The Effects of Cash and Counseling on Medicaid Costs

Randall Brown Stacy Dale

Academy Health Annual Meetings June 26, 2005

> MATHEMATICA Policy Research, Inc.

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% | +20% | +21% |
| | (\$3,005)** | (\$3,696)** | (\$1,946)** |
| Elderly | +88% | +4% | +12% |
| | (\$2,021)** | (\$433) | (\$1,241)** |
| Children | | +26% | |
| | | (\$3,319) ** | |



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 | | |



Cost of PCS/HCBS per Recipient Month—Year 1

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



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

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



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) | |



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 Year 2 | | +3% +8% | |



Lessons

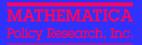
- Program increases access to paid care, which increases costs
- Costs per month were higher among recipients

 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 |

