per client per year.
- If one-tenth of the over 2500 Choices for Care Medicaid recipients currently residing in skilled nursing facilities could be served in the community, the annual savings would be over \$7,000,000.
- This analysis was conducted from some of the most complex of all Choices for Care Medicaid cases since, in Vermont, many Medicaid recipients are already receiving home based care.