



South Dakota Legislative Research Council

Issue Memorandum 96-08

OVERVIEW OF SOCIAL SERVICES FOR THE ELDERLY

Background

At the time of the 1990 census, 102,331 citizens of South Dakota, or 14.7% of the state's population, were over the age of sixty-five. Because of the inevitable physical deterioration experienced by the aged, states and the federal government have designed a variety of programs and services to assist with the care of elderly individuals. The 1990 census found that 14,601, or 14.3%, of South Dakota's elderly citizens had incomes below the federal poverty level and, thus, were in the greatest need of publicly funded social services. However, because of the considerable expense of long-term institutional care, which is often needed by the extremely elderly, even relatively well off seniors can eventually qualify for government assistance for their care.

According to Census Bureau projections, the elderly population in South Dakota will increase to 107,000 in 2000, 111,000 in 2010, and 142,000 in 2020. The elderly population in these years is projected to account for 13.9, 13.6, and 16.5 percent of the total state population, respectively. As the elderly population grows, the state and federal budgets will be strained in an attempt to continue providing the existing array of social services for the elderly. It will be particularly costly to pay for more long-term institutional patients, who already consume most of the resources devoted to caring for the elderly. The budgetary strain on the existing social services system will be particularly acute when the elderly population begins to grow as a percent of the state's total population, which is

predicted to occur by 2020. At that point, taxpayers will be declining as a percentage of the population while simultaneously being asked to fund services for a rapidly increasing elderly population.

Programs Serving the Elderly

The office of Adult Services and Aging (ASA) of the Department of Social Services (DSS) is the unit of state government that administers those programs that primarily serve the low-income elderly population. The federal government provides most of the funding for ASA programs and, thus, these programs reflect federal priorities for services to the elderly. A major source of federal funding for ASA programs is the Older Americans Act (OAA), which was originally passed in 1965. Each state receives an allotment under OAA, which must be matched at 15% from state and local sources. The South Dakota allotment under OAA has not varied considerably over the past several years. For federal fiscal year 1996, South Dakota's allotment is \$4,036,711, which is a 1.8% decrease from 1995. The most significant category of funding under OAA is Title III, which funds nutrition, transportation, staff, and some other services; approximately 90% of the funds for South Dakota are appropriated through this title.

Title XIX, or Medicaid, also funds some ASA programs. Title XIX is a federal program enacted in the 1960s that provides medical care to the poor, including institutional care for the elderly and disabled. In addition, many states,

including South Dakota, have obtained waivers that allow them to access Title XIX funds for additional services, with the intent of reducing or at least freezing the size of the nursing home population. As with all Medicaid services, the state pays a percentage of the costs of these services based on the state's median income; in FY97, South Dakota must provide a 35% general fund match.

Title XX, or the Social Services Block Grant, was created by combining several federal programs into one grant in the 1980s. Each year every state receives an allotment, which can be used to provide a broad range of social services. In FY97, DSS expects to receive \$7,711,106 from this grant. Of that amount, approximately half will be spent on ASA programs. Although federal law requires no match for Title XX funds, general funds have been used to complement Title XX funds at an increasing rate because the Title XX grant has not grown significantly since its creation.

In addition to these federally funded initiatives, ASA administers some programs, particularly those intended to provide alternatives to nursing home placement, which are funded entirely with general funds. The table at the end of this memo illustrates the number of clients and amount of funding for major ASA programs; the succeeding sections provide detailed descriptions of services available to the elderly.

Long-Term Care Alternatives Program (LTCAP)

The LTCAP program is designed to provide a range of assistance to individuals who have been determined by a pre-admission assessment to be at risk of nursing home placement.

Clients receiving services under LTCAP do not meet eligibility requirements for Title XIX, and, thus, virtually no federal funds are available to fund LTCAP services. However, DSS believes that funding these services with general funds will prevent or at least postpone nursing home placements, which saves money in the long run because the state share of nursing home care under Title XIX is much more expensive than LTCAP services. For clients in LTCAP with incomes below the federal poverty level and resources below certain limits, LTCAP services are paid for primarily by general funds with a voluntary contribution requested from the client; other clients are required to pay for a portion of their services.

One service provided under LTCAP is homemaker assistance, in which a homemaker employed or contracted with by DSS visits the homes of clients and assists with activities of daily living such as laundry and cleaning. In FY97, ASA expects to spend \$814 thousand in general funds to provide homemaker services to 950 LTCAP clients at a cost of \$856 per client. Those LTCAP clients with medical needs can also receive home nursing visits. In FY97, ASA expects to spend \$373 thousand in general funds to provide in-home nursing services to 950 LTCAP clients at a cost of \$393 per client.

Another service provided under LTCAP is adult day care, which provides supportive services and activities in a community setting. In FY97, ASA expects to spend \$29 thousand in general funds and \$18 thousand in Title XX funds to provide adult day care services to 42 LTCAP clients at a cost of \$1,122 per client.

Title XIX

The federal Medicaid program, or Title XIX,

provides medical care to the poor with the costs shared between the federal government and the state depending on each state's median income. Title XIX is an entitlement program, which means that each individual meeting the eligibility requirements can receive most services covered by Title XIX. Any disabled or elderly individual receiving Supplemental Security Income (SSI) from the Social Security Administration, which is only available to individuals with a monthly income less than \$470 and limited resources, is automatically eligible for Title XIX coverage. In addition, those disabled and elderly individuals with a monthly income up to 300% of the SSI limit, or \$1,410, can receive payment for long-term care in a nursing home from Title XIX.

In 1988, the state obtained a home and community based services waiver from the federal government that allows elderly and disabled individuals not residing in institutions to qualify for Title XIX under the eligibility requirements applied to nursing home patients. This waiver was obtained at about the same time that a moratorium on nursing home beds was approved by the Legislature; the intent of these policies is to limit the amount of care provided in institutions, which is comparatively expensive, and serve more people in their homes. Under the Title XIX waiver, ASA provides a variety of supportive services similar to those available under LTCAP; the major difference is that because clients under the waiver meet Title XIX eligibility requirements the federal government funds a majority of the cost of their care.

In FY97, ASA expects to spend \$143 thousand in general funds and \$617 thousand in federal funds to provide homemaker services to 475 Title XIX waiver clients at a cost of \$1,600 per client. ASA also expects to spend \$53 thousand in general funds and \$100 thousand in federal funds to provide in-home nursing

services to 475 Title XIX waiver clients at a cost of \$323 per client. In addition, ASA expects to spend \$5 thousand in general funds and \$10 thousand in federal funds to provide adult day care services to 15 Title XIX waiver clients at a cost of \$1,000 per client.

Under the Title XIX waiver, those clients who need twenty-four-hour supervision, although not all the medical services offered in nursing homes, can be placed in assisted living facilities. In FY97, ASA expects to spend \$368 thousand in general funds and \$694 thousand in federal funds to provide assisted living facility services to 150 Title XIX waiver clients at a cost of \$7,081 per client.

The most expensive and widely used Title XIX service provided by ASA is nursing home care. Despite a moratorium on new beds and the alternative services available through the waiver and LTCAP, nursing home care still accounts for 87% of the ASA budget. In FY97, ASA expects to spend \$34 million in general funds and \$64 million in federal funds to support a monthly average of 4,545 nursing home patients at an average annual cost of \$21,530 per client. Nursing home care is available to all disabled and elderly individuals in need, and Title XIX provides this care to a population that is quite elderly. Of current clients, 94% are more than sixty-five years of age and 70% are more than eighty years of age.

Title XIX also covers personal care for eligible individuals who reside at home and have a medical-related need for assistance with bathing, dressing and grooming. In FY97, ASA expects to spend \$144 thousand in general funds and \$294 thousand in federal funds to provide personal care services to 610 clients at a cost of \$717 per client. Of these clients, ASA estimates that 84% will be elderly with the remainder being disabled adults.

In addition to its other services, Title XIX also covers medical transportation for eligible individuals if no other resource is available. In the case of the elderly, this typically means transportation to hospitals or doctor's offices. In FY97, ASA expects to spend \$310 thousand in general funds and \$894 thousand in federal funds to provide transportation services to 2,300 Title XIX clients at a cost of \$523 per client. Because DSS recently changed their budgeting practices to include all Title XIX transportation costs in ASA, only 42% of the clients receiving these services are expected to be elderly.

Other Federally Funded Services

ASA also administers several programs that are not entitlements but are primarily funded by the federal government. For example, ASA operates 208 congregate meal sites in 175 communities for people more than sixty years of age with funding from OAA Title III-C and the US Department of Agriculture; ASA also provides home delivered meals with funding from OAA Title III-C. In FY97, the state expects to receive \$2.2 M in OAA funds and \$1 M in USDA funds for nutrition, and the state will provide a little more than \$100 thousand in general funds to match these grants. Although there are no specific income limits for these services, the federal government requires ASA to target these services at the low-income; ASA expects to provide meals to approximately 23,400 clients in FY97 at a cost of \$146 per client.

While Title XIX funds transportation to medical appointments for eligible individuals, the federal government also funds general transportation services for people more than sixty years of age through OAA Title III-B. As with nutrition, the federal government does not legislate specific eligibility requirements, but

these services are intended to serve primarily low-income people. In FY97, the state expects to receive \$310 thousand in OAA funds for transportation, and the state will provide \$18 thousand in general funds to match this grant. This funding will provide service to approximately 9,200 clients in FY97 at a cost of \$36 per client.

Funds from OAA Title III-B pay for some adult day care services, which are the same as those provided under LTCAP and the Title XIX waiver. Clients in this program must be more than sixty years of age but do not have to meet income limits. However, the federal government requires ASA to target the funding to those with greatest financial need. In FY97, the state expects to receive \$260 thousand in OAA funds for adult day care, and the state will provide \$15 thousand to match this grant. These funds will provide service to approximately 350 clients at a cost of \$786 per client.

In addition to the homemaker services provided through LTCAP and the Title XIX waiver, ASA also provides homemaker services to additional clients. Individuals receiving these services are required to make a co-payment based on their income. Co-payments cover 33% of the cost of these services, while Title XX provides \$829 thousand, federal incentive funds provided to DSS in recognition of good management account for \$478 thousand, and general funds account for \$90 thousand. In FY97, approximately 4,025 clients will receive homemaker services under this program at a cost in public funds of \$347 per client. Of these clients, ASA estimates that approximately 94% will be elderly, with the remainder being disabled adults. The cost per client for these services is less than that for Title XIX and LTCAP clients in part because these clients pay more in co-payments.

Using Title XX funds, ASA also provides respite care services, in which ASA pays someone to relieve for short periods the primary care giver of an individual who is at-risk of nursing home placement. In FY97, ASA plans to spend \$447 thousand in Title XX funds and \$165 thousand in general funds to provide respite care services to 500 clients at a cost of \$1,225 per client. Of these clients, ASA estimates that approximately 82% will be elderly, with the remainder being disabled adults.

In addition to the programs described above, the federal government also provides small amounts of funding for services including legal and health insurance counseling, nursing home ombudsmen, and additional in-home services such as frail elderly assistance, medication reduction, and fall prevention. These services are matched to a minimal extent by general funds.

Entirely State-Funded Services

ASA also administers some programs other than LTCAP that are supported entirely by general funds. In most cases, these services are alternatives to institutional care, which would be more expensive despite federal participation in the cost. For example, ASA provides adult foster care for people more than sixty years of age and below certain income levels who need twenty-four-hour supervision in a home-like setting. In FY97, ASA plans to spend \$82 thousand in general funds on such services for 40 clients at a cost of \$2,055 per client.

On top of those clients served under the Title XIX waiver, ASA also provides assisted living facility care funded entirely with general funds for individuals with a monthly income of less than \$877. In FY97, ASA plans to spend \$578 thousand to provide assisted living facility

services to 110 clients at a cost of \$5,256 per client. Of these clients, ASA estimates that approximately 75% will be elderly, with the remainder being disabled adults.

One unusual program administered by ASA is the Retired Senior Volunteer Program (RSVP). This program does not focus on the medical or daily living needs of the elderly; instead, the RSVP program consists of grants of general funds to involve elderly individuals in volunteer projects. In FY97, ASA plans to spend \$85 thousand in general funds to make grants of \$9,500 to nine RSVP projects.

Staff Services

In addition to staff which administer all the programs described above, DSS also has some staff which provide direct services to ASA clients. The primary DSS employees who work directly with ASA clients are social workers in field offices throughout the state. In FY97, DSS expects to spend slightly more than \$1.8 million from various federal sources, including primarily OAA Title III-B, Title XIX and Title XX, and slightly more than \$1.0 million in general funds to support 75 FTE social workers. These employees will provide case management services to approximately 11,500 disabled and elderly individuals; they will also provide protective services to assist approximately 200 clients at greatest risk of abuse. In addition, these staff assist in the preparation of approximately 4,700 pre-admission assessments of potential nursing home patients; these assessments are designed to limit the institutionalized population by diverting clients to less restrictive and expensive services offered by ASA.

DSS also employs staff which provide homemaker services to ASA clients. This staff has been dwindling over the years, however, as

more of these services are provided through contracting with private providers; the number of homemaker FTE in DSS has been reduced from 113.9 in FY94 to 45.2 in FY97. The remaining homemaker FTE are projected to serve approximately 775 clients, or 14% of all clients, in FY97 at a cost of nearly \$1.2 million or \$1,513 per client. As more clients are served by contracted homemakers through ASA, it appears likely that this staff service will be eliminated within a few years.

Potential for Enhancement of Federal Funds

In the 1996 Legislative Session, HB 1352 was introduced at the request of the Governor. That bill in its original form would have appropriated \$1.4 million in general funds to ASA on top of the funding that had been recommended in the general appropriations act. The Governor proposed this bill instead of proposing funding for tax refunds for poor elderly and disabled people under a long-standing program run by the Department of Revenue; this policy change was supported by the argument that funds spent through ASA would reach more people and leverage additional federal funds. Later in the session, the executive branch reversed course and proposed spending general funds for tax refunds instead of augmenting ASA.

Although it was not enacted in its proposed form, the original intent of HB 1352 bears some investigation. The bill in its proposed form would have committed funding to the following ASA programs: nutrition, transportation, adult day care, respite care, homemakers, RSVP, and other minor programs. In fiscal year 1995, the Department of Revenue spent slightly more than \$1 million on the tax refund program by making an average payment of \$172 to 6,287 households.

On the other hand, \$1 million could be used to provide assisted living facility care to an additional 190 clients based on the current cost of that service. If additional funds were given to ASA and spread throughout its programs, the money might reach more people than the tax refund program, but it would not necessarily be focused on the poorest households as are the tax refunds.

The idea that additional spending on ASA programs can leverage federal funds is dubious. Funds from the OAA, which pay for nutrition, transportation, staff, and to a lesser extent some other services, are allotted to each state annually. Since South Dakota has been putting up enough state and local funding in match to receive its full allotment, additional general funds would not access additional federal funds for these programs. Similarly, Title XX, which is used to pay for homemaker services, respite care and staff, is a block grant which provides a specific amount of funding to states each year. Additional general funding for these programs will not affect the amount of federal funds available in any way.

As an entitlement program, Title XIX provides funding, which must be matched by the state, for eligible services for all eligible individuals. In most cases in ASA that is nursing home care, which the state has been trying to limit because of its considerable expense. Under the home and community based services waiver, Title XIX does fund some less expensive alternative services. However, Title XIX only covers those individuals who meet eligibility requirements. Without further changes in eligibility requirements and services covered, additional Title XIX funds will be difficult to access. In addition, if Title XIX is converted to a block grant similar to Title XX as Congress has discussed in recent years, the point will be moot, because additional general fund spending would not produce additional

federal funds under those circumstances.

Conclusion

With the elderly population expected to increase in coming years and to start growing as a percentage of South Dakota’s population by 2020, it behooves state policymakers to review the design of current social services to the elderly to determine whether they are providing appropriate and adequate care.

Despite attempts to develop alternatives in recent years, nursing home care still consumes a large share of the budget for services to the elderly. Under the current system, spending additional general funds on ASA programs does not appear to be justified as a means to access additional federal funds; however, additional spending might be appropriate if it were used to further the development of innovative methods of serving elderly citizens in their home, which is significantly less costly than institutional care.

This issue memorandum was written by Jeff Bostic, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.

Summary of Office of Adult Services and Aging Programs for Fiscal Year 1997						
Program		General Funds	Federal Funds	Total Funds	Clients	Cost Per Client
Nutrition		\$126,153	\$3,287,733	\$3,413,886	23,400	\$146
Transportation		\$328,298	\$1,204,112	\$1,532,410	11,500	\$133
<i>Adult Day Care</i>	<i>Regular</i>	<i>\$15,400</i>	<i>\$259,600</i>	<i>\$275,000</i>	<i>350</i>	<i>\$786</i>
<i>Adult Day Care</i>	<i>LTCAP</i>	<i>\$28,981</i>	<i>\$18,122</i>	<i>\$47,103</i>	<i>42</i>	<i>\$1,122</i>
<i>Adult Day Care</i>	<i>Title XIX</i>	<i>\$5,200</i>	<i>\$9,800</i>	<i>\$15,000</i>	<i>15</i>	<i>\$1,000</i>
Adult Day Care	Total	\$49,581	\$287,522	\$337,103	407	\$828
<i>Homemakers</i>	<i>Regular</i>	<i>\$89,604</i>	<i>\$1,307,582</i>	<i>\$1,397,186</i>	<i>4,025</i>	<i>\$347</i>

<i>Homemakers</i>	<i>LTCAP</i>	\$813,698	\$0	\$813,698	950	\$856
<i>Homemakers</i>	<i>Title XIX</i>	\$142,936	\$617,299	\$760,235	475	\$1,600
Homemakers	Total	\$1,046,238	\$1,445,944	\$2,492,182	5,450	\$457
Personal Care		\$143,753	\$293,519	\$437,272	610	\$717
Respite Care		\$165,402	\$447,197	\$612,599	500	\$1,225
Adult Foster Care		\$82,200	\$0	\$82,200	40	\$2,055
<i>Assisted Living</i>	<i>Regular</i>	\$578,160	\$0	\$578,160	110	\$5,256
<i>Assisted Living</i>	<i>Title XIX</i>	\$368,245	\$693,899	\$1,062,144	150	\$7,081
Assisted Living	Total	\$946,405	\$693,899	\$1,640,304	260	\$6,309
<i>Home Nursing</i>	<i>LTCAP</i>	\$373,350	\$0	\$373,350	950	\$393
<i>Home Nursing</i>	<i>Title XIX</i>	\$53,208	\$100,262	\$153,470	475	\$323
Home Nursing	Total	\$426,558	\$100,262	\$526,820	1,425	\$370
Nursing Homes		\$33,926,068	\$63,298,181	\$97,854,249	4,545	\$21,530