

White Paper

Proposal for Significant Revisions In The Current Model for Long-Term Care Financing

In public testimony and correspondence, Next Wave, Inc. (“NWI”) has long advocated leading-edge positions regarding healthcare and long-term care financing and payment reform. In its testimony to the New York State Task Force on Long Term Care Financing Public Hearing, NWI staff proposed:

- Establish Long Term Care Case Management as a Public Good / Entitlement, and
- "Unbundle" Its Major Service Components (e.g. case management, housing, personal care, and medical care)
- Create a framework for understanding and dealing with the complexities of resident / client need, eligibility, targeting public funds, public / private financing, service delivery models, and public education.

Long Term Care (“LTC”) Case Management as a Public Good

NWI believes that Case Management is a critical factor in LTC reform. Case Management (“CM”) in LTC is similar in concept to the "gatekeeper" function in managed health care. This CM function must be focused on meeting the needs of the **individual resident or client by the most cost effective and least restrictive means available**. Models for this "LTC Home" are key components to both PACE and CCRC, but are somewhat less developed in a mixed provider or non-network setting. NWI believes that the evaluation of the CM process under the MR / DD Medicaid Waiver, and the specifics of the various CASA approaches, could be combined with the review of available computer tools to assist in further refining this model. The development of such a process should also include evaluating activities underway in a number of New York State counties, which could provide the needed insights for development of a comprehensive model.

Current thinking suggests that the unit costs within any of the current service providers are about as low as they can go, since much of this care is being provided at close to minimum wage and previous budget cutbacks have squeezed out most of any remaining inefficiencies out of the system. NWI believes that the only potential, material cost savings would require addressing the overall SYSTEM efficiency (both placement and flow) versus the component efficiency (unit costs at a particular level of care). This is the focus and goal of LTC Case Management.

Promote Public and Private Products And Service Providers

The model that NWI proposes requires significant revisions in the current thinking about the delivery of LTC. It is a consumer-centric model that does not provide a single answer for all service providers, but rather asks the question: “What does the consumer really need and want?” and “Do we have the tools available to measure these requirements?” This model recognizes that different consumers have differing means, care requirements, internal or external resources, varying levels of family support, etc. The following highlights some of these key considerations:

- The Model Must Allow Additional Consumer Choice
 - Consumers Should Be Allowed To Select From An Array of Financing Options, Including Insurance OR Self Insurance Combined With Some Out of Pocket Expenses
- The System Must Be Revised to Allow For and Then Align Both Public and Private Incentives

- Based On Means and Resources, This Would Require Co-Payments - Especially for Housing
- The Program Must Clearly Delineate Public Responsibilities And Services
 - Any Revision Must Pay for LTC case management for ALL consumers / patients
 - The Program Must Also Be Structured To Provide For Catastrophic Coverage, Which Will Still Require Some Level of Public Dollars
- The Program Can Only Be Successful If It Truly Addresses The Publics' Current And Evolving Needs
 - Regulators and Providers Must Assess The Public's Needs
 - The Best Way to Determine These Needs Is To Ask Consumers Directly Through Polls, Surveys, etc.

Addressing the Complexity Dilemma - "Unbundle" Major Service Components

Having studied the LTC area for many years, NWI believes that the sheer complexity of LTC financing and service delivery has served to both slow down the discussion and inhibit reaching consensus. Some have applied the quote of H.L. Menken to this issue: "For any complex problem, there are a number of simple solutions - all of them wrong." NWI believes that to better understand the overall area of LTC funding and reform, it is valuable to break it down into its component parts and see how these might fit together within a new model or paradigm.

This deconstruction, or "unbundling" would break the total system down into its major service components (e.g., housing, personal care, medical care) and then add in the case management component outlined above. The chart at the end of this document provides a visual model for conceptualizing the overall process.

To implement unbundling, it will be necessary to educate the public that long term care is no longer just nursing homes or home care but rather services to meet their particular needs in the dimensions of housing, personal care, and medical care. NWI would recommend sharing standard materials developed centrally but disseminated on a local basis to be reworked into materials that fit particular needs of an urban or rural or suburban population.

NWI also believes that the current regulatory approach can be further revised by:

- Abandoning (to the extent possible and as soon as possible) - the "all or nothing" threshold of eligibility for public funding (Medicaid or otherwise). This will then allow the flexibility to "target" only those services needed by a resident / client in the least restrictive setting.
- Defining case management as one of the four major components acknowledges its importance in coordinating and targeting the other three.
- Formally separating out the medical care component will help avoid "over medicalization" by clearly showing it is only one of three major service components in LTC.

Service Model Refinement

In order to bring about these changes, the public and regulators must acknowledge and address some of the shortcomings of the current service model. Some of these issues to be addressed include:

- The Current Models Are Too Restrictive
 - There Are At Least 23 Different Programs and Regulations

- Yet These Programs Do Not Match The Individual Consumer Needs
- Reduce The Current Limits On Choice and Allow Market Forces to Define Models
 - Achieve This By Unbundling The Payment for Services
 - Support Regulations Which Foster Competition ACROSS The Care Continuum
- Allow Sufficient Flexibility to Allow Programs To Match Consumers Needs and Current Realities
 - Rapidly Changing Needs and Technology

Public Education

As noted in the chart, a key component for the success of this new approach would be public education. Today's LTC industry is extremely complicated and much more information will need to be disseminated to the consumers or their families to allow them to make informed decisions in this proposed market-driven scenario. To this end, NWI would recommend promoting the LTC case manager to serve as a key advocate for the client. This is similar to the concept and vision of the medical home for an individual.

In addition, the NWI believes that the public good can best be served by balancing the value of letting the marketplace define the costs and services that are most appropriate, combined with true public accountability to ensure that the consumer interests are truly being met for this significant public investment. The providers will need to develop and be able to explain these cost-effectiveness measures to consumers.

Public Accountability

The needed public accountability can best be achieved and then measured with the use of objective assessment tools which determine and report the allocation of these public resources. These tools can serve many purposes and help to achieve the following:

- Match Resident Or Client Needs With The Available Dollars of Funding
 - This Can Be Achieved Through The Development and Application of Uniform Assessment Tools
 - These Assessment Tools Can Then Be Used To Disseminate Information and Provide Consumers and Their Advocates With Uniform Quality and Cost Measurements
- These Assessment Tools Will Support Case Management And Focus Efforts on Proper Placements
 - A More Uniform and Objective Approach Will Avoid The Current "Mismatches" (e.g. ALC, etc.)
 - These Assessment Tools Will Further Enhance Both Transportation And Flow (Person or Services)

In order to be most effective, these measures must be tied to services and not to particular provider groups. This will allow comparisons across the continuum and will allow the consumers to make more informed choices. One way to accomplish this is to put together cost-effectiveness scores looking at cost and quality by service and by provider at a local level. These tools could then be used by the case managers in that area as well consumers. For this model to be fully successful, the following points must be reinforced to these consumers and their advocates through the public education effort:

- The LTC Case Manager = Client Advocate
 - The LTC Case Manager Will Resemble the Primary Care Physician Within the Managed Care Model and Provide a "Medical Home" for The Client

- Clearly Communicate the Unbundled Service Options
 - Regulators Must Develop and Share Standard Materials And Be Sure That Consumers and Their Advocates Understand The Value and Benefits This New Model Provides Them
- Tie in The Development and Clear Communication of Cost, Quality and Other Appropriate Measures
 - These Measurements Must Be Tied to The Services Provided Across the Continuum
- All Centrally-Developed Materials Must Be Modified To Reflect A Local Focus
 - Materials Reflecting Local Concerns Must Be Provided To Allow for More Educated Choices
 - In Turn, Consumers Must Understand These Cost Effectiveness and Quality Scores by Service, Provider

Conceptual Framework - Long Term Care Financing and Delivery

Service Component	Model	Target Public Funds	Public / Private Financing	Service Models	Consumer Perceptions	Public Education
Case Management	Public Good	Coordinate and "invest" in a uniform, unbiased system for all.	"Prevention" is most cost effective in the long run, but no one wants to pay now. Pay for everyone: MAKE IT A PUBLIC GOOD.	Consumer (or advocate) choice and marketplace driven.	Existing case management is biased (i.e. employee of provider versus customer advocate).	Teach concept of Customer Advocate - to provides a "LTC Home". Also: how and where to access.
Housing	Use Existing Resources First	Align incentives with a co-pay on housing	If housing available - private responsibility (on housing only). If not - public responsibility.	Builds inherent flexibility into system.	Most sensitive asset to protect: The expectation to pass along to children.	Educate BOTH consumers and providers on available programs.

<p>Personal Care</p>	<p>Maintain Least Restrictive</p>	<p>Allow and encourage client and family to assume a greater level of risk</p>	<p>If family / friend available to provide care - encourage it (and build respite credit). Identify and "target" partial public funding to support and maintain private care. Protect BOTH income and assets.</p>	<p>Competition decides most cost effective model(s) at any given point in time for a client.</p>	<p>"Too risky to keep mom / dad at home - s/he may fall again." "I want to stay at home but need some help." "I do NOT want to be a burden."</p>	<p>"Elderly caring for the elderly" and it's a "family responsibility" Educate providers on available programs. Personal responsibility.</p>
<p>Medical Care</p>	<p>Health Insurance</p>	<p>Traditional Medicaid plus "catastrophic" access for all covered individuals.</p>	<p>Encourage traditional health insurance model (with partnership OR self / private insurance offering the SAME income and asset protection) after time or monetary spend-down.</p>	<p>Focus on resident or client NEED versus site of delivery.</p>	<p>Impersonal and intrusive. Perception that many services "can only be done in a nursing home and are too risky to be done at home.</p>	<p>" Educate consumers, set realistic expectations. Educate consumers AND providers on cost effectiveness and quality measures.</p>