

Controlling the Cost of Medicaid Private Duty Nursing Services

A presentation to the Joint Legislative
Program Evaluation Oversight Committee

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Evaluation Purpose

- Evaluate the cost of alternatives to private duty nursing services currently provided under the NC Medicaid Program
- Collected data from
 - Division of Medical Assistance (DMA)
 - Other states
 - Interviews with recipients



Overview

- **We are not recommending eliminating the private duty nursing benefit**
- **We are recommending mechanisms that would control the number of recipients and the cost of their care so the benefit is reserved for those most in need**



Overview

Adult Private Duty Nursing Recipients

- **Recommendation**
 - **Adopt cost-containment mechanisms used by other states**
- **Key Findings**
 1. **Unlike other states, North Carolina does not limit private duty nursing for adults**
 2. **DMA cannot make independent, objective determinations of need**
 3. **Number of adult recipients and cost of their care is growing**



Overview

Child Private Duty Nursing Recipients

- **Recommendation**
 - **Modify Community Alternatives Program for Children (CAP/C) to encourage use of this waiver**
- **Key Finding**
 - **DMA has less control over the number of recipients and the cost of the service when children receive continuous skilled nursing under the state plan compared to CAP/C**



CMS Definition of Private Duty Nursing



- **Nursing services provided by**
 - registered nurse or licensed practical nurse
 - under the direction of a physician
- **For recipients who require more individual and continuous care than**
 - is available from a visiting nurse or
 - routinely provided by the nursing staff of a hospital or skilled nursing facility



Optional Medicaid Service for Medicaid-Eligible Adults

- If states elect to cover an optional Medicaid service, they must provide the service statewide to all beneficiaries
- States have the authority to establish reasonable and appropriate limits on the amount, duration, and scope of the service

Report pp. 2, 7



Required Medicaid Service for Medicaid-Eligible Children

- Federal law requires state Medicaid programs to provide medically necessary private duty nursing to Medicaid-eligible recipients under 21 years of age
- There can be no waiting list for the service and no limits on total cost or number of hours

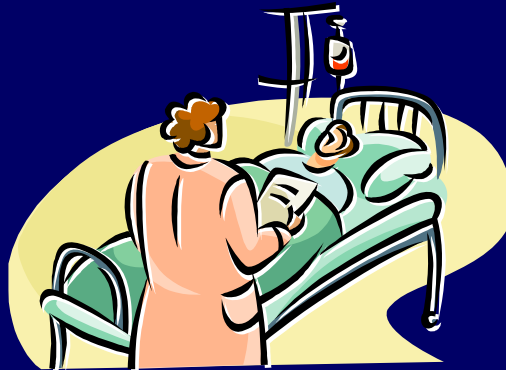


Choosing Private Duty Nursing

- Interviewed 10 recipients and/or family members
- Choose private duty nursing over institutional care because they believe
 - patients have a higher quality of life
 - patients receive a higher quality of care

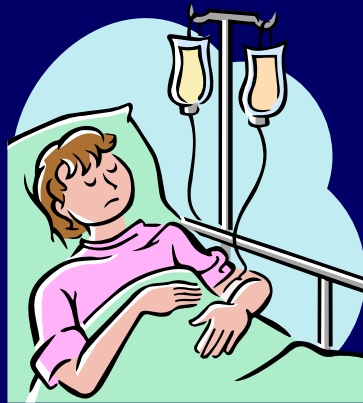


Key Findings for Private Duty Nursing for Adults



Adult Recipients

- In FY 2007, 150 adults received private duty nursing
 - Total cost: \$23.3 million
 - Average cost per recipient: \$155,343



Report pp. 3, 13

Finding 1: Unlike most other states, NC does not limit private duty nursing for adults

- **35 states cover private duty nursing for adults**
 - **20 under their state Medicaid plans**
 - **including North Carolina**
 - **15 through Medicaid waivers**
- **15 states do not cover private duty nursing for adults**

Report pp. 7-10



Adult Private Duty Nursing Under State Medicaid Plans

- To control costs, 18 states impose at least one of the following limits on their private duty nursing service:
 - Limit the number of service hours available
 - Require a willing and capable caregiver
 - Require dependence on medical technology
 - Require recipients need a certain number of skilled nursing hours
 - Limit how the service is reimbursed



Adult Private Duty Nursing Under Medicaid Waivers

- 15 states use waivers to limit the number of recipients of the service and their costs
- Cover private duty nursing for at least one of the following targeted groups:
 - Technology Dependent
 - Disabled
 - Mental Retardation/Developmental Disabilities
 - Aged
 - HIV/AIDS



Finding 2: DMA cannot make independent and objective determinations of need

- **Private Duty Nursing Team is dependent solely on information it receives from a recipient's physician and home care agency**
- **DMA recognizes current policy does not allow Private Duty Nursing Team to make defensible determinations of recipient need and has been working on revised policy**



Finding 3: The number of adult recipients and the cost of their care is growing

- Cost of private duty nursing has nearly doubled between FY 2004 and 2007

Fiscal Year	Number of Recipients	Cost of Private Duty Nursing
2004	113	\$ 12,491,066
2005	122	15,201,171
2006	134	18,773,448
2007	150	23,301,404



Growth in Adult Recipients and Costs Has Outpaced Medicaid

Average Annual Growth between FY 2004 and 2007		
	Number of Recipients	Cost of Service
Private Duty Nursing	10%	23%
Medicaid	3%	7%



Adult Recipients Are Expensive Population within Medicaid

- **Medicaid spent an average of \$155,343 on private duty nursing recipients and \$24,697 on nursing facility residents in FY 2007**
- **Private duty nursing hourly rate**
 - **\$38.96 per hour**
 - **Covers continuous skilled nursing services**
- **Nursing facility daily rate**
 - **\$156.58 for non-ventilator bed; \$405.97 for ventilator bed**
 - **Covers nursing services, room and board, equipment, supplies**

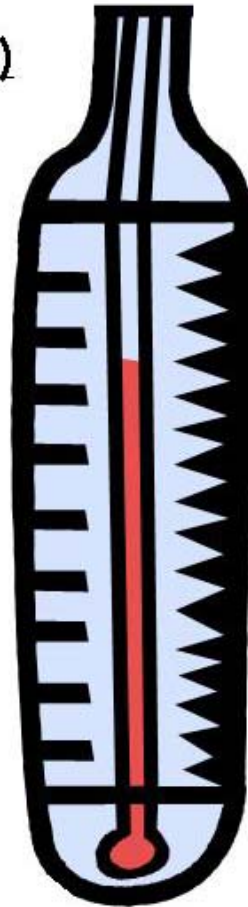
Report pp. 13-14



Private Duty Nursing vs. Nursing Facility Costs

Hourly Costs of Private Duty Nursing (PDN)

24 hrs of PDN (\$935.04)
20 hrs of PDN (\$779.20)
16 hrs of PDN (\$623.36)
12 hrs of PDN (\$467.52)
8 hrs of PDN (\$311.68)



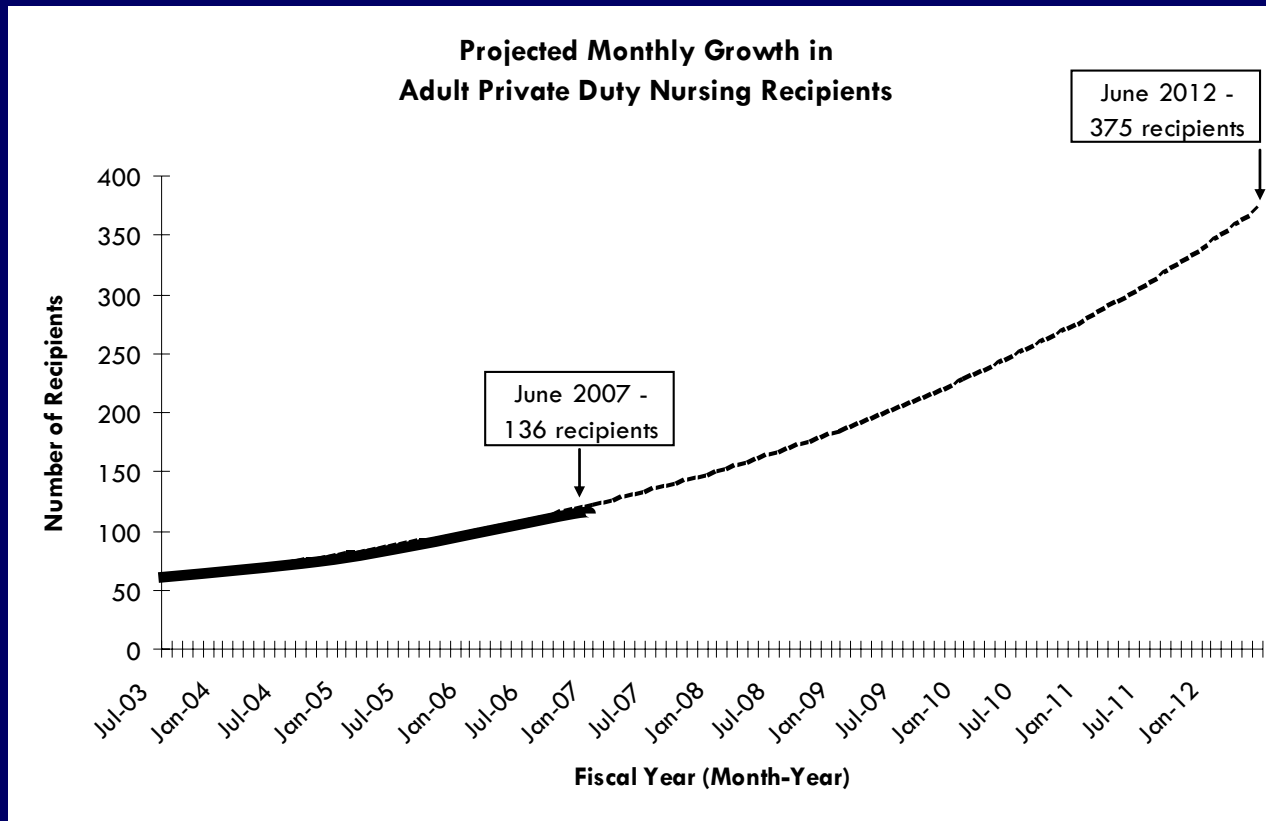
Daily Costs of Nursing Facilities

Ventilator Bed (\$405.97)

Non-Ventilator Bed (\$156.58)

Projected Growth in Adult Recipients

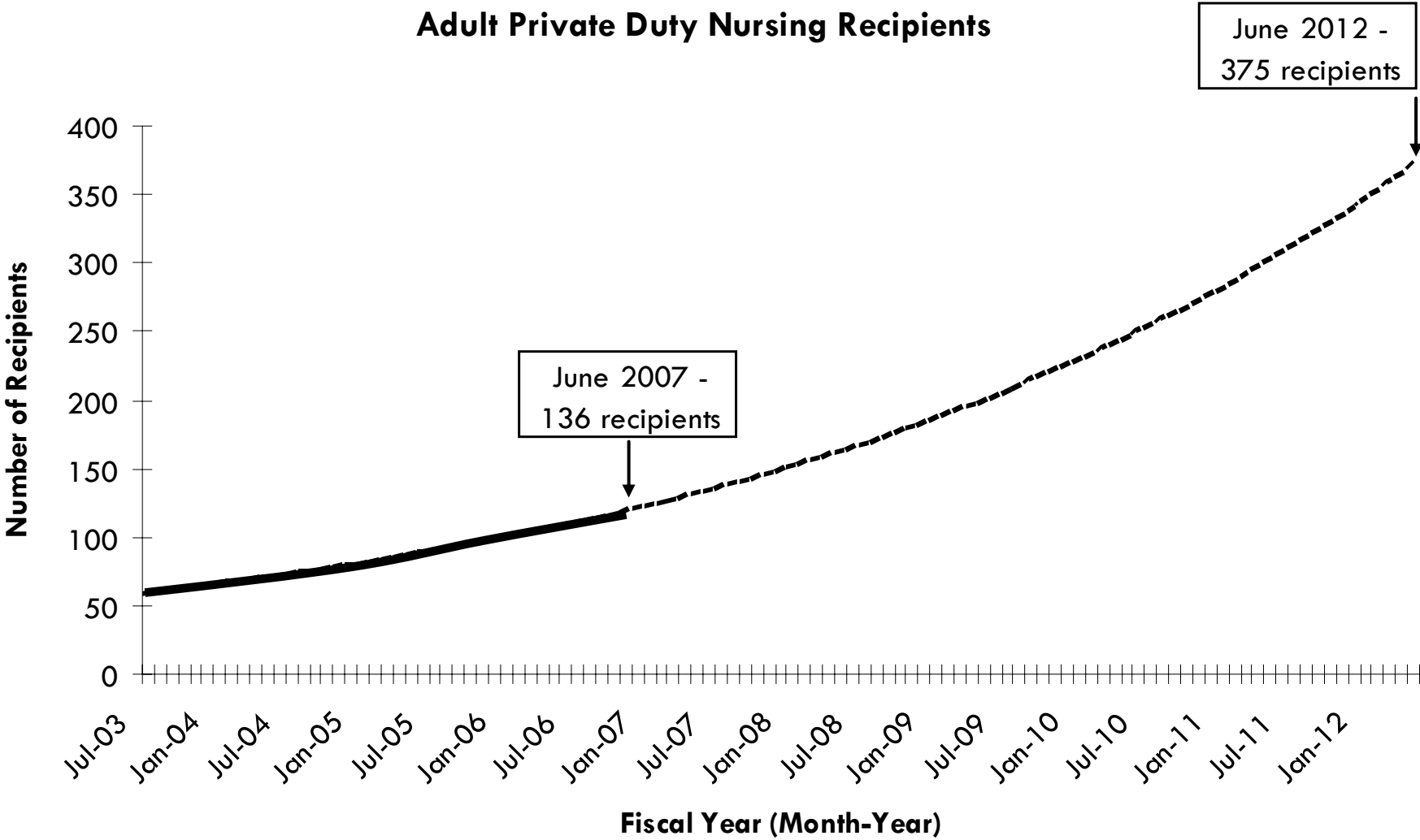
- By FY 2012, there may be 375 recipients at a total annual cost of \$61.5 million



Report pp. 14-15



Projected Monthly Growth in Adult Private Duty Nursing Recipients



Recommendations for Private Duty Nursing for Adults



Recommendation for adult recipients: Adopt cost-containment mechanisms used by other states

- **NCGA should direct DMA to present its revised policy to the NC Physician Advisory Group and adopt the revised policy by October 1, 2009**

Cost-Containment Mechanism	Potential Savings to NC
16-hour a day limit	\$ 394,885
Trained caregiver	1,833,762
Acuity tool determines need	131,472
More care than is available from a visiting nurse or institution	DMA would have to reevaluate each recipient's medical necessity using these mechanisms.
No equally effective, more conservative treatment available	
Require multiple, interrelated nursing assessments	
Require hourly nursing assessments and interventions every 2-3 hours	



Recommendation for adult recipients continued

- NCGA should direct DMA to formulate a waiver proposal by May 1, 2010
- **Technology-Dependent Waiver**

Medical Device Cost-Containment Mechanisms	Potential Savings to NC
Must be technology dependent	\$ 131,472
Must be tracheostomy or ventilator dependent	286,822
Must be ventilator dependent	3,477,348



Recommendation for adult recipients continued

- NCGA should direct DMA to determine if independent assessment of recipient need is cost effective by May 1, 2010



Key Finding for Private Duty Nursing for Children



Child Recipients

- In NC, children receive continuous skilled nursing in two ways:
 - Private duty nursing under the state Medicaid plan
 - Continuous skilled nursing under the Community Alternatives Program for Children (CAP/C) waiver

	Number of Recipients	Cost per Recipient
State Plan	187 (under age 21)	\$ 91,654
CAP/C	259 (18 and under)	87,399



CAP/C Medicaid Waiver

- Provides home care for medically fragile children (through age 18) at risk of institutionalization
- Receive case management and eligible for nurse aide services, respite care, waiver supplies, and home modifications



Finding: DMA has less control when children receive the service under the state plan compared to CAP/C

- Because CAP/C is a waiver, DMA has more control over the number of recipients and their costs than it does over state plan services



CAP/C vs. Private Duty Nursing Limits

CAP/C	Private Duty Nursing
Cannot exceed monthly individual budgets	No budget limits
Number of approved hours per day limited to <ul style="list-style-type: none">– 18 hours for working parents– 10 hours for non-working parents	No limit on number of hours approved



Recommendation for Private Duty Nursing for Children



Recommendation for child recipients: Modify CAP/C by 2010 renewal to encourage use of the waiver

- **Adjust individual monthly budgets**
- **Expedite enrollment for children enrolling from institutions**
- **Increase the waiver limit by 200 children**
 - **Increase age limit to under 21**
- **CAP/C waiting lists, budget limits, and limits on hours cannot be used to deny medically necessary private duty nursing to Medicaid-eligible children**

Report pp. 21-22



Summary

- **Adult private duty nursing recipients**
 - **Recommend adoption of cost-containment mechanisms used by other states**
- **Child private duty nursing recipients**
 - **Recommend modifying CAP/C to encourage use of the waiver**
- **DMA concurs with these recommendations**



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Report Available online

www.ncleg.net/PED/Reports/Topics/Health.html

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