

The Effects of Cash and Counseling on Medicaid Costs

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How Are Medicaid Costs Affected?

- Personal care costs
- Other Medicaid costs
- Total Medicaid costs
- For 1st and 2nd years in study

Control Group Means, Annual Cost

	Adults				Children
	AR	FL DD	FL Elderly	NJ	FL
Personal Care	\$2,300	\$18,300	\$10,100	\$10,000	\$12,600
Total Medicaid	\$10,700	\$24,100	\$15,800	\$22,500	\$29,100
Ratio	21%	76%	64%	44%	43%

Effects on Medicaid PCS/HCBS Expenditures—Year 1

	AR	FL	NJ
Adults			
Nonelderly	+124% (\$3,005)**	+20% (\$3,696)**	+21% (\$1,946)**
Elderly	+88% (\$2,021)**	+4% (\$433)	+12% (\$1,241)**
Children	--	+26% (\$3,319)**	--

**Significantly different from zero at .01 level.

Percent Receiving Any PCS/HCBS — Year 1

	AR	FL	NJ
Nonelderly			
Treatment	98**	99	96**
Control	63	99	88
Elderly			
Treatment	97**	99	97**
Control	75	99	90
Children			
Treatment	--	99	--
Control	--	99	--

**Significantly different from zero at .01 level.

Cost of PCS/HCBS per Recipient Month—Year 1

	AR	FL	NJ
Nonelderly Treatment Control	\$513** \$422	\$1,884** \$1,593	\$1,153* \$1,106
Elderly Treatment Control	\$420** \$336	\$983 \$967	\$1,170 \$1,172
Children Treatment Control	-- --	\$1,378** \$1,099	-- --

**Significantly different from zero at .01 level.

Ratio of Actual to Expected PCS/HCBS Cost—(Month 12)

	AR	FL	NJ
Nonelderly Allowance Control	.95 .82	1.17 .97	1.02 .96
Elderly Allowance Control	1.01 .82	1.06 1.17	1.04 1.02
Children Allowance Control	-- --	1.30 .82	-- --

Effects on non-PCS Medicaid Expenditures—Year 1

	AR	FL	NJ
Adults			
Nonelderly	-17% (-\$1,743)*	- 6% (-\$369)	-7% (-\$1,132)
Elderly	-4% (-\$320)	-5% (-\$296)	-5% (-\$413)
Children	--	-15% (-\$2,439)*	--

*Significantly different from zero at .05 level.

Effects on Total Medicaid Expenditures—Year 1

	AR	FL	NJ
Adults			
Nonelderly	+10% (\$1,263)	+14% (\$3,327)**	+3% (\$814)
Elderly	+17% (\$1,701)**	+1% (\$137)	+4% (\$828)
Children	--	+3% (\$880)	--

**Significantly different from zero at .01 level.

Effect on Total Medicaid Costs— Year 1 vs. Year 2

	AR	FL	NJ
All Adults			
Year 1	+14%**	+9%	+4%
Year 2	+5%	+12%**	+12%**
Children			
Year 1	--	+3%	--
Year 2		+8%	

**Significantly different from zero at .01 level.

Lessons

- Program increases access to paid care, which increases costs
- Costs per month were higher among recipients
 - Control group got less than expected (AR, NJ)
 - Allowance recipients got more (FL)
- C&C may generate savings in other Medicaid services, particularly nursing facility costs

Policy Implications

- Can increase access to care
- Greatly improves quality of life (all ages)
- Caregivers also benefit greatly
- States may be concerned about costs
 - But have learned how to control them

Considerations for Controlling Costs

- Control counseling costs
- Set discount factor appropriately
- Recover unused allowance
- Develop standardized reassessment procedure
- Limit program to active PCS/HCBS recipients ?
- Monitor costs for C&C and agency program

Sample Sizes

	Year 1		Year 2	
	Nonelderly	Elderly	All ages	All ages
Adults				
AR	556	1,452	2,008	1,312
FL	913	904	1,817	1,424
NJ	813	917	1,730	1,447
Children-FL	--	--	1,002	1,002