

# Home Help and Long Term Care Reform

*A Fact Sheet - first of a series*

## Why everyone should be invested in the way Michigan spends public long-term care (LTC) money:

- The largest chunk of long-term care options for Michigan citizens are driven by Medicaid – and the only option offered as an entitlement is nursing homes.
- At \$62,000 per year<sup>1</sup> (the average private pay cost of nursing home services in Michigan) too many people deplete their savings on care that could be delivered more efficiently at home.
- 43% of citizens say they are not confident in their ability to pay for nursing home care when they need it in the future.<sup>2</sup>
- Until we create a public long-term care system based on choice, nursing homes will continue to cost taxpayers more and more money.

## Economic Sense in hard economic times:

- The average cost of a Medicaid nursing home bed is \$128 a day, or \$47,200 annually per person. **In contrast, on average Home Help costs just \$10 a day, or \$3,600 annually per person.**
- In 2004, Michigan will spend \$1.6 billion on long-term care services – a whopping 77% of those funds poured into the nursing home industry. One of the highest % in the nation!
- In 2004, Medicaid will spend \$1.2 billion to support 40,000 people in nursing homes. In contrast, \$177 million public dollars will support 52,000 people who use home help program.<sup>3</sup>

## What are the potential savings?

- Home Help supports individuals at a cost of between \$3,600 and \$12,000 annually.
- 30 % of people in nursing homes have the same type of support needs as the average person using the home help program!
- If the estimated 12,000 people in nursing homes qualified for the highest amount, they'd live in the community for under \$12,000 a year – compared to nursing home's \$47,000

## Why Now?

- Other states have rebalanced their long-term care support to increase the percentage of Medicaid money supporting community options.
  - Oregon: 73% LTC money to the community
  - Minnesota: 53% LTC money to the community
  - Colorado: 54% LTC money to the community

## Research indicates public support of rebalancing the system.

- If given the choice of where to reside while receiving long-term care, 77% of respondents would choose their own home while 2% would choose a nursing home.<sup>4</sup>

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<sup>1</sup> 2004 GE Financial services Report.

<sup>2</sup> Public Opinion Survey Long-Term Healthcare Services, 2-03, w.k. greene & associates, Royal Oak, MI.

<sup>3</sup> MDCH Actuarial Division, Medical Services Administration

<sup>4</sup> w.k. greene and associates