

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?

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

Cash and Counseling

- 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

- 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+)

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

Effects on Hours of Care

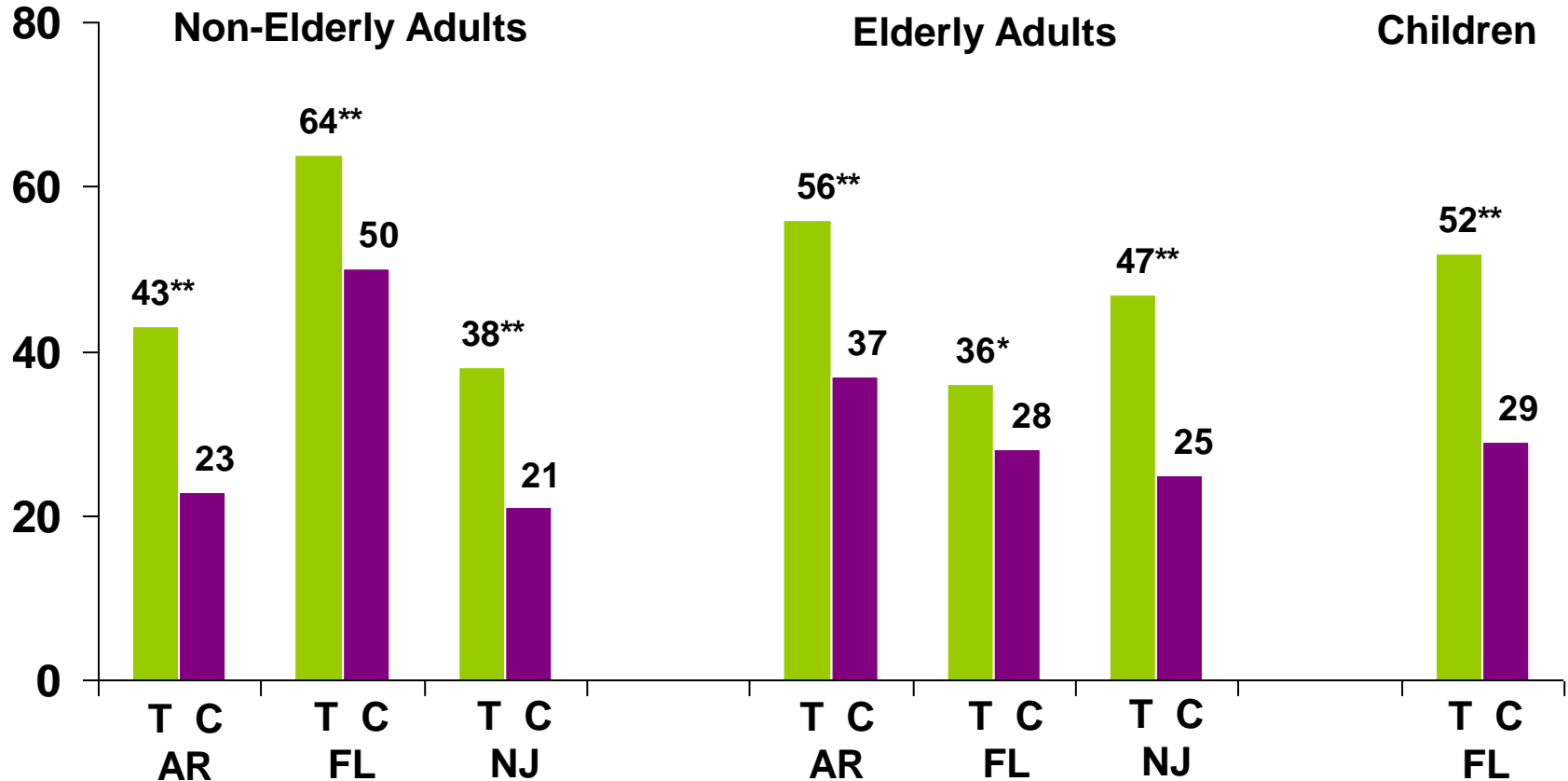
- Large increase in percentage getting any paid care (12% to 27%)
- More hours of paid care (17% to 25%)
- Fewer unpaid hours (7% to 24%)
- Slightly fewer total hours of care
 - Except AR age 18-64 (-19%), FL 65+ (-12%)
- Little measurable effect on other allowance uses

Effects on Consumers' Well-Being

- **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

- 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

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

- **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

- **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

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

- **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

- **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**

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