

CALIFORNIA HEALTH CARE ALMANAC



Long Term Care in California: Ready for Tomorrow's Seniors?

AUGUST 2013

Introduction

The leading edge of the baby-boom generation is beginning to flood California’s long term care system. And the population of residents 65 and older is projected to triple by 2060. This report describes the state’s supply and use of long term care services, including Medicare and Medicaid spending on services, and quality of care. The oversight and regulation of long term care services varies by provider, resulting in limited information — especially quality data — about assisted living facilities, personal care providers, and other home- and community-based services.

KEY FINDINGS INCLUDE:

- Use of all long term care services has increased in California, with the largest growth occurring in home- and community-based services.
- Medicare and Medicaid beneficiaries in California used long term care services at a rate that was lower than the nation’s, with the exception of Medicaid patients’ use of personal care services, which was nearly four times higher in California than in the US.
- California’s per capita supply of residential care beds for the elderly was larger than the nation’s. The state’s supply, however, has not kept pace with population growth since 2004.
- California’s performance on care quality in nursing facilities and for home health services was mixed, with top-of-the-nation performance on a some measures (e.g., nursing facility residents losing too much weight) and bottom-of-the-nation performance on others (e.g., home health care patients able to feed themselves).
- Gross revenues for California’s freestanding nursing facilities grew over 50% between 2003 and 2010. One-third of these facilities had profit margins of 9% or higher in 2010.
- Medicare and Medicaid are important payers for all long term care services. Spending per beneficiary has increased for all long term care services in the state.

Long Term Care in California

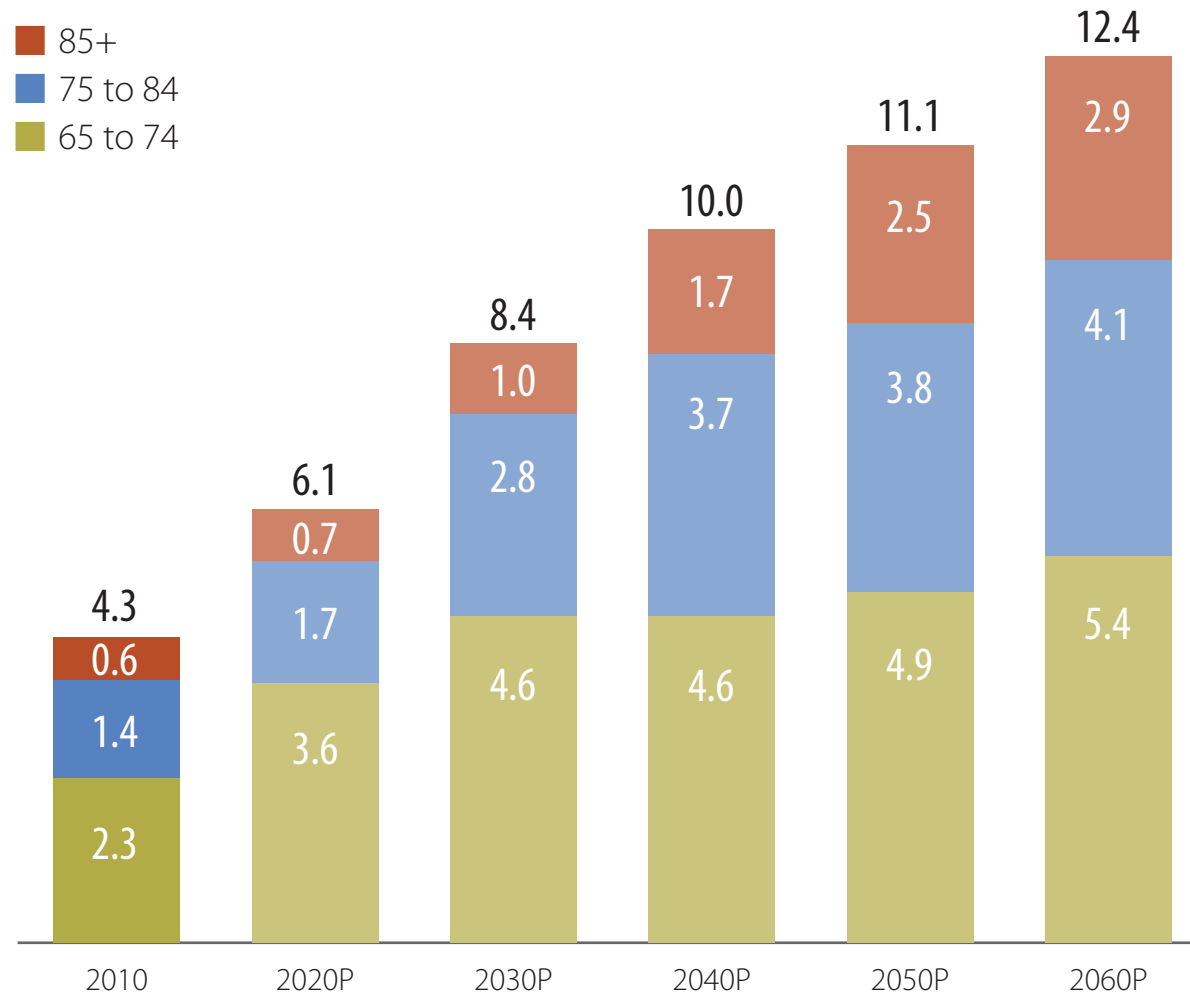
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California's Aging Population

2010 to 2060, selected years

PROJECTED NUMBER OF RESIDENTS, AGE 65 AND OLDER (IN MILLIONS)



Notes: Data for 2020 to 2060 are projections. Segments may not add to total due to rounding.

Source: California Department of Finance, *Report P-1 (Age): State and County Population Projections by Major Age Groups, 2010–2060* (January 2013), www.dof.ca.gov.

Long Term Care in California

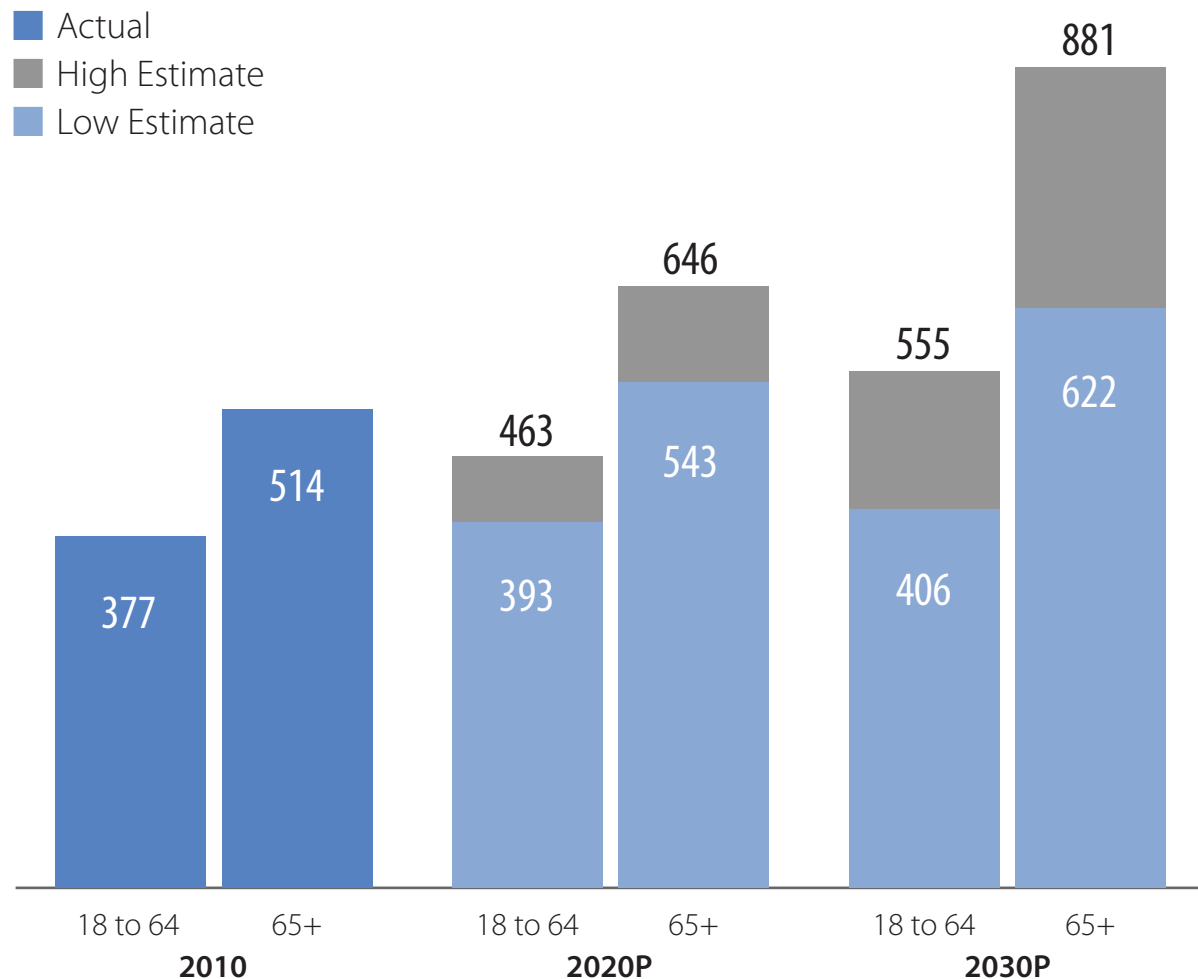
Projections

As California's population ages, the demand for long term care will increase. The number of Californians age 65 and older is projected to nearly triple between 2010 and 2060. The 85-and-over group — those most likely to need long term care — will experience the largest percentage increase.

Projected Population of Adults with ADL Difficulties

by Age Group, California, 2010 to 2030, selected years

DISABILITY POPULATION (IN THOUSANDS)



Note: Data for 2020 and 2030 are projections, which are ranges.

Source: "Projections for the Population Needing Personal Assistance, 2015–2030, California," UCSF, accessed January 24, 2013, www.pascenter.org.

Long Term Care in California

Projections

From 2010 to 2030, the number of working-age* individuals who have difficulties with activities of daily living (ADLs) is projected to increase from 377,000 in 2010 to between 406,000 and 555,000 in 2030.

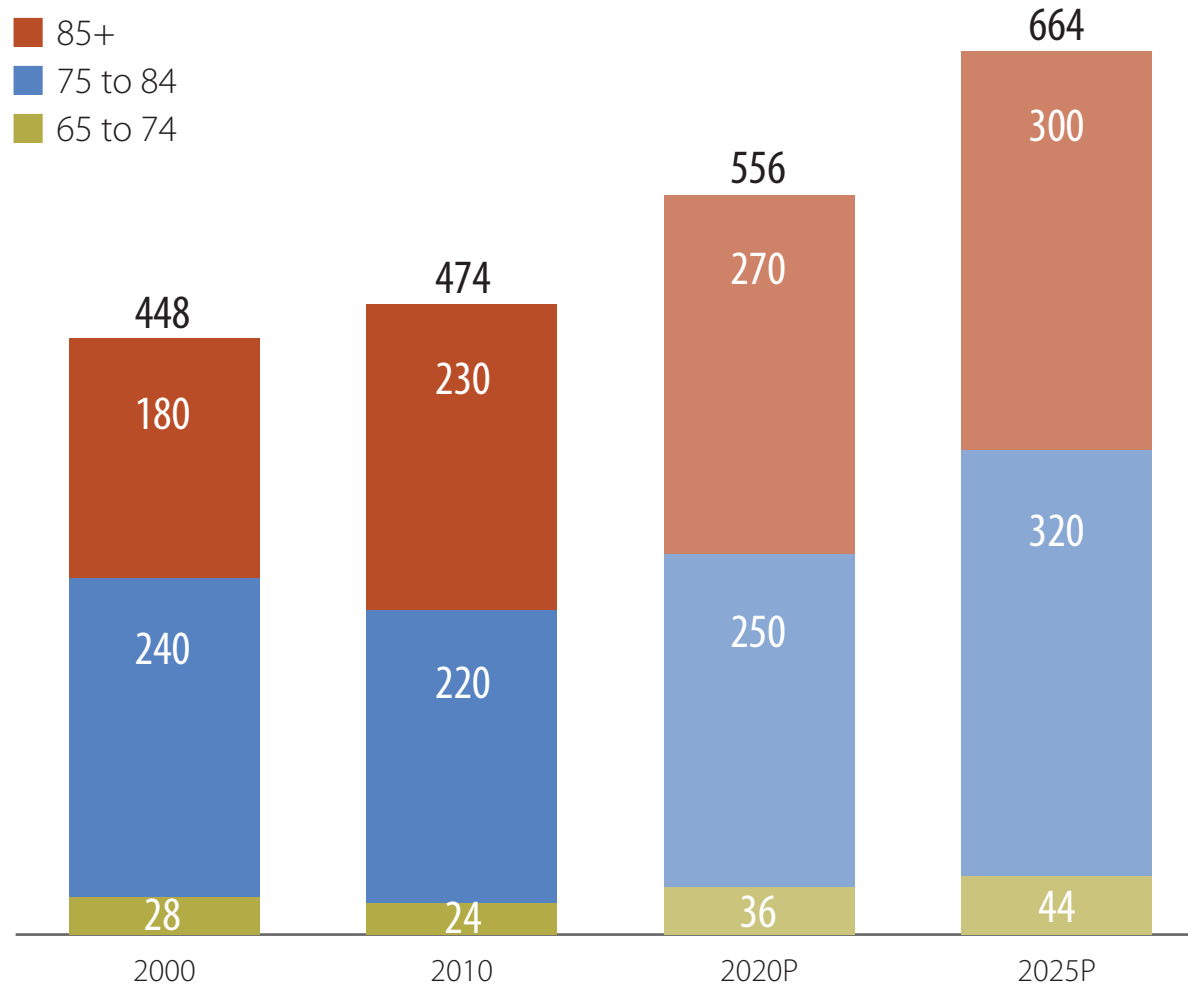
Over that same period, the number of seniors with ADL difficulties is expected to increase from 514,000 to between 622,000 and 881,000. These populations often have greater need for long term care services than adults without ADL difficulties.

*Working age is 18 to 64.

Projected Prevalence of Alzheimer's Disease

by Age Group, California, 2000 to 2025, selected years

NUMBER OF ALZHEIMER'S PATIENTS AGE 65 AND OLDER (IN THOUSANDS)



Note: Data for 2020 and 2025 are projections.

Source: "California Alzheimer's Statistics," Alzheimer's Association, www.alz.org.

Long Term Care in California

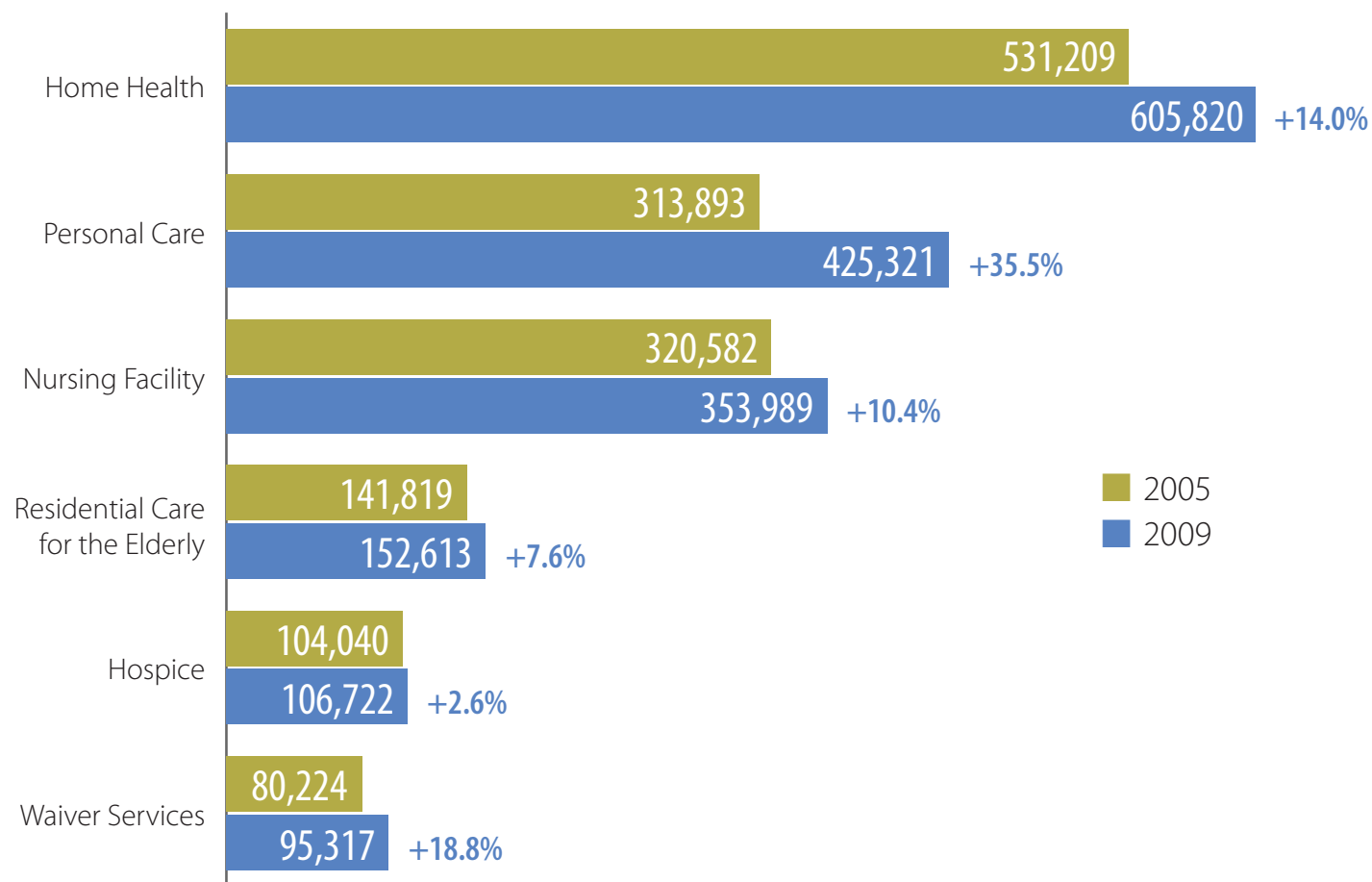
Projections

The number of older Californians with Alzheimer's disease is projected to grow by more than 200,000 between 2000 and 2025. Those with Alzheimer's disease require an increased level of care compared to the general population.

Use of Long Term Care Services

California, 2005 and 2009

NUMBER OF SERVICE RECIPIENTS



Notes: Individuals may be admitted to multiple programs or to the same program more than once. For detailed definitions of types of care, see [Appendix A](#). Waiver services are home- and community-based services (HCBS) authorized under section 1915(c) of the Social Security Act, for individuals who meet the level of care criteria for institutional services. Nursing facility information includes freestanding (i.e., long term care) and hospital-based facilities and covers individuals served by intermediate care. Personal care and waiver services categories reflect only those covered by Medicaid. Residential care for the elderly numbers are based on the number of beds in a facility and are estimated at a 90% occupancy rate.

Sources: Hospice, home health, and nursing facility use from State of California Office of Statewide Health Planning and Development (OSHPD), Department of Social Services and Community Care Licensing databases received in 2005 and 2009. "Healthcare Information Division," OSHPD, www.oshpd.ca.gov. Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org.

Long Term Care in California

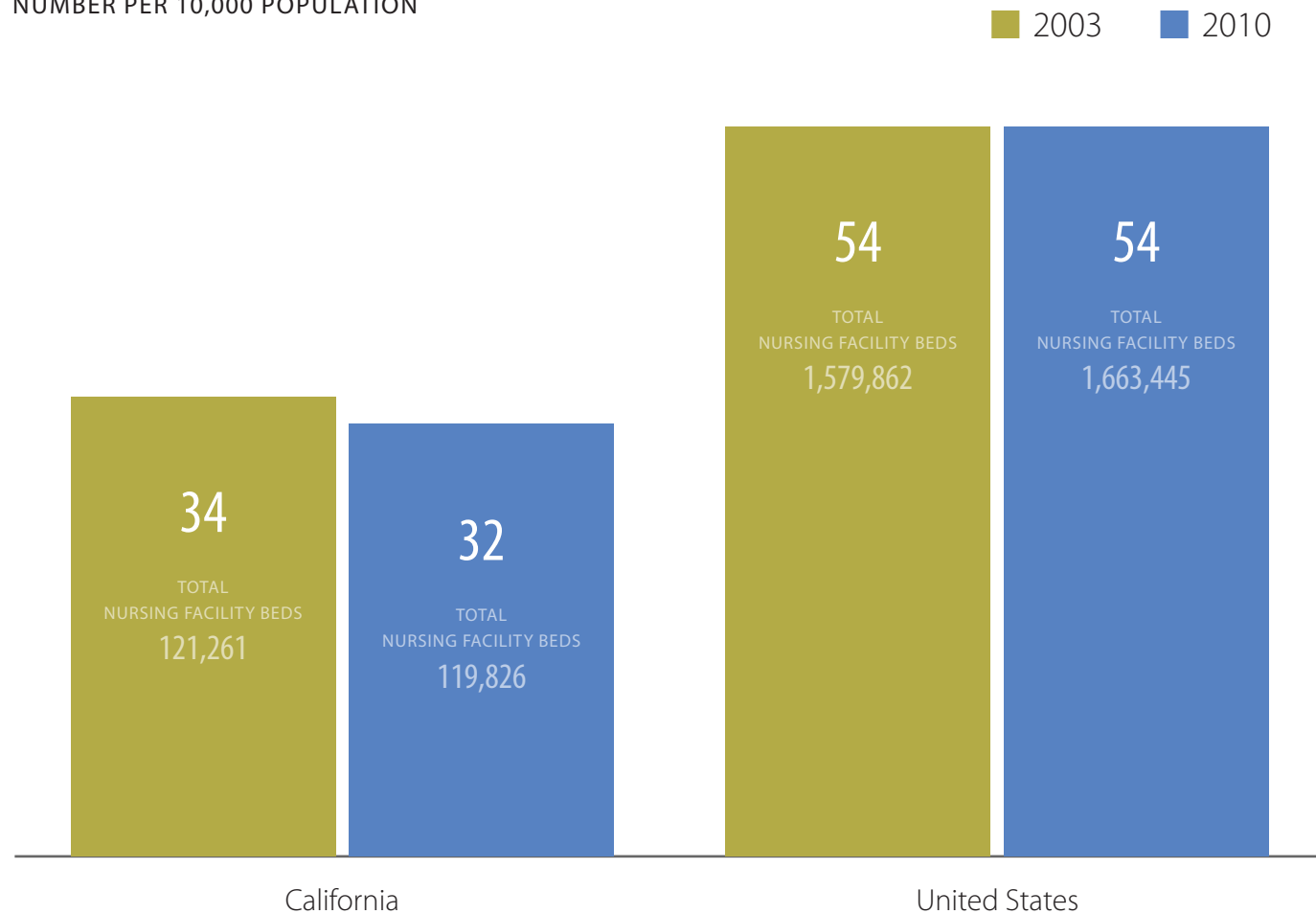
Use

The use of all long term care services increased between 2005 and 2009. The use of personal care services increased significantly — by 35% — to become the second most used long term care service. Throughout this period, home health care remained the most commonly used service.

Nursing Facility Beds

California vs. United States, 2003 and 2010

NUMBER PER 10,000 POPULATION



Note: Individuals served by intermediate care are included in the nursing facility category.

Sources: Charlene Harrington, Helen Carrillo, and Cynthia Mercado-Scott, *Nursing Facilities, Staffing, Residents, and Facility Deficiencies, 1998 Through 2004*, UCSF, accessed January 24, 2012, www.pascenter.org. Charlene Harrington et al., *Nursing Facilities, Staffing, Residents, and Facility Deficiencies, 2005 Through 2010*, UCSF, accessed January 24, 2013, www.pascenter.org. Population data from US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov.

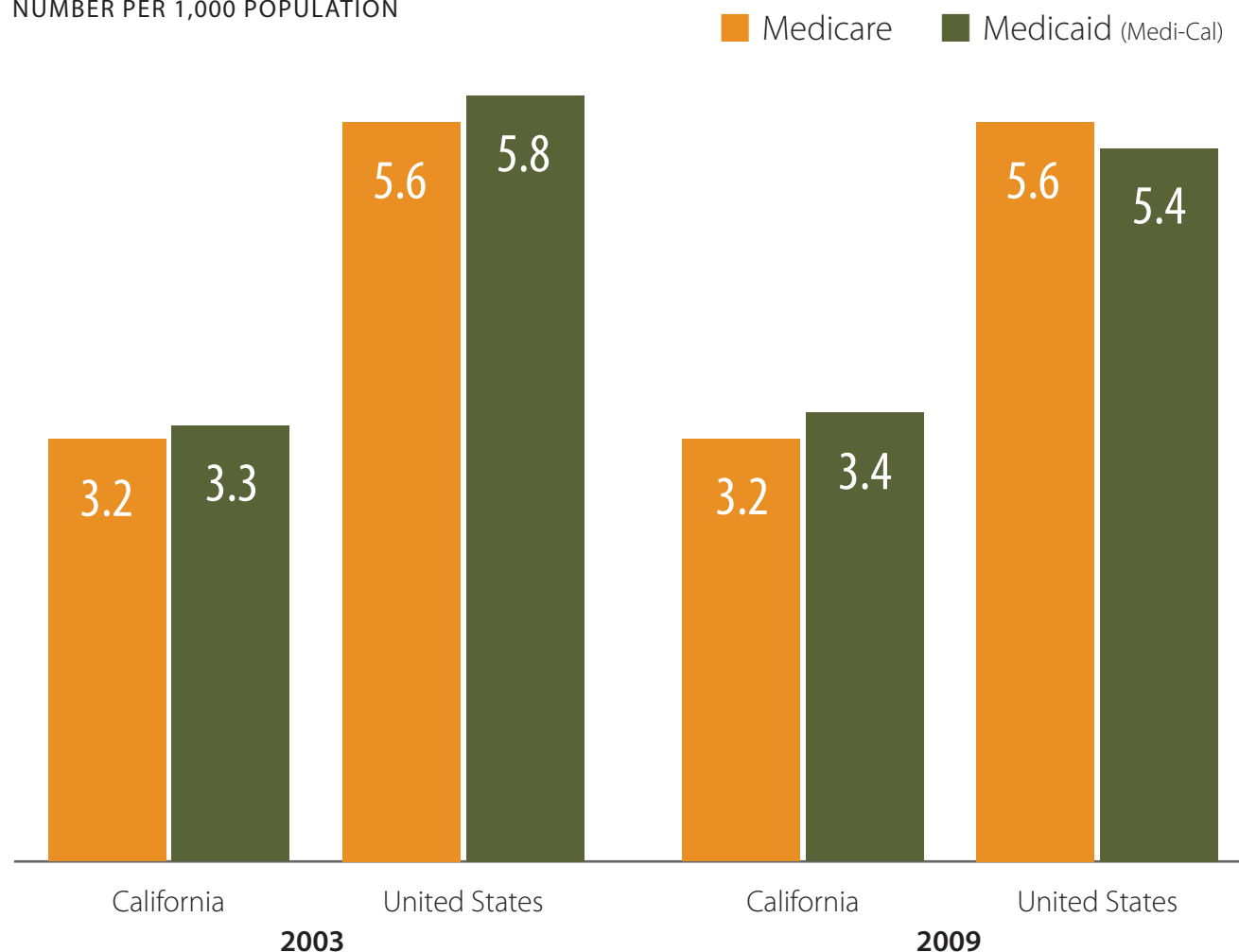
Long Term Care in California

Nursing Facilities

While the supply of nursing facility beds in California declined between 2003 and 2010, nursing facility occupancy rates remained stable at 85% (not shown). In 2010, California's average number of nursing facility beds per 10,000 individuals (32) was 40% lower than the national average (54).

Beneficiaries Receiving Nursing Facility Services, Medicare and Medicaid, California vs. United States, 2003 and 2009

NUMBER PER 1,000 POPULATION



Notes: There is some overlap in the number of Medicare and Medicaid beneficiaries receiving nursing facility services because some individuals might be enrolled in both the federal Medicare program and the state-run Medi-Cal program. Those enrolled in both programs are known as "dually eligible beneficiaries" or "dual eligibles."

Sources: Centers for Medicare and Medicaid Services, *Medicare and Medicaid Statistical Supplement*, 2005, 2010, and 2011 editions, www.cms.gov. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Long Term Care in California

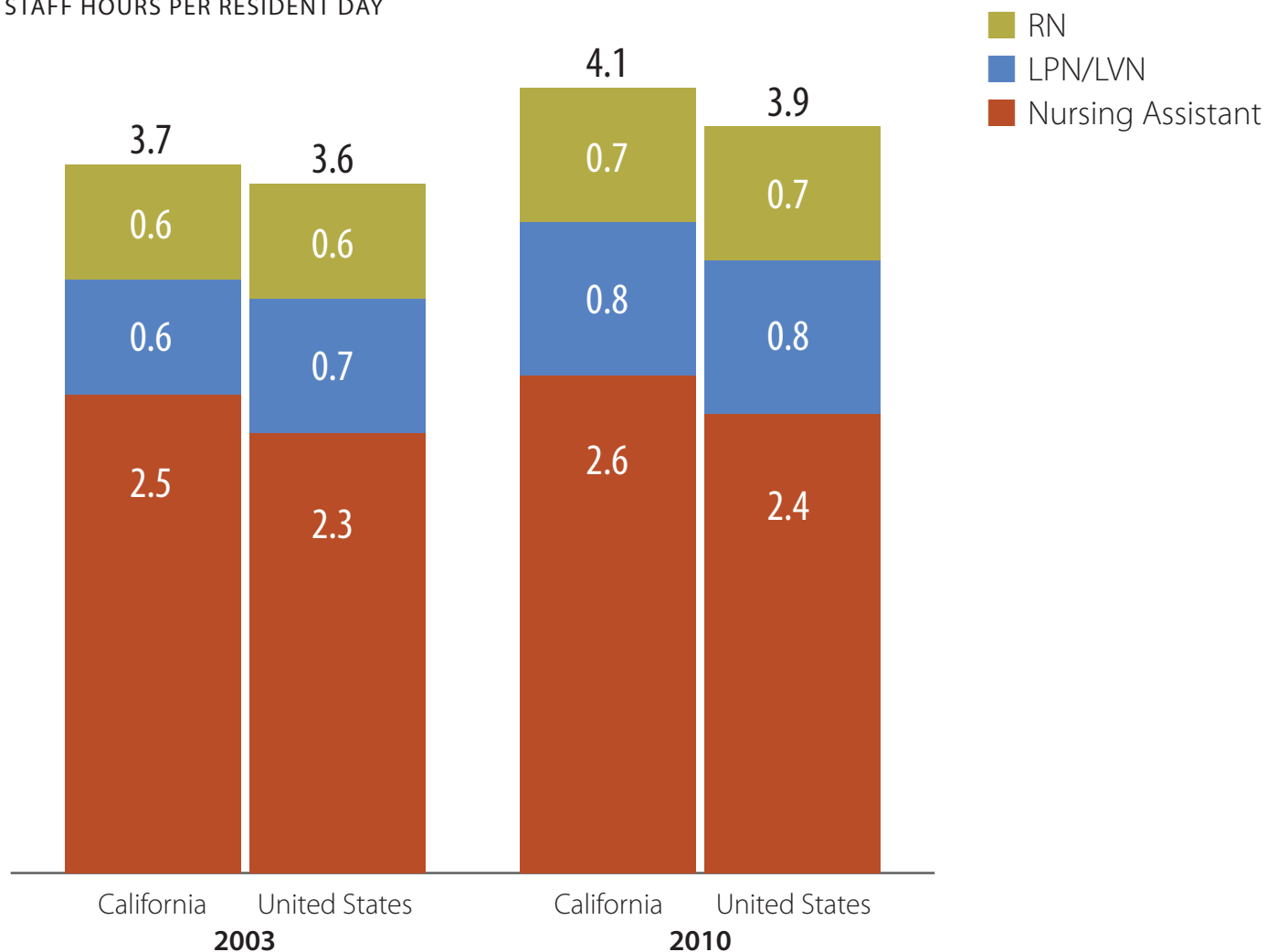
Nursing Facilities

Fewer Medicare and Medicaid (called Medi-Cal in California) beneficiaries per capita received nursing facility care in California compared to beneficiaries across the nation.

Distribution of Nursing Facility Staff Hours, by Staff Type

California vs. United States, 2003 and 2010

STAFF HOURS PER RESIDENT DAY



Long Term Care in California

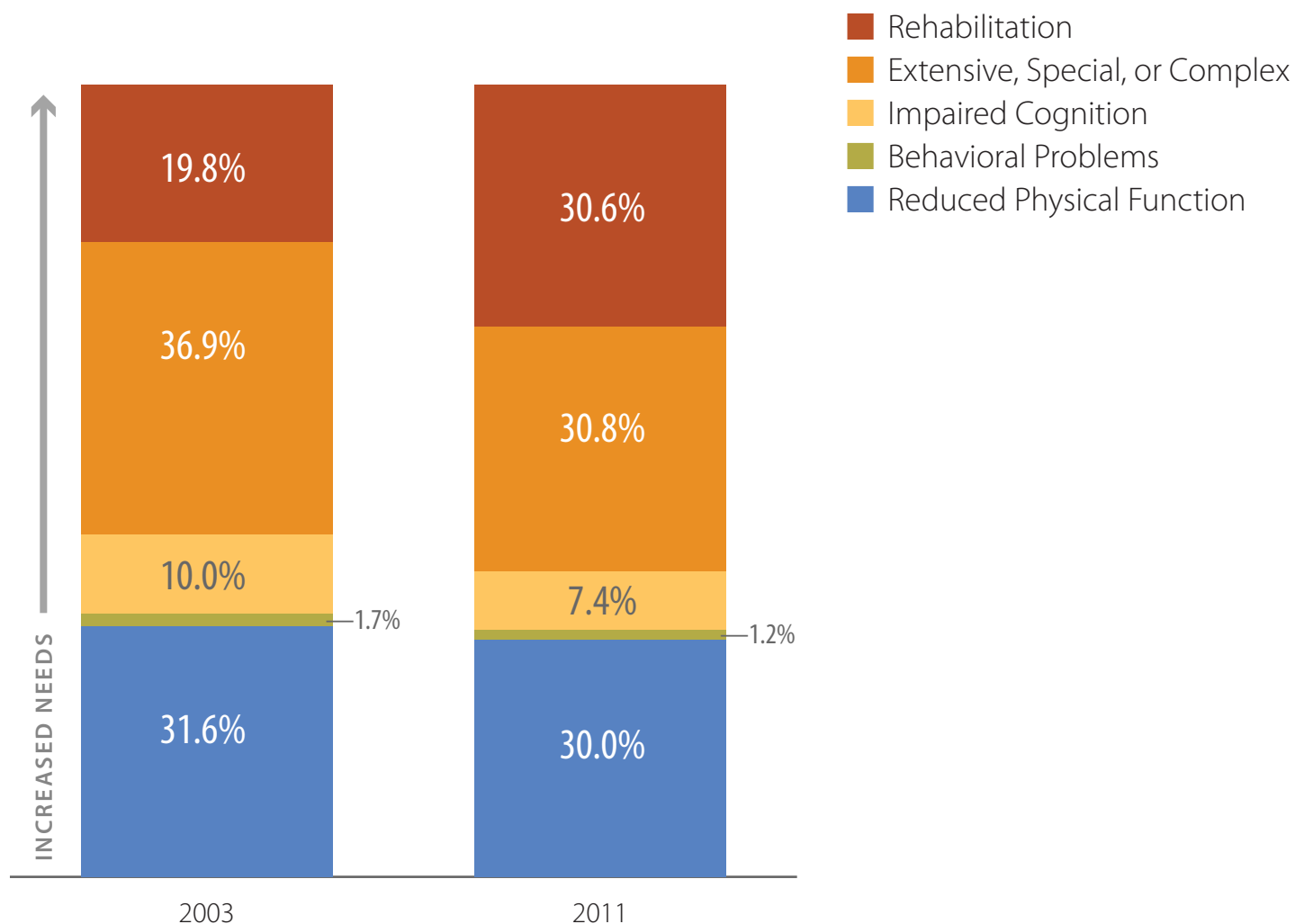
Nursing Facilities

The number of total staff hours per resident day has increased slightly in California and in the US between 2003 and 2010. Nursing assistants, who work under the direction of a licensed nurse, provide most of the direct resident care.

Sources: Charlene Harrington, Helen Carrillo, and Cynthia Mercado-Scott, *Nursing Facilities, Staffing, Residents, and Facility Deficiencies, 1998 Through 2004*, UCSF, accessed January 23, 2012, www.pascenter.org. Charlene Harrington et al., *Nursing Facilities, Staffing, Residents, and Facility Deficiencies, 2005 Through 2010*, UCSF, accessed Jan. 24, 2013, www.pascenter.org.

Nursing Facility Resident Care Needs

California, 2003 and 2011



Notes: Data is only for freestanding nursing facilities. Resident care needs are based on the Minimum Data Set instrument used to classify nursing facility residents into groups that represent a resident's relative direct care resource requirements: Resource Utilization Groups, or RUGs. Providing care to residents with more-specialized nursing requirements, licensed therapies, and greater activity-of-daily-living dependency is more costly, and is reimbursed at a higher level.

Source: CalQualityCare.org, Department of Social and Behavioral Sciences, UCSF. The original data was from CMS Resource Utilization Group databases (RUG).

Long Term Care in California

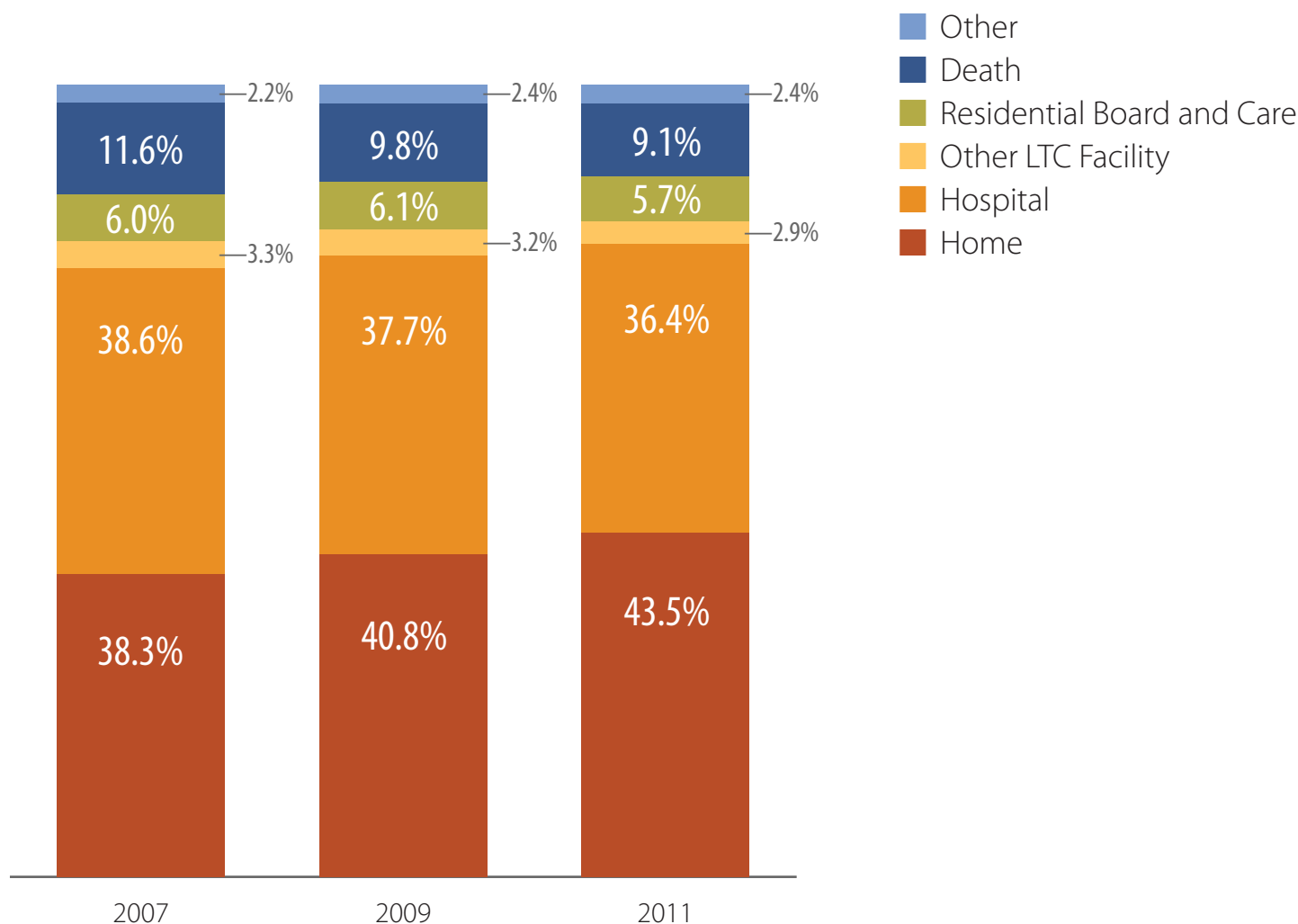
Nursing Facilities

Nursing facility residents have various needs that require differing levels of direct care resources.

The percentage of nursing facility rehabilitation residents has increased by 55% between 2003 and 2011.

Nursing Facility Discharges, by Destination

California, 2007 to 2011, selected years



Notes: Discharges to Residential Board and Care includes residential care facilities for the elderly, adult residential facilities, other assisted living facilities, or a secured facility such as an Alzheimer's unit, jail, or prison. Hospital discharges include state hospitals. Other discharges include residents who left the facility against medical advice and those who did not return to the facility after using a day pass. LTC is long term care.

Source: "Long-Term Care Facility Annual Utilization Data" (2007, 2009, and 2011), State of California Office of Statewide Health and Planning (OSHPD), www.oshpd.ca.gov.

Long Term Care in California

Nursing Facilities

In 2007, the percentages of nursing facility residents discharged to home and discharged to a hospital were about equal. Since then, nursing facility residents have been more likely to be discharged home. This trend could be attributed to the increase in home- and community-based service providers to support individuals at home, and to the increase in the numbers of individuals receiving short term rehabilitation services at nursing facilities.

Nursing Facility Quality Measures with High Rankings

California vs. United States, 2011

PERCENTAGE OF LONG-STAY RESIDENTS WHO...

Received an antipsychotic medication



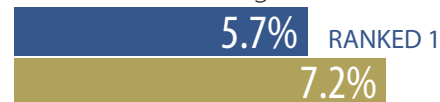
Had increased need for help with daily activities



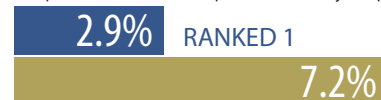
Self-reported moderate to severe pain



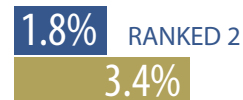
Lost too much weight



Experienced depressive symptoms



Fell at least once with major injury



■ California
■ United States

Long Term Care in California

Nursing Facilities

California nursing facilities ranked highest in the nation on three measures of nursing facility quality. Of all states, California nursing facilities had the lowest percentages of residents whose need for help with daily activities increased, who lost too much weight, and who were depressed.

Notes: A high ranking of 1 or 2, for example, means that the state is faring better than the other states that rank below it. Long-stay residents are chronic care patients who remain in the nursing home for more than 100 days.

Source: "Partnership to Improve Dementia Care in Nursing Homes Region IX/CDPH," presentation on August 17, 2012, accessed January 23, 2013, www.cdph.ca.gov.

Nursing Facility Quality Measures with Low Rankings

California vs. United States, 2011

Long Term Care in California

Nursing Facilities

Although the state has improved on nursing facility quality measures in recent years, California continues to lag the nation on a number of key performance measures, such as rates of restraint use, pressure ulcers, and low-risk residents who lose bowel and bladder function. Nearly 80% of nursing facility measures, including numbers of residents with pressure ulcers and who are physically restrained, have improved in recent years (not shown).

PERCENTAGE OF LONG-STAY RESIDENTS WHO...

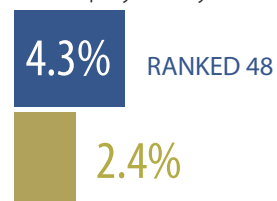
Were low-risk residents who lose control of their bowels or bladder



Were high-risk residents with pressure ulcers



Were physically restrained

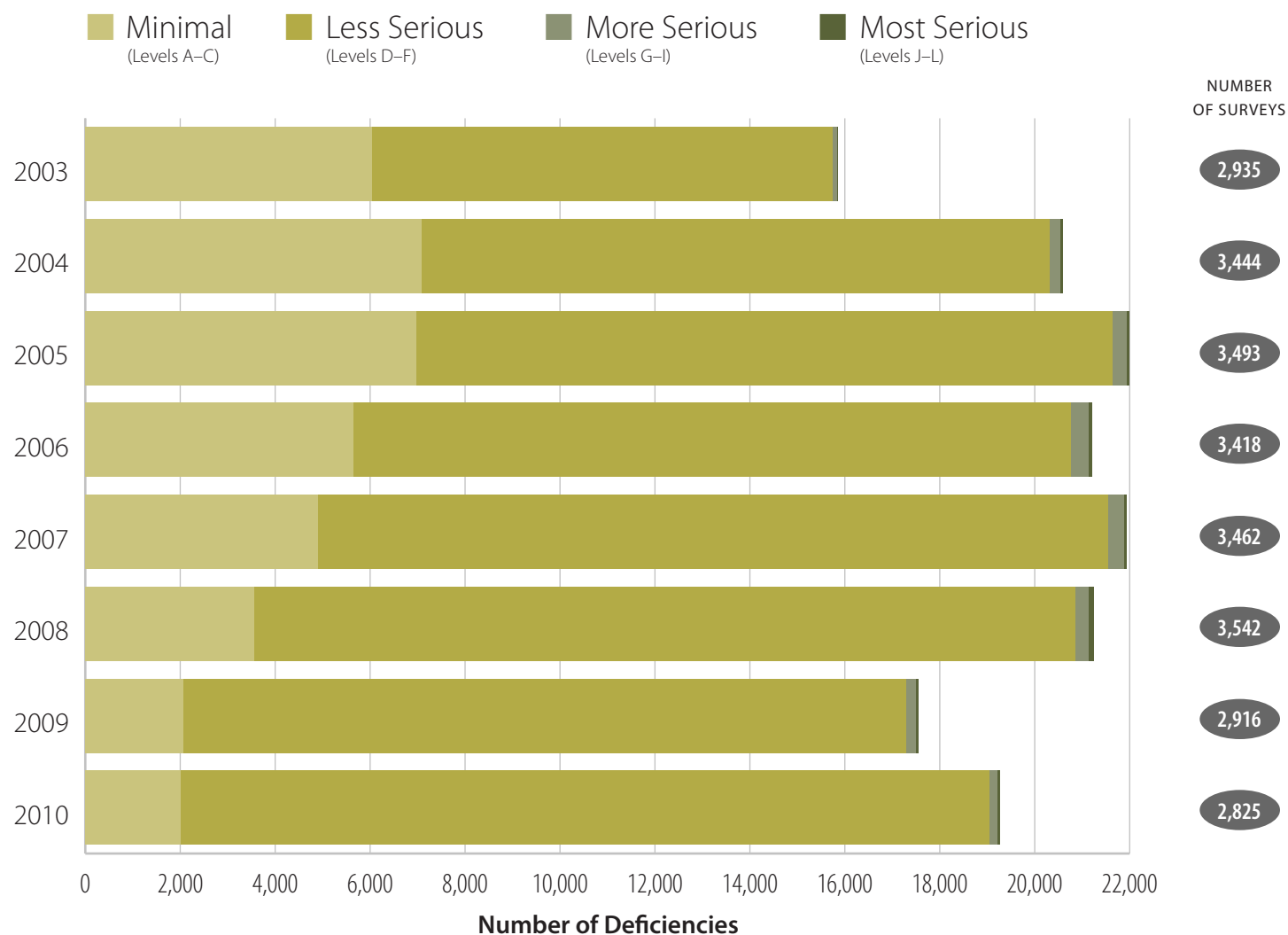


Notes: A low ranking of 48 or 49, for example, means that the state is faring worse than the other states that rank above it. Long-stay residents are chronic care patients who remain in the nursing home for more than 100 days.

Sources: "Partnership to Improve Dementia Care in Nursing Homes Region IX/CDPH," presentation on August 17, 2012, accessed January 23, 2013, www.cdph.ca.gov. Agency for Healthcare Research and Quality (AHRQ), 2011 State Snapshots, accessed June 29, 2012, statesnapshots.ahrq.gov.

Nursing Facility Federal Deficiencies

California, 2003 to 2010



Note: The California Department of Health, Licensing, and Certification (L&C) Program conducts annual surveys to determine whether nursing facilities are in compliance with federal and state quality regulations.

Sources: L&C, Centers for Medicare and Medicaid Services' Nursing Home Compare, www.medicare.gov and Certification and Survey Provider Enhanced Reporting (CASPER) database.

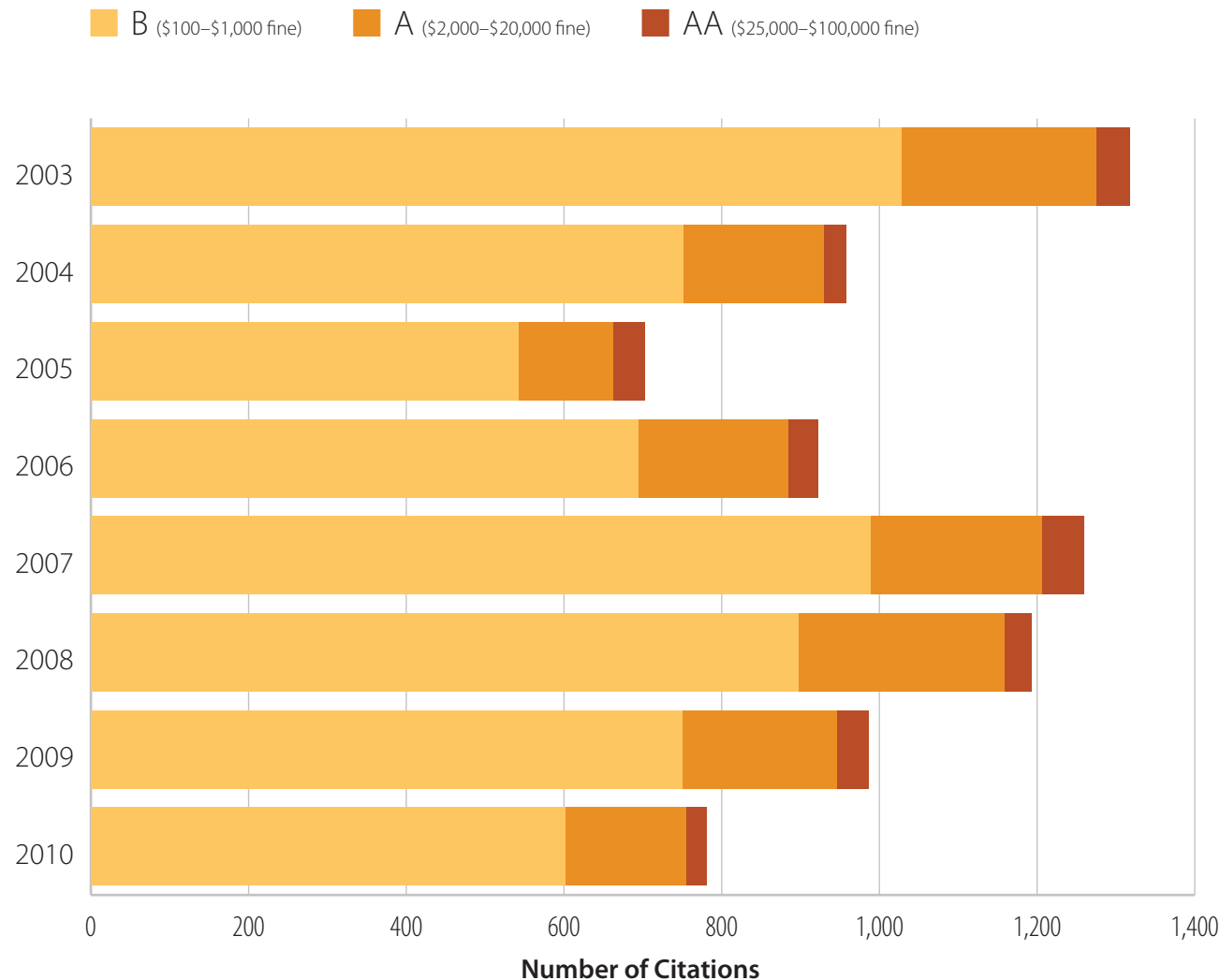
Long Term Care in California

Nursing Facilities

Between 2003 and 2010, total nursing facility federal deficiencies increased by 21% in California, with the number of most serious violations — those that resulted in physical harm or placed the resident in immediate jeopardy — tripling. The decrease in federal deficiencies in 2010 may be due to the decrease in nursing facility surveys conducted.

Nursing Facility State Citations

California, 2003 to 2010



Note: The California Department of Health, Licensing, and Certification (L&C) Program conducts annual surveys to determine whether nursing facilities are in compliance with federal and state quality regulations.

Sources: L&C and Electronic Licensing Management System (ELMS).

Long Term Care in California

Nursing Facilities

The number of state citations for California nursing facilities has fluctuated between 2003 and 2010, but there has been a steady decline in the number of citations in the last three years of this period. The number of the most serious citations has also declined from 2007 and 2010.

Total Nursing Facility Spending, by Primary Payer

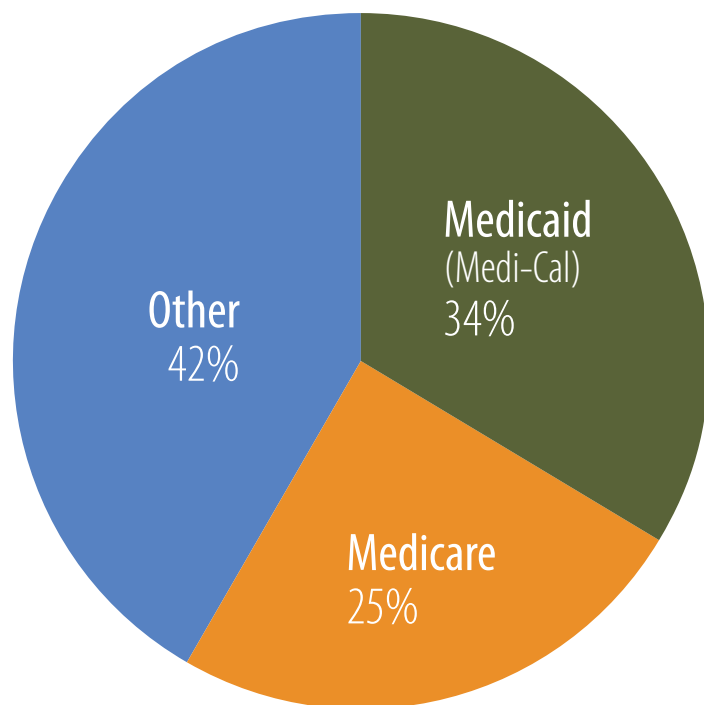
California vs. United States, 2009

Long Term Care in California

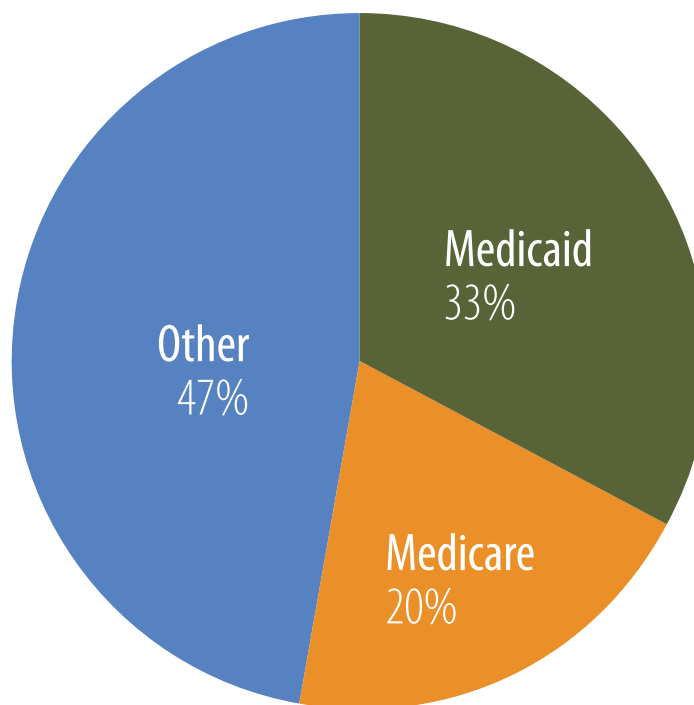
Nursing Facilities

Medicare represented one-quarter of spending on nursing facilities in California. In nursing facilities, Medicare only pays for post-acute care and not for long term care.

California
TOTAL: \$11.4 BILLION



United States
TOTAL: \$137.0 BILLION



Notes: Covers nursing and rehabilitative services provided in freestanding nursing facilities. Facilities operated by local government and US Department of Veterans Affairs are included. Other includes private insurance, all managed care, and other government sources. Segments may not add to 100% due to rounding.

Source: "State Health Expenditures by State of Residence, 1991–2009," Centers for Medicare and Medicaid Services, www.cms.gov.

Long Term Care Facility Gross Revenue, by Payer

California, 2003 and 2010

Other Managed Care Medicare Medi-Cal

Freestanding Long Term Care Facility Gross Revenue (in billions)



Hospital-Based Long Term Care Gross Revenue (in billions)



Note: Other includes private insurance, self-pay, and indigent programs.

Sources: "LTC Facilities Annual Financial Pivot Profile" (2003 and 2010), State of California Office of Statewide Health Planning and Development (OSHPD), www.oshpd.ca.gov.

"Hospital Annual Financial Data," OSHPD, www.oshpd.ca.gov.

Long Term Care in California

Nursing Facilities

Medi-Cal was the dominant payer for freestanding and hospital-based long term care facilities. Medicare revenues for freestanding facilities, however, more than doubled since 2003 as more Medicare beneficiaries have been discharged to these facilities for post-acute care, and Medicare payment rates have increased over time.

Medi-Cal Nursing Facility Reimbursement Rates

California, 2003 to 2011, selected years

PER-DAY REIMBURSEMENT



Note: Data are for freestanding nursing facilities and do not include hospital-based nursing facilities.

Source: "AB 1629 Prior Years Rates," California Department of Health Care Services, www.dhcs.ca.gov.

Long Term Care in California

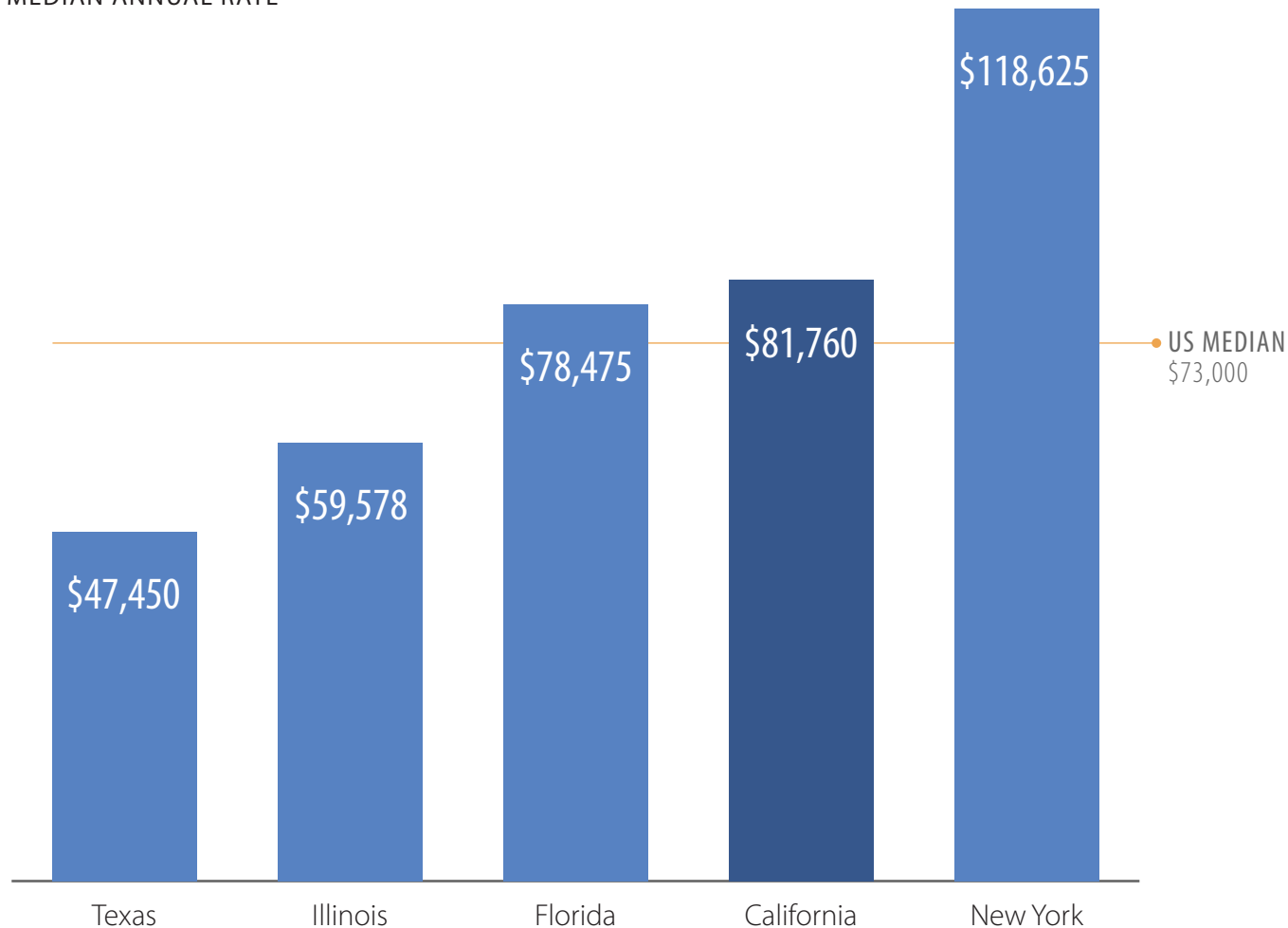
Nursing Facilities

From 2003 to 2011, the per-day Medi-Cal reimbursement rate in California steadily increased, growing by 56%.

Nursing Facility Cost, Semi-Private Room

California vs. Selected States, 2012

MEDIAN ANNUAL RATE



Long Term Care in California

Nursing Facilities

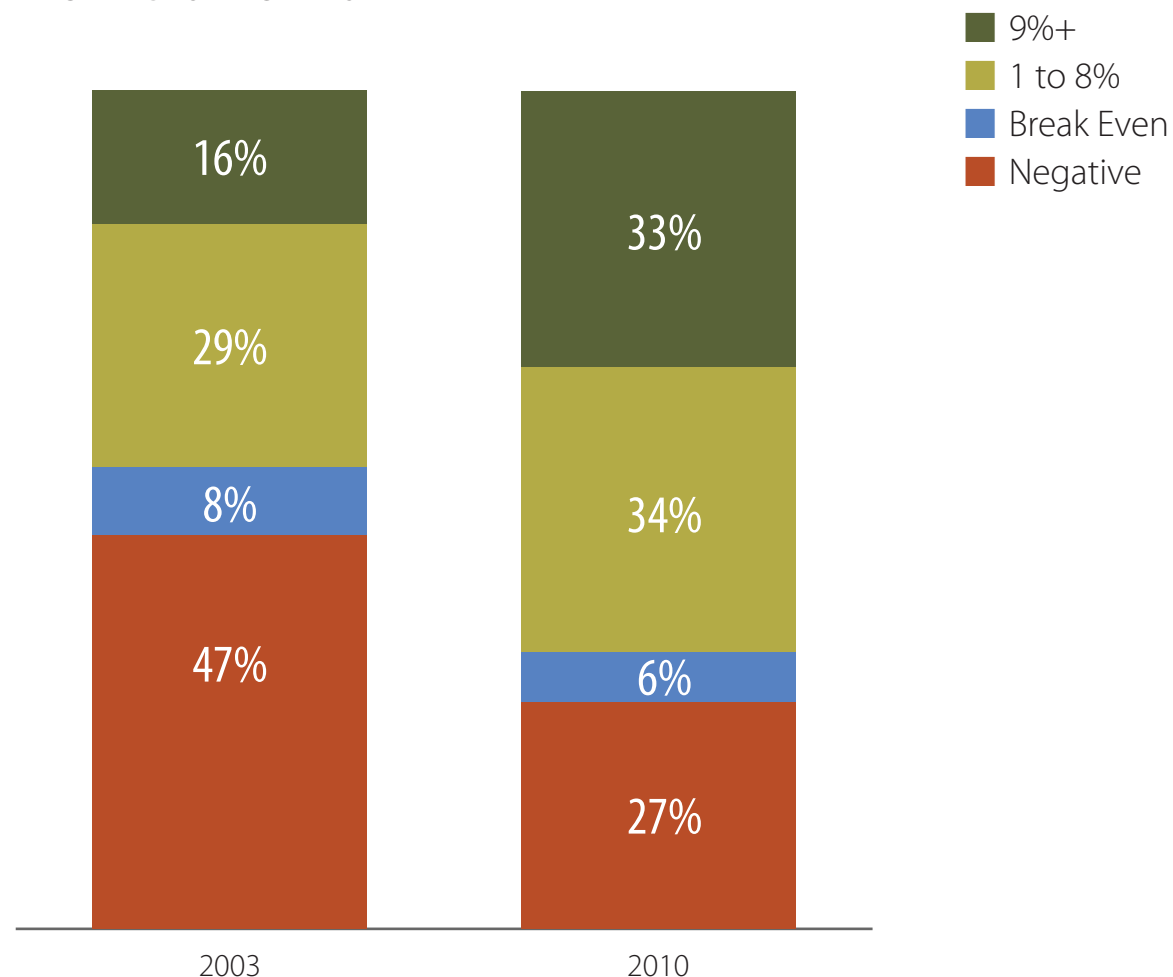
A semi-private room in a California nursing facility costs 12% more per year than the national median.

Source: Genworth Financial Inc., *Genworth 2012 Cost of Care Survey*, accessed January 17, 2013, www.genworth.com.

Freestanding Nursing Facilities, by Profit Margin

California, 2003 and 2010

PERCENTAGE OF FACILITIES



Note: All freestanding nursing facilities in California were included except government-owned nursing facilities, intermediate care facilities, hospice programs, assisted and congregate living facilities, combination assisted living facilities-nursing facilities, and homes licensed to serve individuals with mental health and/or developmental disabilities.

Source: "LTC Facilities Annual Financial Pivot Profile" (2003 and 2010), State of California Office of Statewide Health Planning and Development (OSHPD), www.oshpd.ca.gov.

Long Term Care in California

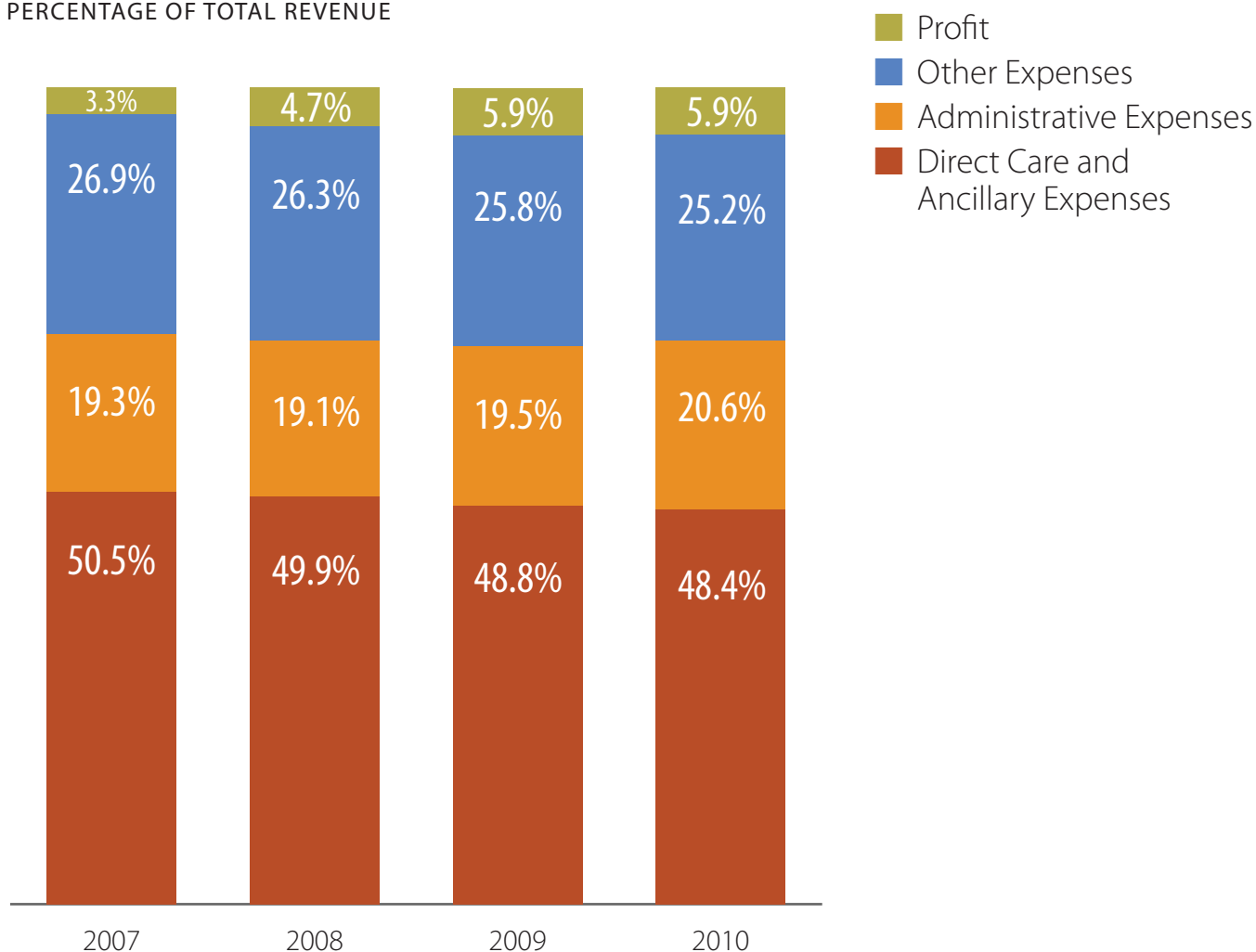
Nursing Facilities

Between 2003 and 2010, the percentage of California freestanding nursing facilities with profit margins of 9% or higher increased from 16% to 33%. The percentage of facilities with negative profit margins decreased. The increase in profitability is associated with annual increases in Medi-Cal and Medicare rates during this period.

Nursing Facility Profits and Expenses, All Payers

California, 2007 to 2010

PERCENTAGE OF TOTAL REVENUE



Notes: Expenditures and profits are based on freestanding nursing facilities. Profit margins are the difference between payments to providers and the costs to treat residents. Direct care and ancillary expenses include costs for resident care. Administrative expenses include all administration-related costs and licensing fees. May not add to 100% due to rounding.

Sources: "LTC Annual Financial — Pivot Profile" (2007-2010), State of California Office of Statewide Health Planning and Development, www.oshpd.ca.gov. Pivot table selection criteria: License category=SNF; Type of Care=Skilled Nursing Only. Number of nursing facilities included for each year: 2007, n=881; 2008, n=879; 2009, n=876; 2010, n=873.

Long Term Care in California

Nursing Facilities

From 2007 to 2010, California nursing facility profits increased and administrative expenses grew slightly. Expenses for direct care and ancillary services declined by 4%.

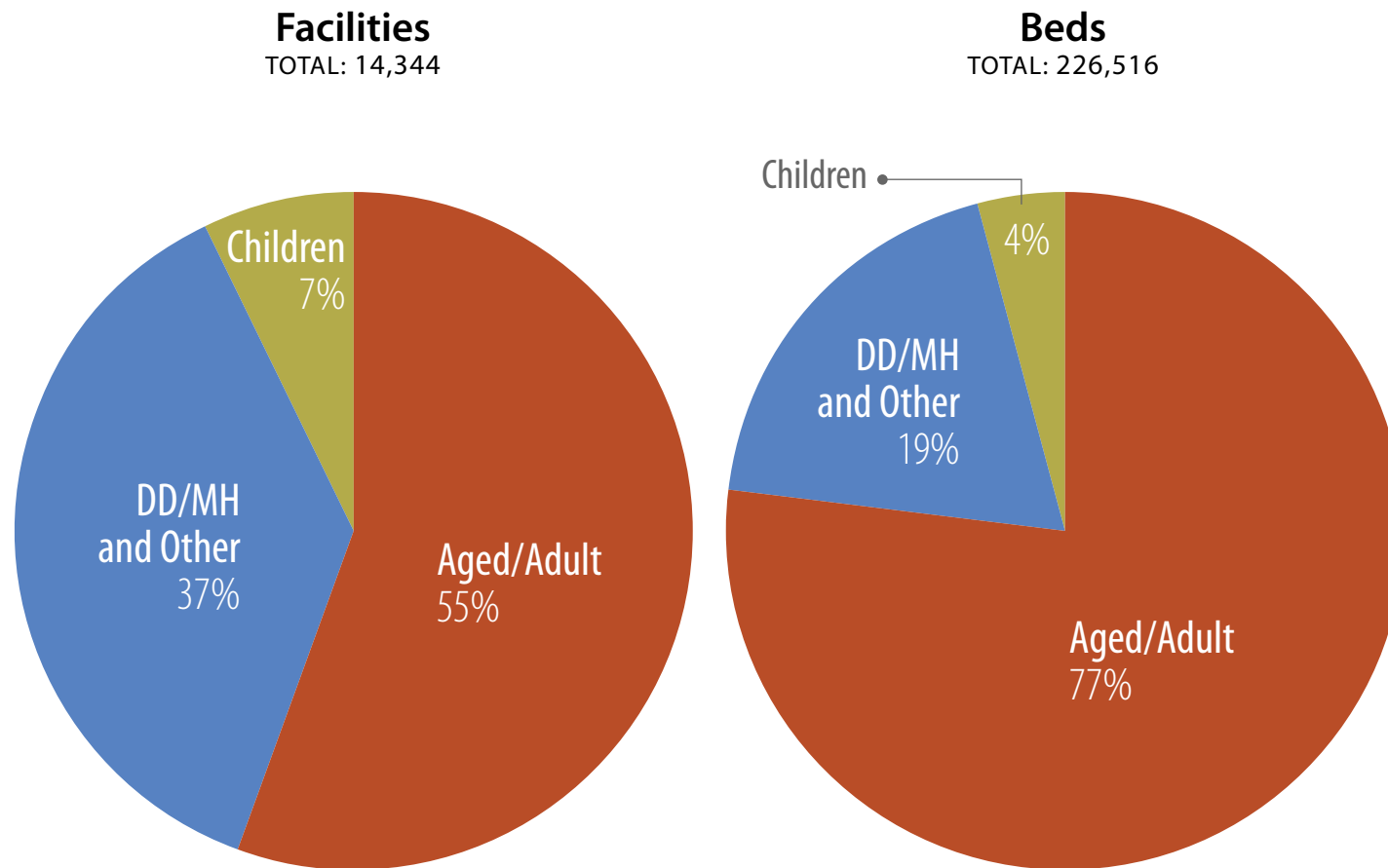
Assisted Living Capacity, by Client Group

California, 2012

Long Term Care in California

Assisted Living Facilities

The majority of assisted living facilities and beds in California were licensed to serve adult and aged clients. A large proportion of facilities served Californians with developmental disabilities or mental health conditions.



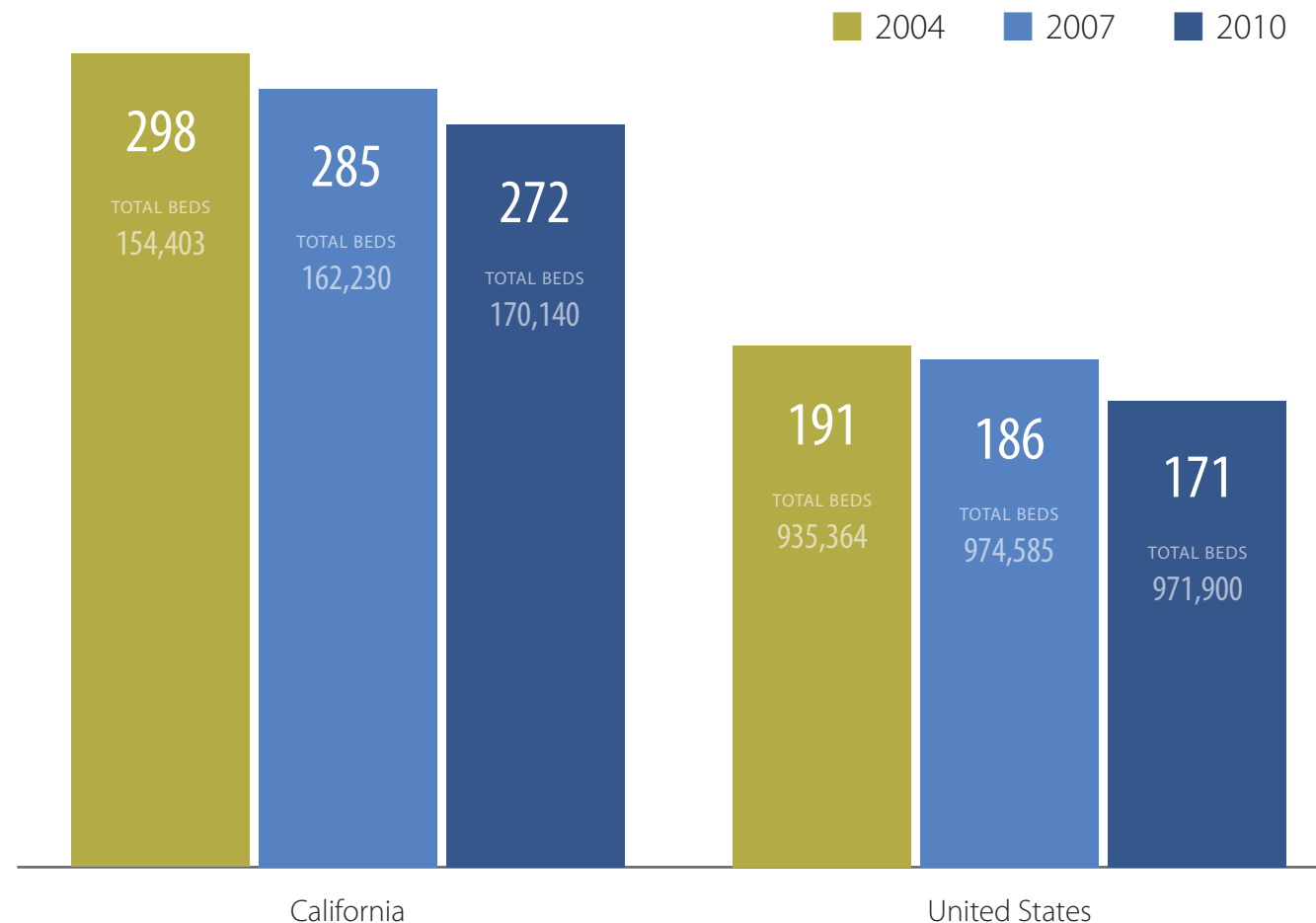
Notes: Aged/adult are 18 and older and includes residential care, assisted living facilities, and residential care facilities for the elderly (RCFEs). Assisted living facilities are referred to as residential care facilities in California. DD/MH/Other is developmentally disabled, mental health, and other. Children are under 18. Segments may not add to 100% due to rounding.

Source: California Department of Social Services, Community Care Licensing Division, data received April 2012.

Assisted Living Facility Beds

California vs. United States, 2004 to 2010, selected years

BEDS PER 10,000 POPULATION, AGE 65 AND OLDER



Notes: Assisted living facilities are referred to as residential care facilities in California. Residential care facilities for the elderly (RCFEs) are licensed facilities that provide room, food, and assistance to individuals age 65 and older.

Sources: California data: California Department of Social Services Community Care Licensing Division, databases received in May 2004, December 2005, July 2006, July 2007, February 2008, November 2009, April 2010, April 2011, and April 2012. United States data: Eunice Park-Lee et al., *Residential Care Facilities: A Key Sector in the Spectrum of Long-Term Care Providers in the United States*, Centers for Disease Control and Prevention, www.cdc.gov. Robert Mollica, Kristin Sims-Kastelein, and Janet O'Keeffe, *Residential Care and Assisted Living Compendium: 2007*, US Department of Health and Human Services, aspe.hhs.gov. Population data is from US Census Bureau, Population Division, Interim State Population Projections, 2005.

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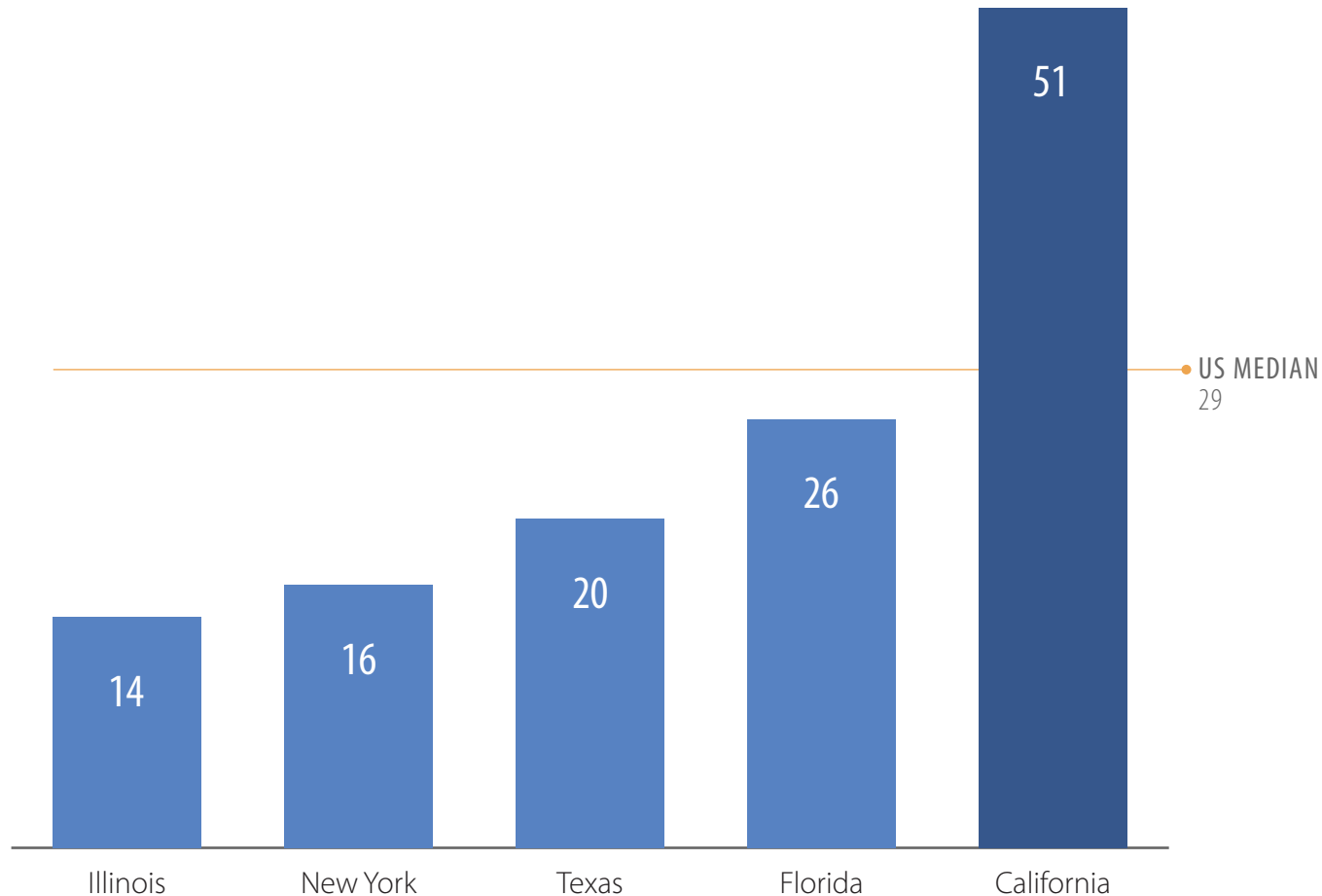
Assisted Living Facilities

Although California had more assisted living beds per capita than the US average, the rate of growth of beds in assisted living facilities for the elderly has not kept pace with the expanding senior population. In California and the US, the number of beds per population declined, but California's rate of decline (9%) was slower than the nation's (11%).

Assisted Living Facility Units

California vs. Selected States, 2010

NUMBER OF UNITS PER 1,000 POPULATION, AGE 65 AND OLDER



Note: Assisted living facilities are referred to as residential care facilities in California.

Sources: US Census Bureau and AARP, accessed August 6, 2012, "Raising Expectations," www.longtermscorecard.org. "California: 2011 State Long-Term Services and Supports Scorecard Results," www.longtermscorecard.org.

Long Term Care in California

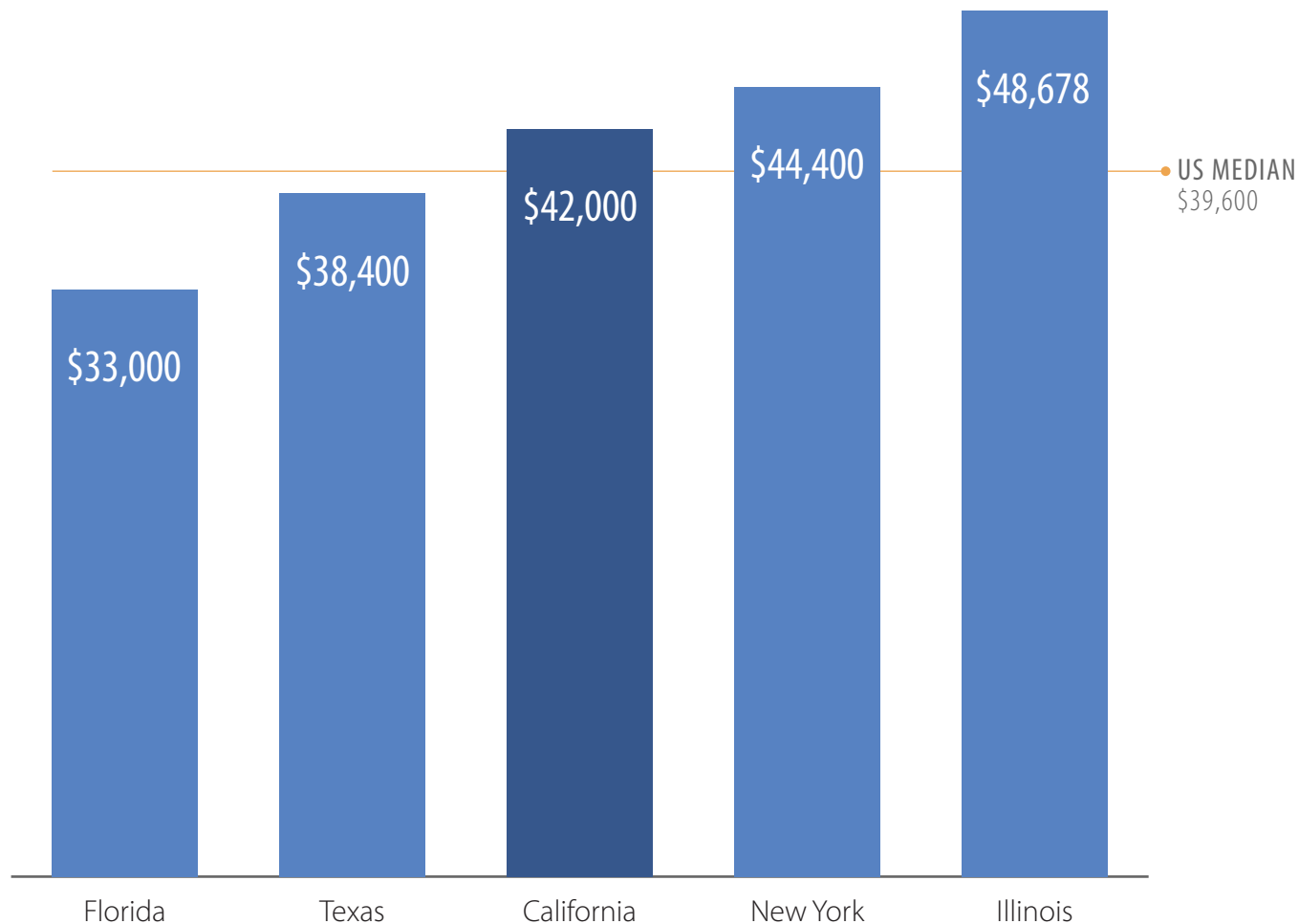
Assisted Living Facilities

California ranked seventh nationally in the number of assisted living facilities available for individuals 65 and older.

Assisted Living Facility, Annual Cost

California vs. Selected States, 2012

MEDIAN ANNUAL RATE



Notes: Assisted living facilities are referred to as residential care facilities in California. Rates are for one-bedroom, single-occupancy rooms.

Source: Genworth Financial Inc., *Genworth 2012 Cost of Care Survey*, accessed August 6, 2012, www.genworth.com.

Long Term Care in California

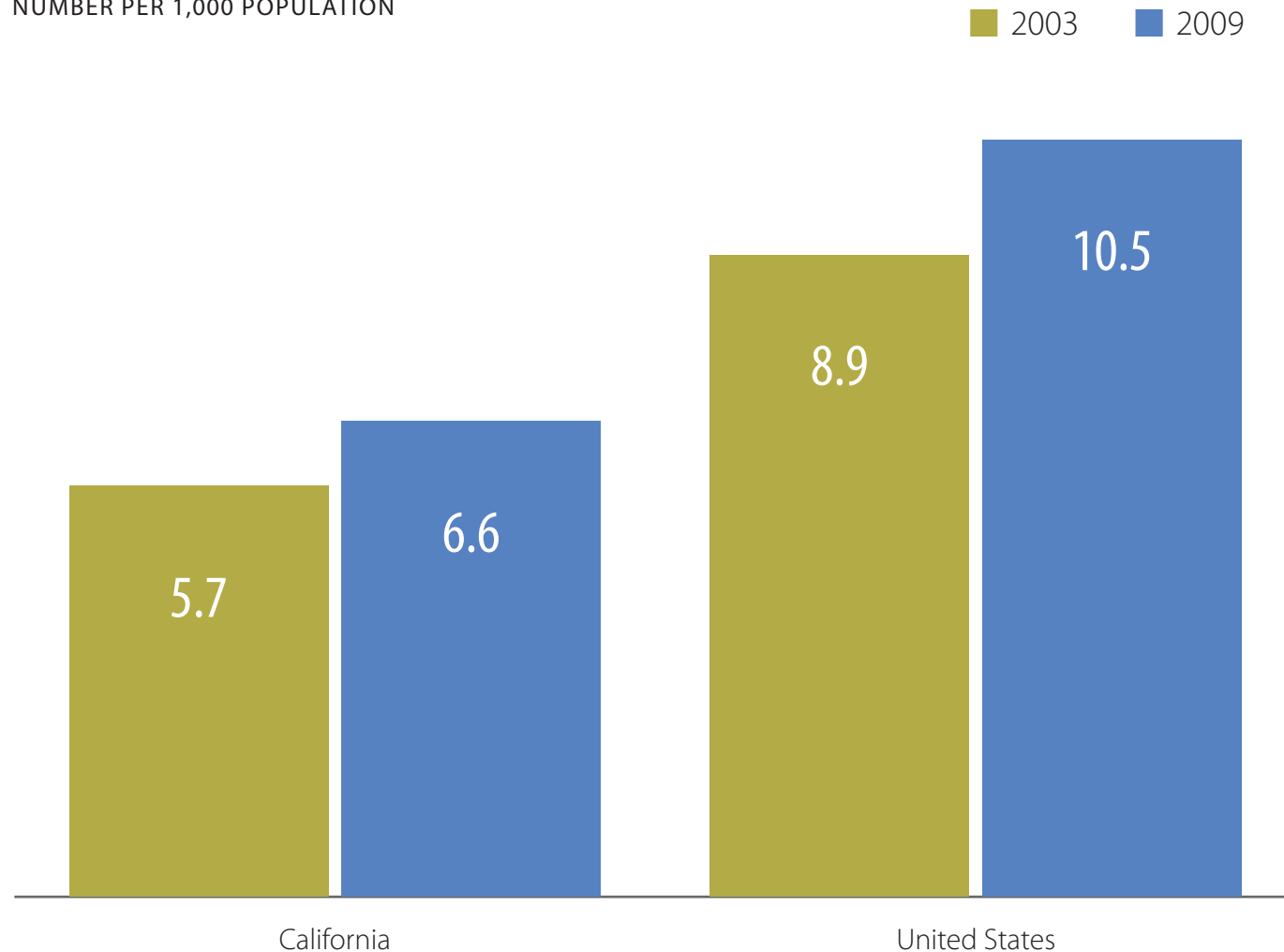
Assisted Living Facilities

The median annual cost of assisted living in California was 6% higher than the US median. Most residents self-pay for these services, which are not covered by insurance.

Medicare Beneficiaries Receiving Home Health Services

California vs. United States, 2003 and 2009

NUMBER PER 1,000 POPULATION



Long Term Care in California

Home Health Care

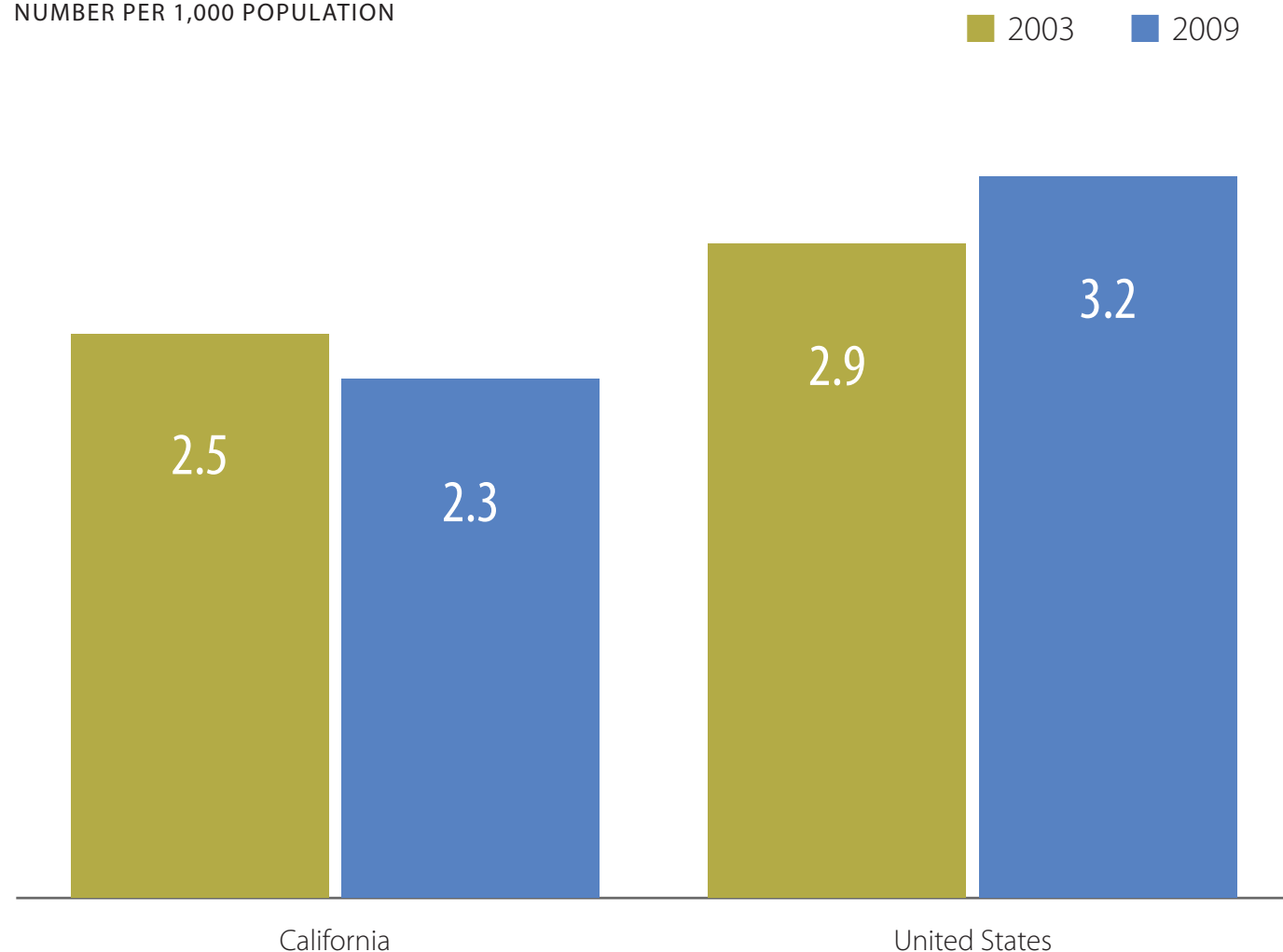
Medicare beneficiaries in California received home health services at a lower rate than the national average. In both the US and California, rates of beneficiaries receiving these services increased slightly between 2003 and 2009. If this trend continues, the state will need to increase its supply of home health care providers.

Sources: Centers for Medicare and Medicaid Services, *Medicare and Medicaid Statistical Supplement*, 2005 and 2010 editions, www.cms.gov. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Medicaid Beneficiaries Receiving Home Health Services

California vs. United States, 2003 and 2009

NUMBER PER 1,000 POPULATION



Long Term Care in California

Home Health Care

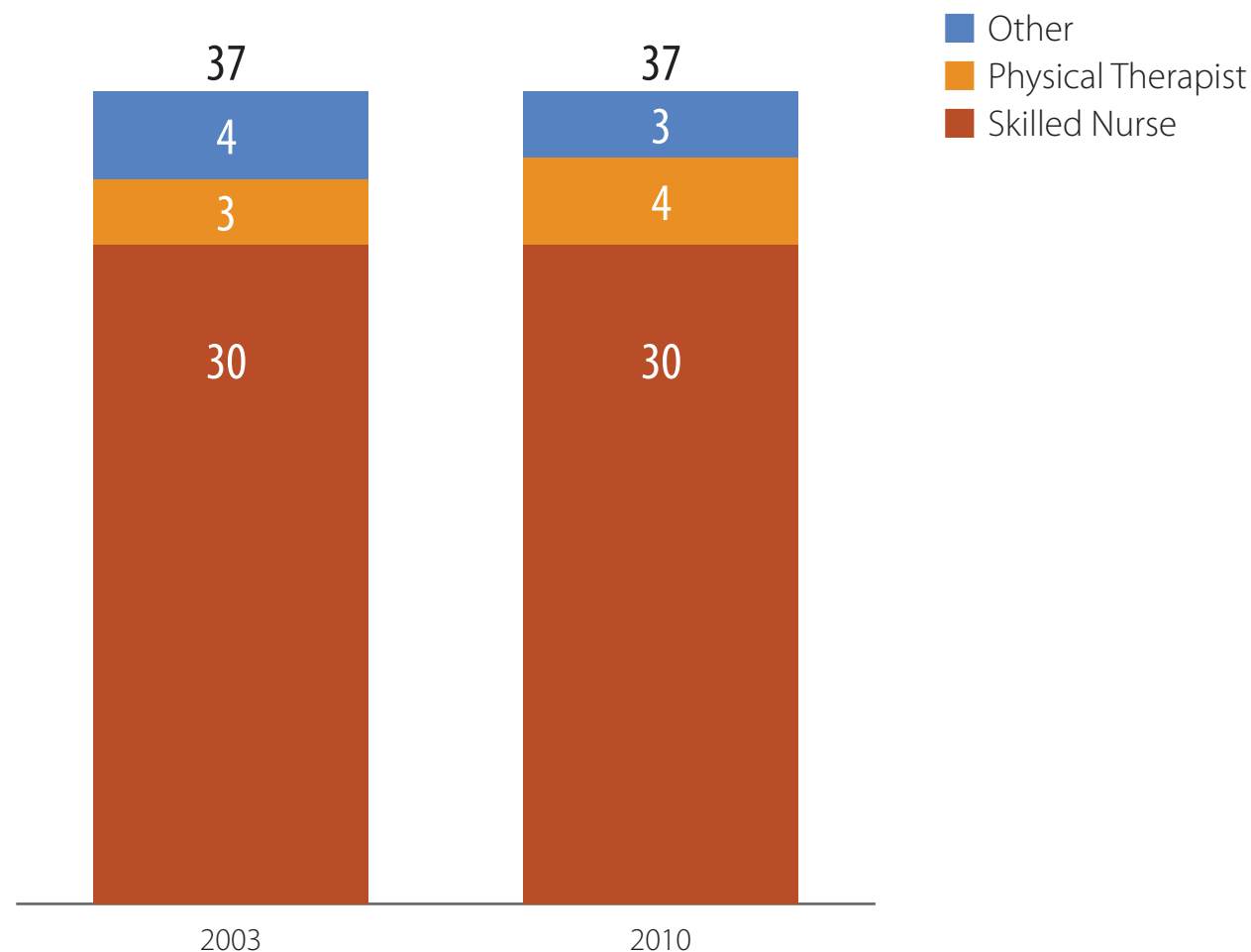
The number of Medicaid beneficiaries per capita in California receiving home health services was lower than the national average, and decreased slightly between 2003 and 2009. The national average increased in this same period.

Sources: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Home Health Visits, by Provider Type

California, 2003 and 2010

AVERAGE NUMBER OF VISITS



Note: Other includes visits by home health aides, nutritionists, occupational therapists, spiritual/pastoral care providers, physicians, social workers, speech pathologists, and physical therapists.

Source: "Home Health Agencies and Hospice Facility Annual Utilization Data," State of California Office of Statewide Health Planning and Development (OSHPD), 2003–2010, www.oshpd.ca.gov.

Long Term Care in California

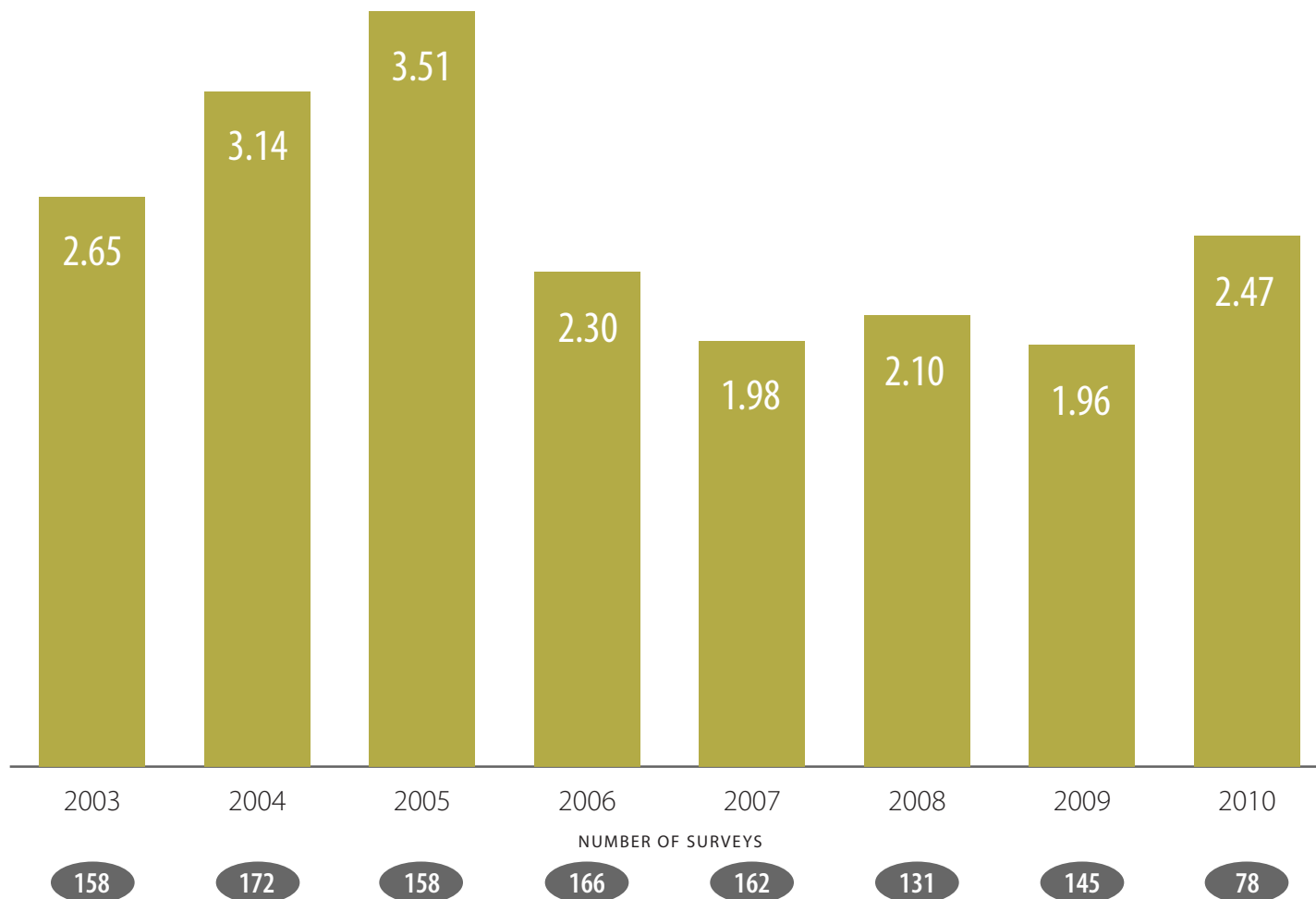
Home Health Care

From 2003 to 2010, skilled nursing services consistently made up the vast majority of home health visits.

Home Health Agency Federal Deficiencies

California, 2003 to 2010

AVERAGE NUMBER PER AGENCY



Notes: Deficiencies are violations of federal regulations issued during a survey by the California Department of Health, Licensing, and Certification (L&C) Program. The L&C Program surveys home health agencies at least every three years.

Source: Centers for Medicare and Medicaid Services, Certification and Survey Provider Enhanced Reporting (CASPER) database, 2011.

Long Term Care in California

Home Health Care

Between 2003 and 2010, the average number of federal deficiencies in California home health agencies decreased by 7%. In 2010, there were half as many surveys conducted as in 2003.

Home Health Agency Quality Measures

California vs. United States, 2011

PERCENTAGE OF PATIENTS

Admitted to an Acute Care Hospital (for at least 24 hours)*



Able to Plan and Prepare Light Meals†



Able to Feed Themselves†



Received Pneumonia Vaccine (ever)



Discharged from Home Health Care and Remain in the Community (rather than inpatient facility)



Received Pressure Ulcer Prevention (implemented during short term episodes of care)



*For this measure only, a lower percentage reflects better performance.

†For all measures, except these two, California was tied with at least one other state for the rank.

Note: Rank is out of the 50 states and Washington, DC.

Source: Centers for Medicare & Medicaid Services, "OASIS C Based Home Health Agency Patient Outcome, Process and Potentially Avoidable Event Reports," accessed June 1, 2012, www.cms.gov.

Long Term Care in California

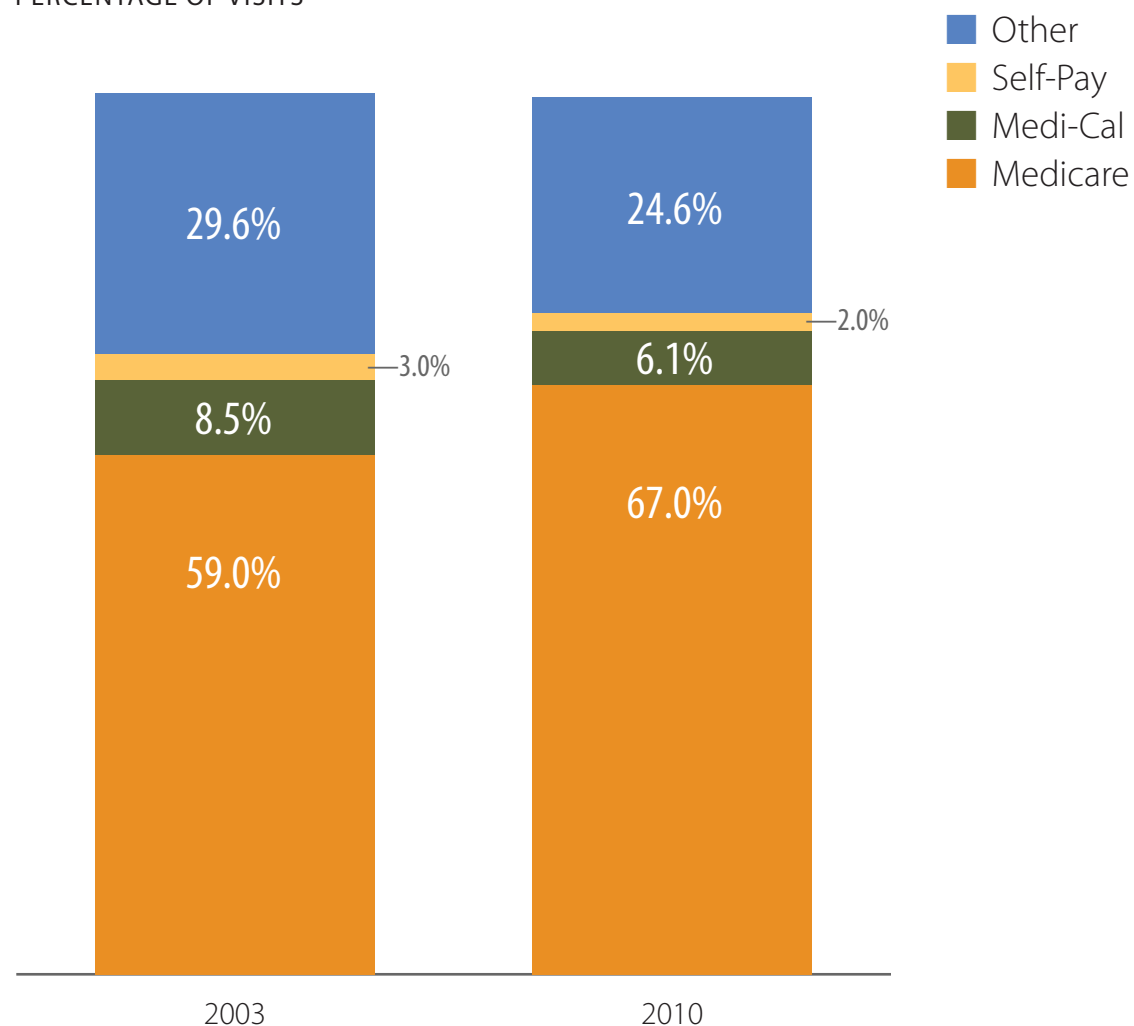
Home Health Care

California's home health agencies performed as well as or better than their national peers on more than 90% of the 60 quality measures tracked by Medicare (not shown). California home health agencies struggled with a few measures addressing improvements in basic activities of daily living: patients able to plan and prepare light meals, and able to feed themselves.

Home Health Visits, by Payer

California, 2003 and 2010

PERCENTAGE OF VISITS



Notes: Other includes private insurance and HMOs/managed care. Segments may not add to 100% due to rounding.

Source: "Home Health Agencies and Hospice Facility Annual Utilization Data," State of California Office of Statewide Health Planning and Development (OSHPD), 2003–2010, www.oshpd.ca.gov.

Long Term Care in California

Home Health Care

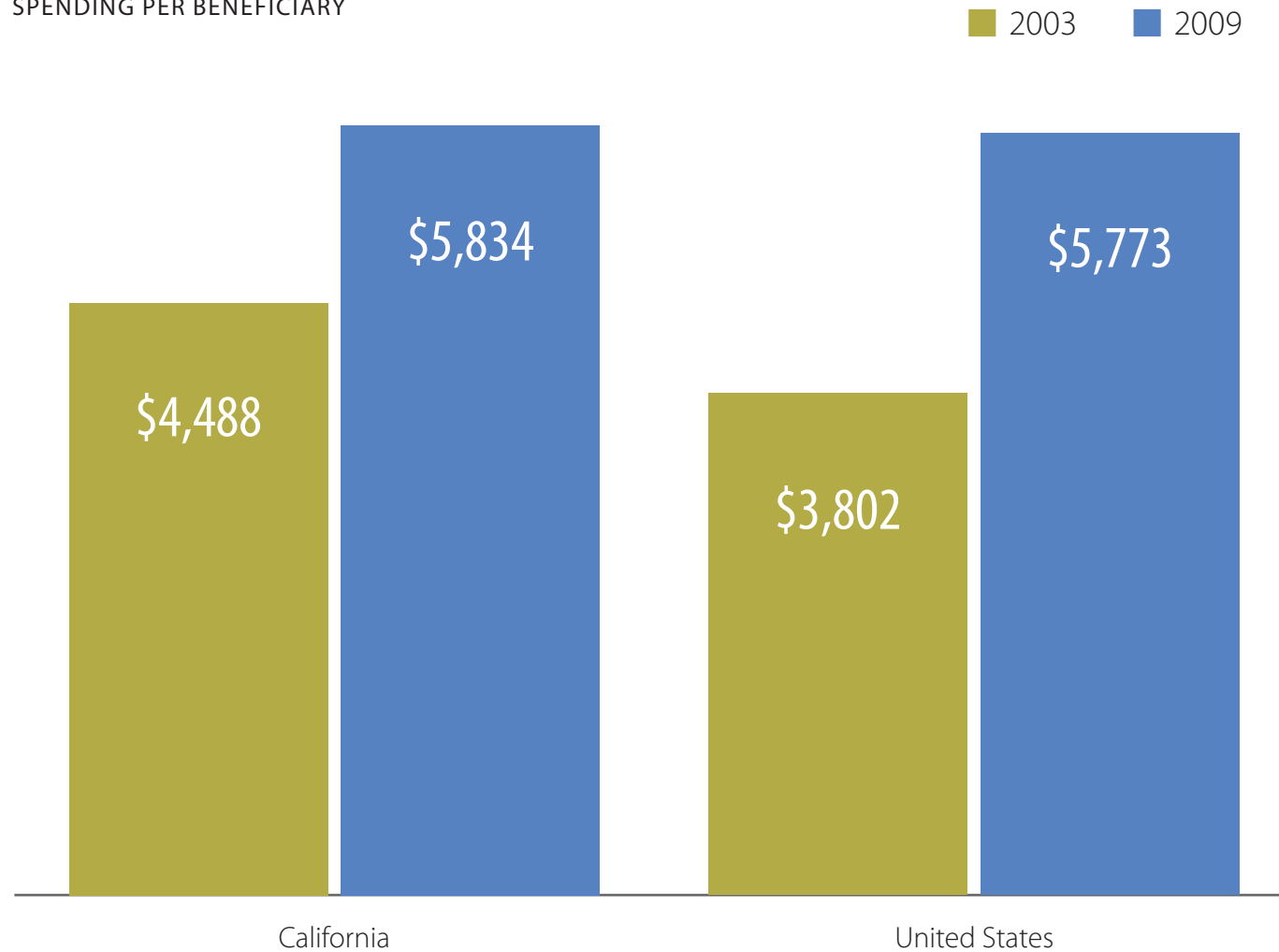
Medicare is the primary payer for home health care in California.

From 2003 to 2010, the percentage of home health visits paid for by Medicare increased from 59% to 67%.

Medicare Home Health Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Long Term Care in California

Home Health Care

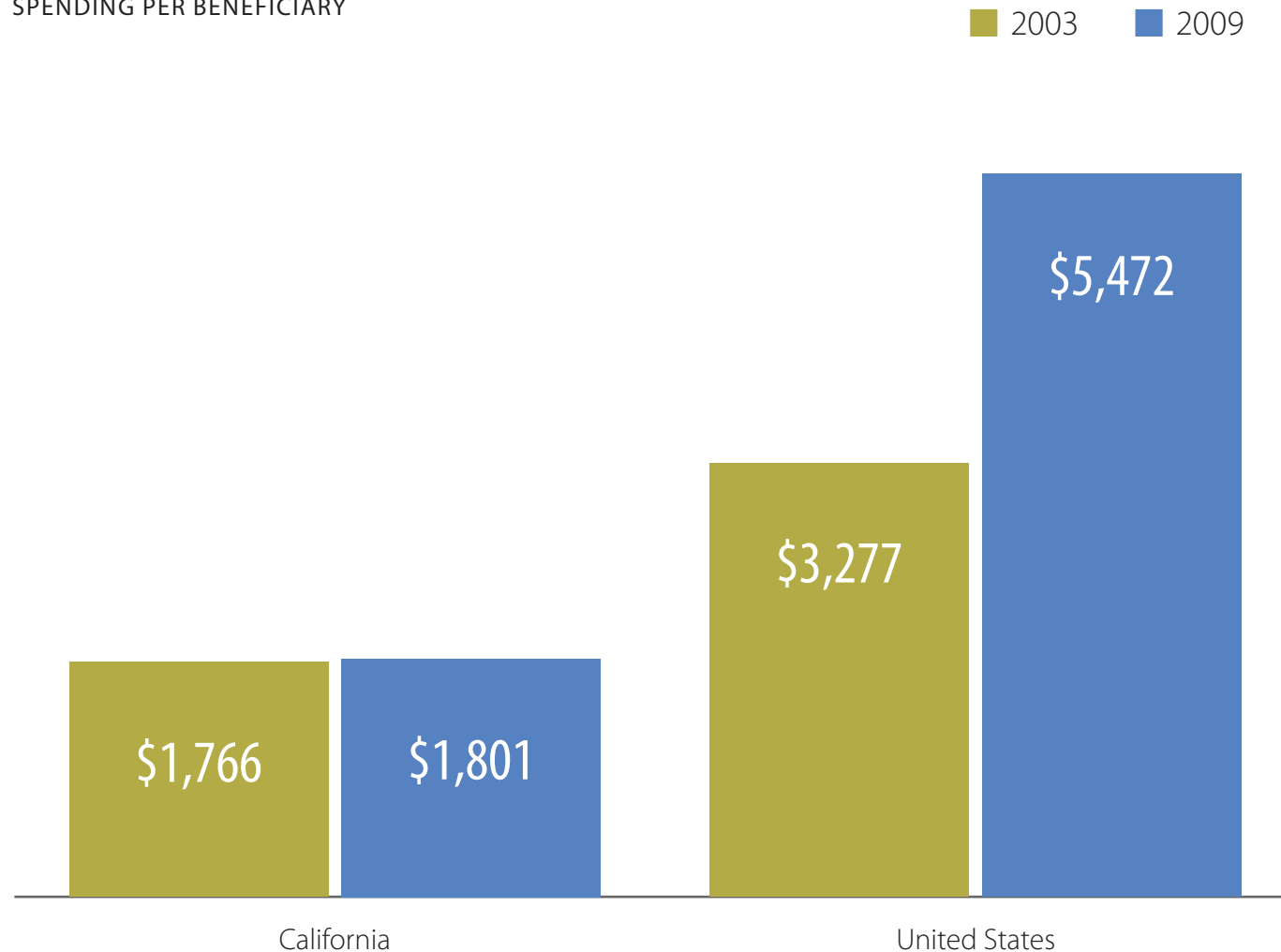
Historically, California has spent more per Medicare participant on home health care than the national average. More recently, however, the gap has closed.

Source: Centers for Medicare and Medicaid Services, Medicare and Medicaid Statistical Supplement, 2005 and 2010 editions, www.cms.gov.

Medicaid Home Health Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Long Term Care in California

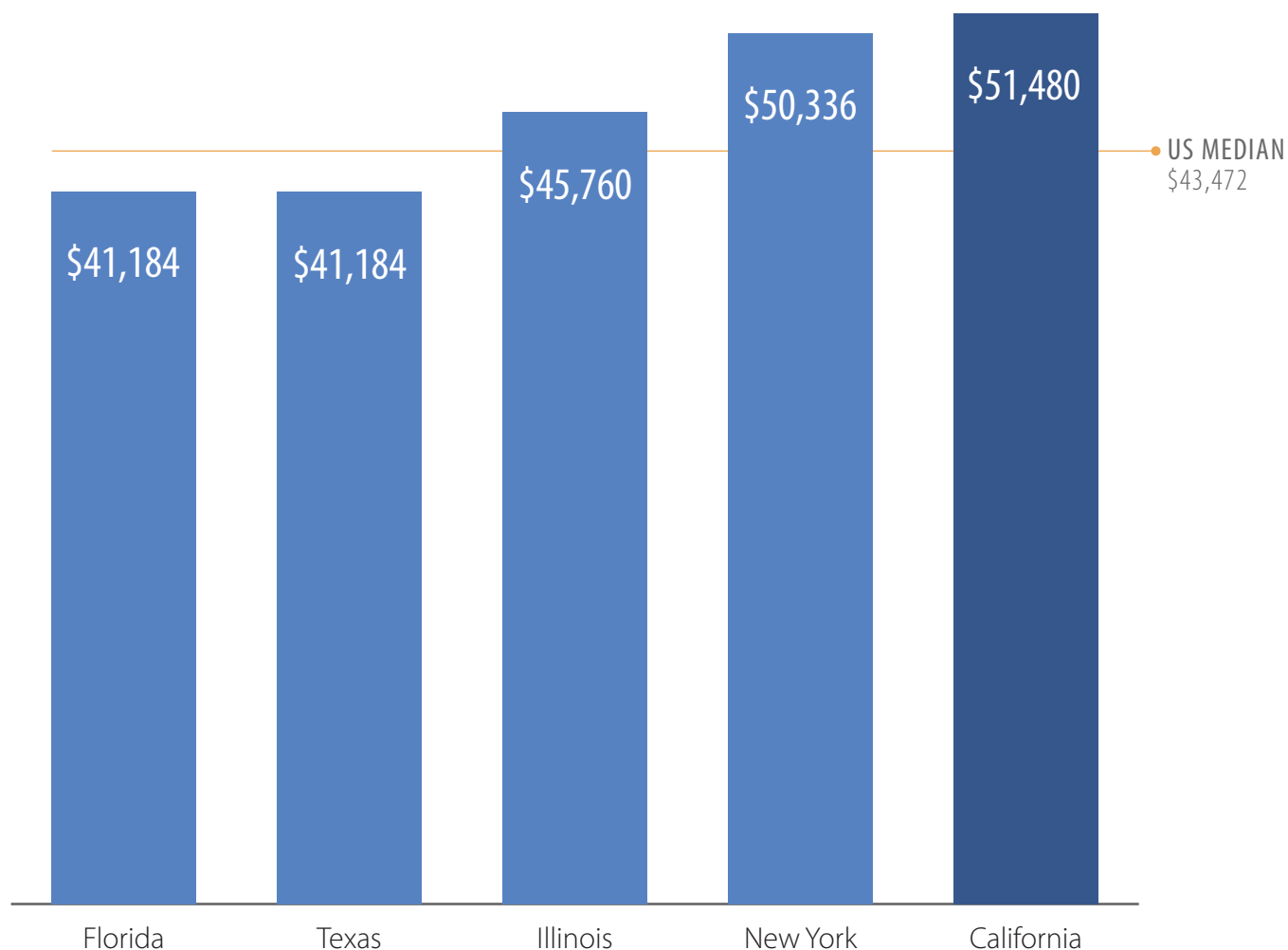
Home Health Care

Compared to the national average, California spent substantially less per participant on Medicaid (called Medi-Cal in California) home health care, and the state's spending has remained more stable.

Source: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org.

Home Health Aide Services, Annual Cost

California vs. Selected States, 2012



Note: This is the annual rate charged by a non-Medicare certified, licensed agency.

Sources: Genworth Financial Inc., *Genworth 2012 Cost of Care Survey*, accessed January 17, 2013, www.genworth.com.

Long Term Care in California

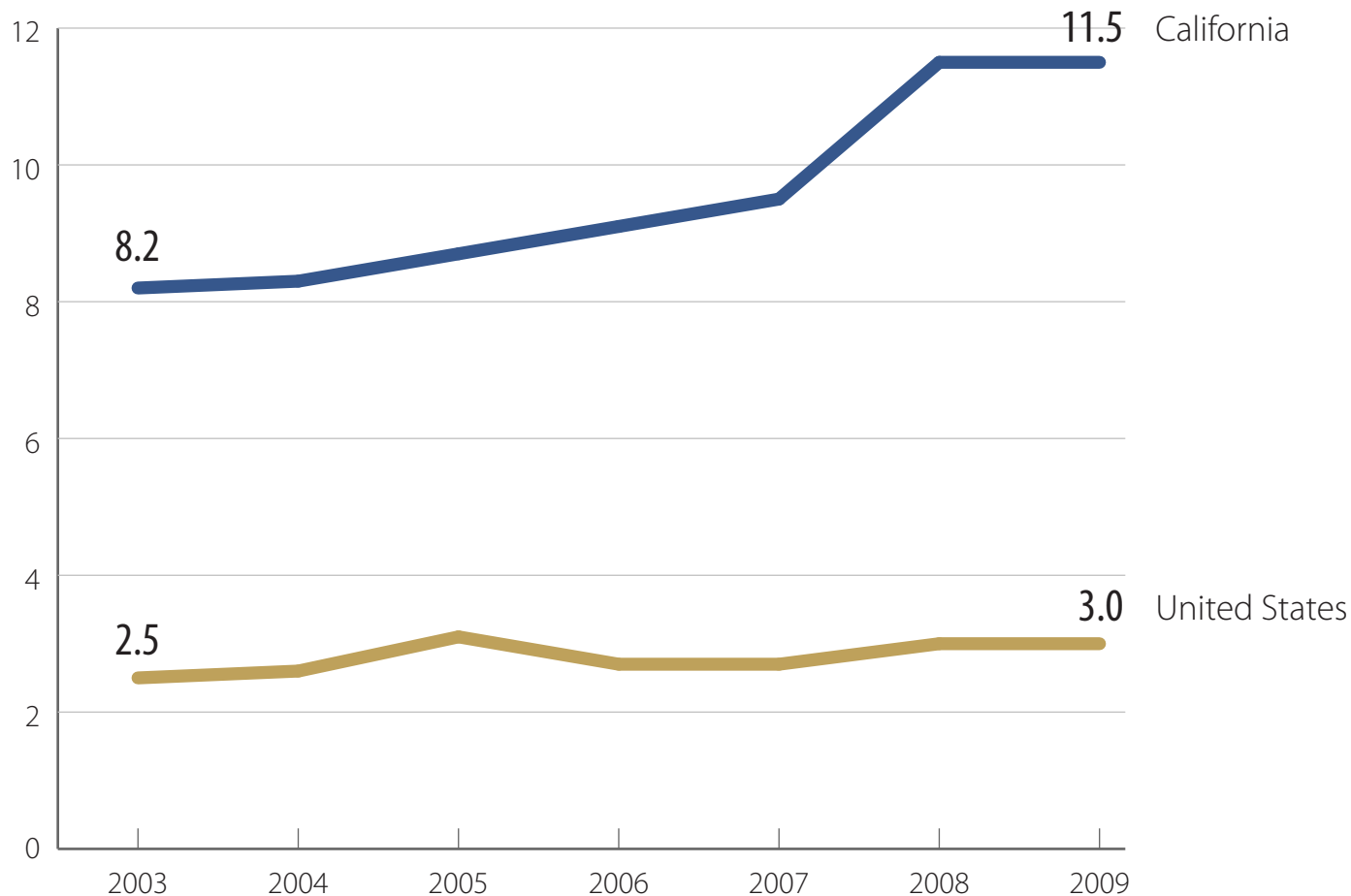
Home Health Care

The annual rate charged by home health aide service agencies in California exceeded the national median. The higher rate in California reflects the state's high cost of living and high wages compared to other states.

Medicaid Beneficiaries Receiving Personal Care Services

California vs. United States, 2003 to 2009

PER 1,000 POPULATION



Long Term Care in California

Personal Care

In California, Medicaid beneficiaries used personal care services at a rate that was 3.5 times higher than the US average. Between 2003 and 2009, the use of personal care services grew by 40% in California, compared to a 20% national increase. Independent providers through the state's In-Home Supportive Services program provided 90% of these services in California.

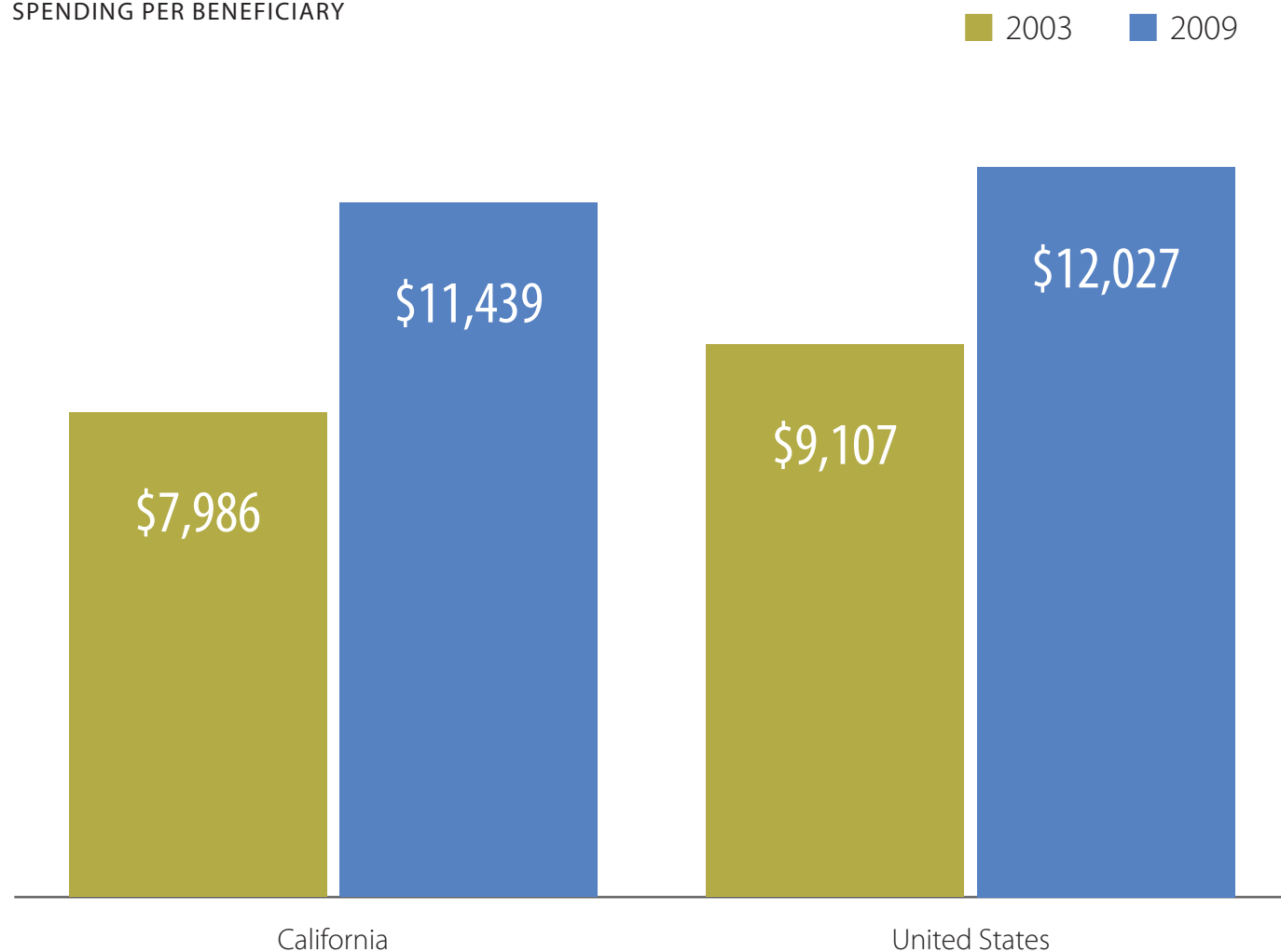
Note: Medicaid Personal Care Services is a health and social services program providing personal care and domestic services to individuals who are aged, blind, or disabled and need such services through the In-Home Supportive Services program.

Sources: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Medicaid Personal Care Service Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Note: Medicaid Personal Care Services is a health and social services program providing personal care and domestic services to individuals who are aged, blind, or disabled and need such services through the In-Home Supportive Services program.

Source: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org.

Long Term Care in California

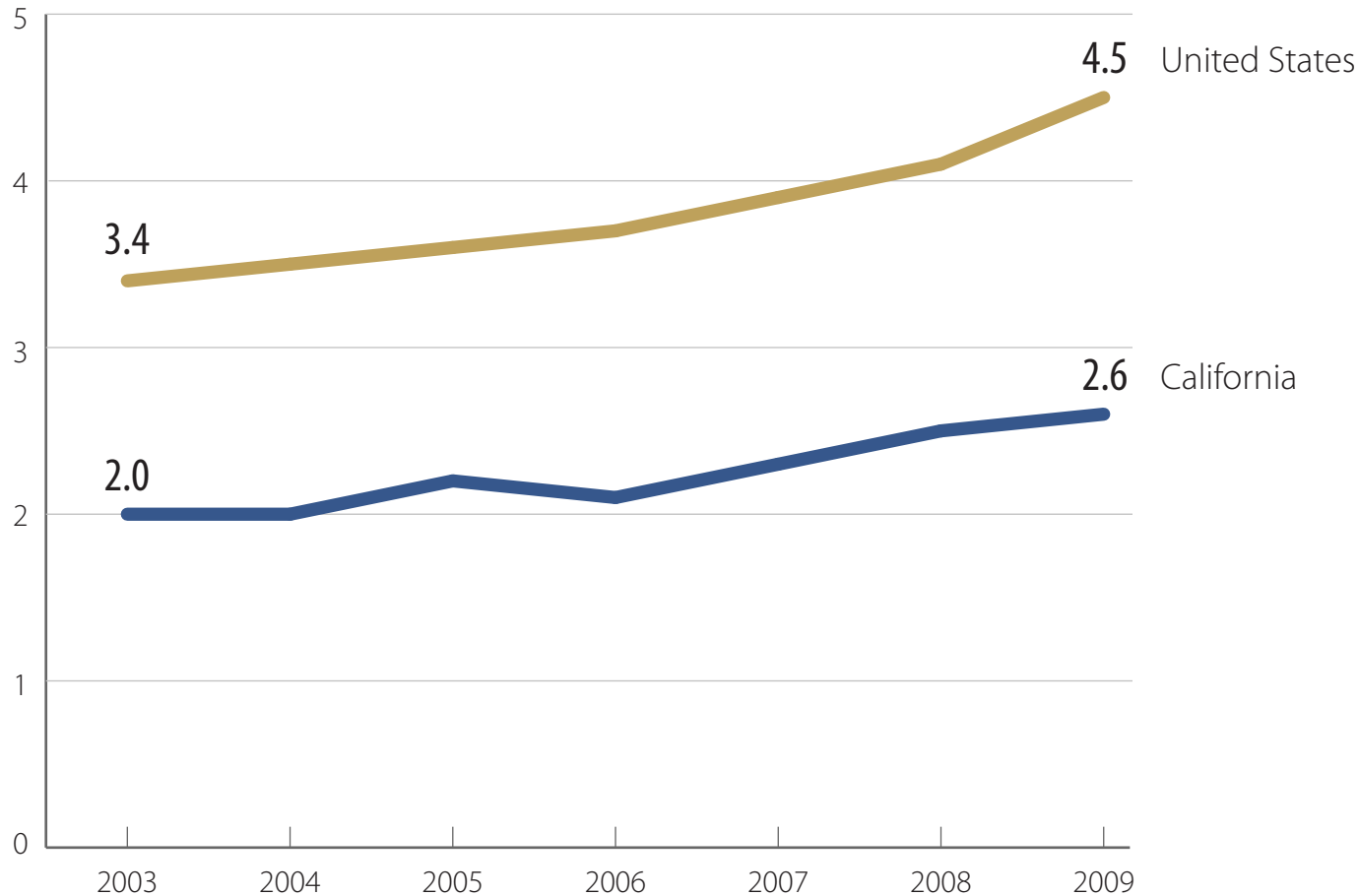
Personal Care

Compared to the nation, California spent less per beneficiary on Medicaid personal care between 2003 and 2009, despite a significant growth in use of these services. The majority of personal care services in California are provided through the state's In-Home Supportive Services program by independent providers, which are often less costly than agency providers.

Medicaid Beneficiaries Receiving Waiver Services

California vs. United States, 2003 to 2009

PER 1,000 POPULATION



Notes: Waiver services are home- and community-based services, authorized under Section 1915(c) of the Social Security Act, for individuals who meet the level-of-care criteria for institutional services. Waivers are one of many options available to states to allow for the provision of long term care services at home and in community-based settings under Medicaid.

Sources: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Long Term Care in California

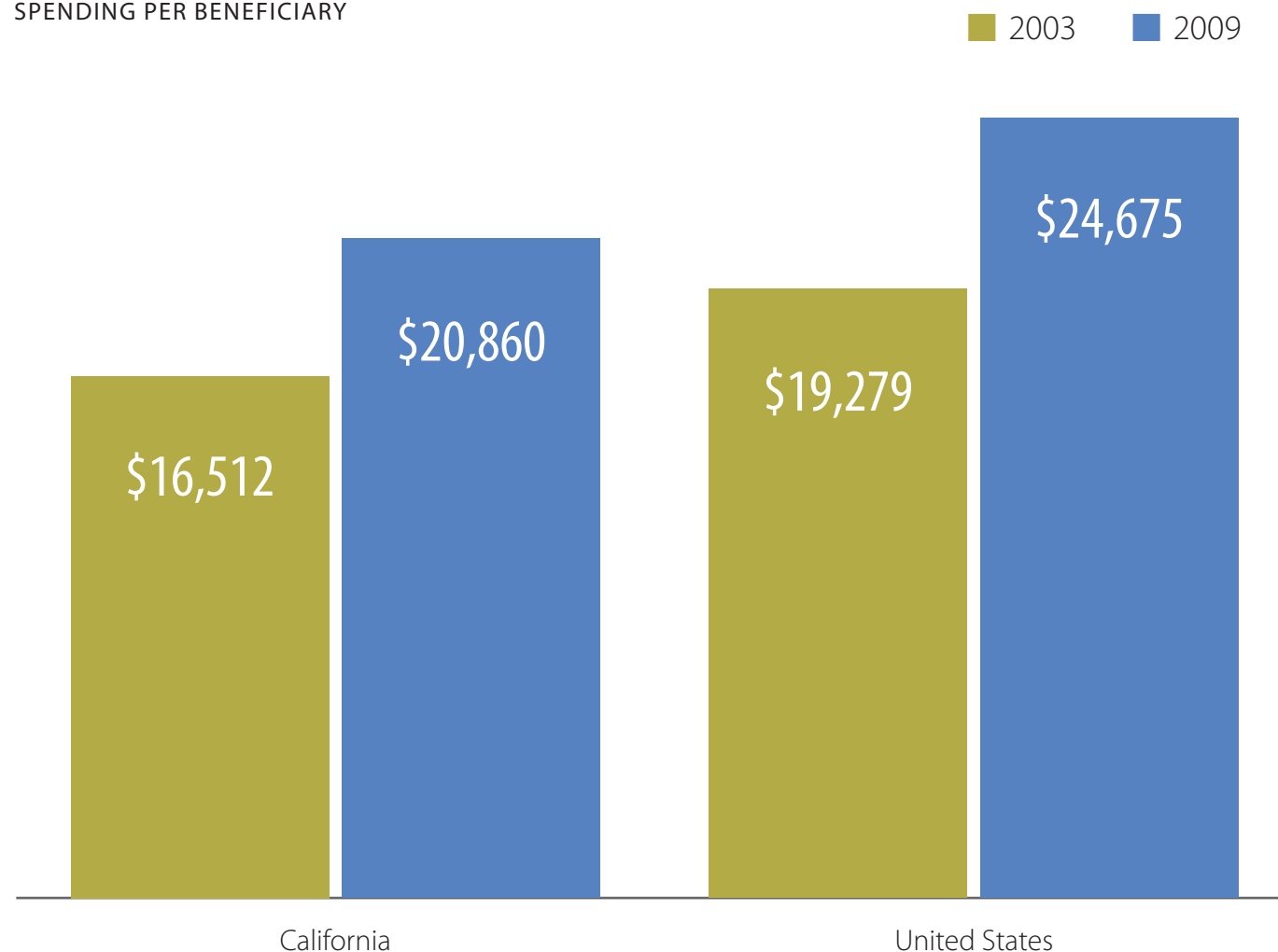
Waiver Services

The rate of participation in the waiver program — home- and community-based services authorized under Section 1915(c) of the Social Security Act — in California was lower than in the US. California has been unable to meet the growing needs of beneficiaries eligible for waiver services — more than 2,000 older Californians and individuals with disabilities were on waiting lists.

Medicaid Waiver Program Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Long Term Care in California

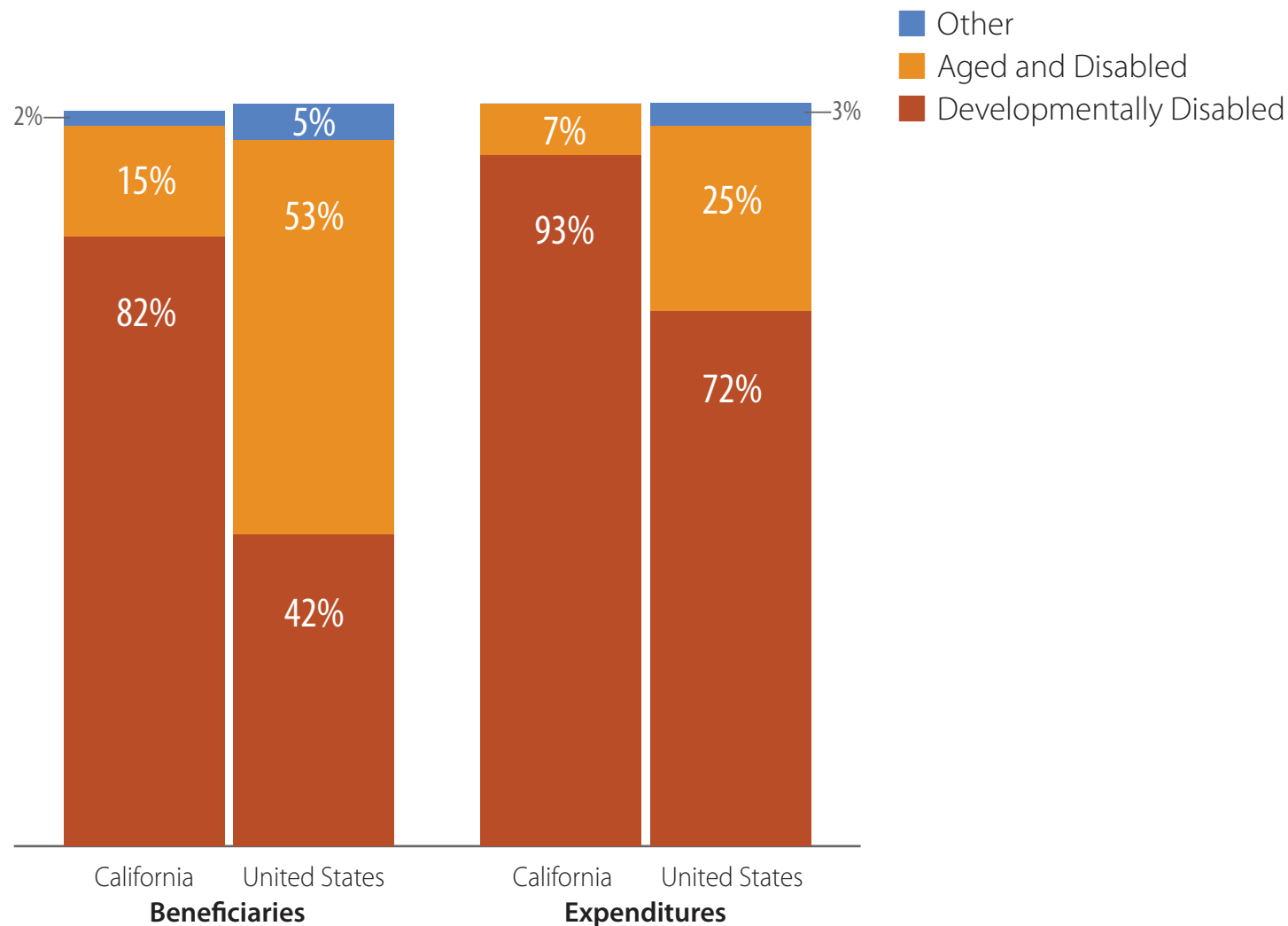
Waiver Services

Compared to the nation, California spent less per participant receiving Medicaid home- and community-based services through the waiver program.

Notes: Waiver services are home- and community-based services, authorized under Section 1915(c) of the Social Security Act, for individuals who meet the level-of-care criteria for institutional services. Waivers are one of many options available to states to allow for the provision of long term care services at home and in community-based settings under Medicaid.

Source: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org.

Medicaid Beneficiaries and Expenditures for Waiver Services by Client Group, California vs. United States, 2009



Notes: Waiver services are home- and community-based services, authorized under Section 1915(c) of the Social Security Act, for individuals who meet the level-of-care criteria for institutional services. Waivers are one of many options available to states to allow for the provision of long term care services at home and in community-based settings under Medicaid. Aged and Disabled includes aged, aged/disabled, and physically disabled. Other includes children, and individuals with HIV/AIDS, mental health disabilities, and traumatic brain injury/spinal cord injury. Bars may not add to 100% due to rounding.

Source: Terence Ng et al., *Medicaid Home and Community-Based Service Programs: 2009 Data Update*, Kaiser Commission on Medicaid and the Uninsured, www.kff.org.

Long Term Care in California

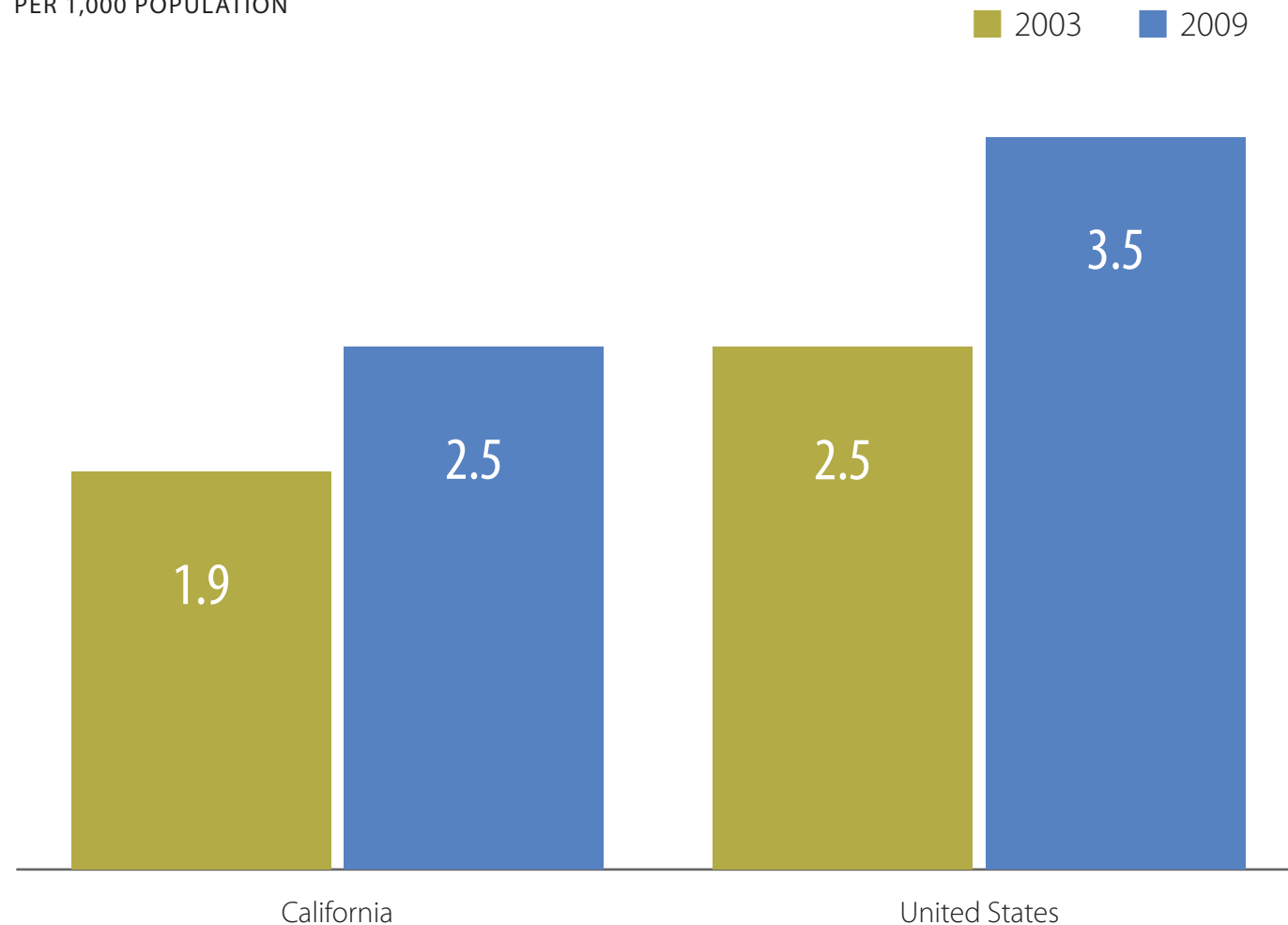
Waiver Services

In California, individuals with developmental disabilities accounted for 82% of waiver program participants and 93% of waiver program expenditures in 2009. California does not provide many community-based waiver services to individuals with other disabilities or to those who are elderly, but the state does serve these populations through their In-Home Supportive Services program.

Medicare Beneficiaries Receiving Hospice Services

California vs. United States, 2003 and 2009

PER 1,000 POPULATION



Long Term Care in California

Hospice Care

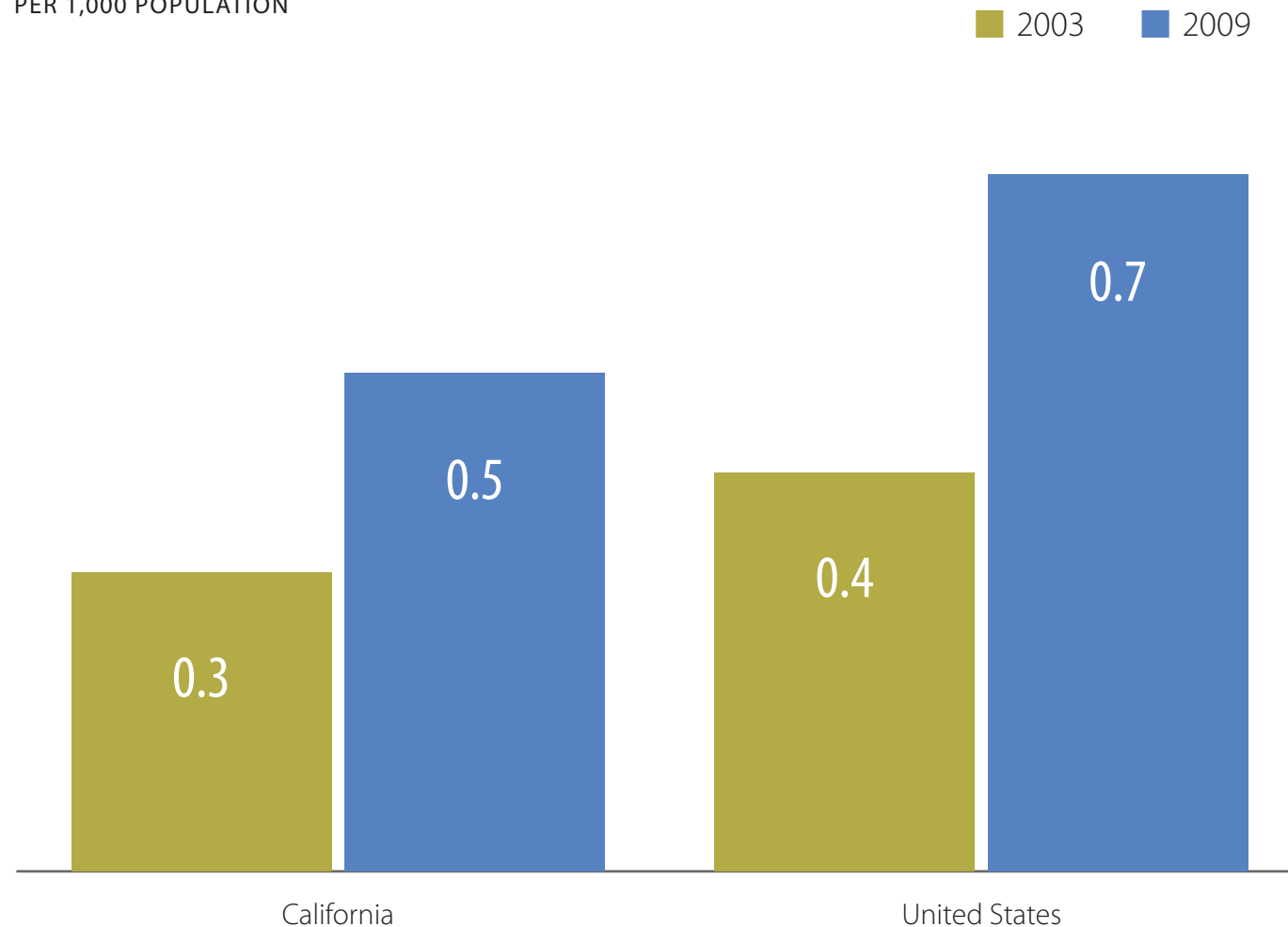
In California and in the US, the use of hospice services among Medicare beneficiaries expanded between 2003 and 2009.

Sources: Centers for Medicare and Medicaid Services, *Medicare and Medicaid Statistical Supplement*, 2005 and 2010 editions, www.cms.gov. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Medicaid Beneficiaries Receiving Hospice Services

California vs. United States, 2003 and 2009

PER 1,000 POPULATION



Long Term Care in California

Hospice Care

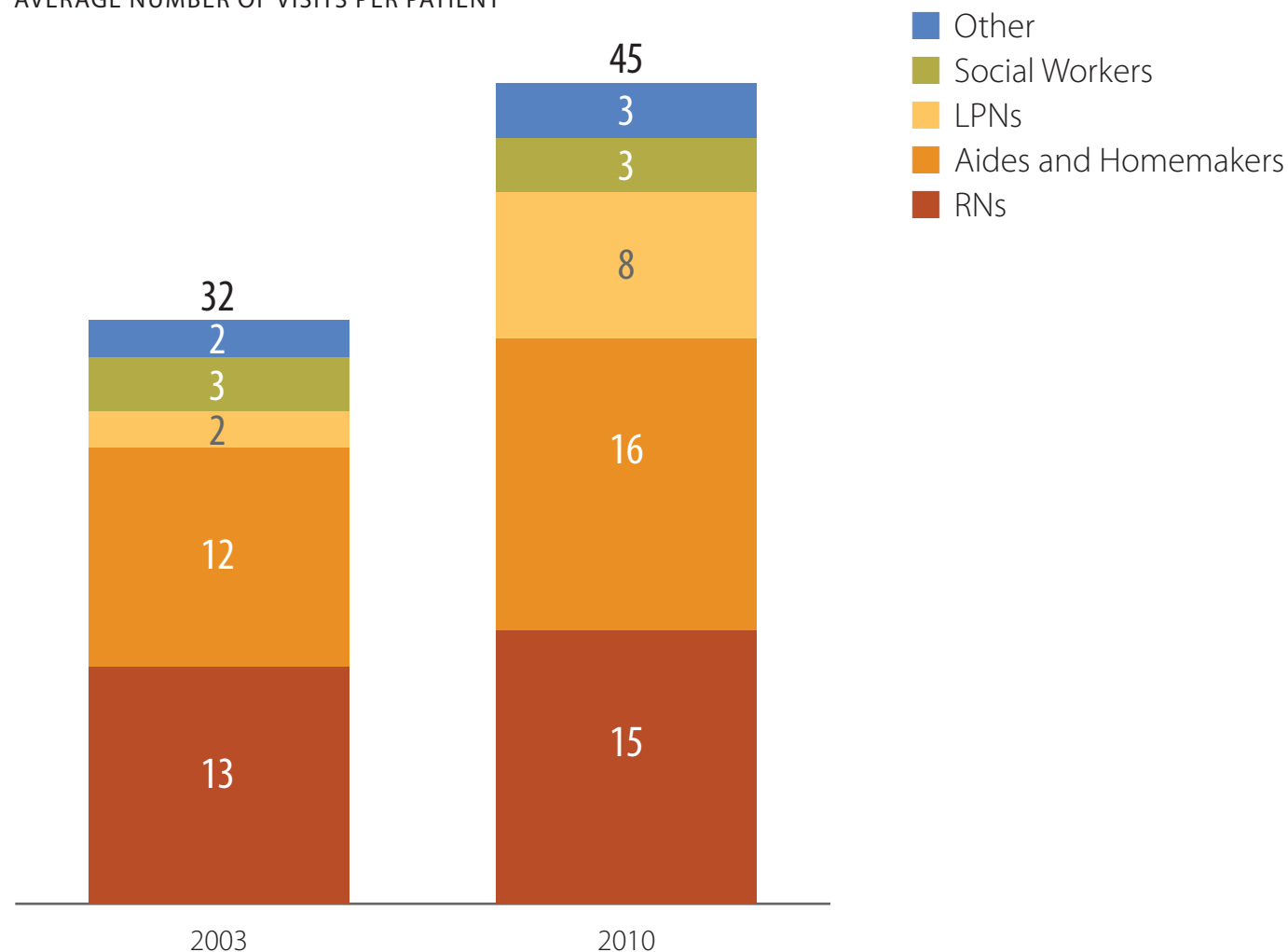
The use of hospice services among Medicaid beneficiaries in California was lower than the national average.

Sources: "Medicaid Statistical Information System (MSIS) State Summary Datamarts," Centers for Medicare and Medicaid Services, www.cms.gov. US Census Bureau, "Intercensal Estimates of Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2010," www.census.gov. Released September 2011.

Hospice Visits, by Provider Type

California, 2003 and 2010

AVERAGE NUMBER OF VISITS PER PATIENT



Note: Other includes physical therapists, occupational therapists, speech therapists, physicians, and spiritual/pastoral care providers.

Source: "Home Health Agencies and Hospice Facility Annual Utilization Data," State of California Office of Statewide Health Planning and Development, 2003 and 2010, www.oshpd.ca.gov.

Long Term Care in California

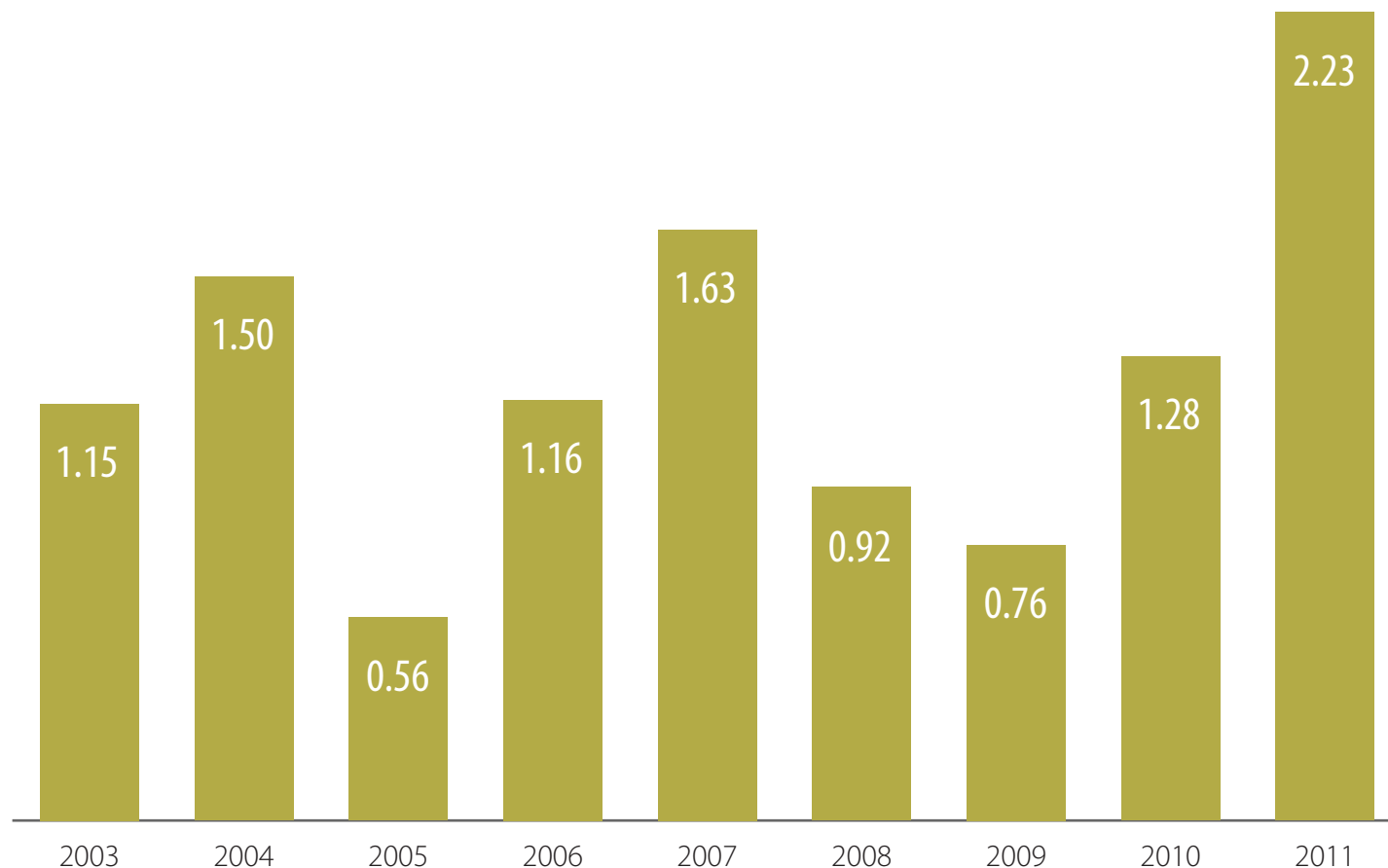
Hospice Care

The average number of health care provider visits to individuals in hospice increased by 41% between 2003 and 2010 in California. This increase is likely due to the growth in the number of hospice days per patient during this period.

Hospice Federal Deficiencies

California, 2003 to 2011

AVERAGE NUMBER PER HOSPICE SURVEYED



Notes: Federal deficiencies are violations of minimum standards of care. The state surveys hospice programs about every eight years to ensure that minimum federal standards of care and safety are being met.

Source: Centers for Medicare and Medicaid Services, Certification and Survey Provider Enhanced Reporting (CASPER) database, 2011.

Long Term Care in California

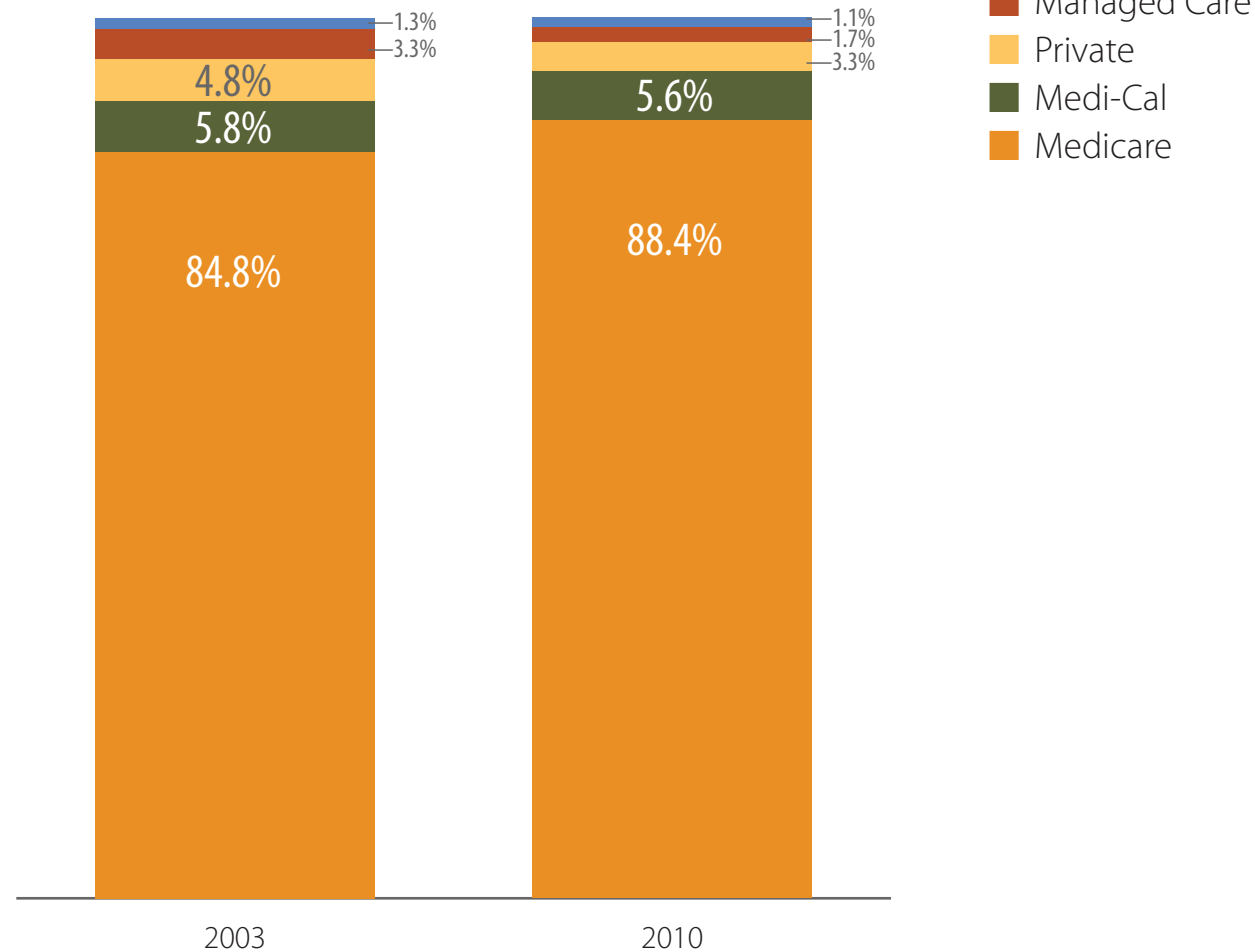
Hospice Care

Since 2003, the number of federal deficiencies in California hospice programs has increased. In 2011, the state found an average of more than two deficiencies per hospice program surveyed. Examples of these deficiencies include failure to ensure review of medications on the initial assessment, and failure to develop an individualized, written care plan for each patient.

Hospice Days, by Payer

California, 2003 and 2010

PERCENTAGE OF DAYS



Note: Managed care includes Medicare, Medi-Cal, and private managed care plans. Other includes self-pay, charity, and Veterans Administration.

Source: "Home Health Agencies and Hospice Facility Annual Utilization Data," State of California Office of Statewide Health Planning and Development, 2003 and 2010, www.oshpd.ca.gov.

Long Term Care in California

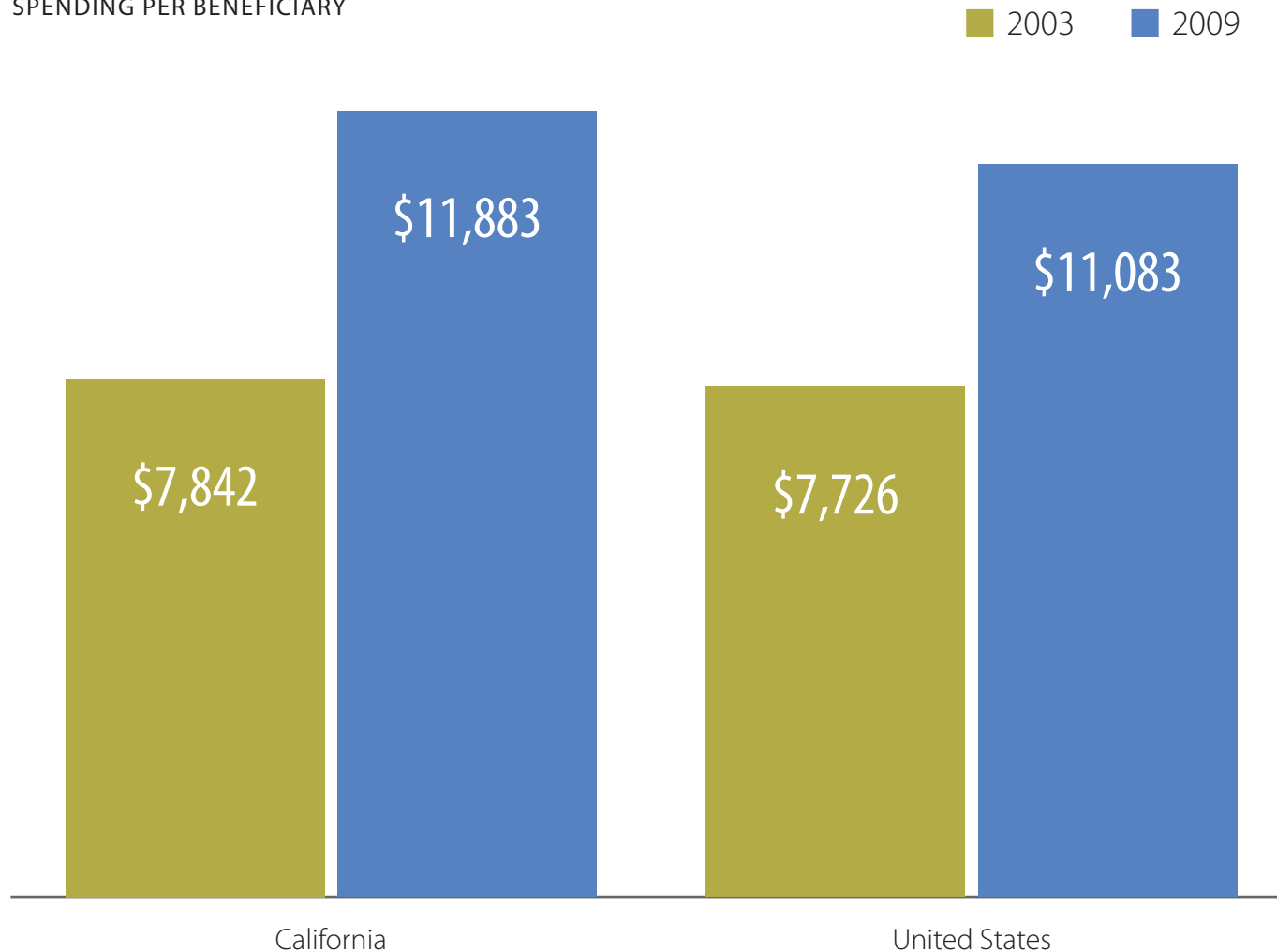
Hospice Care

In 2010, Medicare patients accounted for nearly 90% of all hospice days in California. The percentage of hospice days paid for by Medicare increased by 4% between 2003 and 2010, while the percentage for all other sources declined.

Medicare Hospice Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Long Term Care in California

Hospice Care

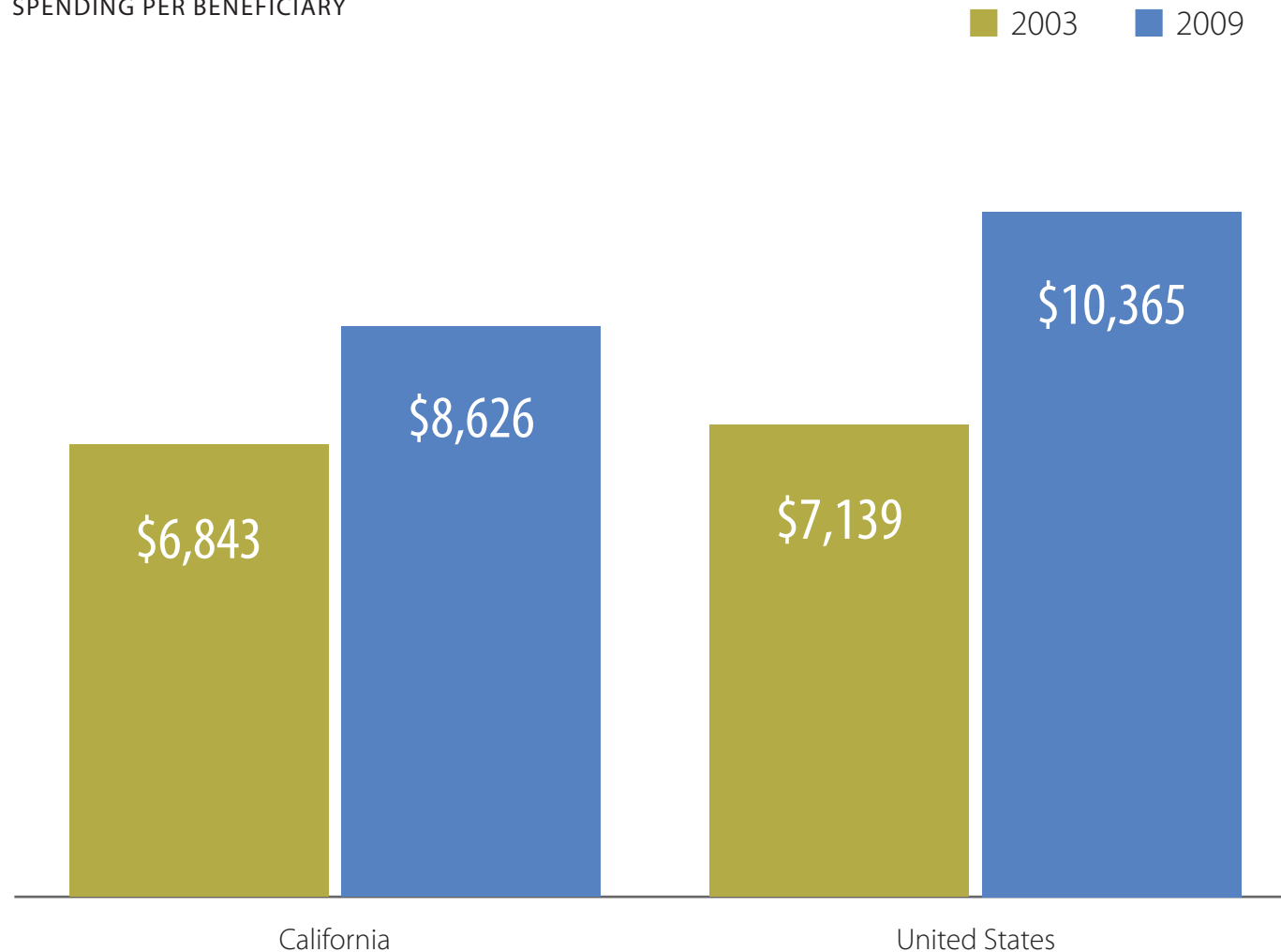
Between 2003 and 2009, Medicare expenditures per beneficiary for hospice care in California and in the US grew more than 40%. The number of users, the number of hospice visits per user, and the cost of care have all increased in this period.

Source: Centers for Medicare and Medicaid Services, Medicare and Medicaid Statistical Supplement, 2005 and 2010 editions, www.cms.gov.

Medicaid Hospice Expenditures

California vs. United States, 2003 and 2009

SPENDING PER BENEFICIARY



Long Term Care in California

Hospice Care

Between 2003 and 2009, California's Medicaid (Medi-Cal) hospice expenditures per beneficiary increased by 26%, compared to the nation's 45% increase. The state's Medicaid hospice expenditures were lower than the national average.

Source: Centers for Medicare and Medicaid Services, Medicaid Statistical Information System (MSIS) State Summary Datamarts, 2003 and 2009 editions, www.cms.gov.

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Appendix A: Explanation of Terms

Skilled Nursing Facility/Nursing Facility

A health facility or a distinct part of a hospital or other institution that, among other things, provides room and board and round-the-clock nursing care and related services on a continuing basis. A registered professional nurse must be on duty or on call at all times. Residents usually are convalescing from serious illness or surgery and require continuous observation and rehabilitative services.

Residential Care Facility/Assisted Living Facility

Residential care facilities, also known as assisted living facilities and board and care facilities, provide residents with room and board, assistance with personal care, and any necessary supervision.

Home Health Care

Home health care includes a wide range of health-related services such as assistance with medications, wound care, intravenous therapy, and help with basic needs such as bathing, dressing, and mobility, which are delivered at a person's home. Patients receiving home health services may be elderly, disabled, sick, or convalescing, but they do not need institutional care. These services may be provided by a visiting nurse association, home health agency, county public health department, hospital, or other organized community group, and may be specialized or comprehensive. The most common types of home health care are nursing services; speech, physical, occupational and rehabilitation therapy; homemaker services; and social services.

Personal Care Services

These services include assistance with activities of daily living as well as with self-administration of medications and preparation of special diets.

Home- and Community-Based Services (HCBS)

Home- and community-based services refers to care or services provided in a patient's place of residence or in a noninstitutional setting in the community. HCBS may include home health care, adult day care or day treatment, medical services, or other interventions provided for the purpose of allowing a patient to receive care at home or in the community.

Home- and Community-Based Waiver Services

Waivers of certain Medicaid requirements under Section 1915 (c) of the Social Security Act allow states to offer a wide array of home- and community-based services that an individual may need to avoid institutionalization. The following services may be offered under the waiver program: case management, homemaker services, home health aide services, personal care, adult day health care, habilitation, and respite care.

Hospice

Hospice is a program which provides palliative and supportive care for terminally ill patients and their families, either directly or on a consulting basis with the patient's physician or another community agency. The whole family is considered the unit of care, and care extends through the family's period of mourning.

Appendix B: Monitoring of Long Term Care Providers in California

PROVIDER TYPE	ENTITY RESPONSIBLE FOR OVERSIGHT	FREQUENCY OF REVIEW	DATA AVAILABLE TO THE PUBLIC
Nursing Facilities*	California Department of Public Health	Annual surveys and complaint investigations	Electronic
Home Health Agencies*	California Department of Public Health	Every 3 years and complaint investigations	Electronic
Assisted Living Facilities*	California Department of Social Services	Every 5 years and complaint investigations	Paper reports
Hospice Programs*	California Department of Public Health	Every 8 years and complaint investigations	Electronic
Personal Care	County IHSS programs	No set frequency	None
Waiver Services	California Department of Health Care Services	No set frequency	None

*Information available on www.calqualitycare.org. Facilities and programs may also be accredited.

Notes: Investigations are conducted only for serious complaints. Assisted living facilities are also known as residential care facilities in California. County In-Home Supportive Services (IHSS) programs fall under the jurisdiction of the California Department of Social Services. Waiver services are home- and community-based services, authorized under Section 1915(c) of the Social Security Act, for individuals who meet the level-of-care criteria for institutional services. Waivers are one of many options available to states to allow for the provision of long term care services at home and in community-based settings under Medicaid.