Aging Networks Can Improve Long-Term Care and Lower Costs

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Older Americans often end up needing daily care and support over many months and years. Right now, many seniors are forced to enter nursing homes paid through Medicaid. But the cost of institutional care is very high – unaffordable over the long run for the federal government, the states, and families. What is more, many older people would prefer to remain in their own homes and communities. America needs better solutions.

Private-sector managed health care organizations are experimenting with ways to better coordinate home-care and community services. An even more promising approach is an "aging network" that allows local non-profits and government agencies to work together to assess the needs of each older person, identify appropriate services such as home aides, and administer cost-effective community programs. Families and older people find aging networks good to work with, because they provide one-stop information and a supportive social network. The emphasis is on care, not profit.

Managed Care Encourages Savings through the Private Sector

One method that has been used to save money and encourage home care for seniors involves the integration of different sources of funding – from Medicaid and other public and private sources – in a private-sector "Managed Long-Term Care" umbrella program operating at the local or regional level. This program receives funds from various sources and pays out a set, per-person rate to purchase care from various companies, including nursing homes along with home-care companies, whichever works at the specified price. Over the past fifteen years, various managed care programs have developed around the country. They vary a great deal in the types of people helped, the range of funding sources in addition to Medicaid, their geographical scope and benefit packages. Some include traditional, non-profit providers of elder-care services, like Meals On Wheels and other non-profits, while others work only with for-profit providers.

The Wisconsin Family Care program is the best example of this kind of Managed Long-Term Care program that successfully integrates and redirects long-term-care resources. The program has generated significant savings and satisfied consumers, while shifting the kinds of services provided toward home-based, lower-cost solutions.

Aging Networks Offer an Even Better Solution

Studies of existing long-term-care arrangements suggest that the best approach – even better than Managed Long-Term Care – combines unified administrative responsibility at the state-level with ready access to services through one-stop coordination of non-profit services offered at the local level. Three states – Oregon, Washington, and Vermont – have achieved full integration of long-term-care programs and funding. A single state agency takes responsibility for fostering community-based long-term care for the elderly, and combines funds from Medicaid's Nursing Home Program with other resources. Such consolidation removes inefficiencies and bureaucratic red-tape to better serve the interests of seniors and their families – above all by expanding service options in local communities and placing the emphasis on non-profit providers of care.

Research shows that care-giving networks are more likely to thrive under the leadership of nonprofit, mission-driven organizations. The reason is straightforward. For-profit companies that sell services to the elderly and their families must place the emphasis on generating dividends for shareholders. Non-profit groups can stress values of care and involve networks of people offering a mix of paid care and informal support.

Supporters of Aging Networks Need to Make a Strong Case

Good results have been achieved in Oregon, Washington, and Vermont with state-supervised networks of local non-profit providers. Regrettably, however, this example is not spreading progressively to additional states. Powerful players stand in the way. State Medicaid offices often try to protect their own turf, and the nursing home industry remains an influential player in the politics of long-term-care policy in most states. The industry wants to protect its own profits, and so resists handing authority over the administration of Medicaid funds to a single agency whose mission is to look for better, cost-effective ways to provide long-term care to senior citizens, including more care in their own homes and communities.

Many state policy makers are already familiar and comfortable with the extensive role played by for-profit Managed Care Organizations that use Medicaid funds. Even if Aging Networks that stress nonprofit providers might do a better job, state officials may not know about this model – and lobbyists for private interests are not going to tell them about it. In order to get the word out about what they have to offer, supporters of aging network organizations need to prepare their own competitive proposals, showing how they can work with local communities and non-profit providers of care to do an excellent job of meeting the needs of older Americans – including those who want to remain in their own homes and live amidst neighbors and friends.

The challenge of long-term care for aging adults will not go away. For-profit programs are doing a better job at managing care and keeping costs down, but state-supervised local aging-networks centered in non-profit providers can do even better. Their supporters need to draw on available models and good research to make a compelling case for action in many states.

Prepared with the assistance of Lisa Rill. Read more in Larry Polivka and Helen Zayac, "The Aging Network and Managed Long-Term Care." *The Gerontologist* 48, no. 5 (2008): 564-572.