



FUNDING FOR LONG-TERM SERVICES AND SUPPORTS IN NEW HAMPSHIRE

PRESENTED BY PHIL SLETTEN, NHFPI RESEARCH DIRECTOR

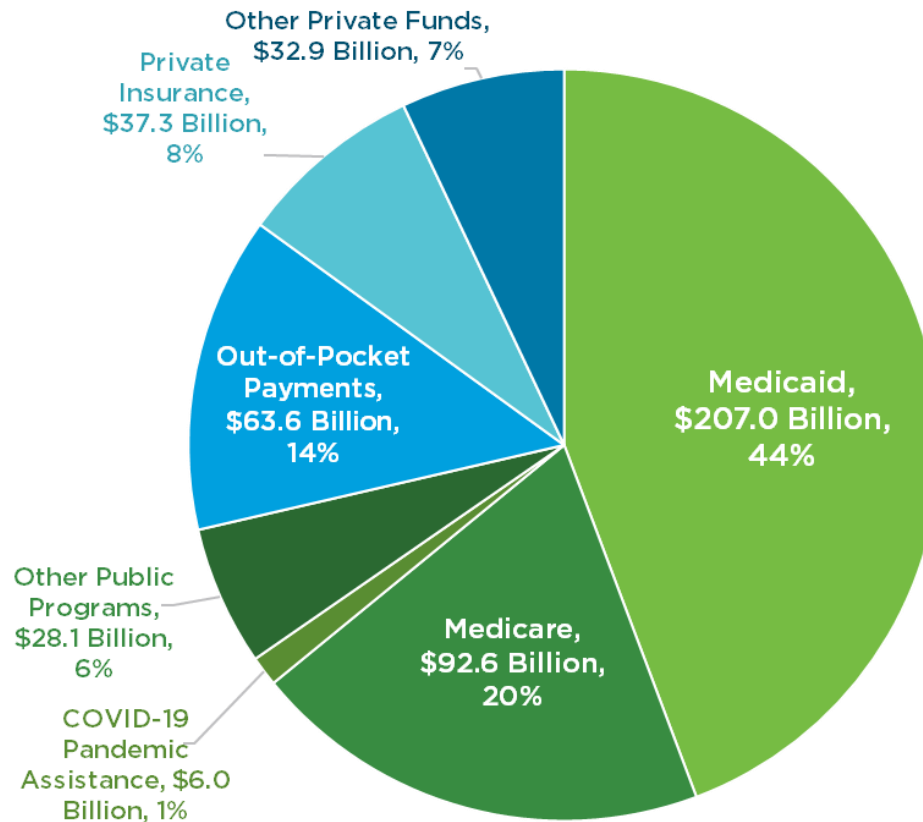
NEW HAMPSHIRE LONG-TERM CARE SUMMIT

AUGUST 19, 2024

PAYING FOR LONG-TERM SERVICES AND SUPPORTS (LTSS) NATIONWIDE

SOURCES OF FUNDING FOR LONG-TERM SERVICES AND SUPPORTS

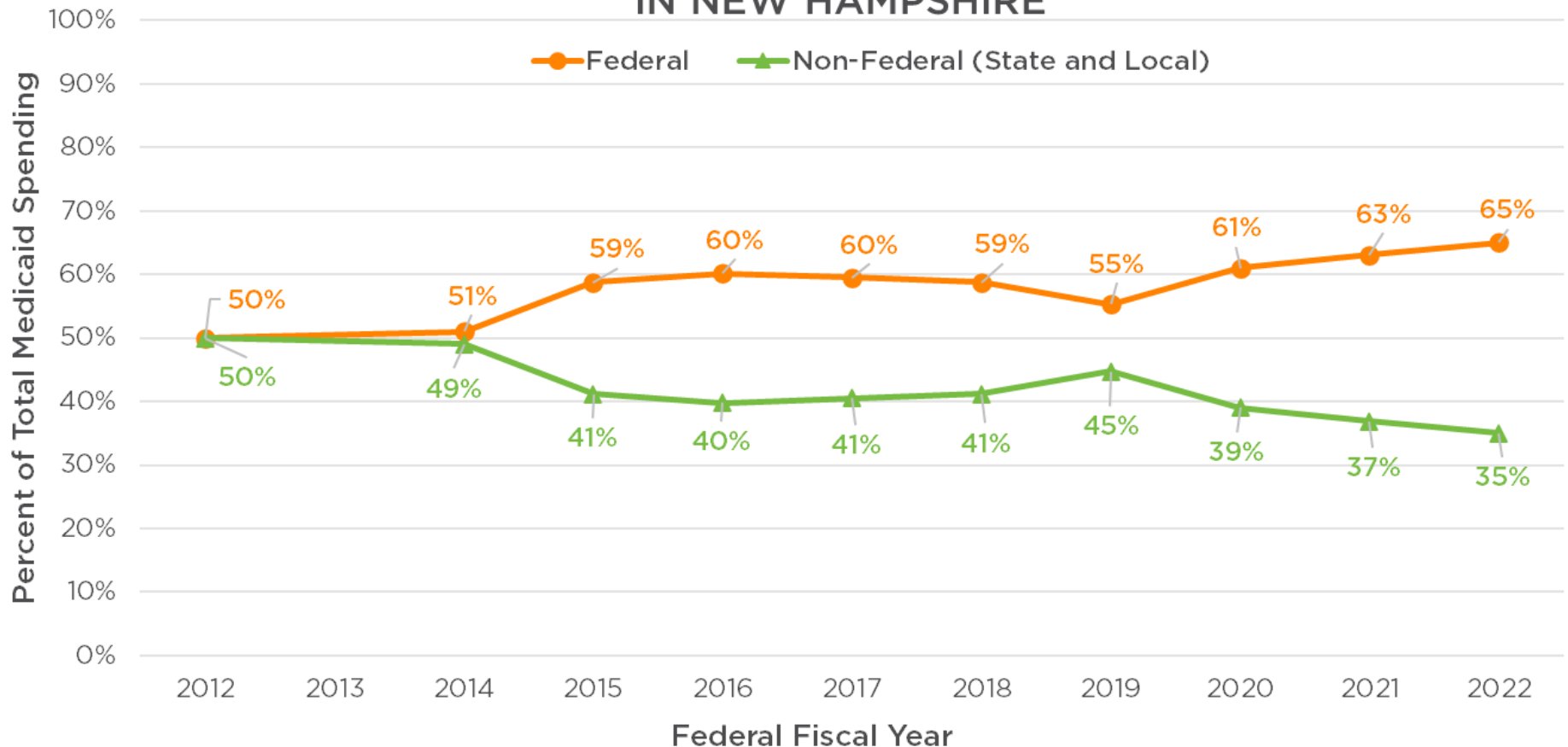
United States, 2021



Source: U.S. Congressional Research Service, Who Pays for Long-Term Services and Supports?, September 19, 2023

MEDICAID FUNDING INCLUDES FEDERAL, STATE, AND LOCAL APPROPRIATIONS

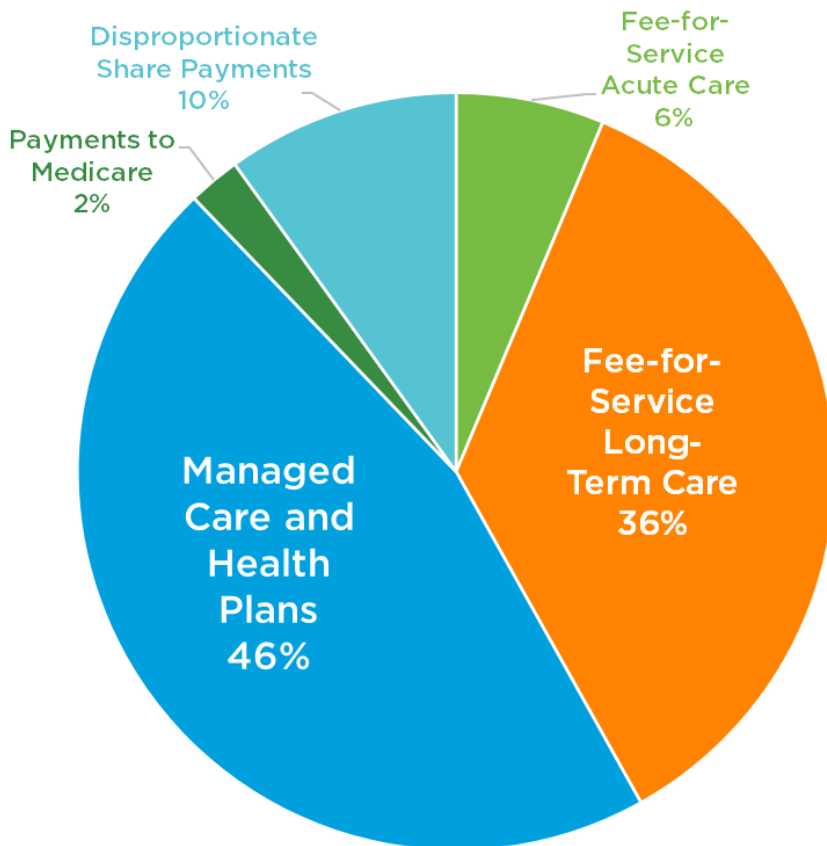
FEDERAL AND NON-FEDERAL SHARE OF MEDICAID FUNDING IN NEW HAMPSHIRE



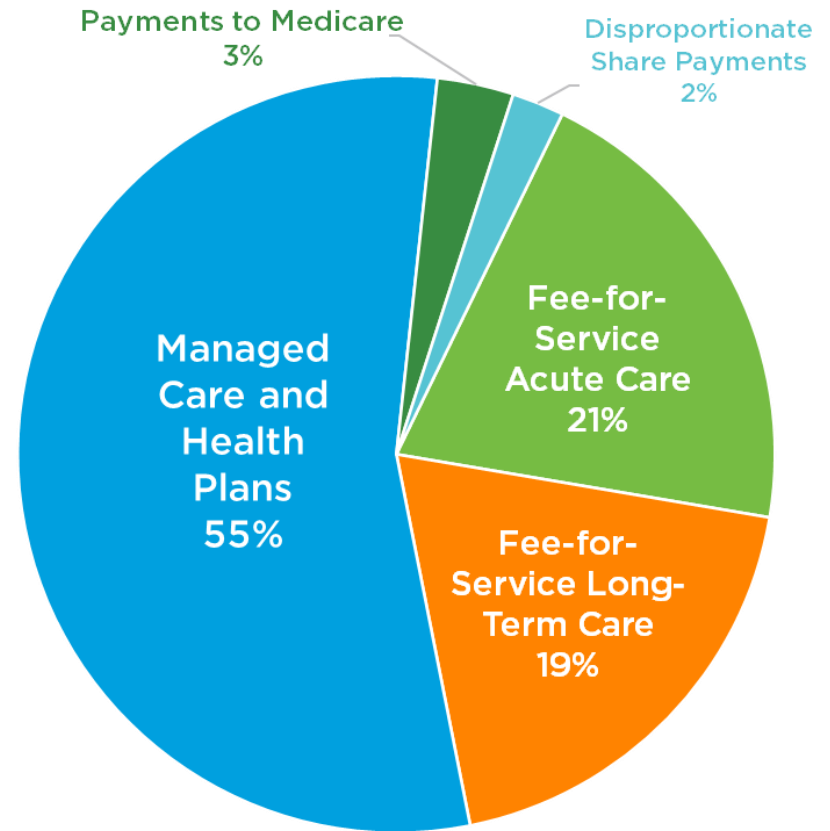
Source: Kaiser Family Foundation reporting of Urban Institute analysis, current and archived

FEE-FOR-SERVICE LTSS MORE OF MEDICAID SPENDING IN THE STATE THAN NATIONALLY

REPORTED MEDICAID EXPENDITURES
IN NEW HAMPSHIRE, FEDERAL
FISCAL YEAR 2022

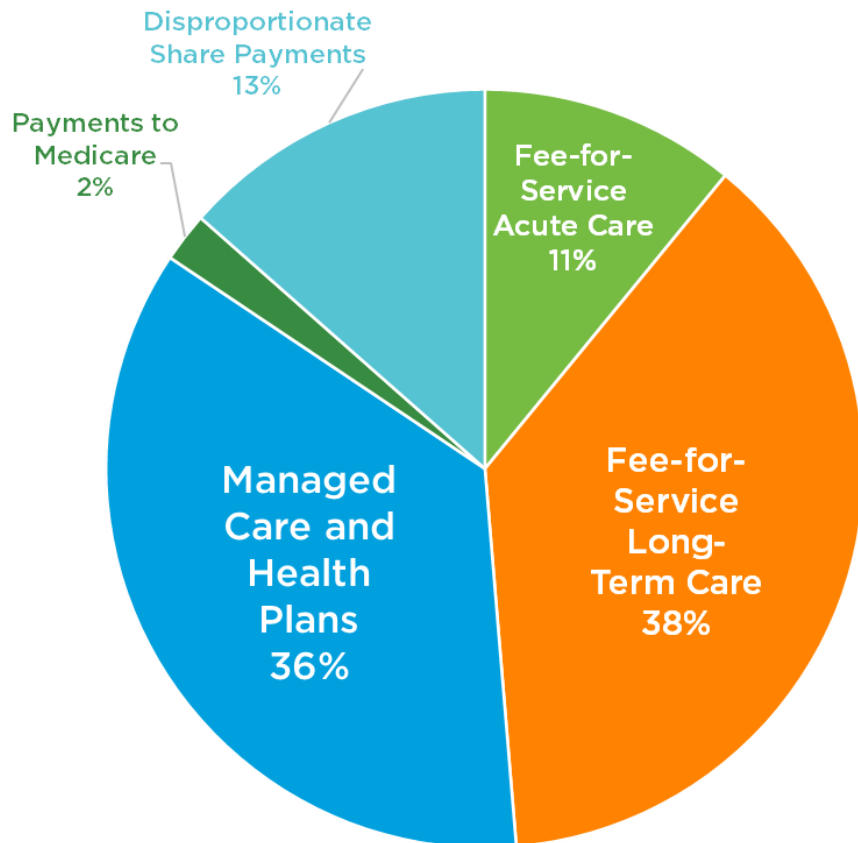


REPORTED MEDICAID EXPENDITURES
IN THE UNITED STATES, FEDERAL
FISCAL YEAR 2022

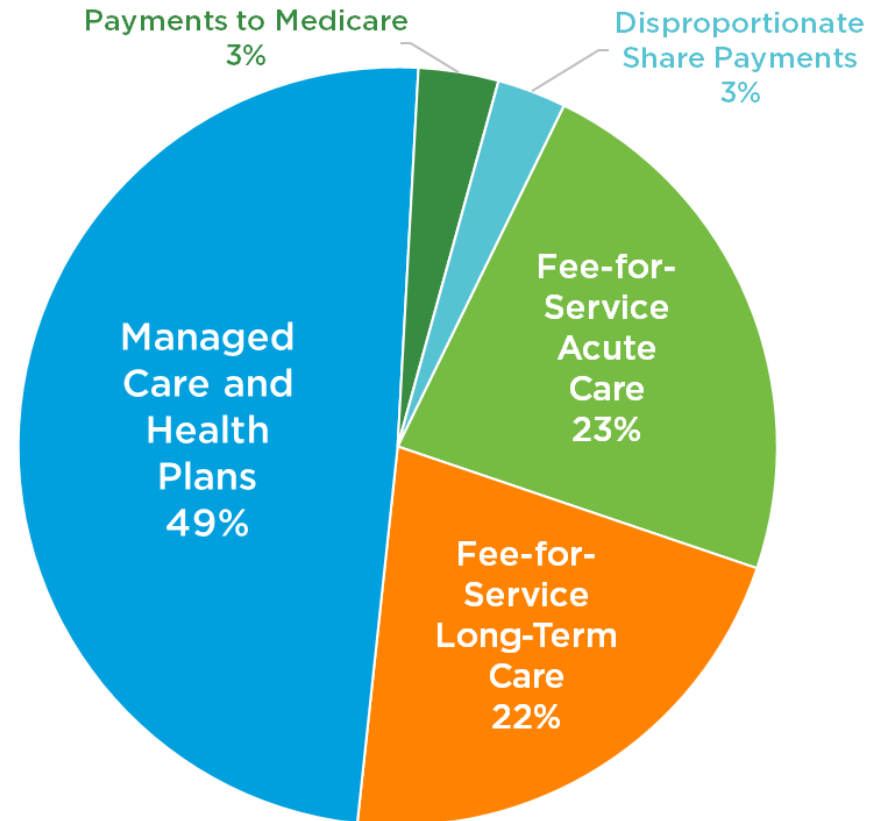


PRE-PANDEMIC FIGURES SHOW MANAGED CARE GROWTH, LIKELY WITH ENROLLMENT

REPORTED MEDICAID EXPENDITURES
IN NEW HAMPSHIRE, FEDERAL
FISCAL YEAR 2019



REPORTED MEDICAID EXPENDITURES
IN THE UNITED STATES, FEDERAL
FISCAL YEAR 2019



TWO KEY FORMS OF MEDICAID LTSS

Institutional Care from Nursing Facilities

- Funded through “traditional” Medicaid
- Provides 24-hour care for key purposes, including monitoring, restorative nursing or rehabilitative care, certain medication administration requirements, or assistance with certain daily activities

Home and Community-Based Services (HCBS)

- For older adults and adults with physical disabilities, provided through a Medicaid waiver program named Choices for Independence (CFI)
- Provided to eligible adults who are clinically in need of care at the level provided in a nursing facility
- Other Medicaid waivers for individuals with intellectual or developmental disabilities or acquired brain disorders

FUNDING FOR NURSING FACILITIES

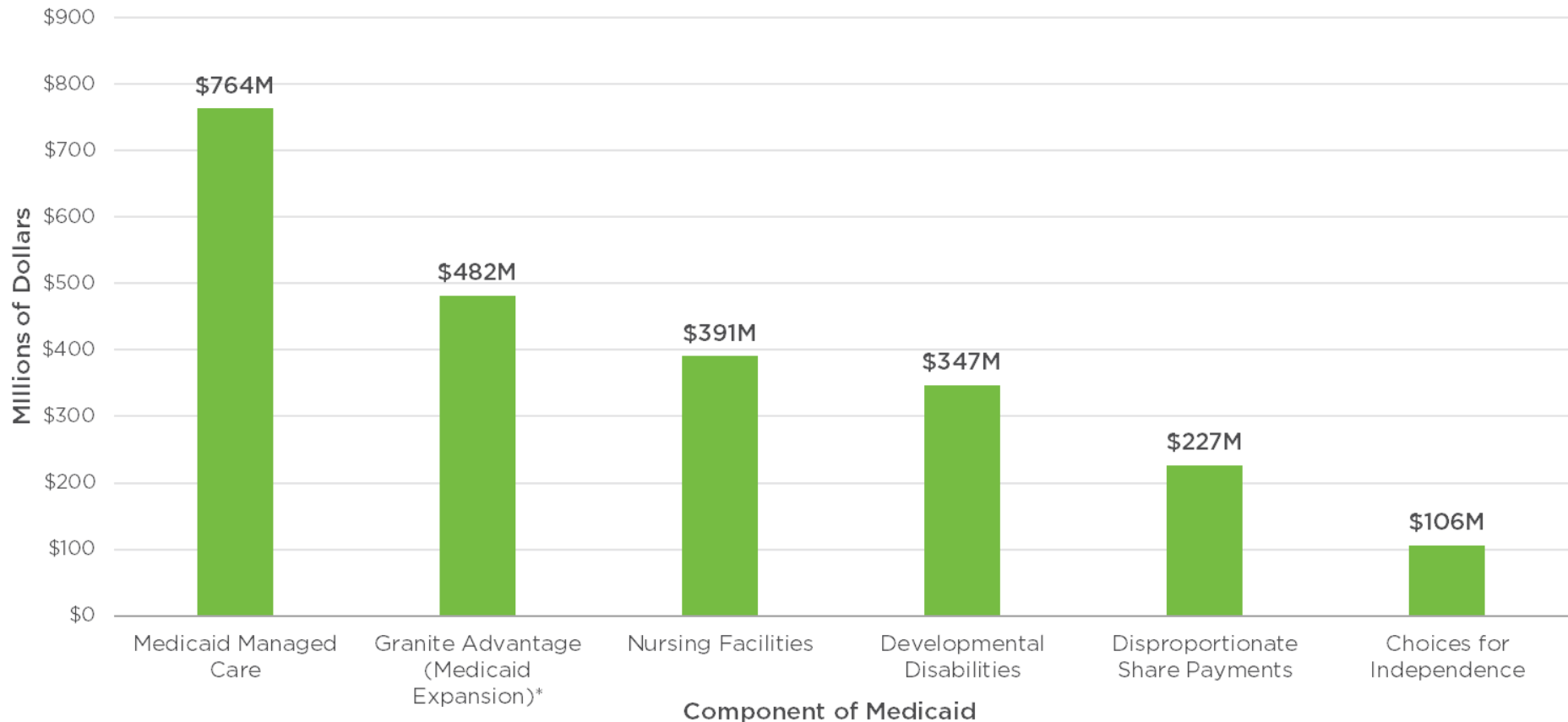
- Funding calculated based on cost reports, accounting for patient enrollment and acuity
- Key cost components, including certain facility and capital costs, accounted for in per diem reimbursements specifically for each facility, with regular updates to patient acuity data
- U.S. Centers for Medicare and Medicaid Services (CMS) calculates the CMS Market Basket for Skilled Nursing Facility input costs, used for inflation adjustment estimates
- Appropriations reduced by a budget adjustment factor
- Budget adjustment factor offset by other payments, including Medicaid Quality Incentive Payment (MQIP) and, for county nursing homes, Proportionate Share Payments (Proshare)
- Both MQIP and Proshare paid in part by nursing facilities, with matching federal Medicaid funds increasing total amounts paid

CHOICES FOR INDEPENDENCE (CFI) MEDICAID WAIVER FUNDING STRUCTURE

- Based on set, fee-for-service reimbursement rates for certain eligible services delivered by providers
- No cost reporting structure similar to the reporting required from nursing facilities to inform reimbursements
- Reimbursement rates dependent on State Budget funding, typically set for longer periods to fixed dollar amounts rather than automatically updated
- New statute passed with current State Budget requires establishment and maintenance of a system of care, including reimbursement rate changes based on the results of rate studies, which are required to use applicable Centers for Medicare and Medicaid Services inflation metrics as benchmarks for rate setting analysis
- Budgeted and reported costs per enrollee historically are substantially lower than at nursing facilities

KEY LTSS PROGRAMS FUNDED THROUGH LARGE MEDICAID STATE BUDGET LINES

APPROPRIATIONS FOR SELECTED COMPONENTS OF NEW HAMPSHIRE MEDICAID
State Fiscal Year 2024, Includes Federal, State, and Local Funds



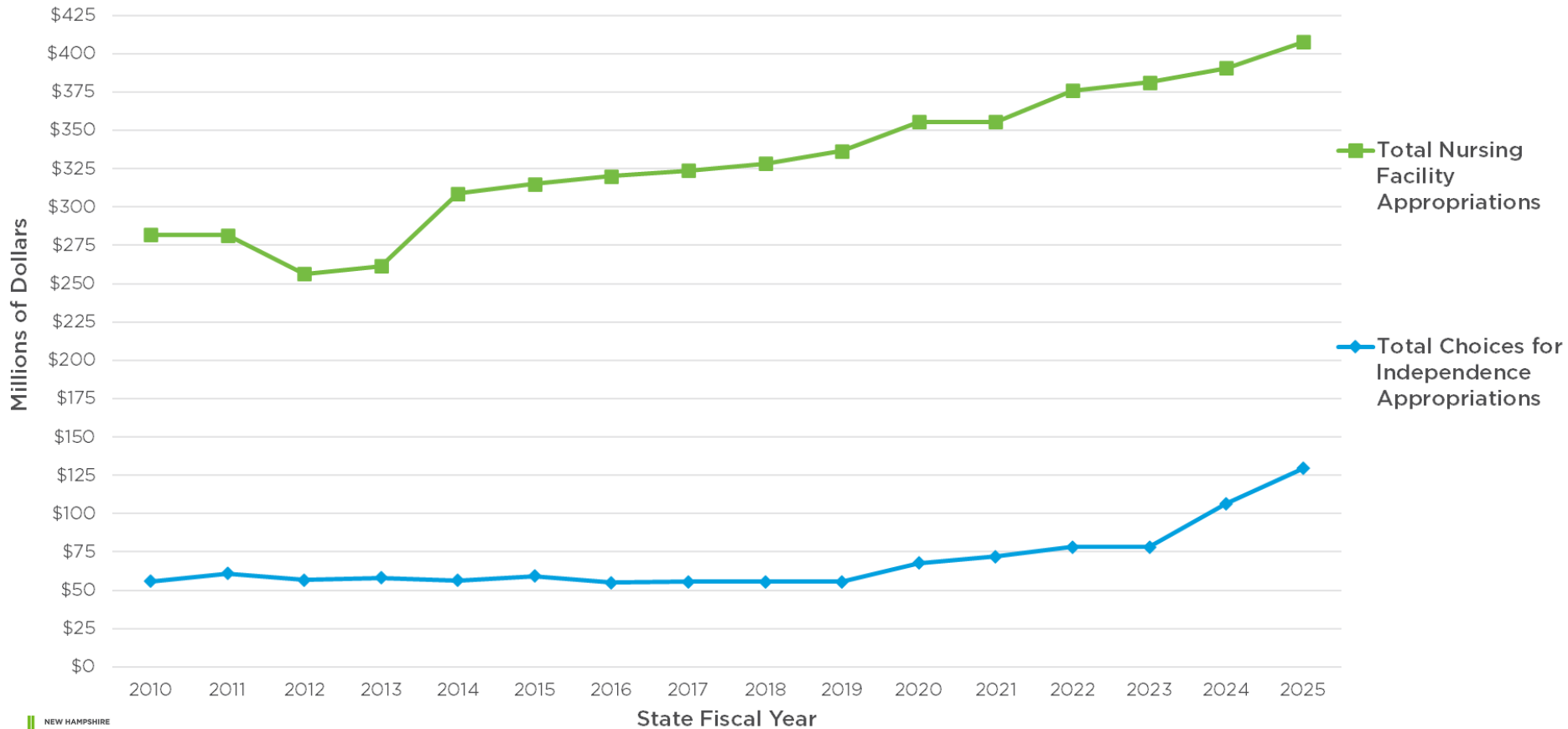
Notes: Several rate increases that do not specify budgeted amounts for specific categories of services excluded from calculations. Assumed potential federal matches included. *Granite Advantage is unbudgeted; figure is an expenditure estimate from Spring 2024.

Sources: New Hampshire Laws of 2023, Chapters 79 and 106; New Hampshire State Treasury

FUNDING HIGHER FOR NURSING FACILITIES, SIGNIFICANT RECENT INCREASES FOR CFI

FUNDING FOR NURSING FACILITY MEDICAID SERVICES AND CHOICES FOR INDEPENDENCE MEDICAID WAIVER SERVICES

Total New Hampshire State Budget Appropriations, Not Net of MQIP or County Payments

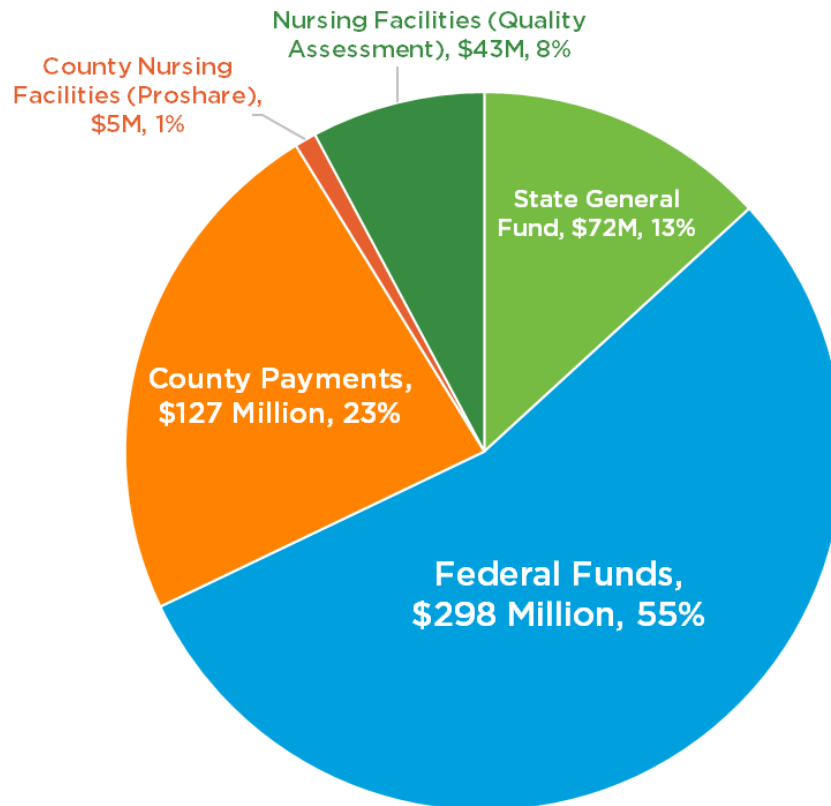


Sources: New Hampshire Office of Legislative Budget Assistant; New Hampshire Department of Health and Human Services

FEDERAL, COUNTY FUNDS LARGEST SHARES OF NURSING FACILITY AND CFI FUNDING

FUNDING FOR MEDICAID APPROPRIATIONS TO NURSING FACILITIES AND CFI

New Hampshire State Budget, State Fiscal Year 2025

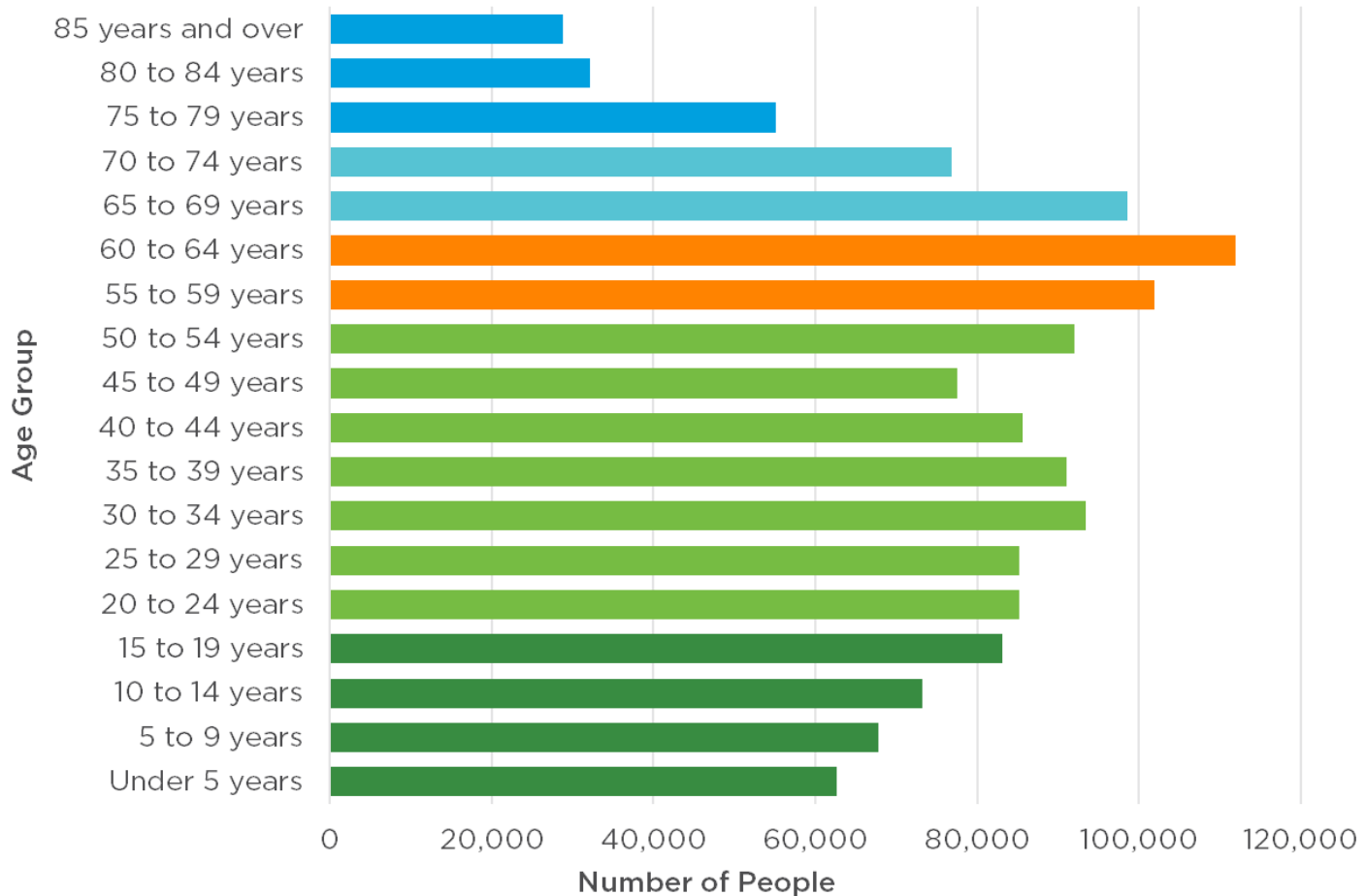


- County payments typically funded by property taxes
- County growth limited to two percent annually by State law
- State Fiscal Year 2025 includes the General Fund contributions to rate increases
- Federal funds bolstered by payments from nursing facilities matched with federal funds, Proshare payments to counties

STATE DEMOGRAPHICS SUGGESTS RISING FUTURE NEEDS FOR LONG-TERM CARE

NEW HAMPSHIRE POPULATION BY AGE GROUP

Number of People by Age Group as of July 1, 2023

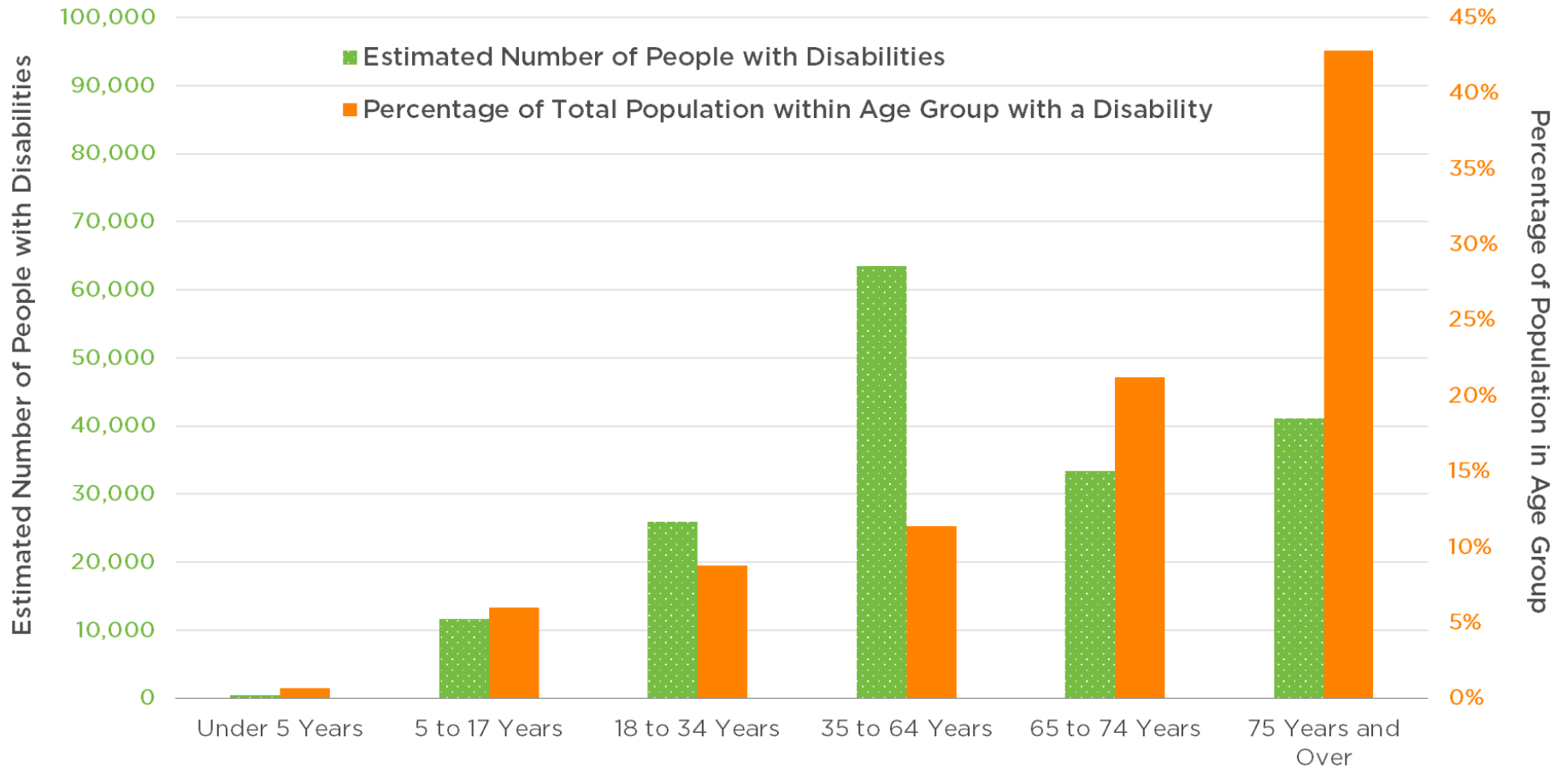


Source: U.S. Census Bureau, Population Estimates Program, July 1, 2023 Estimates

LIKELIHOOD OF DISABILITY RISES WITH AGE

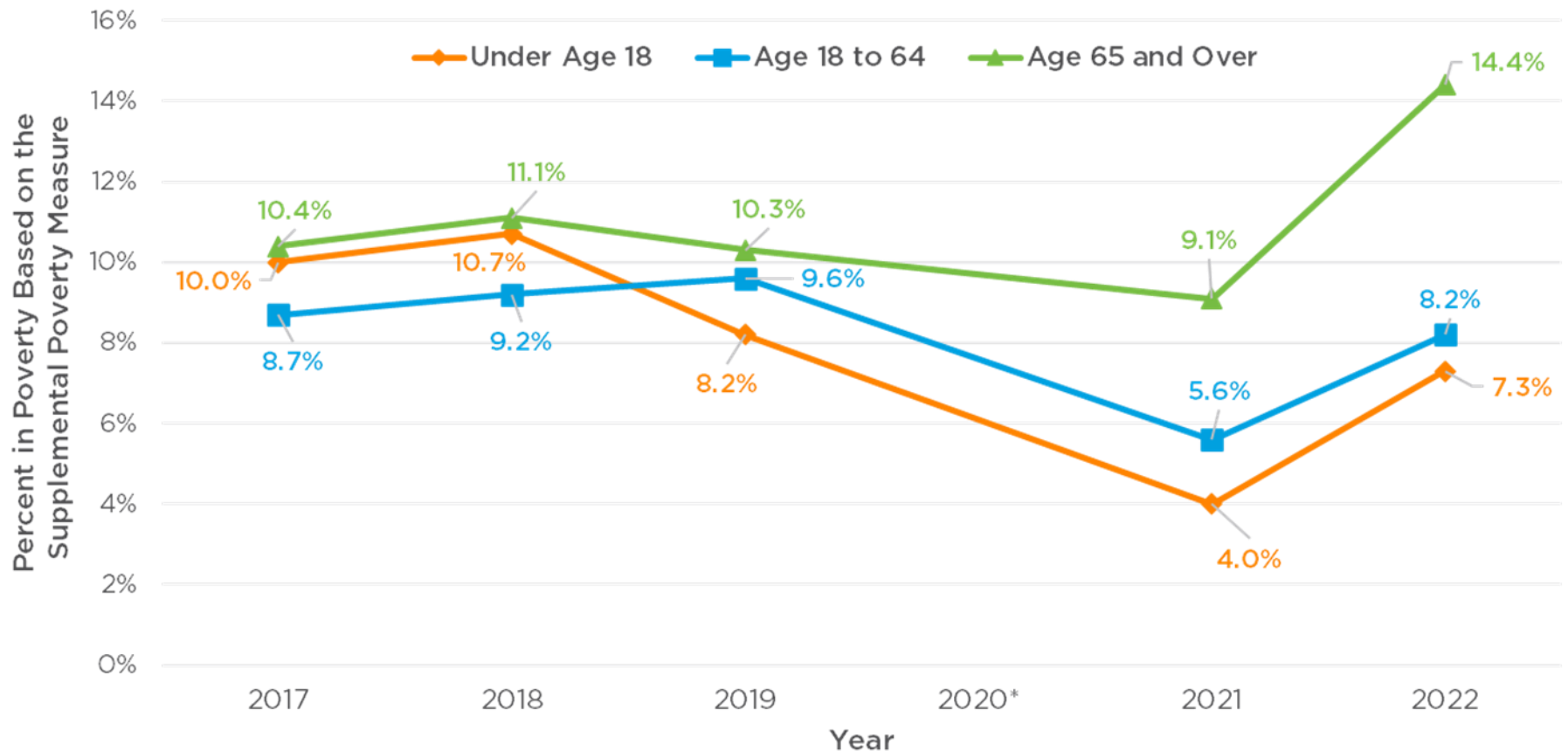
NEW HAMPSHIRE INDIVIDUALS WITH DISABILITIES BY AGE GROUP

U.S. Census Bureau Survey Data, 2018-2022



MORE OLDER ADULTS IN THE STATE MAY BE FACING SEVERE FINANCIAL HARDSHIPS

SPM POVERTY RATES BY AGE GROUP IN NEW HAMPSHIRE

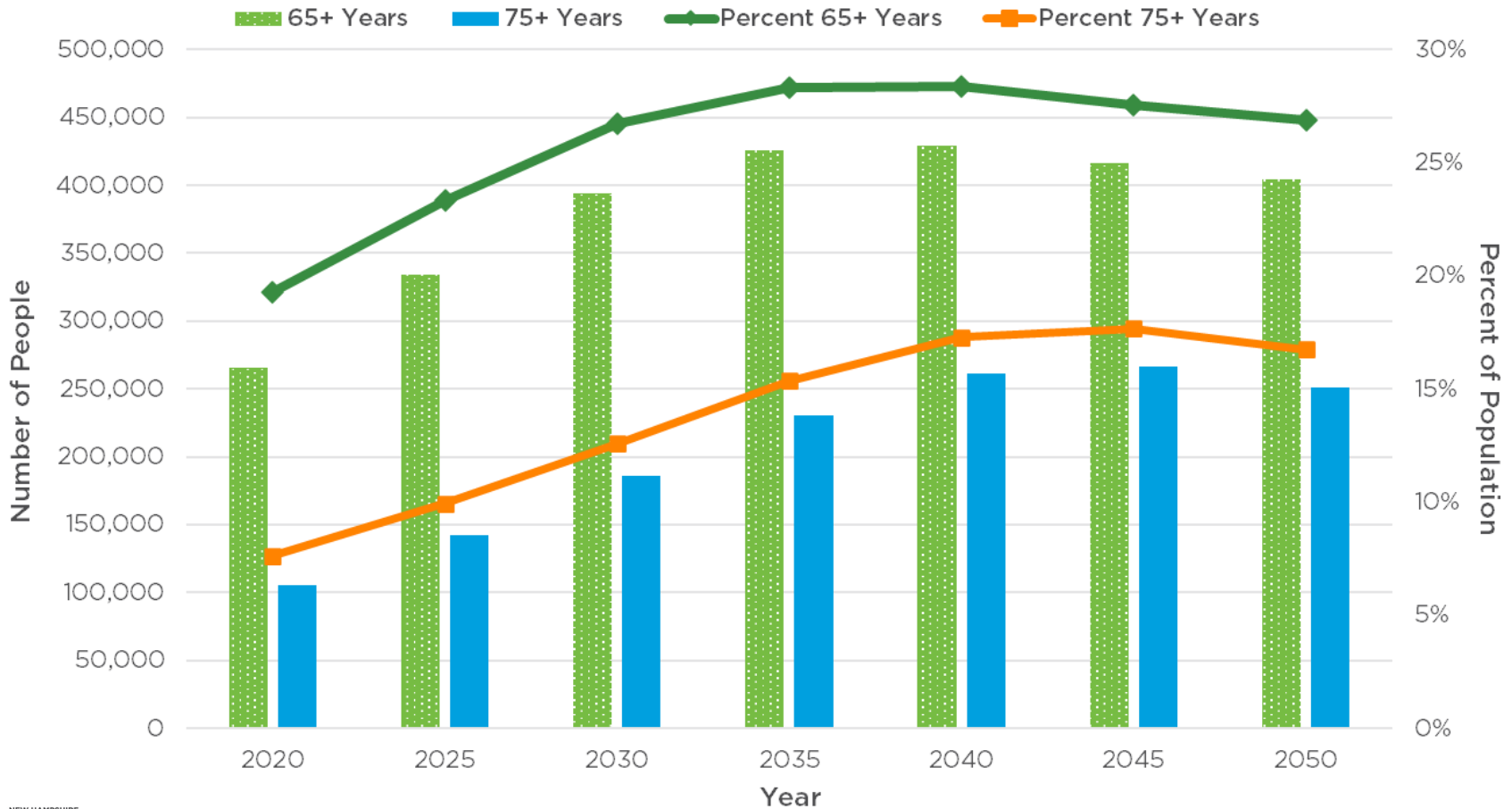


*Note: These data were not available for 2020 due to disruptions associated with the pandemic.

Source: U.S. Census Bureau, Strategies to Counter 2021-Specific Challenges in Producing the Supplemental Poverty Measure in the American Community Survey, State by Age SPM Rates Table

STATE PROJECTIONS: 267K PEOPLE, 18 PERCENT OF POPULATION, AGE 75+ IN 2045

NEW HAMPSHIRE POPULATION PROJECTIONS BY AGE



Source: New Hampshire Department of Business and Economic Affairs, State, County, and Municipal Population Projections: 2020-2050, September 2022

POTENTIAL SCENARIOS SHOW POSSIBLE MAGNITUDE OF FUTURE EXPENSES

Potential Costs in Different Scenarios Based on Key Assumptions

- Currently available projections, including for the state population and for medical cost inflation, will reflect reality in 2030
- Population of adults age 65 and over, or 75 and over, may be related to aggregate Medicaid nursing facility and CFI enrollment
 - Based on exploring simple linear relationships between two variables
 - Also considering historical enrollment as a percentage of total older adult population, both relative to ages 65+ and 75+
- State and federal policies do not restrict enrollment growth, and population changes are the driving explanatory variable for enrollment growth or decline
- For certain scenarios, COVID-19 pandemic effects are temporary and pre-pandemic trends will resume
 - Aggregate nursing facility and CFI enrollment declines in the 2020-2024 period lead to very inconclusive linear relationships between enrollment and demographic population trends in simple analyses, but stronger, positive relationship exists in the State Fiscal Years 2011-2020 period

POTENTIAL SCENARIOS SHOW POSSIBLE MAGNITUDE OF FUTURE EXPENSES, CONT.

Unincorporated Variables that Will Impact Outcomes in Reality

- Limits of workforce constraints on enrollment
- Limits of workforce constraints on expenditures
- State policy changes and budget decisions, including future changes to reimbursement rates, between now and 2030
- Any future federal policy changes, including both Medicaid match and structural changes, between now and 2030
- Changes in economic conditions for older adults, such as more or fewer older adults qualifying for Medicaid as percentage of the population
- Increases in the costs of the alternatives to Medicaid otherwise used to financially access long-term care

POTENTIAL EXPENDITURE SCENARIOS FOR NURSING FACILITY AND CHOICES FOR INDEPENDENCE PROGRAM NEW HAMPSHIRE STATE BUDGET EXPENDITURES IN 2030, IN MILLIONS

<i>State Fiscal Year 2030, Based on Inflation and Population Projections and Per Enrollee State Appropriations; Relative to State Fiscal Year 2024 Appropriations of \$497 Million in State Budget</i>	Larger Share (60 Percent) of Enrollees in CFI Program	Enrollees Equally Divided into CFI Program and Nursing Facilities	Larger Share (60 Percent) of Enrollees at Nursing Facilities
Static Enrollment at 2024 Levels	\$523	\$591	\$659
2011-2020 Trendline, Age 65+ Relative to Enrollment	\$622	\$703	\$785
2011-2020 Trendline, Age 75+ Relative to Enrollment	\$719	\$813	\$907
Enrollment as 2021-2024 Percentage of Age 65+ Population	\$780	\$882	\$984
Enrollment as 2021-2024 Percentage of Age 75+ Population	\$947	\$1,070	\$1,194
Enrollment as 2011-2024 Percentage of Age 65+ Population	\$951	\$1,075	\$1,199

Assumptions for all scenario projections: New Hampshire population projections from the New Hampshire Department of Business and Economic Affairs for 2030 are realized. Inflation projections from the Centers for Medicare and Medicaid Services for skilled nursing facilities and home health agencies are realized. A measurable relationship, with no overriding confounding variables, exists between the aggregate number of older adults, either over 65 years old or 75 years old, and the total number of Medicaid nursing facility and CFI program enrollees and is measurable as either a linear regression or a relative percentage (depending on the scenario). State and federal policies permit enrollment growing with growing older populations.

Sources: New Hampshire Office of Legislative Budget Assistant; New Hampshire Department of Business and Economic Affairs; U.S. Centers for Medicare and Medicaid Services, Market Basket Data; U.S. Census Bureau, Population Estimates Program

KEY TAKEAWAYS

- Medicaid, which draws on both State and federal funds, is key for funding long-term services and supports
- In New Hampshire, long-term services and supports constitute more than a third of all Medicaid expenditures
- Nursing facilities and the Choices for Independence home- and community-based care program are the two primary long-term services and supports for older adults and adults with physical disabilities funded by New Hampshire Medicaid
- More than two in five New Hampshire adults age 75 and older report some form of disability, and about one in six residents projected to be age 75 or older after 2040
- Poverty among older adults may be rising
- Non-federal expenditures may rise significantly due to increases in enrollment, as well as future federal policy changes



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