Mr. Chairman, Senators, thank you for the invitation to address you today.

Ensuring access to quality care and empowering seniors with tools to coordinate their care have long been priorities in Florida, and on behalf of Governor Crist, I would like to thank you for your partnership in our efforts. Today I have been asked to give you an overview of several programs in Florida: the Cash and Counseling program, the Nursing Home Diversion waiver, and the PACE program and to make some recommendations on ways we can continue to foster and grow successful partnerships like these. The flexibility offered by these programs has served Floridians well and has allowed us to meet the needs of a diverse range of beneficiaries.

To put the Florida perspective in context, we are home to 18.3 million residents. 17% of our population is 65 or older as compared to 12.6% in the nation as a whole; this is the highest proportion of elders among all states. We serve 2.3 million Medicaid beneficiaries. Residents 65 and older represent 15% of the Medicaid population but account for 27% of the expenditures. We spend approximately $2.3 billion annually for nursing facility care and $1.2 billion on home and community based services which serve frail elders, disabled adults, and individuals with developmental disabilities.

In order to meet the needs of these most vulnerable, Florida has sought several waivers. Our goal in seeking these waivers was to empower Medicaid beneficiaries with more control over their care, provide them with the most appropriate and better coordinated care and use taxpayers' resources most responsibly.

The first program I'd like to discuss is the Cash and Counseling program. This program gives consumers who qualify for home- and community-based assistance with personal care a monthly allowance they may use to hire workers and to purchase care-related goods and services. The program began as a pilot under a Robert Wood Johnson Foundation grant in 2000 and currently serves 1142 people in three populations: adults and children with developmental disabilities; frail elders; and adults with physical disabilities, including brain and spinal cord injuries.

Florida's program is the most far-reaching of all states' consumer directed programs, in that it gives consumers a monthly allowance based on all of their home and community based services, rather than just personal care. Our frail elders, for example, manage 27 services.

Mathematica Policy Research, Inc. conducted an independent evaluation of this program. They made a number of findings, and their key findings included the following:

- first, treatment group members were much more likely than control group members to:
  - have their care needs met,
  - be very satisfied with their care (as measured by satisfaction with quality of care and caregivers' reliability, attentiveness, and behavior), and
  - report that the program had greatly improved their lives;
- second, despite initial concerns about safety and quality of care for the treatment group, they did not suffer any more care-related health problems than the control group;
- third, the program does not save money but is budget neutral; it provides higher levels of consumer satisfaction at the same price as traditional services; and
- finally, they found that the program does not work for everyone. Many consumers are not able or willing to take on the tasks of hiring and firing workers

and overseeing the financial aspects of the program. Therefore, this should always remain an option but should never become a mandatory program.

We believe these results show that the program can be successful, and we are in the process of applying to expand enrollment in the waiver. This program has been successful in empowering our beneficiaries, increasing their satisfaction and containing costs.

The second program I'd like to discuss is the Nursing Home Diversion program. It is broader than the Cash and Counseling program and is designed to provide frail elders with an alternative to nursing facility placement by offering coordinated acute and long-term care services to frail elders in the community setting. Under this program, applicants who are 65 and older who are dually eligible for Medicaid and Medicare Parts A & B and who meet certain frailty criteria can choose to continue living in their own homes or a community setting such as an assisted living facility.

The Medicaid Nursing Home Diversion waiver provides case management, acute care and long-term care services to eligible participants. All participants select a case manager and a Nursing Home Diversion provider. The service providers are managed care organizations that are approved for each county. The case manager develops an individualized care plan to be used in coordinating their medically necessary acute and long-term care services.

Long-term care waiver services include adult companion, adult day health, assisted living, case management, chore, consumable medical supplies, environmental accessibility and adaptation, escort, family training, financial assessment and risk reduction, home delivered meals, homemaker, nutritional assessment and risk reduction, personal care, personal emergency response systems, respite care, occupational, physical and speech therapies, home health and nursing facility services.

Acute-care waiver services include community mental health services, dental, hearing and visual services, independent laboratory and x-ray, hospice. Services such as inpatient hospital and outpatient hospital/ emergency, physicians, and prescribed drugs are paid for by Medicare, but the Nursing Home Diversion case managers help the participants coordinate these services to ensure continuity of care.

The nursing home diversion providers are responsible for Medicare co-payments and deductibles for services to all individuals enrolled in this program.

Florida's Office of Program Policy and Government Accountability reviewed the diversion program and found that the program successfully delayed participants from entering nursing homes. Frail elders participating in the program were more likely to delay entry into nursing homes than similar frail elders who were not enrolled in any Medicaid waiver programs. In addition, Nursing Home Diversion participants who entered a nursing home for an extended stay had shorter stays, on average, than similar non-waiver clients and were more likely to leave the nursing homes and return to their homes or residential settings to continue receiving community-based care.

The final program I'd like to discuss is the Program of All-Inclusive Care for the Elderly, which I'll refer to as the PACE program. This program is a capitated benefit that features a comprehensive service delivery system and integrated Medicare and Medicaid financing. Within the capitated rate, providers have the flexibility to deliver all services participants need rather than be limited to those reimbursable under the Medicare and Medicaid fee-for-service systems.

We offer this program in two areas of the state, and for our beneficiaries, this program allows them to continue living at home while receiving services rather than be placed in a

nursing home. PACE organizations provide primary care, social, restorative and supportive services for Medicaid and Medicare eligible individuals age 55 and over who meet nursing home level of care criteria. PACE programs provide social and medical services primarily in an adult day health center, supplemented by in-home and referral services in accordance with the participant's needs. All Medicare and Medicaid services must be available, including personal care, acute care services, recreational therapy, nutritional counseling, meals and transportation. The services also include adult day health care, home care, prescription drugs, nursing home and inpatient care.

PACE, Nursing Home Diversion and Consumer-Directed Care represent three of the ways that we have used flexibility in meeting the needs of our Medicaid beneficiaries. Through these programs we have allowed beneficiaries to design benefit packages that are more tailored to meet their needs and that are better integrated, we have allowed more beneficiaries to receive care in their homes than in institutional settings, we have increased consumer satisfaction, and we have not increased costs to taxpayers.

Long Term Care Insurance Partnership Program

- The majority of Floridians ages 45-plus do not understand long term care coverage or costs. (*source: AARP, The Costs of Long-Term Care: Public Perceptions Versus Reality in 2006; December 2006.)*
    - 74% of Floridians underestimate or don't know how much nursing homes cost on a monthly basis.
    - 54% incorrectly believe Medicare will pay for a long-term nursing home stay.
- The Long-Term Care Insurance Partnership Program seeks to alleviate the financial burden of long term care services on the state's Medicaid program by encouraging individuals to purchase private long-term care insurance.
    - In return for purchasing partnership insurance policies, if they later exhaust the benefits of the policy and apply for Medicaid long term care services, they get to keep more of their assets than normally would be allowed when qualifying for Medicaid.
    - One dollar of the policyholders' assets will be disregarded for every dollar of long term care insurance benefits paid out under the policy. (E.g., If an applicant received $100,000 in benefits from their partnership insurance policy, he would be able to keep $100,000 in assets on top of the normal limit of $2000 in assets and still qualify for Medicaid.)
- Florida implemented its LTCPP January 1, 2007.
- In the following 18 months, over 15,000 Floridians either obtained partnership policies by purchasing new policies or exchanging older policies for partnership long-term care policies.
- Prior to the program's implementation, 465,800 Florida residents were covered by long-term care insurance. Thus, the partnership program represents a relatively small proportion of total long-term care coverage for Florida residents.
- Several obstacles could affect the program's success, including a lack of public awareness about the need for long term care coverage, lack of knowledge about the partnership program, and the high cost of long-term care insurance.
- Recommendations:
    - Congress could fund a national campaign to promote awareness of the need for people to plan for long term care needs, including purchasing LTC insurance . A national LTC awareness campaign should explain individuals should contact their state government to find out if LTCP is offered in their state.
    - Consider a tax break for individuals who purchase LTC partnership policies, with larger tax reductions targeted to low and middle income individuals.

Congressional Action that would help FL's Efforts to Improve Long Term Care: Sharing savings between Medicare and Medicaid

- People who are dually eligible for Medicare and Medicaid are some of the highest users of health and long term care services
- Medicare pays for medical services such as hospitalization, physician services, and prescription drugs.
- Medicaid pays for home and community based long term care services such as assistance with bathing and dressing, nutrition counseling, meals on wheels, adult diapers, home modifications, and adult day health care.
- When Medicaid-funded long term care services are well-coordinated, they have the potential to prevent the need for more expensive services, like hospitalization, nursing facility care, and skilled in-home nursing care. Some examples:
    - By providing diapers and assistance with bathing for an elderly person who cannot care for themselves, we can prevent skin breakdown and decubitus ulcers, which can require hospitalization, a nursing facility stay, and in-home nursing care by a registered nurse.
    - By installing grab bars in bathrooms, we can prevent falls that lead to broken hips or head injuries, which can require hospitalization, a nursing facility stay, and in-home nursing care by a registered nurse.
    - By ensuring proper nutrition through home-delivered meals and nutrition counseling, we can prevent increasing frailty and susceptibility to serious illness.
    - Adult day health care provides daily health monitoring such as blood sugar and blood pressure checks, and review of medications, which can identify a problem so it can be treated by a physician before it gets out of control and requires hospitalization, a nursing facility stay, and in-home nursing care by a registered nurse.
- Investment by Medicaid in these preventative services can lead to savings by preventing hospitalizations, nursing home rehabilitative stays, and home health nursing. The savings from these interventions, however, primarily accrue to Medicare, rather than to Medicaid.
- We request that Congress direct the Centers for Medicare and Medicaid Services to develop a methodology for sharing such savings with state Medicaid programs.
    - This would incentivize states to better coordinate home and community based care and help states defray the costs of high quality home and community based care.