Evaluation of Long Term Care Options for South Dakota

Presentation to Payment Methodologies for Medicaid Providers Summer Study Committee

August 18, 2016
History of Long Term Care Study

2007 Long Term Care Study commissioned by the Department of Social Services and conducted by Abt Associates

Purpose:

- Evaluate utilization and cost of services to the aging population across the continuum.
- Project future long term care needs and capacity.
- Identify and recommend policy options based on best practices.
Key Findings from 2007 Long Term Care Study

Key findings included:

• Rapidly aging population - number of elders projected to double including elderly disabled.

• Geographic mismatch between the places where services existed and the places where the elderly population was expected to grow over the next 20 years.

• Historically high rates of nursing home bed utilization and low rates of use of home and community-based services compared to national indicators.
Key Findings from 2007 Long Term Care Study

Key findings included (Continued):

• Rural and frontier areas faced particularly low availability of home and community based services (adult day facilities, senior centers, nutrition programs, homemaker services, and in-home services).

• Aging skilled nursing facilities.

• Labor force not keeping pace with growth of elders – particularly direct care workers.
Key Findings from 2007 Long Term Care Study

Counties where the elderly population was expected to more than double by 2025
Key Findings from 2007 Long Term Care Study

Aging skilled nursing facilities

STATE (110)
Frontier (34)
Rural (58)
Urban (18)
West (14)
Central (18)
NE (36)
SE (39)

Age over 50
Age 41-50
Age 31-40
Age 21-30
Age 11-20
Age 1-10
Forecast Number of Nursing Home Beds
Alternative Scenarios

- Baseline - status quo
- Scenario 2
- Scenario 3

Nursing Home Residents

Year

Key Findings from 2007 Long Term Care Study

Policy recommendations in three areas:

1. Set goals and adopt policies that reflect rebalancing. Right size the industry.

2. Provide flexibility when building new capacity and develop adequate financing.

3. Expand Home and Community Based Services across the state.
2008 LTC Task Force Recommendations

Task Force convened to work on recommendations-2008

1. Develop a Single Point of Entry system for long-term care services.
   • Completed –
     • Aging Disability Resource Center (ADRC) model grant received by DSS in 2009; implementation across the state continues
     • Services include Information and Referral, Assessment, Case Management, Options Counseling
2008 LTC Task Force Recommendations

2. Expand and enhance existing home and community-based services.
   • Ongoing-
     • Added services to Medicaid waiver for adults with disabilities.
     • DSS/DHS implemented Money Follows the Person to transition individuals from nursing homes to community-based services where appropriate.
     • DSS/DOH convened provider workgroup to increase options for individuals with dementia to live in assisted living settings.
     • Provider rate increases, including significant increases in FY17.
2008 LTC Task Force Recommendations

3. Implement an access critical nursing facility model.
   • Completed - legislation (SB140 – 2011 session) formally established access critical designation.
   • Criteria for designation include geographic considerations, projected demand for area, and service provision.
South Dakota Access Critical Nursing Homes

Source: South Dakota Department of Health - Office of Licensure & Certification
4. Right-size the nursing facility industry by realigning moratorium bed levels to reflect projected demand for nursing facility services.
   • Not implemented- beds became available through closures

5. Expand nursing facilities through a Request for Proposals (RFP) process developed by state agencies for areas in the state that will need additional nursing facility services.
   • Completed - legislation (SB196 – 2012 session) to allow for expansion of high need areas through an RFP process.
   • 2014- 20 beds added in RC
   • 2015- 30 beds added in RC/24 beds added in SF
2008 LTC Task Force Recommendations

   • SB44 proposed in 2014

7. Collect data and analyze the need for additional assisted living facilities.
   • In progress
2015 Long Term Care Study Update

DSS had Abt update the Long Term Care study in 2015

• Update projections for demographic trends

• Update service utilization trends

• Project future demand for long term care services
Key Findings from 2015 Update

Updated demographic trends:

• Growth in elders has slowed relative to 2007 projections with elderly population expected to grow by 84% in the year 2035.

• Growth rates for elderly and disabled are again projected to be higher West River vs East River.

• Rapid City and Sioux Falls continue to see greatest growth rates as seniors migrate toward more urban areas and medical centers.
Projections of SD Elderly and Disabled Population

SD Counties Where Elderly Population is Expected to Double from 2010 to 2035 (in Dark Pink)

Key Service Utilization Trends

Nursing Homes: Nursing home capacity and utilization rates have continued to drop both in South Dakota and nationwide since the release of the first study.

- Nursing home utilization
  - 2007 Study – 6.4% utilization
  - 2015 Study – 4.7% utilization

- Nursing home capacity per 100 elderly
  - 2007 Study - SD 10th in the nation with 61 licensed beds per 1,000 elders
  - 2015 Study – SD 16th in the nation with 48 licensed beds per 1,000 elders
Number of Licensed Beds in Use per 100 Elderly Individuals - SD 2014

Source: Abt Associates’ analysis of South Dakota Data Center’s Population Projections data, South Dakota’s Nursing Facilities Data, and Nursing Home Compare.
National Comparison of State Nursing Home Capacity 2011

Key Service Utilization Trends

Assisted Living: Assisted living capacity has increased slightly:

- 2007 study – SD 16th in the nation for available assisted living beds.
- 2015 study – SD 15th in the nation for available assisted living beds.
Key Service Utilization Trends

Home Health Care: South Dakota continues to have the 2nd fewest Medicare and Medicaid skilled home health episodes:
  • 2007 study – SD 2nd lowest in the nation for Medicare/Medicaid skilled care utilization.
  • 2015 study – SD remains 2nd lowest nationally.

Home and Community-Based Care: No evidence of perceptible shifts in availability of home and community-based services.
Forecast Number of SD Nursing Home Beds, 3 Scenarios 2000 - 2035

Source: Abt Associates’ analysis of South Dakota’s Nursing Facilities Data and South Dakota Department of Social Services’ Nursing Home Occupancy Report.
Projections of Future Demand for Nursing Home Services

Scenario A: Nursing home utilization rate will remain at its 2010-2014 average level of 4.7 percent of the elderly population.

- Assumes assisted living and community based services utilization remain at current levels.
- Given more recent trends in declining nursing home utilization – Scenario A likely overstated relative to nursing home demand.
Projections of Future Demand for Nursing Home Services

**Scenario B:** Nursing home utilization rate will decline by one half the 2000-2014 rate of decline.

- Assumes recent nursing home utilization decline will moderate and not continue to decline at current rates.
- Assumes elders will increasingly seek out alternatives to nursing home care.
- SD must take additional steps to increase community-based service capacity.
Projections of Future Demand for Nursing Home Services

**Scenario C:** Nursing home utilization rate will decline and reach the projected national utilization rate of 1.2 percent by 2035.

- Assumes elders will seek out alternatives to nursing home care at higher rate than Scenario B.
- SD must take additional steps to increase community-based service capacity.
Forecast Number of SD Nursing Home Beds, 3 Scenarios 2000 - 2035

Source: Abt Associates’ analysis of South Dakota’s Nursing Facilities Data and South Dakota Department of Social Services’ Nursing Home Occupancy Report.
Conclusions and Recommendations

• Policy changes made by the state have successfully accelerated the decline in nursing home utilization, reducing the gap relative to national utilization rates.

• Assisted living utilization has increased in parallel, but no concurrent increases in skilled Medicare home health or home and community-based services have occurred.

• SD should continue to utilize options counseling through the ADRC to educate consumers and families about community-based care alternatives, in attempts to reduce nursing home admissions.
Conclusions and Recommendations

• Continue to expand and enhance HCBS and other community based care.

• Further explore care preferences and gather more information regarding informal or other supports that elders are utilizing in lieu of seeking assistance from state programs.