

**Rebalancing Long-Term Care Systems in Pennsylvania:  
Case Study as of December 2007**

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Centers for Medicare & Medicaid Services (CMS),  
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The overall Rebalancing Research is being conducted through a Task Order under a CMS Master Contract between CMS and the CNA Corporation, Arlington, VA, and subcontracts and consultant agreements between CNAC and the various researchers. Rosalie A. Kane is the principal investigator from the University of Minnesota and Elizabeth Williams is the CNAC project director. This final case study for the State of Pennsylvania covers a period through December 2007. The statements and opinions in the report are those of the writers and do not necessarily reflect the views of CMS or any of its staff, or the State liaisons to the project, or any other state staff or persons who spoke to us from participating states. We thank Mike Hall, Director of the Office of Long-term Living, who most recently served as liaison to the study, and Dale Laninga, from the Governor's Office of Health Care Reform, who initially served in that role.

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## Preface

In 2003, Congress directed the Centers for Medicare & Medicaid Services (CMS) to commission a study in up to 8 States to explore the various management techniques and programmatic features that States have put in place to rebalance their Medicaid long-term care (LTC) systems and their investments in long-term support services towards community care. The States of Arkansas, Florida, Minnesota, New Mexico, Pennsylvania, Texas, Vermont, and Washington are participating in this 3-year Rebalancing Study. For the study, CMS defined rebalancing as reaching “a more equitable balance between the proportion of total Medicaid long-term support expenditures used for institutional services (i.e., Nursing Facilities [NF] and Intermediate Care Facilities for the Mentally Retarded [ICFs-MR]) and those used for community-based supports under its State Plan and waiver options.” CMS further clarified that a balanced LTC system “offers individuals a reasonable array of balanced options, particularly adequate choices of community and institutional options.”

The products for the study include 3 iterations of State-specific case studies that qualitatively and quantitatively examine each State’s management approaches to rebalance its long-term care systems, six crosscutting topic papers on issues in rebalancing, and a series of 5 Chartbooks presenting quantitative analyses of Medicaid expenditures for consumers in HCBS versus nursing homes, as well as Medicare expenditures for individuals dually eligible for Medicaid and Medicare. A list of these products with web links for completed documents is provided in the Appendix.

For the final case studies—in this instance for the State of Pennsylvania, we concentrated on the perspective of State officials on accomplishments in rebalancing their long-term support systems for all clientele, and the future directions for the State. We also updated particular strategies that we had highlighted in the 2005 case study and the 2006 Updates. The report is based on comprehensive review of web and print materials, a site visits conducted by Robert Mollica and Rosalie Kane on November 14 and 15, 2007, supplemented by telephone interviews before and after the site visit as needed.

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## Executive Summary

Although Pennsylvania has historically had greater Medicaid expenditures in institutions than in the community, the State is moving aggressively in setting goals to balance its long term living system (the term used in lieu of “long-term care” in Pennsylvania). The state adopted a goal to serve 50% of the Medicaid long term living consumers in community settings by 2013. Governor Rendell’s budget for fiscal year 2009 adds over \$58 million to expand home and community based services access and service capacity. The state also restructured responsibility for long term living programs, created additional service options in residential settings, and expanded efforts to transition individuals from institutions to the community.

The state consolidated organizational responsibility for managing services for individuals with disabilities and older adults with the creation of the Office of Long Term Care Living (OLTL) in 2006. The complex reallocation of staff and resources continues and the budget transfers funding for services and programs within the OLTL for fiscal year 2009. OLTL now houses 8 of the States 11 LTC waivers and has responsibility for quality assurance and policy for all waivers. OLTL’s Bureau of Community Support serves as a resource to show nursing homes how they can downsize while dealing with cash flow problems, and its staff (which includes skilled actuaries) creates reimbursement arrangements that provide incentives for such downsizing.

This case study highlights the following:

- The statewide nursing home transition program, for which Area Agencies on Aging and Centers for Independent Living are responsible for assisting with transitions
- The State’s participation in the national Money Follows the Person demonstration, which is expected to accelerate nursing home transitions
- The strengthened connection between housing and service programs to support expanded efforts to offer nursing facility residents opportunities to move to the community
- New legislation creating an assisted living licensing category by adding an apartment-style residential option
- New initiatives to improve the efficiency and quality of the state’s home and community based services waiver for older adults
- The State’s expansion of PACE (Programs of All-Inclusive Care for the Elderly), which in Pennsylvania are called LIFE (Living Independence for the Elderly). A network of such LIFE programs serving at least 5000 consumers by 2013 is envisaged, and active efforts are made to co-locate LIFE programs in low income housing developments.

## **Rebalancing Long-Term Care Systems in Pennsylvania: Case Study as of December 2007**

### **Introduction**

#### Background

The Commonwealth of Pennsylvania is a large and populous state; with 15.2% of its population over age 65 in 2005, it was the 3<sup>rd</sup> oldest state in the union. In 2005, its Medicaid expenditures per state resident were 4th highest in the nation. Also, Pennsylvania's Medicaid expenditures and Medicaid nursing home expenditures per person were both 2<sup>nd</sup> highest in the nation, the latter at \$349 compared to a national average of \$159.<sup>1</sup> As we began the Rebalancing Research, Pennsylvania expended the bulk of its Medicaid long-term support money on institutional care rather than community care. The most recent comparative figures from 2006 show the same disproportion. Overall, Pennsylvania spent 72.3% of its Medicaid long-term care resources on institutions; the imbalance was largely attributable to services for older people, with 88% of expenditures on institutions. For people with mental retardation and developmental disabilities, 32.5% of its Medicaid expenditures were accounted for in institutions and 67.5% in the community.

At the outset of the Rebalancing Research, Pennsylvania was viewed as having strong assets to assist in building a community-based system, particularly its networks of Corporations on Aging, which deliver case management and in-home services. On the other hand, the state had the disadvantage of considerable fragmentation in government programs across state agencies, incompatible data systems from agency to agency, and a

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<sup>1</sup> These figures are from Houser, A, Fox-Grage, W, & Gibson, MJ (2006). Across the States: Profiles of Long-Term Care and Independent Living. Washington, DC, AARP Public Policy Institute. On web, last visited May 13, 2007, [http://assets.aarp.org/rgcenter/health/d18763\\_2006\\_atl.pdf](http://assets.aarp.org/rgcenter/health/d18763_2006_atl.pdf)

plethora of Medicaid home-and community based services to manage. However, the Governor was strongly committed to reforming services both to reduce overall expenditures and to move the system towards greater investments in home and community services. To that end, in 2005 Governor Rendell had created a Long-Term Living program within the Governor's Office for Health Care Reform as a focal point for changing long-term care.

### Summary of Earlier Rebalancing Case Studies

Management strategies in Pennsylvania that have been tracked in the Rebalancing Project included: the creation of the long-term living initiative in the Governor's Office for Health Care Reform; the piloting of a rapid eligibility and response capacity in selected "Community Choices" counties; and systematic efforts to downsize nursing homes. Considerable attention was also being given to housing initiatives and a manpower development effort. Short and long baseline case studies on rebalancing in Pennsylvania were released in 2005, and an update of activities in Pennsylvania between July 2005 and July 2006 was released in April 2007.<sup>2</sup>

### **State Initiatives**

Update on Previously Identified State Initiatives Office of Long Term Living. Governor Rendell created the Long Term Living (LTL) Council in the Governor's Office of Health Care Reform in 2005 to coordinate policy across multiple agencies and programs and to

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<sup>2</sup> Links to the short case study *Rebalancing Long-Term Care Systems in Pennsylvania: Experience up to July 31<sup>st</sup>, 2005* and to the update report, *A Year in State Management Practice for Rebalancing Long-Term Care Systems: Update of Activities in 8 States*, July 2005 to July 2006 are on the CMS New Freedom website, last visited on April 8, 2008 at [http://www.cms.hhs.gov/NewFreedomInitiative/035\\_Rebalancing.asp#TopOfPage](http://www.cms.hhs.gov/NewFreedomInitiative/035_Rebalancing.asp#TopOfPage). A long baseline case study on Pennsylvania is on the website of the Long-Term Care Resource Center at University of Minnesota, at [http://www.hpm.umn.edu/ltrresourcecenter/on\\_going\\_research/Rebalancing\\_state\\_ltc\\_systems\\_case\\_studies.htm](http://www.hpm.umn.edu/ltrresourcecenter/on_going_research/Rebalancing_state_ltc_systems_case_studies.htm).

“maximize the state’s long term living resources. In 2007, Governor Rendell created the Office of Long Term Living (OLTL) as an operating agency to unify and coordinate long term living services in the Department of Aging and the Department of Public Welfare. OLTL has dual reporting lines to both Aging and Public Welfare that is charged with administering waiver services programs and “creating new options to improve the independence and quality of life for the Commonwealth’s aging and disability communities.”<sup>3</sup> The agency is headed by a Deputy Secretary who reports to the Secretary of Public Welfare and the Secretary of Aging. Staff was assigned to the Office from the Department of Public Welfare, the Department on Aging and the Governor’s Office of Health Care Reform. The Long Term Living Council is a subset of Governor’s cabinet and serves as an advisory body to OLTL and provides oversight of policy initiatives. In January 2007, Mike Hall, an individual with substantial experience in developing HCBS services Maine and Vermont, was recruited to head the OLTL.

Community Choices. Expedited eligibility and arrangement of in-home services was established in 10 counties as a pilot project. At present, the program is functioning in 12 counties, including an expansion to Allegheny County (the Pittsburgh area). State-wide expansion has been postponed until review of all case management programs is complete.

Statewide Nursing Home Transition Program. An expanded nursing home transition project built upon earlier grants from CMS. In 2006, the state initiated a program that attempted to divert or relocate lower acuity Medicaid nursing home residents nursing facility residents.<sup>4</sup> The program was implemented in six counties and

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<sup>3</sup> Fiscal year 2008-09 Budget. Available at: [http://www.budget.state.pa.us/budget/lib/budget/\(2008-2009\)\\_executive\\_budget\\_documents/exec\\_budget/2008\\_09\\_executive\\_budget.pdf](http://www.budget.state.pa.us/budget/lib/budget/(2008-2009)_executive_budget_documents/exec_budget/2008_09_executive_budget.pdf).

<sup>4</sup> Leslie Hendrickson, et. al. An Evaluation of the Pennsylvania Nursing Home Transition Program SFY 2006-2007. Draft. Rutgers Center for State Health Policy. 2008.

information from the Minimum Data Set was used to identify residents. Nursing personnel from the state's utilization management review teams, who work regularly with nursing facilities, assessed these residents and prioritized them into tracks for follow up by local agencies. The number of people who transitioned in the pilot counties increased; however, state officials concluded that the resident's interest in moving, the availability of affordable housing and the availability of friends and family members to support the move were more significant than the acuity level. The nursing home transition initiative shifted its focus from lower acuity residents to newly admitted residents or other residents that expressed an interest in relocating.

In 2006, the nursing home transition program was implemented statewide through Area Agencies on Aging, Independent Living Centers and one other non-profit organization. Of the 1,664 individuals who relocated to the community, 1,437 were age 60 years or older and 227 were under age 60. Individuals under age 60 faced greater barriers to transition due in part to the relative lack of affordable, accessible housing compared to the housing that is available for older adults.

Re-establishing a home in the community is a barrier to successful transition from an institution to the community. Federal policy allows states to exempt income that would otherwise be paid to a nursing facility for up to six months in order to maintain a home. A physician has to certify that the person will return home. To support transition, Pennsylvania allows beneficiaries to exempt an amount up to the SSI payment standard for a single individual for up to three months to establish a home.

Services My Way—Cash and Counseling Demonstration. The Cash and Counseling expansion in Pennsylvania will be piloted in 13 counties and will be available for

participants in 7 waivers. Implementation was initially slow. Barriers included skepticism by some aging providers that the program was suitable to their clientele, and uncertainty about why the program is needed when consumer directed personal attendant services are available for persons under age 60. Enrollment began in June 2007. The renewal of the Aging Waiver, which was submitted in early 2008, included requests for the expansion of Services My Way.

### New Initiatives

#### Assisted Living

Legislation establishing a licensing category for assisted living was enacted into law in 2007. The law also authorized coverage of services in licensed facilities under a Medicaid HCBS waiver. Senate Bill 704 defines assisted living as “premises in which food, personal care, assistance or supervision and supplemental health care services are provided for a period exceeding 24-hours for four or more adults who are not relatives of the operator, who require assistance or supervision in such matters as dressing, bathing, diet, financial management, evacuation from the residence in the event of an emergency or medication prescribed for self-administration.” A work group was formed to develop regulations to implement the program. Licensing will be the responsibility of the Office of Long Term Living.

#### Governor’s Cabinet for People with Disabilities

In November 2006, Governor Rendell issued an Executive Order creating the Governor’s Cabinet for People with Disabilities and a 55-member advisory committee. The Cabinet includes the Secretaries of the following Departments: Public Welfare; Labor & Industry; Health; Education; Transportation; Budget; Aging; Policy and

Planning; the Governor's Office of Health Care Reform; Chair of Pennsylvania Human Relations Commission; Executive Director of Governor's Office of Housing and Community Revitalization; Executive Director of the Pennsylvania Developmental Disabilities Council; Executive Director of the Governor's Office for People with Disabilities; and the Executive Director of the Governor's Long Term Living Council.

The Cabinet is directed to:

- Make recommendations to the Governor on policies, procedures, regulations, and legislation that aid people with disabilities in Pennsylvania;
- Serve as the Governor's liaison to people with disabilities on policies, procedures, regulations, and legislation that affect people with disabilities in order to ensure that State government is accessible, accountable, and responsive to people with disabilities;
- Serve as a resource to all departments, commissions, and agencies under the Governor's jurisdiction to ensure that these government entities are cognizant of the needs of people with disabilities and their respective services and programs are accessible to those individuals; and
- Work with the Administration and agencies to monitor the hiring, retention, and promotion practices of the Commonwealth relating to the employment of people with disabilities in order to ensure that there are no discriminatory practices within the Commonwealth.

Sixty percent of the members of the Committee must be people with disabilities or family members of people with disabilities.

#### Money Follows the Person

Between 2008 and 2011, the Money Follows the Person Demonstration program plans to support the relocation of 2,667 individuals who now live in institutions. Seventy percent of individuals who are expected to transition will be older adults; 20% will individuals with physical disabilities; 6% will have a mental illness and 3% will move from ICF-MRs. The state plans to close the Mayview State Hospital by the end of 2008

and the Governor's budget includes \$4.4 million to 91 residents in community settings, including 29 that will participate in the Money Follows the Person demonstration program.<sup>5</sup>

### Autism Waiver

An Autism Task Force was appointed in the Department of Public Welfare, and issues a report in 2004 about the need for services better tailored for persons with autism spectrum disorders. In 2005 Secretary Estelle Richman created an Office of Autism Affairs and in 2007 a Bureau of Autism Services. In 2008, an application will be submitted for a new §1915 (c) home and community based services waiver to serve 200 adults with autism.

### **Goals, Objectives and Accomplishments**

In October 2005, the Long Term Living Council outlined a vision statement and four goals to re-focus and energize system reform efforts. The statement says that:

Governor Rendell's vision is to offer consumers choice as to where they receive long term living services, ensuring high-quality care in the most clinically-appropriate, most cost-effective environment.

The goals that carry out the vision are:

- To enhance and expand efforts to assist nursing home residents who wish to return to their home and community and give them the opportunity to safely leave an institutional setting;
- To properly align the supply of nursing home beds with the need for these services while helping nursing facilities that want to expand the range of services that they offer to support people who prefer to live in the community;

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<sup>5</sup> Mayview State Hospital is one of 8 State Mental Hospitals operating in Pennsylvania. In 2007 it served 295 people (70 in a forensic unit) at a budget of \$63 million. Questions and answers about the planned Mayview closing in the context of all state institutions are posted on the Department of Public Welfare website at <http://www.dpw.state.pa.us/About/MV/003676742.htm>, last visited on May 10, 2008.

- To ensure consistency in eligibility criteria for long term living services while removing barriers to receiving home and community-based waiver services. To the greatest extent possible, the services that an individual receives and the options that they have should not be a function of geography or economics; and
- To ensure that waiver resources, which allow more Pennsylvanians to remain in their homes and their communities, are optimized to serve the maximum number of consumers while ensuring the provision of high-quality care and services.

With the establishment of the Office of Long Term Living, the Governor enunciated a goal to achieve a 50-50 balance between community and institutional care for the state's long term living programs by 2013. In fiscal year 2006, 25% of individuals receiving Medicaid long term living services lived in the community compared to 18% in fiscal year 2003. Between fiscal year 2003 and fiscal year 2006, the resources spent on home and community based waiver services for the elderly nearly tripled, allowing Pennsylvania to provide in-home services to 21,555 beneficiaries compared to 12,071 three years earlier. Similar increases have occurred in the number of people with disabilities being served in home and community based settings – 9,591 in FY 2006, compared to 5,893 in FY 2003.

Governor Rendell's budget for fiscal year 2008-2009 notes that Pennsylvania ranks third among all states in the age of its population and will experience increased demand for long term living services well ahead of other states. The budget summary states that in addition to older adults, an estimated 162,000 adult Pennsylvanians under the age of 60 need some level of long term living support. To meet the needs of these different groups, the budget makes significant investment in home and community based services and expands the number of people who can be served in their homes. The

Governor's describes three principles that formed the basis of the Commonwealth's plan for long term living:

- Consumers should have more options to receive appropriate long term living services in cost-effective settings that promote quality care.
- The long term living system should be balanced with the goal of achieving a balance of 50 percent institutional care to 50 percent home and community based care.
- State and federal funds should be prudently managed and leveraged, and individual assets should be used to ensure that the commonwealth can meet the future needs of Pennsylvania's aging population.<sup>6</sup>

The Governor's budget recommends increased spending in several areas - \$29.2 million in state funds to invest in community based infrastructure that expands long term living options; \$3.1 million to increase adult day care capacity; \$2 million in state funds to expand the tenant-based rental assistance pilot to at least 10 additional counties; \$12.2 million in state funds for programs that serve people with physical disabilities (1,169 additional people will be served in 2008-09); \$10.2 million for the home and community-based services program to serve 2,100 additional older persons in 2008-09; \$1.3 million in administrative resources to begin licensing, certifying and inspecting assisted living residences, a new residential long term living option created in 2007; \$150,000 to develop a new payment system for nursing facility services and an additional \$150,000 to develop standard rate-setting for home and community-based programs.

The budget also expands funding for individuals with mental retardation. The budget summary states that the number of people receiving home and community-based mental retardation services has increased from 39,500 individuals in fiscal year 2003 to a projected 51,598 individuals in fiscal year 2009, a 31 percent increase. On the

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<sup>6</sup> Fiscal year 2008-09 Budget in Brief. Available at: [http://www.state.pa.us/papower/lib/papower/08-09\\_budget/budget\\_in\\_brief.pdf](http://www.state.pa.us/papower/lib/papower/08-09_budget/budget_in_brief.pdf)

institutional side, the number of individuals with mental retardation who receive services in public and private institutions is estimated to decrease from 4,260 individuals in fiscal year 2003 to 3,820 individuals in fiscal year 2009, a 10 percent decrease. The budget seeks an additional \$28.3 million to provide home and community based services to 1,818 additional people with mental retardation and to address new federal requirements for a total state investment of \$913.2 million.

The budget summary states that Pennsylvania needs to reform its long term living system or consumers will have fewer options and may end up living in nursing homes. Without changes, the Long Term Living Council projects that by 2011, the cost to taxpayers will grow by 25 percent, an increase of \$445 million over current state spending.<sup>7</sup>

### **State Organization**

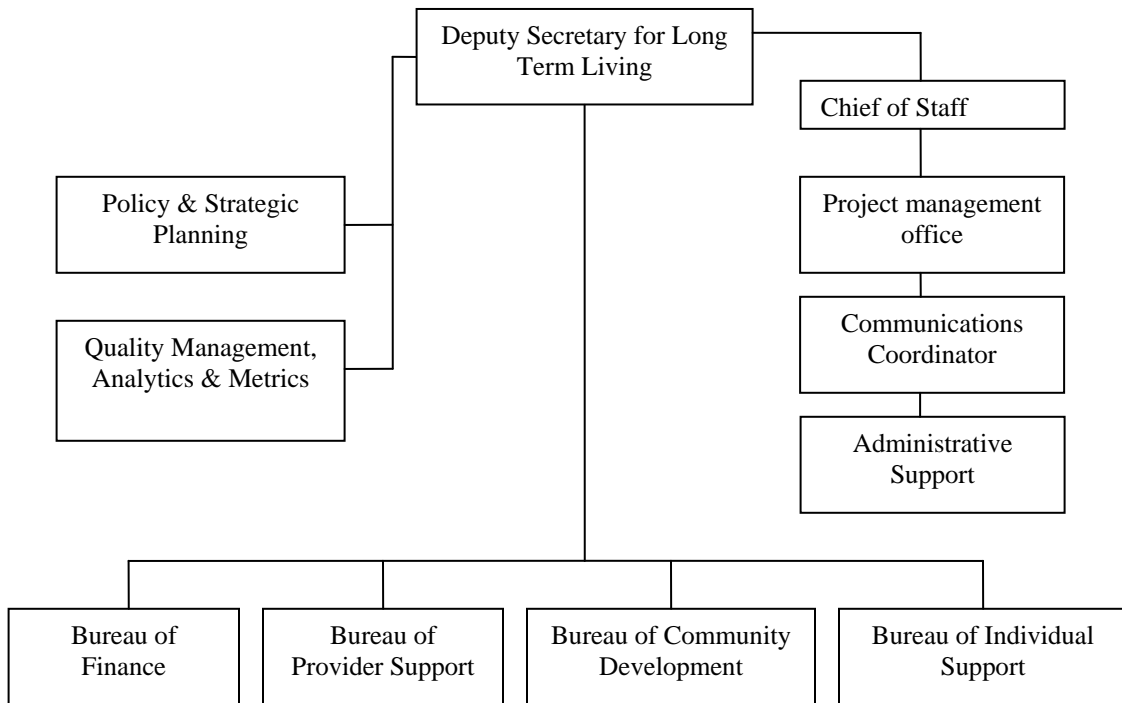
Creating an Office of Long Term Living (OLTL) was viewed as a necessary step toward balancing long term living services by consolidating responsibilities that were spread among several Departments and Divisions. OLTL, headed by a Deputy Secretary, has four primary Bureaus – Finance, Provider Support, Community Development, and Individual Support and two other units for Policy and Strategic Planning and Quality Management Analytics and Metrics. The Bureau of Individual Supports is responsible for managing eight of the eleven Medicaid home and community based services waiver programs and the LIFE (i.e. Pennsylvania’s PACE) program. These waiver programs were previously managed by four separate organizations.

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<sup>7</sup> Fiscal year 2008-2009 Budget Briefing. Available at: [http://www.state.pa.us/papower/lib/papower/08-09\\_budget/budget-briefing.pdf](http://www.state.pa.us/papower/lib/papower/08-09_budget/budget-briefing.pdf).

OLTL created the Bureau of Community Development to help diversify the provider base, expand the supply of housing and home and community based services and to “right size” the nursing home industry. Nursing home licensing responsibilities remain with the Department of Health. Regulations for the newly established category of assisted living will be developed by OLTL.

The Money Follows the Person Demonstration initiative is located in the Office of the Secretary of the Department of Public Welfare because the project covers programs and consumers served in several bureaus.

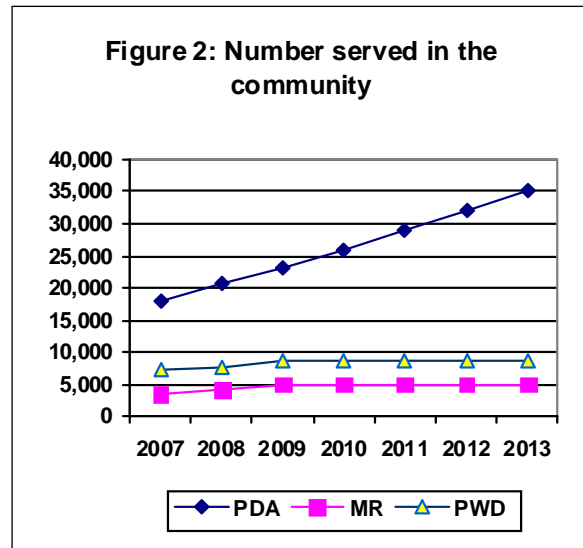


**Figure 1. Organization of the Office of Long-Term Living**

**Access**

The initiatives under way will expand access to home and community based services and make progress toward the Governor’s goal to balance the long term living system.

The state's fiscal 2009 budget projects the continued expansion of access to home and community based services through 2013. The number of individuals with mental retardation served in the community is projected to increase from 3,619 in fiscal year 2006 to 5,130 by fiscal year 2013 or 42% over six years. Participation in the aging waiver is projected to increase 96% over the same period, from 17,950 in fiscal year 2007 to 35,245 in fiscal year 2013. The number of individuals with



disabilities under age 60 receiving home and community based services are expected to grow from 7,242 in fiscal year 2007 to 8,795 in FY 2009 (24% increase) and then remain stable through 2013. (See figure 2).

In 2005, the Pennsylvania Department on Aging (DPA) requested additional funds to address a deficit in the aging waiver appropriation. The number of aging waiver participants rose from 11,000 in FY 2005 to over 15,000 in FY 2006. During a retreat attended by representatives of the agencies responsible for long term care programs, staff decided to review level of care determinations and to improve consistency of the care plans and spending for consumer receiving services under the aging home and community based services waiver. Staff noted significant variations among Area Agencies on Aging in the cost of care plans approved. Over a four month period, 2,000 assessments and level of care documentations were reviewed. The reviewers were satisfied that level of care decisions were well documented in the assessment.

The care plan review process was implemented to examine the appropriateness of care plans. Care plans that cost between \$55 and \$90 a day are reviewed by a regional quality assurance specialist. Weekly calls are scheduled by the Quality and Compliance Specialist to review care plans with the AAA supervisor, nurse consultant and care manager. The review covers the consumer's medical needs, custodial needs, the physical environment, informal supports, current formal supports available and the proposed care plan. The specialist offers technical assistance on efficiencies where indicated and completes a form that lists the proposed care plan and costs and the approved care plan and cost. Approvals are sent electronically by the day following the call. Care plans that cost over \$90 a day are reviewed by regional staff and staff at the central office. Conference calls are also held for care plan that exceed \$90 a day. While the review is pending, services may be initiated up to \$55 a plans. Care plans under \$55 a day can be approved by the AAAs and may be reviewed retrospectively. During the reviews, PDA found that some care plans were high because case managers were not appropriately accessing Medicaid state plan services, hospice and nursing services covered by Medicare and other community resources. PDA provided training to AAAs on these resources.

PDA also worked with AAAs to modify care plans that authorized large, up to 8 hour, blocks of provider time. Instead of approving services from 8 am to 4 pm, the care plans authorized services in the early morning, mid-day and evening. Personal emergency response devices were available in the event a consumer needed assistance when the care provider was not present. Provider agencies were encouraged to cluster workers in geographic areas to make it easier for workers to spend shorter periods of time with

several consumers during the day. This approach was more difficult to implement in less populated areas of the state.

The Aging and Disability Resource Center (ADRC) pilot project was designed to establish one stop shops that provided information and assistance for older adults and individuals with physical disabilities. Establishing an ADRC in each county proved too expensive and an alternative plan was developed. An analysis of pilot ADRCs' experience that found that the model helped fill gaps and led to referrals from partner agencies that could not respond to requests for information or assistance. The ADRC staff provided a form of case management for people who were not eligible for certain programs. The model has shifted to a decentralized "no wrong door" approach with a lead agency, either an Area Agency on Aging or a Center for Independent Living, who will cross train staff about available programs and eligibility criteria to create a virtual network. The state appropriated \$1.5 million to establish a hub in 8 regions to help AAAs and CILs build a network in each county. The ADRCs can conduct a preliminary screen and help applicants apply for Medicaid. OLTL planned to issue an RFP to select a contractor to provide technical assistance and training for the organization(s) developing the center.

### **Array of Services**

With the passage of legislation authorizing Medicaid coverage of services in assisted living facilities once regulations are issued, Pennsylvania will add residential settings to the array of services covered by the aging waiver. The waiver currently covers home health and personal care services, home support, attendant care, respite care, adult day care, transportation, home modifications, specialized medical equipment and supplies,

counseling, extended state plan physician services, home delivered meals, personal emergency response, and companions. Care management and service coordination is provided by Area Agencies on Aging. State contacts noted that the supply of adult day care providers has declined in recent years due to low reimbursement rates. As noted above, the Governor's budget requests \$3.1 million to improve rates and attract additional providers.

Domiciliary Care, usually called adult family care in other states, is another residential setting that is available to individuals who qualify for SSI. "Dom Care" was created by the legislation in June 1978 to provide a homelike living arrangement in the community for adults age 18 and older who need assistance with activities of daily living and are unable to live independently. Providers may serve up to three residents. The program serves older adults with a physical disability, mental illness or mental retardation. Residents must be mobile or semi-mobile, able to vacate the home in case of fire with minimal assistance and not need nursing home care. However, the state can issue a waiver of the certification standards to allow nursing facility eligible residents to receive waiver services in these settings. The SSI standard in a domiciliary care home in 2008 is \$1,071.30 a month for an individual from which \$914 is paid to the provider for room, board, oversight and assistance and \$157.30 is retained by the resident for personal needs.<sup>8</sup> Domiciliary care homes are expected to be a resource for individuals transitioning from institutions under the Money Follows the Person Demonstration. Occupancy is projected to increase from 72% to 88% as a result of the initiative.

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<sup>8</sup> Department of Aging. Available at: [http://www.aging.state.pa.us/aging/lib/aging/apd07-25-02\\_2008\\_dom\\_care\\_consumer\\_payment.pdf](http://www.aging.state.pa.us/aging/lib/aging/apd07-25-02_2008_dom_care_consumer_payment.pdf).

Individuals with mental retardation tend to be served by corporate domiciliary care providers while older adults are typically served by “mom and pop” providers. The state is considering options to expand the corporate model; however, providers may need to serve up to 4-6 residents to make the model viable, requiring a change in the licensing threshold for personal care homes, which is currently four or more residents.

### **Quality Initiatives**

OLTL has responsibility for coordinating quality assurance and quality improvement activities across 12 home and community based services waiver programs. The state’s plan to implement the MFP Demonstration describes a three tiered approach to quality management. Tier 1 activities are performed by provider agencies that are responsible for the quality of the services they deliver. Provider staff track care plan and individual service plans. Tier II activities are performed by OLTL program and supervisory staff who compile reports from providers and identify issues that require training or other remediation steps. Tier III activities will prepare reports that examine systemic issues and trends that the state’s long term living system across programs and agencies. Tier III activities will begin in July 2008.

### **Housing**

For its Money Follows the Person Demonstration Program, a new position of Housing Director was established in the Office of the Secretary of the Department of Public Welfare. The position will coordinate efforts with the housing finance agency, the Department of Community and Economic Development, county agencies and DPW program offices to maximize housing resources. The position will also develop a

comprehensive housing strategy to expand affordable and accessible housing for vulnerable populations.

The state expanded the number of regional housing coordinator positions from five part-time to ten full-time positions in July 2007. The housing coordinator position is designed to serve as a single point of contact for technical assistance and information related to housing and services for home and community based services waiver consumers; to provide information, referral and technical assistance to DPW and PDA program administrators and service providers to assist them in identifying housing resources; provide regional information related to housing, services, and other resources for people with disabilities and to develop collaborative relationships with groups and agencies in their region who have contact with people with disabilities.

Coordinators make presentations to groups and organizations about the housing needs of, and resources available to, people with disabilities and provide training for service organizations on accessible, affordable housing; home modification programs; the apartment locator registry; developing and strengthening local housing coalitions; marketing strategies that reach individuals with disabilities; and subsidized housing programs.

The coordinators serve as a single point of contact for technical assistance work with local public housing authorities, property managers, developers, state and local staff to identify housing resources and build local capacity. The coordinators received training on the different planning processes used for housing programs from a well know consumer advocate.

The Pennsylvania Housing Finance Agency (PHFA) changed the Qualified Allocation Plan for Low Income Housing Tax Credits to create incentives for developers to build accessible, affordable units. Applicants received additional points on their application for:

- Visitability (75% of units, 25% for rehabilitation projects) – 5 points
- Double the required accessible units – 10 points
- Accessible units charging rents at levels affordable to persons at or below 20% Area Median Income – 20 points

Key informants noted that the extra points have increased the number of proposals that include accessible units. PHFA also set aside 5% (\$1.2 million) of its Low Income Housing Tax Credit funds for supportive housing projects. Supportive housing applications set aside at least 25% of the total units to individuals who are homeless; have mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; persons diagnosed with AIDs and related diseases, and other special populations approved by the Agency.

OLTL and the Housing Finance Agency developed a tenant-based rental assistance program using HOME funds and state general revenues to for temporary (up to two years) rent subsidies to support individuals transitioning to the community. A total of \$1.5 million is available for the program.

The Housing Finance Agency also operates the Pennsylvania Affordable Apartment Location, an affordable housing registry.<sup>9</sup> Users enter the zip code, city or county where they would like to live, the number of bedrooms and required features (mobility accessible, hearing/vision accessible) and details about the property (general occupancy, 55 plus housing, 62 plus housing or designated populations). The search will

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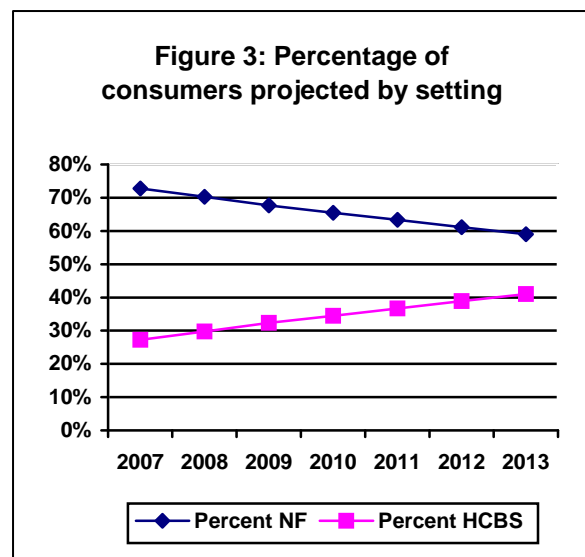
<sup>9</sup> Access at: <http://www.phfa.org/pal/>.

return vacant units only or all units meeting the criteria. The search produces a listing of properties with a photo when available. The listing includes, name, address and phone number of the property, email address, web site (if available), the number of units, and the number of mobility accessible units. Further details about the rent and amenities are provided.

All the properties listed must provide affordable housing and offer rents that are affordable to households whose annual income is 80% or less of the Area Median Income. Properties must also be financed through some type of government funded program to achieve affordability such as HUD, Housing Authority, USDA Rural Housing, Housing Trust Fund Program, the HOME Program, the Turnkey Program, and the Low Income Housing Credit (LIHC) Program. Listed properties must accept or provide project-based rental subsidies – HUD housing vouchers or other types of Tenant Based Rental Assistance. Other requirements include making every effort to rent accessible units to persons who require the accessible features of the unit; adherence to Fair Housing Laws and provide updated information at the minimum of one time each month. Sites that have not been updated during a 60-day period will be removed from the registry. The locator lists nearly 1,300 properties and over 71,000 units.

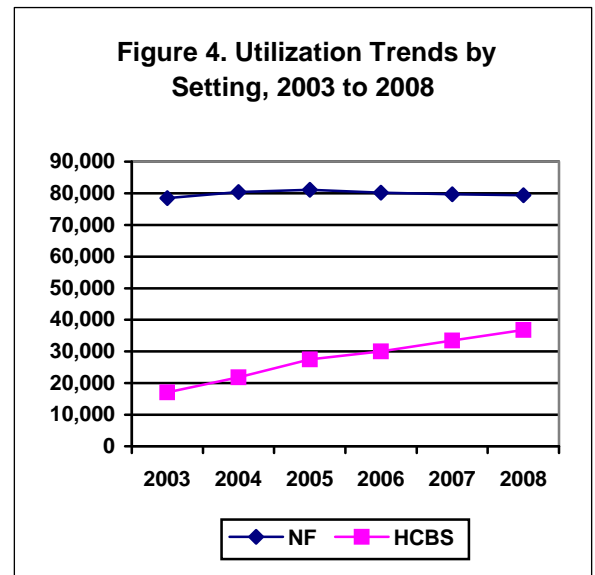
### Future of Nursing Homes

State policy makers project a reduced role for nursing facilities in the coming years. The Governor’s budget



projects that the percentage of consumers who will use nursing facilities will decline from 72.8% in fiscal year 2007 to 59.0% in fiscal year 2013. (See Figure 3) Projections are for the number of individuals under age 60 served in nursing facilities to drop from 7,199 in fiscal year 2007 to 7,020 in 2013 and the number of individuals over age 60 to increase slightly from 73,946 in fiscal year 2007 to 75,250 in fiscal year 2013. The projections assume that home and community based services programs will divert older adults from entering a nursing facility.

The 2006 annual report from the Office of Medical Assistance Programs shows that the combined participation in six home and community based services waivers increased 70% between fiscal year 2003 and 2006 and doubling over a six year period while the number of Medicaid beneficiaries served in nursing facilities grew only 4%. Similar trends were highlighted in the Governor’s long term living budget presentation.<sup>10</sup> (See Figure 4).



While the number of Medicaid beneficiaries living in nursing facilities grew modestly, the number of Medicaid paid days declined almost 2% from fiscal year 2004 to fiscal year 2007, from 19,277,587 to 18,885,775 days.

<sup>10</sup> Office of Medical Assistance Programs, annual report 2005-06. Available at: <http://www.dpw.state.pa.us/Resources/Documents/Pdf/AnnualReports/OMAP05-06AnnualReport.pdf>. Pennsylvania Cares: 2007-2008 budget presentation available at: [http://www.dpw.state.pa.us/Resources/Documents/Pdf/PACares\\_2007-02-06.pdf](http://www.dpw.state.pa.us/Resources/Documents/Pdf/PACares_2007-02-06.pdf), page 39.

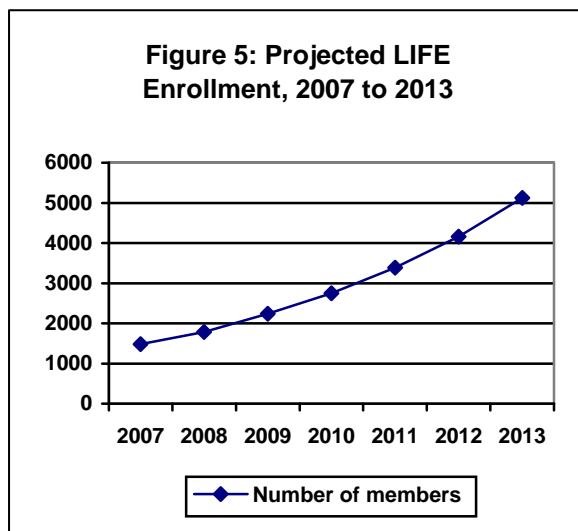
The Bureau of Community Development expanded efforts to convert or replace nursing homes to other uses. The approach reinvests resources currently used in nursing homes to expand the community based infrastructure by offering grants or loans for nursing home owners to realign their business model. A team of Bureau staff examine the debt structure and cash flows needs and offer options to owners who are willing to reduce capacity and create affordable housing or become a home and community based services provider. One nursing home owner replaced its building and reduced capacity from 290 to 180 beds, and built additional supportive housing units, including an adult day care program. The Bureau provided the owner with a \$3 million grant to support the conversion and construction. Without federal reimbursement, the state will recoup its investment in two years by replacing nursing home beds with community based services.

The Bureau works with the Pennsylvania State Data Center to map demographic and provider information, model costs and develops rate estimates to determine market areas that require additional housing and community based service capacity. A nursing home in an area that lacked sufficient affordable housing agreed to reduce their capacity to 90 beds and build 180 apartment units, 40% of which were affordable, in a setting that would include a PACE sites and 90 Personal Care Home units, 30 that serve SSI beneficiaries. The State is discussing receiving federal Medicaid match for the grant with the Centers for Medicare & Medicaid Services.

The Bureau plan to hold seminars around state and invite nursing home operators to consider how they might realign their business in a direction that supports the state's goal to balance institutional and community based services.

## Integration Acute and Long Term Care

Pennsylvania has aggressively supported the development of PACE programs – called Living Independence for the Elderly or LIFE in Pennsylvania. Nine programs were operational in 2007 and five additional programs are expected to begin operation by the end of 2008. State officials estimate that PACE can serve 15% of the population over age 75 or 12,000 elders if available in each county. Budget projections show steady progress toward that goal. LIFE served 1,480 beneficiaries in fiscal year 2007 and is expected to serve 5,120 beneficiaries by 2013. (See Figure 5). Other managed long term care models have been discussed but not implemented as yet.



State policies to encourage the expansion of life policies related to housing strategies and the downsizing of nursing homes. State officials hope to locate PACE projects in low income housing settings. Although waiting lists for and access to the housing will need to be separate from applications to LIFE, state officials believe a close collaboration between housing programs and PACE can occur.

## Conclusions

Pennsylvania has made significant changes in its long term living system. First, it set a measurable goal to serve half the consumers of long term supports in the community and the Governor's budget for fiscal year 2009 proposed adding \$58 million to expand

services and build capacity. The state consolidated organizational responsibility for managing services for individuals with disabilities and older adults with the creation of the Office of Long Term Care Living in 2006. The complex reallocation of staff and resources continues and the budget transfers funding for services and programs within the Office for fiscal year 2009. The state has also strengthened the connection between housing and service programs to support expanded efforts to offer nursing facility residents opportunities to move to the community. New legislation creating an assisted living licensing category adds an apartment-style residential option. Meanwhile, creative new strategies offer nursing facility owners incentive to downsize institutional capacity, create more affordable housing and expand service capacity. Pennsylvania has also taken steps to improve the efficiency of its home and community based services waiver for older adults.