

Senior Advocates of Washtenaw (SAW) Advocacy Issue: “Money Follows the Person”

Background

Medicaid is the main source for publicly funded long-term care. Public funds for long-term care in Michigan are separated into three categories: nursing home, MI Choice, and Home Help. Nursing home care is an entitlement program under Medicaid, meaning the state must pay for the care of all eligible persons seeking nursing home admission. MI Choice, Michigan’s home and community-based care program, is not an entitlement program. Because of this, when there is less demand for nursing home care and more demand for MI Choice, the funding allocated for nursing home care cannot be transferred to the MI Choice program under the current budget structure.

The concept of “money follows the person” would allow Medicaid funds to be used in the client’s setting of choice – for nursing home, in-home, or community-based care.

Key Points

- Medicaid is the main source of public funding for long-term care for lower income seniors and persons with disabilities.
- Medicaid regulations require most low-income persons to enter a nursing home in order to receive financial assistance for long-term care.
- Fiscal Year 2005 long-term care spending:
 - 66% - nursing homes
 - 32% - home health and personal care
- Average reimbursement rates:
 - Nursing homes = \$130 per day
 - Community-based services = \$40 per day

Arguments For

1. Under “money follows the person,” eligible persons would be able to choose where they receive care – at home, in the community, or in a nursing home.
2. More people would likely receive Medicaid-funded long-term care services under “money follows the person,” particularly if more people chose community-based care where reimbursement costs an average of \$40 per day compared with \$130 per day for nursing home care.

Arguments Against

1. Allowing money to follow the person would mean undoing existing categories for Medicaid-funded long-term care, essentially forming one “pot” of money for long-term care dollars. Having all long-term care money in one pot may make tracking expenditures for each program (nursing homes, MI Choice, Home Help) more difficult. Putting all long-term care money into one pot also takes some control and oversight away from legislators, who currently determine how much each program will receive, and gives greater control to the Department of Community Health.
2. Some argue that “money follows the person” would have a negative impact on the nursing home business.

More Information: Jean Borger, Blueprint for Aging, 734-712-0548, jborger@csswashtenaw.org
Compiled by: Amy Smyth, Area Agency on Aging 1-B, and Jean Borger, Blueprint for Aging