



## removing barriers - establishing parity

*This is the second of a six-part series concerning the implementation of Senate Enrolled Act (SEA) 493, a law passed by the Indiana General Assembly in 2003 to expand the availability of community-based care in Indiana. The Generations Project commends Indiana on implementing the spousal impoverishment protection provisions of SEA 493. However, the vitally important provisions of the law dealing with income eligibility standards for Hoosiers seeking access to home and community-based service remain un-addressed. Because of the failure to implement less rigid income eligibility standards and other provisions central to long-term care rebalancing, Part 2 of The Moving Forward Series will focus on those standards yet to be implemented.*

According to ***Moving Forward***, a report on SEA 493 and long term care rebalancing in Indiana, "...many of Indiana's most vulnerable citizens are denied the opportunity to remain in their own homes and communities, to independently direct their own care and supports, and to gracefully and with dignity age in place among friends and family."

For too long, citizens have been denied these opportunities because Indiana's system of long term care has continued to place barriers in front of individuals seeking publicly funded home and community based long term care services. Indeed, the current application of law makes it much easier for persons to access high-cost institutional care, like that provided in nursing homes, rather than the more affordable and more desirable services that can be provided in one's own home or other community residential setting. This is due to the significant discrepancies in income eligibility standards between nursing home and community-based care and a funding bias toward nursing home care long-established under federal law.

The policy decision regarding the income level at which persons should be made eligible for Medicaid waiver services is one of the most significant issues that impact long-term care rebalancing. This is because the income eligibility standard that continues to be used by Indiana in determining Medicaid eligibility creates an unintended consequence – it makes expensive nursing home care more affordable for a low-income consumer than less expensive care that can be provided in his/her own home.

Senate Enrolled Act 493, a law passed by the 2003 Indiana General Assembly explicitly raises the income eligibility standard for aged and disabled Medicaid waiver clients from the current 100% of the Federal Supplemental (SSI) Security Income Level to 300%. This provision is intended to establish parity between nursing home and community based care by virtually eliminating financial eligibility differences between the two. The effect of this legal change will be to make home and community based services and nursing home care equally affordable for Indiana's low-income elderly and disabled population.

It works like this...

- When the income eligibility standard for home care services through a Medicaid waiver is set at 100% Supplemental Security Income, a frail senior or disabled person who lives at home and has more than \$564 per month in income is not eligible for Medicaid coverage unless (s)he spends all of the income over the \$564 on medical expenses. Once the excess income is used to meet medical expenses, the individual is left with only \$564 to cover all of his/her basic living expenses. This same individual can, however, probably be eligible for Medicaid immediately if (s)he chooses to move into a nursing home. Once a person's disposable assets drop below a set level under federal law in the course of receiving nursing home care, the individual is legally entitled to full care in that facility through Medicaid. Less a monthly \$52 personal needs allowance, all of her/his income is then applied directly to the cost of nursing home care, which also includes the individual's room and board. The state and federal governments then pay the remaining costs. In this case, the low-income senior or disabled person who needs Medicaid-covered long-term care services can only afford to receive that needed care in a nursing home setting.
- This problem is resolved when the Medicaid waiver income standard for home and community based care is set at 300% Supplemental Security Income. This higher standard makes a frail senior or disabled person who lives at home and has an income of no higher than \$1692 per month eligible for Medicaid coverage. The individual is then free to choose to receive Medicaid services in his/her home, or to receive that care in a nursing home setting. Both options are equally affordable, since the individual is allowed to retain more income to cover his/her basic living expenses.

“Hoosiers who are enrolled in Medicaid nursing home care far outnumber those who are receiving Medicaid home and community based waiver services. This tragic imbalance must be corrected,” according to John Cardwell, Director of The Generations Project. “Two years ago SEA 493 set in law 300% of SSI as the income eligibility standard for all Medicaid home care waiver services, but Indiana has yet to implement the law. Until that is done, SEA 493's ability to fully rebalance Indiana's long term care system will be in doubt,” concluded Cardwell.

***Moving Forward* recommends the immediate implementation of the 300% of SSI provision contained within SEA 493. Failure to implement this basic income eligibility provision within law renders long-term care system rebalancing virtually impossible to achieve.** This is because consumers who would prefer to and could safely be served in their own homes with some community-based service supports will continue to find nursing home care the only affordable option. The implications of this are threefold. First, frail elderly and disabled persons who would prefer to remain at home for as long as possible will be forced to seek nursing home services (or forego needed services altogether). Second, these individuals will eventually have to sell their home and deplete their assets in order to meet their financial obligations for the expensive institutional care. And finally, the depletion of assets will create a life circumstance whereby the individual has no home to return to, so (s)he will have no living and service option other than nursing home. In other words, once this all-to-common chain-of-events occurs, a nursing home typically becomes the consumer's permanent (and final) place of residence.

Area Agencies on Aging across Indiana are able to quantify numbers of individuals who, because of discrepancies in financial eligibility standards, are either forced into nursing homes or choose to forgo care altogether. The existence of this Hobson's choice for Hoosiers is further proof of the absolute necessity in implementing 2003's SEA 493.

The full ***Moving Forward Report*** is available at [www.generationsproject.org](http://www.generationsproject.org).