

**Health and Medicine Policy Research Group
Center for Long-Term Care Reform**

Response to Budget:
Opportunities and Challenges
May 22, 2009

- The proposed budget is responsible since it addresses some revenue problems in the state but as it stands it does not address the urgent need for budget reform.
- The forum agreed with the proposed tax increases. In addition, the forum supported a raise in personal income tax to 5%, expanding sales tax, and including some taxes on services.
- Even if we only consider inflation, revenue does not keep up with the cost of providing public services. Illinois does not have a problem of egregious public spending on health care and home and community based services; it is a state which must expand its revenue base to cover services needed by its most vulnerable citizens.
- The budget structure must include mechanisms which anticipate the growth of the older population in Illinois. If budget planning is postponed in response to immediate crisis, the potential for greater fiscal catastrophe in the coming years will escalate to certainty.
- Cuts in home and community based services will most likely result in an increase in the number of individuals (especially older adults) in need of costly, urgent care. When considering budget proposals, the state must consider the impact these cuts will have on emergency room visits, hospitalizations, and nursing home admissions.
- Illinois needs to explore ways to increase the federal match for Medicaid services.
- Illinois currently has one of the largest, if not the largest, community care programs for older adults in the country. We need to ask: Who are we serving? How do we want to serve people? What is public versus private responsibility? What do families need in terms of support?
- Illinois Community Care Program (CCP) provides home and community based care to people who might otherwise need to be in a nursing home. It is Illinois' Medicaid Waiver program, but Illinois' asset eligibility for CCP is higher than the Medicaid requirements. Today, half of the people on CCP have assets above the Medicaid asset level. This means Illinois is reimbursed for 50% of the cost of HCBS by the Federal government for 50% of the

people on CCP. The other half of CCP client's services are paid for out of General Revenue Funds. Since CCP is an entitlement program by a 1982 court order (i.e., anyone who is determined functionally and financially eligible for the program must receive CCP services), any services offered under CCP must be made available to all CCP clients, limiting the states' ability to add or increase services to people most likely to need institutionalization. To address this, the state might consider using GRF for people who are minimally impaired (preventative services to prolong their ability to manage in the community), put some services (respite, medication management) in the state Medicaid Plan giving Illinois some control over who receives the service, and use Medicaid Waiver funds for those people who have the greatest needs and where the state shares the cost with the federal government.

- If the state is serious about keeping people in the community or returning people to the community from institutions, it must have in place an enhanced service package and affordable housing that is adequate to meet needs.
- Providers and Medicaid have been starved for many years. As a result, it's very hard for people who have an entitlement to services to actually find a provider that is staffed, competent, and able to provide the necessary services. In addition, people in CCP have health care needs which need to be provided by skilled workers. Home health agencies can be instrumental in coordinating home care services with a medical component.
- Illinois continues to rely on the most expensive institutional settings for long-term care. The budget needs to reflect a shift towards community based services and care coordination.
- To that end, Illinois needs to investigate the implementation of a unified or global budget structure for long-term care. States that have successfully re-balanced their long-term care systems have employed various versions of global budgeting to allow for the necessary fiscal flexibility in funding institutional and community based care.
- One way to accelerate the shift to community based care is through Money Follows the Person which is key to long-term care reform and financial savings but only if it results in an actual reduction of nursing home beds.
- All other states with reformed long-term care systems have had someone at the Governor's level championing systemic long-term care reform.
- Politicians and the public need to come together but the gap between the two is immense. Unfortunately, the government has maintained low taxes while continuing to provide services, and in many cases, the providers end up paying. The not-for-profit community has been very generous and has raised

money through other means to cover gaps in state reimbursement to providers. By some analysis, they are going into their twenty-fifth year of covering these gaps, and are feeling the strain.

- Overall, we believe real long-term care reform will occur only when the Governor takes the lead in calling for an efficient, adequate, quality, and predominately community based long-term care system. States successfully re-balancing long-term care systems have demonstrated Governor level leadership on this issue is an absolute necessity for progress.