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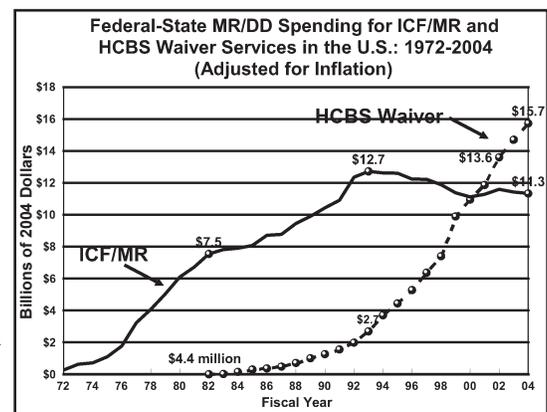
Medicaid and Community Services for Developmental Disabilities

By Richard Hemp, David Braddock and Martha King

Increased Medicaid spending for MR/DD is balanced by decreased institutional spending for care facilities.

Should state lawmakers be concerned about the rapid rise in Medicaid spending for home and community-based services for people with mental retardation and other developmental disabilities (MR/DD)? Probably not, if they also notice the related downturn in appropriations for expensive institutional services in intermediate care facilities for the mentally retarded (ICFs/MR) (see figure).

As of 2004, 49 states and the District of Columbia committed a majority of total MR/DD spending to family-scale and individualized residential and community services. Furthermore, 28 states now commit 75 percent or more of total funding to community services (see table, page 2).



Since 1981, Medicaid's Home and Community Based Services (HCBS) waiver has been a key factor in shifting resources from institutional care to community services. These waivers, which exist in all states, have helped contain rising Medicaid long-term care costs and continued reliance on institution-based services.

The intermediate care facilities for the mentally retarded program remains institutionally oriented. In 2004, about 107,000 people lived in facilities, 60 percent of whom were in an institution for 16 or more people. Of the remaining, 20 percent resided in a facility with between seven and 15 residents, and 20 percent were in a home for six or fewer people.

The waiver finances a wide range of community services that help people remain in their own homes or in other community residential settings. These services include supported living; personal care; residential habilitation; supported employment; day habilitation; family support; respite care; homemaker assistance; home health aides; case management; transportation; assistive technology; adapted equipment; home modification; and occupational, speech, physical and behavioral therapy.

People with MR/DD make up 41 percent of the nearly 1 million waiver participants and account for 74 percent of waiver spending, which totaled \$21.1 billion in 2004. HCBS waiver programs

Waivers have helped contain Medicaid long-term care costs.

Waivers finance a wide range of community services.

COMMUNITY SERVICES SPENDING FOR MR/DD SERVICES BY STATE, 2004 ¹			
Rank	State/Jurisdiction	Total MR/DD Spending	% Community Services Spending
1	Alaska	\$84,782,969	100%
2	Vermont	\$104,069,600	100%
3	Hawaii	\$102,154,406	99%
4	New Hampshire	\$163,471,425	99%
5	Rhode Island	\$267,095,191	96%
6	Arizona	\$532,107,782	95%
7	New Mexico	\$264,530,848	95%
8	Oregon	\$571,897,931	94%
9	Colorado	\$366,996,079	92%
10	Maine	\$291,460,771	91%
11	Minnesota	\$1,253,786,314	90%
12	Maryland	\$550,648,320	88%
13	Michigan	\$992,538,039	86%
14	Kansas	\$391,530,526	84%
15	Massachusetts	\$1,269,035,081	82%
16	California	\$4,351,043,133	81%
17	District of Columbia	\$187,549,443	81%
18	Georgia	\$593,706,311	79%
19	Connecticut	\$1,080,887,103	79%
20	Pennsylvania	\$2,147,504,832	78%
21	Alabama	\$260,935,825	77%
22	West Virginia	\$219,578,072	77%
23	Nevada	\$95,348,973	77%
24	Wyoming	\$103,595,561	77%
25	Washington	\$697,615,646	76%
26	Delaware	\$120,220,231	75%
27	Nebraska	\$250,225,685	75%
28	Oklahoma	\$419,784,930	75%
29	Idaho	\$234,153,757	74%
30	Montana	\$109,590,140	73%
31	Wisconsin	\$929,417,394	72%
32	Utah	\$200,360,976	71%
33	New York	\$5,268,544,728	70%
34	South Dakota	\$110,205,892	70%
35	Florida	\$1,269,303,560	70%
36	Ohio	\$1,985,159,013	70%
37	North Carolina	\$1,071,997,785	69%
38	Missouri	\$561,797,854	69%
39	Indiana	\$834,056,132	66%
40	Virginia	\$637,759,543	64%
41	Tennessee	\$673,625,973	62%
42	South Carolina	\$433,229,427	62%
43	Louisiana	\$763,401,237	61%
44	North Dakota	\$134,840,686	59%
45	New Jersey	\$1,244,590,091	58%
46	Kentucky	\$293,320,483	57%
47	Arkansas	\$326,574,119	56%
48	Texas	\$1,467,564,404	55%
49	Iowa	\$570,393,705	55%
50	Illinois	\$1,419,161,862	52%
51	Mississippi	\$278,440,163	25%
UNITED STATES		\$38,551,589,953	73%

1. The table includes total public MR/DD spending. States are ranked highest to lowest on the percentage of total spending dedicated to six-person or fewer residential settings and related community services and supports.
Source: Braddock et al., preliminary data, 2005.

also serve certain elderly people and others with mental illness, physical disabilities, traumatic brain injury, AIDS and other conditions.

Combined federal, state and local MR/DD spending for HCBS waivers surpassed intermediate care facility spending in 2001. Adjusted for inflation (2004 dollars), spending for ICFs/MR peaked at \$12.7 billion in 1993 and declined by 6 percent through 2004. In contrast, waiver spending grew fourfold from 1993 to 2004, from \$2.7 to \$15.7 billion. Seven of the top 10 states that appropriated the greatest proportion of their MR/DD funding for community services in 2004—Alaska, Vermont, Hawaii, New Hampshire, Rhode Island, New Mexico and Maine—no longer have state-operated institutions. West Virginia and the District of Columbia also have done away with such state-operated facilities.

To qualify for waiver services, people now must meet a state's criteria for Medicaid eligibility in an institution such as an intermediate care facility or nursing home. Beginning in January 2007, states will have more flexibility to offer Medicaid community-based services to certain people without a waiver. Under provisions of the federal Deficit Reduction Act of 2005, states also will be able to provide community-based services to people who do not require the level of care provided in a nursing home or other institution. The Congressional Budget Office estimates that 120,000 additional people will be covered under the new option between 2007 and 2015.

The national State of the States in Developmental Disabilities Project at the University of Colorado distributes periodic analyses of state spending for

State-operated institutions have closed in several states that increased waiver spending.

States soon will be able to offer community-based services without a waiver.

MR/DD services in the states and maintains a Web site that profiles each state's use of the HCBS waiver and the ICF/MR program (<http://www.ColemanInstitute.org/stateofthestates>).

Selected References

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