

# **Cash & Counseling: An Innovative Model for Consumer Choice**

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**Disability Policy Research Forum #2**

**The Evaluation of the Cash & Counseling Demonstration**

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# Why Isn't Consumer Direction the Norm?

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- **Fear of:**
  - Inadequate, unsafe care of consumers
  - Exploitation of consumers
  - Caregiver injuries
  - Fraud, misuse of allowance
  - Cost increases
- **Agency/union opposition**

# Cash and Counseling

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- Implemented in three states (AR, FL, NJ)
- Enrolled Medicaid PCS/HCBS waiver eligibles (10/98 - 7/02)
- Flexible use of benefit allowed
- Consumers could hire legally liable relatives, no Medicaid contracting requirements
- No screening of eligibles (representatives allowed)
- Counselors helped develop spending plan, monitored it
- Fiscal intermediaries wrote checks, withheld taxes



# Study Design and Methods

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- Randomly assigned applicants
- 1,700 to 2,000 adults per state, 1,000 children (FL)
- Separate analyses by state and age (<18, 18-64, 65+)

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Measured Effects on:	Data
Consumers' well-being	Consumer survey @ 9 months
Caregivers' well-being	Caregiver survey @ 10 months
Hired workers' experience	Worker survey @ 10 months
Medicaid costs	Claims data for 2 years

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# Effects on Hours of Care

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- Large increase in percentage getting any paid care (12% to 27%)
- More hours of paid care (17% to 25%)
- Fewer unpaid hours (7% to 24%)
- Slightly fewer total hours of care
  - Except AR age 18-64 (-19%), FL 65+ (-12%)
- Little measurable effect on other allowance uses



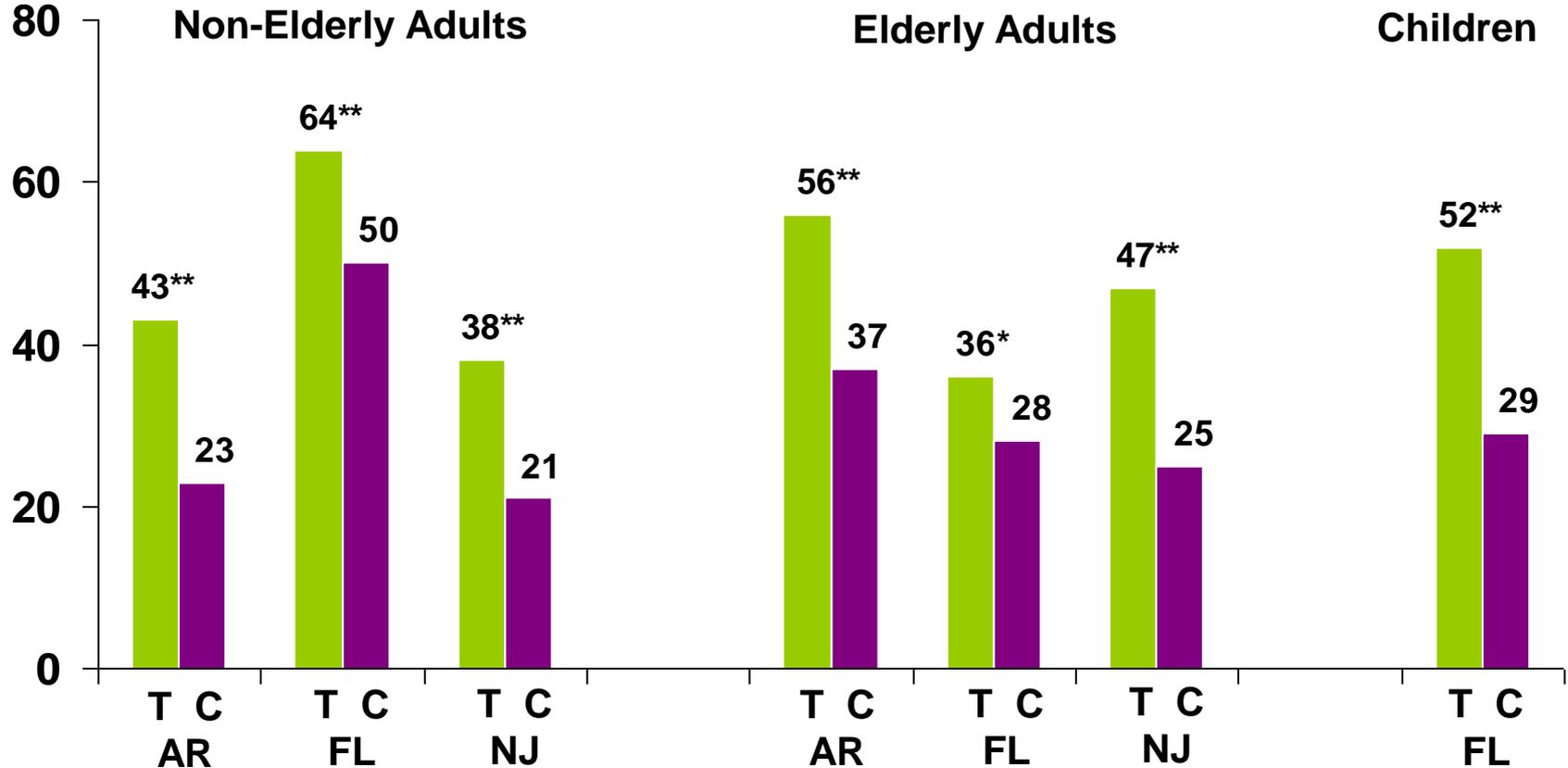
# Effects on Consumers' Well-Being

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- Large reductions in unmet needs
- Large increases in satisfaction with care
- Care-related health problems/injuries same or lower
- Satisfaction with life increases greatly
- Works for children, adults < 65, elderly
- Only exception—if few get the allowance

# Very Satisfied with Way Spending Life These Days

Percentage



\*, \*\* Significantly different from control group at .05, .01 level, respectively.

# Effects on Unpaid Caregivers

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- **Reduced total hours of care provided**
- **Much more satisfied with consumers' care, less worried**
- **Much less emotional/physical/financial strain**
  - Fewer adverse effects on work life
  - Fewer adverse health effects
- **Much greater overall satisfaction with life**
- **No effects for group whose hours increased**

# Effects on Medicaid Costs

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## For cashed out benefits, cost per month received

- Increased for younger adults (all states) and children
  - Because control group underserved in AR and NJ
  - Because allowance > care plan amount in Florida DD groups

## For total cost per beneficiary in study

- Personal care costs higher
  - Higher cost/month, higher percentage receiving
- Other Medicaid costs 4% to 17% lower (mostly long-term care)
- Total Medicaid cost 3% to 14% higher
- Only AR improved in Year 2

# Arkansas's Program Reduced Nursing Home Use

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- **18% lower NH admits and costs over 3 years**
- **For both recipients of PCS at enrollment and new eligibles**
- **Medicaid savings on non-PCS:**
  - Fully offset higher PCS costs for prior recipients
  - Offset little of higher PCS costs for new eligibles (few controls received any PCS)
- **Savings persist/grow in 3rd and 4th years**

# Conclusions

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- **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**

# Policy Issues

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## Results should allay fears about CD care, but:

- Higher costs may deter some states
- Allowance may increase demand for services
- Paying legally liable relatives troubles some
- Should consumer direction be *advocated*?
  - Agencies/unions will oppose it



# Implementation Issues Regarding Eligibility and Allowance

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- **Eligible population**
- **Allowance issues**
  - **Services to cash out**
  - **Method to set and revise amount**
  - **Permissible uses**
  - **Whether to recoup unspent funds**

# Implementation Issues Regarding Program Structure/Monitoring

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- **Counselors' roles and responsibilities**
- **Solicitation and payment of a fiscal agent**
- **Monitoring issues**
  - **Spending plans**
  - **Counselors' performance**
  - **Program costs**
  - **Time to receiving the allowance**
  - **Disenrollment rates/reasons**

# Contact Information

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