

# COSTLY CARE

**The idea:** Privatize Medicaid and save on nursing homes.  
**The reality:** Florida helps fewer people and spends more.

**Keeping Florida's frail elderly out of nursing homes»** Nursing homes are expensive. To avoid these bills, Florida taxpayers fund three main Medicaid programs to help people stay at home or in assisted living. NHD is private. ADA and ALE are public.

**Nursing Home Diversion (NHD) Private managed care.**

Puts people in assisted living or supports them at home with wide range of services.

**Eligibility:** Must be 65 or older and qualify for nursing home care paid by Medicaid. Needs some help with five activities of daily living or total help with two, or have dementia and need help with three or more.

**Aged and Disabled Adult (ADA) Public fee-for-service.**

Supports people at home with adult day care, case management, chores, family training, meals, personal care, respite, skilled nursing and other services.

**Eligibility:** Must be disabled or aged 60 or older, and qualify for nursing home care paid by Medicaid.

**Assisted Living for the Frail Elderly (ALE) Public fee-for-service.**

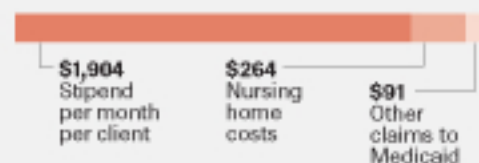
Puts people in assisted living.

**Eligibility:** Must be 60 or over and qualify for nursing home care paid by Medicaid. Needs some help with at least four activities of daily living or total help with one, or have dementia and need help with two or more.

**NHD Costlier at the start . . . and the end»** Private managed care companies under Nursing Home Diversion (NHD) get extra money because they are supposed to pay bills when clients eventually end up in nursing homes. A 2007 study by the University of South Florida, however, shows that most such clients drop out of managed care, and taxpayers pay the nursing home bills anyway. To measure the true cost to Medicaid, the study took managed care's monthly stipend and added in those extra nursing home costs and other bills. In the end, managed care (NHD) was substantially more expensive than the other two programs. These numbers run from 2002 through 2006. Florida has since reduced the monthly managed care stipend.

**\$2,259 a month per patient (NHD)**

Private managed care was costlier at the start and in the end when all costs were added up.



**\$1,355 a month per patient (ADA)**

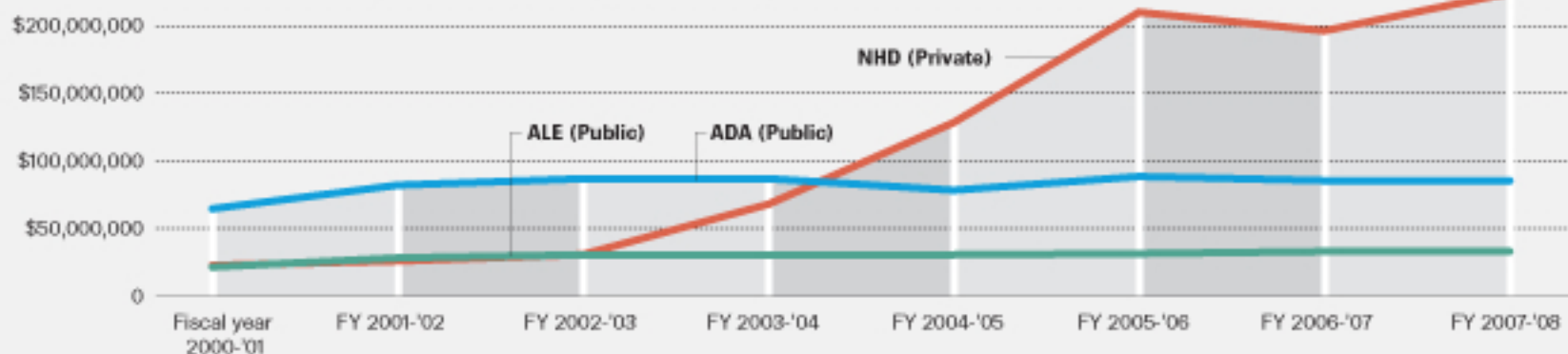
These were the per client, per month Medicaid costs for the two public fee-for-service programs, as calculated by the USF study.



**\$1,692 a month per patient (ALE)**



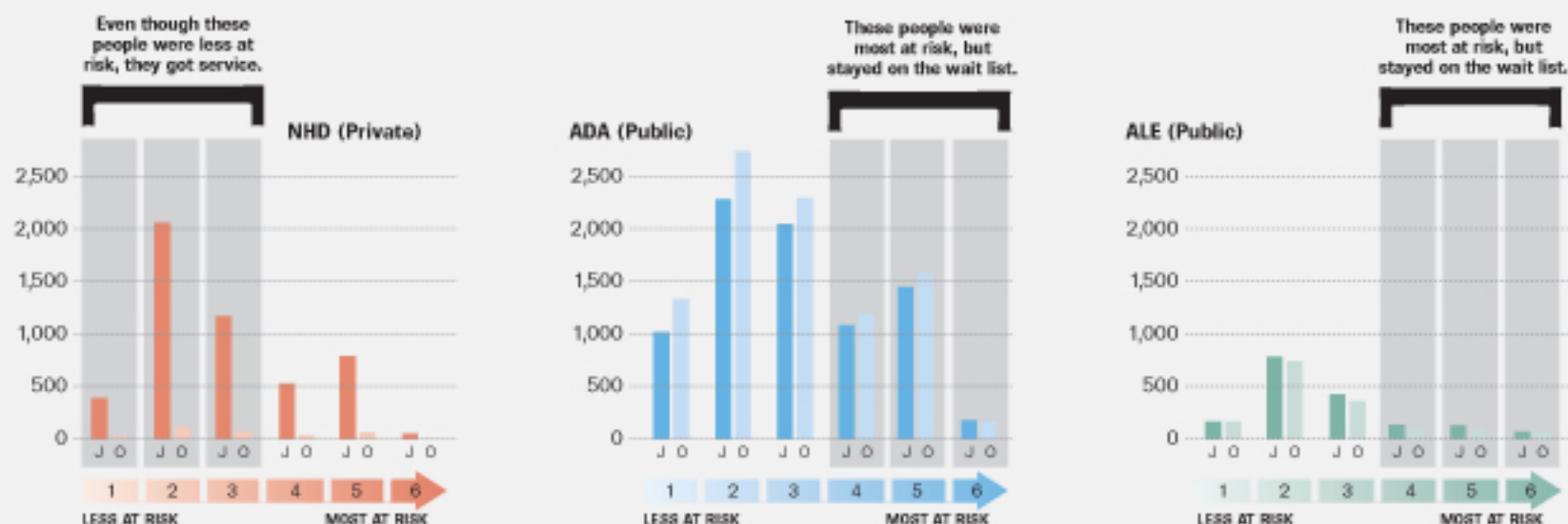
**NHD Grabbing the lion's share»** For the last five years, the Legislature has dramatically expanded funding for private managed care while letting the public ADA and ALE programs stagnate. Based on the USF cost study, this distribution of resources prevented the state from serving thousands of extra clients by using less expensive programs when possible.



**At risk and wait-listed»**

**These got help:** The Legislature funded 4,000 new slots for private managed care starting this July. As a result, the NHD wait list, shown below, all but disappeared between June and October. Even clients ranked 1, 2 and 3 — the lowest risks for needing a nursing home — got service.

**These didn't:** Public fee-for-service programs got no new funding last summer. Their higher-risk clients (ranked 4, 5 and "imminent risk" 6) continued to wait from June to October — even as clients ranked only 1, 2 and 3 filled new slots in privatized managed care. This is what happens when the Legislature favors one program; help doesn't reach people who most need it. Over the last few years, 40-60 people a month typically moved into nursing homes while waiting for ADA and ALE services.



Sources: Florida Department of Elder Affairs, University of South Florida Policy Exchange Center on Aging