

Home and Community-Based Services: Exploring Options to Control Costs and Expand Access to Long-Term Care

David Biko, MHA, VA Boston Healthcare System

Research Fellow, Partnered Evidence-Based Policy Resource Center

Stuart Figueroa, MSW, VA Boston Healthcare System

Senior Policy Analyst, Partnered Evidence-Based Policy Resource Center

Elsa Pearson Sites, MPH, VA Boston Healthcare System

Policy Director, Partnered Evidence-Based Policy Resource Center

Melissa Garrido, PhD, VA Boston Healthcare System

Associate Director, Partnered Evidence-Based Policy Resource Center



U.S. Department of Veterans Affairs

Veterans Health Administration
Health Services Research & Development Service

Bottom Line Up Front

As the Veteran population ages, Veterans' long-term care needs will increase. The Veterans Health Administration (VHA) supports aging Veterans in both institutional and non-institutional settings. Non-institutional purchased personal care services delivered as Home and Community-Based Services (HCBS) are beneficial for Veterans and VHA alike: HCBS promote Veteran independence and choice while enabling VHA to meet Veterans' individualized needs at a fraction of the annual per-beneficiary cost of institutionalized care.¹ With Veteran demand for long-term care projected to grow,¹ there is a need for more up to date evidence on the relative benefits of specific purchased personal care services. This knowledge will help policymakers make evidence-based decisions, ensuring that HCBS alternatives are not only cost saving to VHA, but also targeted appropriately to Veterans' needs.

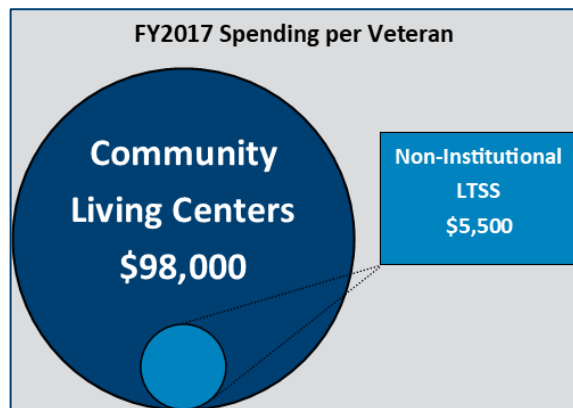
Introduction

Home and Community Based Services (HCBS) allow Veterans to receive flexible, individualized long-term services and supports (LTSS) in their community, with the goal of preventing or delaying long-term placement in institutionalized care. HCBS LTSS include both skilled (clinical) services and personal care services. Through personal care services, Veterans retain autonomy while receiving assistance with activities of daily living, defined as eating, bathing, dressing, using the toilet, and mobility. This brief provides an overview of spending and health care utilization trends for four non-institutional purchased personal care services delivered as HCBS and describes opportunities to improve the evidence base for these services.

Non-Institutional Long-Term Services and Supports Within the Veterans Health Administration Have Grown and Will Continue to Grow

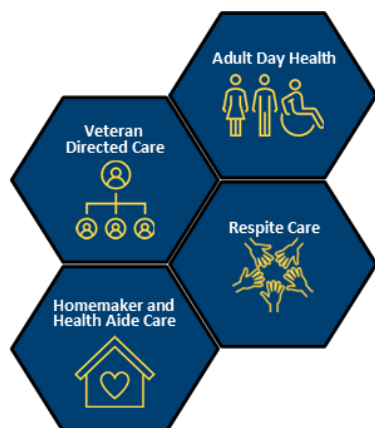
Through VHA's Aging in Place Initiative, VHA seeks to provide LTSS in non-institutional settings when safe and in accordance with Veterans' wishes.² Veterans who are eligible for care in a Community Living Center (a VHA nursing home) are eligible to receive non-institutional LTSS.³ Community Living Centers can provide Veterans with a structured and supervised environment but may limit Veteran autonomy and bring high costs.⁴

In 2018 VHA paid for LTSS for 530,327 Veterans, of which the majority (87%) took place in non-institutional settings.¹ From 2014 – 2018 utilization of non-institutional LTSS grew twice as much (16% vs 8%) as institutional care. As use of non-institutional LTSS has grown, so has the potential for cost savings. In FY 2017 VHA spent about \$98,000 per Veteran on Community Living Centers and \$5,500 per Veteran for non-institutional LTSS.⁴ Over time, non-institutional LTSS are accounting for a growing share of LTSS utilization.¹ The need for and spending on LTSS in the Veterans Health Administration (VHA) is expected to increase over the next two decades.¹



Purchased Personal Care Services at a Glance

HCBS include many programs, but this brief will focus on four purchased non-institutional personal care services: Veteran Directed Care (VDC), Adult Day Health (ADH) Care, Homemaker and Home Health Aide Care, and Respite Care. Personal care services are key to supporting safe home living environments.



While medical services such as skilled nursing care are also an important part of Veteran LTSS, providing personal care services is often a sufficient and cost-effective way to keep a Veteran in their community.⁵ These four programs are all included in the performance metrics that the Office of Geriatrics and Extended Care has created to monitor and facilitate the process of LTSS rebalancing across VHA.

Veteran Directed Care Allows Veterans a Flexible Care Budget

VDC provides Veterans with a budget to manage their care as they see fit. VDC allows Veterans to hire a range of caregivers or purchase home modifications. In January 2022, VHA announced plans to expand VDC services enterprise-wide by 2026. The program has sustained substantial growth – with enrollment more than doubling from FY 2017 (2,100) to FY 2020 (4,400).⁶ Program coordinators have stated VDC is meeting the needs of Veterans and participants have reported greater satisfaction than those in Community Living Centers.⁷⁻⁹ In addition, evidence suggests VDC enrollment is associated with reduced admissions to VA nursing homes and may have additional benefits for rural enrollees. In an analysis of over 37,000 Veterans, VDC participants were less likely to be admitted to VHA-paid nursing homes compared to those receiving other VHA-paid personal care services. Moreover, among rural Veterans, VDC enrollees had significantly fewer VHA-paid acute care admissions and emergency department visits than recipients of other VHA-paid personal care services.⁷ Evaluations of the relative cost effectiveness of VDC versus other VHA-paid personal care services have not yet been conducted.

Adult Day Health Care Provides Veterans with Community-based Social Support

ADH services provide a location where Veterans who have difficulty with activities of daily living can go during the day to receive social support and some medical services. ADH is ideal for Veterans whose regular caretakers may be unavailable for portions of the day. Contract ADH services administered through Community ADH centers have increased in utilization by 8% from FY 2014 – 2018.¹ VHA projects that Community ADH volume will grow by 48% from FY 2017 to FY 2037.¹ Currently, there is a lack of recent research about the cost effectiveness or health outcomes associated with ADH services. A 1993 study found no difference in health outcomes between Veterans assigned to ADH and those receiving usual care; but Veterans using ADH services, as well as their caregivers, reported greater satisfaction than those in Community Living Centers.¹⁰ New research comparing health outcomes and costs of ADH with other VHA-paid personal care services will help to clarify the value of the service going forward.

Homemaker and Home Health Aide Care is Effective for Veterans Without Caregivers

Homemaker and Home Health Aide Care allows a trained individual to visit a Veteran in their home to assist them with activities of daily living. These services benefit Veterans who do not have a full-time caregiver, lack the mobility to attend ADH services, and prefer to receive care in their community. In FY 2018, the program accounted for 12.3 million clinical encounters – making it the most frequently

purchased non-institutional personal care service.¹ In FY 2019, the program served 136,000 veterans at a cost of \$775.9 million.¹¹ The Congressional Budget Office estimates that expanding the program to all Veterans would increase the number of caregivers to 180,000 and cost \$3.4 billion in ramp up costs but save \$2.5 billion per year by 2030 through preventing Veterans from entering Community Living Centers.¹² Research suggests Veterans using home health care have an increased likelihood of inpatient and outpatient service utilization compared to Veterans with similar health status but who are not using home health care.¹³ Further research is needed to understand the degree to which unobserved factors such as family caregiving availability could affect inpatient and outpatient service use for non-home health users.

Respite Care Provides a Stop Gap When a Caregiver is Unavailable

Respite care involves an external party providing interim care for a Veteran whose caregiver is unavailable. Home respite allows a Veteran to attend Adult Day Health Care or have a professional caregiver visit the Veteran in their home. Home respite is projected to see substantial growth, from 278,000 community care visits in FY17 to 541,000 community care visits in FY37.¹ There is limited knowledge about the health outcomes of Veterans who receive home respite care, however a 2020 study suggests that general home respite is associated with an increase in quality adjusted life years.¹⁴

Conclusion

Providing a comprehensive array of long-term care options is a high priority for VHA. Integral to that effort, purchased personal care services provided in the home and community are ideally positioned to provide Veterans with flexibility and choice to receive necessary care in a setting that is most beneficial to their long-term well-being. HCBS are also cost-saving compared to institutionalized care options. In order to target HCBS effectively and efficiently, additional evaluations of the relative health outcomes and costs associated with different purchased personal care services are needed.

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ABOUT PEPR_eC POLICY BRIEFS

This evidence-based policy brief is written by Partnered Evidence-based Policy Resource Center (PEPR_eC) staff to inform policymakers and Veterans Health Administration (VHA) managers about the evidence regarding important developments in the broader health system and economy. PEPR_eC is a Quality Enhancement Research Initiative-funded resource center that collaborates with operational partners to design and execute randomized evaluations of VHA initiatives, develops and refines performance metrics, and writes evidence-based policy briefs.



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