KEY INFORMATION:

GRANTEE
The Nelson A. Rockefeller Institute of Government, The State University of New York

GRANT TITLE
Increasing Health Care Policy Research and Analysis Capability in New York State

DATES
September 1, 2007–May 31, 2008

GRANT AMOUNT
$129,157

Grant Outcomes Report

LOCATION, LOCATION, LOCATION: Medicaid Nursing Home Program Denial Rates in New York State Vary Dramatically by County

I. Executive Summary

Under this grant, Courtney Burke of the New York State Health Policy Research Center at the Rockefeller Institute of Government (Rockefeller) undertook two studies. The first study compared New York State to other states on a range of long-term care issues. Among its findings were that New York's Medicaid spending on the medically needy elderly is among the highest in sampled states, though the quality of its long-term health care is only average. The report also found that New York has the lowest percentage of for-profit certified nursing facilities compared to other states. The second study reviewed the prevalence of denials for Medicaid-funded nursing home care and found wide variation in reported denial rates across the State's counties. No clear reasons for these variations emerged; counties with higher denial rates did not necessarily have higher per capita average incomes or lower rates of poverty. Because Rockefeller encountered some difficulties in obtaining a useable dataset for its analysis, repeated interactions with the New York State Department of Health (NYSDOH) staff and multiple data extractions were required to assemble a final dataset for their analyses.

Both reports resulted in widespread press coverage across the State. In particular, the variations in denial rates for Medicaid coverage of nursing home care generated attention. Rockefeller staff also hosted a number of discussions with State health policy centers around the nation to determine the feasibility and potential structure of a New York State health policy center. The New York State Health Foundation (NYSHealth) subsequently awarded a follow-up grant to conduct field research and identify reasons for county-level variation. Finally, this grant to Rockefeller provided funds to support a staff member who served as a liaison between NYSHealth and NYSDOH's Office of Health Insurance Programs (OHIP) to help determine and coordinate the series of analyses that were funded under the larger authorization.

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This project was part of a larger NYSHealth authorization that funded a series of quick-strike analyses to help OHIP find ways to streamline and expand its public health insurance programs. A summary of findings from this authorization is available on NYSHealth's website.

II. The Problem

The analytic portion of this grant was used to study Medicaid's long-term care program. Medicaid is the single largest funding source for long-term care, paying for half of all nursing home and community-based long-term care in the nation.[1] New York spends more per capita on Medicaid than any other state.[2] Further, New York spends 2.5 times the national average on nursing home care, home care, and personal care expenses.[3] Given the disproportionate use of Medicaid as a funding source for long-term care, OHIP was looking for potential policy improvements to better target Medicaid spending and services.

> "New York spends 2.5 times the national average on nursing home care, home care, and personal care expenses."[3]

In addition, policymakers have long been concerned that elderly people with higher incomes transfer assets to become eligible for Medicaid-funded long-term care. Many states are looking for ways to reduce asset transfers as a means for reducing long-term care costs. In 2006, New York's long-term care expenditures accounted for more than 42% of the State's Medicaid expenditures.[4] More than one-third of these long-term care expenditures were allocated to nursing home care alone.[5]

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III. Grant Activities

Rockefeller completed four major activities during the grant period, which included:

1. **ASSISTING NYSHEALTH IN SELECTING PRIORITY RESEARCH AREAS AND IDENTIFYING GRANTEES TO FILL THESE RESEARCH NEEDS.** Serving as a liaison between NYSHealth and OHIP, Rockefeller staff helped to identify four research areas as well as the most appropriate organizations that would conduct studies in these areas. Rockefeller ensured that research proposals were reviewed and modified by outside experts to strengthen their relevance and use to OHIP before being approved for funding by NYSHealth.

[1] Georgetown University Long-term Care Financing Project. National spending for long-term care. Fact Sheet, February 2007.
[2] New York State Health Policy Research Center. Medicaid and long-term care state comparison report. April 7, 2008.
[3] Ibid.
[4] New York State Health Policy Center. Assessing asset transfer for Medicaid eligibility in New York State. March 2009.
[5] Ibid.

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2. **PRODUCING A REPORT COMPARING NEW YORK STATE WITH OTHER STATES ON LONG-TERM CARE PROGRAMS AND POLICY ISSUES.** Rockefeller staff developed a comparative database and descriptive report on how New York State compares with other states on a range of long-term care issues such as demographics, spending, and quality. This project included collecting, compiling, and organizing data from a range of existing sources on long-term care. Rockefeller produced and disseminated the *Medicaid and Long-Term Care State Comparison Report*, an in-depth report based on these data.

3. **PRODUCING A REPORT ON THE PREVALENCE OF ASSET TRANSFERS WITHIN THE MEDICAID-FUNDED LONG-TERM CARE PROGRAM.** Rockefeller staff determined the incidence of asset transfers for Medicaid-funded long-term care. Staff members determined what data were needed for the analysis, acquired the data, created datasets for analysis, and produced data runs. Rockefeller produced and disseminated *Assessing Asset Transfer for Medicaid Eligibility in New York State*, an in-depth report based on these data.

4. **LEARNING ABOUT THE OPERATIONS, STRENGTHS, SHORTCOMINGS, AND RESEARCH PRIORITIES OF OTHER HEALTH POLICY CENTERS LOCATED AROUND THE UNITED STATES.** Rockefeller undertook this activity to determine whether and how a state health policy research organization might be structured in New York. Staff members spoke with research centers from California, Colorado, Florida, Kansas, Maine, New Jersey, and Ohio. From these discussions, Rockefeller staff learned about other state health policy centers' governance, funding sources, staffing models, and research priorities. New York is fairly uncommon in that it has a larger than average number of health policy research entities with different areas of focus and expertise.

IV. Challenges

Several data-oriented challenges presented themselves during the analytic portion of this grant. The data that was necessary for conducting the State comparisons and for reviewing asset transfers was difficult to navigate, manipulate, and manage. These data had not been used for an analysis of this nature in the past, so Rockefeller and OHIP staff were in new territory trying to produce a usable analytic file. Data extractions had to be run several times to get data into the correct format.

Rockefeller staff worked closely with contacts at the NYSDOH and the Office of Temporary and Disability Assistance (OTDA) to convert the data into a usable format. When some of its main State

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agency contacts retired, Rockefeller had to establish new contacts with other staff, which required several more meetings. A further complicating factor was that the OTDA was required to oversee some of the necessary data.

Because the data had not been used for research purposes in the past, it was hard to tell what the actual outcomes would be for a study of asset transfers and long-term care programs. Consequently, the resulting analyses were slightly different than the original vision. Furthermore, the data presented some limitations for the asset transfer study. The dataset had many missing values—approximately 47% of the cases in the dataset were missing Medicaid district (county) information. Though the final analyses were conducted using the assumption that the data were representative of asset transfer denial cases, they should be interpreted with some caution.

V. Key Findings

Serving as a Liaison between NYSHealth and NYSDOH

Rockefeller staff helped to identify four analytic projects: collapsing Medicaid eligibility categories; researching how to simplify the eligibility process for the Medicaid Excess Income program; identifying possible reforms for the State's reimbursement policies for various health care services; and understanding the prevalence of asset transfers occurring under the Medicaid-funded nursing home care program. NYSHealth funded grants to Georgetown University *(Eligibility Simplification Project for New York State Department of Health)*, Manatt Health Solutions *(Streamlining Medicaid Spend Down)*, and Rockefeller (the two studies described below on asset transfers and long-term care) to complete these studies.

Analytic Projects

The major outcomes from the two reports Rockefeller produced are described in more detail below.

Medicaid and Long-Term Care State Comparison Report

The *Medicaid and Long-Term Care State Comparison Report* was commissioned to provide a better understanding of how New York State compares to other states on a range of long-term care issues such as demographics, spending, and quality. Nineteen states, including New York, are included in the comparison. Comparison states were selected with input from experts at NYSDOH's Office of Long Term Care and other NYSDOH senior staff. The report therefore includes data on each comparison states' aging populations, health care spending, Medicaid estate recovery rates, elderly poverty rates, Medicaid enrollees' characteristics, Medicaid benefits and services for its elderly enrollees, certified nursing facilities' characteristics, and Medicaid policy changes.

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Major findings include:

- At $44.7 billion total and $2,350.50 per capita Medicaid spending in 2006, New York had the highest total spending among the 19 comparison states.
- New York does not have the highest percentage of elderly Medicaid enrollees—13% of New York's Medicaid enrollees are elderly, which is close to the national average of 14%—yet it has the second highest number of medically needy elderly Medicaid enrollees (935,800) and its spending on this population is the highest ($6.5 million).
- The Omnibus Budget Reconciliation Act (OBRA) of 1993 mandated estate recovery as a means for states to generate revenue to support Medicaid programs. OBRA actually requires states to recover Medicaid spending from the estates of their beneficiaries upon death. The administration of and amount recovered from estate recovery programs vary across the country. New York's Medicaid estate recovery revenue collection in 2005 was $34.4 million, or 0.2% of its nursing home spending. In comparison, California collected $56.3 million (0.7% of nursing home spending) and Massachusetts collected $37.9 million (1.2% of nursing home spending).
- New York has the highest number of residents in Certified Nursing Facilities (110,139) and the second highest percentage of these residents using Medicaid as a funding source for long-term care (72%) compared with the other 19 states. Louisiana had the largest percentage of Medicaid residents (75%) and Utah had the lowest (54%). These characteristics, as well as the general generosity of New York's Medicaid long-term care services, might be associated with the State's higher than average Medicaid long-term care spending.
- Certified nursing facilities in New York had the second lowest average deficiencies (5.1) in the sample. New Jersey had the lowest average (4.6) while California and Connecticut had the highest (11.6 and 10.4, respectively).

Assessing Asset Transfer for Medicaid Eligibility in New York State

New York State has one of the largest Medicaid programs in the country, both in terms of enrollment and spending. While both income and resources of an applicant are accounted for in determining eligibility, these limits vary by state and beneficiary category. Given the large portion of a state's budget consumed by Medicaid spending, many policymakers are looking for ways to reduce long-term care costs; reducing asset transfers is one means of doing this. States are allowed to examine individuals' financial, tax, and other records to determine whether assets were transferred to obtain Medicaid funding (with a lookback period of up to five years). Any applicant who has made an asset

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transfer during the lookback period is declared ineligible for Medicaid long-term care services for a penalty period. While some suspect these asset transfers are a widespread problem, no one really knows the extent of it.

To better understand the extent and range of asset transfers by Medicaid applicants in New York State, Rockefeller researched the issue and wrote the report: *Assessing Asset Transfer for Medicaid Eligibility in New York State*. The report is limited to applicants for whom an asset transfer was detected; it does not account for asset transfers that are done legally but difficult to detect.

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Major findings include:

- Seven percent (6,064) of elderly Medicaid enrollees in New York State who applied for Medicaid eligibility for nursing home care were found to have transferred assets and denied Medicaid nursing facility services between 1998 and 2008. It is possible that the average of 7% underestimates the full extent of the problem because the State's data had certain limitations, which made it feasible for people to transfer assets undetected by the State.
- Counties vary widely with respect to asset transfer denial rates. Most counties reported that less than 5% of elderly Medicaid enrollees were denied benefits because of an asset transfer, but 14 counties reported asset transfer denial rates of 10% or more. Approximately half of Franklin County's elderly Medicaid enrollees were denied nursing facility services due to asset transfers, followed by Schoharie County (43.8%), and Delaware County (34.9%).
- Looking at the number of cases rather than percentage by county, the highest number of cases denied Medicaid nursing facility services were in Suffolk County (1,226), followed by Rockland County (535), Nassau County (486), and Monroe/Ulster Counties (343).
- No clear patterns emerged to explain the variation in asset transfer denial rates. For example, per capita income and poverty rates were not particularly high or low in these counties. One theory posed by Rockefeller is that asset transfer denial rates varied in part because of differences in the intensity of county efforts to detect asset transfers.

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- Applicants who fail to qualify for Medicaid due to excess income and resources must use their private finances to cover health care expenses until their income and assets are reduced enough to meet Medicaid eligibility requirements. Once their private finances are exhausted, they can re-apply for Medicaid. Approximately 1,900 Medicaid enrollees spent down their income or assets between 1998 and 2008.

- Approximately 90% of the cases had spent down less than $100,000 during that time period. More than half had spent down between $10,001 and $50,000, and approximately 19% spent between $50,001 and $100,000.

"We were surprised by the degree of variation among the counties," says Courtney Burke, Director of the New York State Health Policy Research Center at Rockefeller. "It really didn't make sense and there was no good theory to explain it." Burke further comments that, "we also never would have predicted the way the variation between counties shook out."

- Rockefeller contacted officials in six other states (California, Connecticut, Florida, New Jersey, Pennsylvania, and Washington) to determine whether they track asset transfer rates and whether they are doing anything about the issue. The other six states appeared to have less sophisticated tracking systems than New York. All of the states were attempting to implement policies to mitigate asset transfers, including lengthening look back and penalty periods.

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Communication and Dissemination

Both reports were released to NYSHealth and OHIP in advance and then publicly on Rockefeller's website in February and April 2009. They reached more than 1,000 health policy contacts via Rockefeller's listserv. In addition, Rockefeller issued press releases for each report, which were sent to national and local media contacts. The press release on the *Medicaid and Long-Term Care State Comparison Report* resulted in Associated Press news coverage and appeared in *USA Today*, *Crain's New York Business*, *Newsday*, NY1 News, the *Kaiser Daily Health Report*, and the *California Healthline*. The *Assessing Asset Transfer for Medicaid Eligibility* in New York State report resulted in news coverage from *Crain's New York Business*, the *Kaiser Daily Health Report*, the *AARP Bulletin*, the *Times Union*, the Rochester *Democrat and Chronicle*, the *Ithaca Journal*, and the Syracuse *Post-Standard*. The project director also wrote observation pieces on the two reports which were posted to Rockefeller's website.

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Assessing the Feasibility of a Health Policy Research Center

Rockefeller's work under this grant also included studying health policy research centers across the country to determine the feasibility of such a center in New York State. Rockefeller learned a great deal about the governance, funding, staffing, and research priorities of these centers. Under this grant, Rockefeller created the New York State Health Policy Research Center; however, finding a source of core funding for this center has been difficult.

VI. Lessons Learned

Two important lessons emerged from this project. The first is with regard to the data extractions. The data necessary for this project were collected for administrative purposes, and were difficult to use for research. In fact, this issue has come up on at least one other NYSHealth grant to date (i.e., the Excess Income program). One way to address this shortcoming is to fund upfront work to see if the desired analysis is possible and whether the limitations present too much of a barrier to make a larger study worthwhile.

The second lesson is more of a philanthropic one and has to do with Rockefeller's role as a liaison between OHIP and NYSHealth on the larger authorization. This grant was made as part of a larger set of grants to help OHIP streamline its public health insurance programs (a summary of this grant can be accessed on the NYSHealth website). NYSHealth felt it needed help from an outside person/entity to serve as a liaison between itself and OHIP. This person/entity could help move the projects along by brainstorming project ideas, identifying grantees, developing projects, and overseeing them once approved. In addition, NYSHealth felt that this outside person/entity could help to ensure some amount of cohesion between the projects. Though this was a good idea in theory, it did not work well in practice. A contributing factor was the fledging status of NYSHealth, which had not quite yet established smooth grantmaking and monitoring processes. Though these processes have improved since initiating this set of grants, it was not the appropriate time to bring an external person into a process that was still evolving. "The model itself may not be flawed, though," says David Sandman, Senior Vice President at NYSHealth. "I would consider an arrangement like this again, given the right circumstances and timing."

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VII. The Future

"A central finding in the report on asset transfers had to do with the variation in rates between counties," says Mark Kissinger, Office of Long Term Care, NYSDOH. "Counties are implementing Medicaid rules in different ways across the State—we have a lot more work to do on the issue of asset transfers." While the report has not directly impacted policy, it has kept the issue on regulators' radar screens; for example, NYSDOH is currently working with the Inspector General on the asset transfer issue. This relationship is not a direct result of the Rockefeller report, but Kissinger says the report certainly helped to move the issue along. In addition, OHIP is using some of the information produced in Rockefeller's report as it relates to eligibility for Medicaid.

NYSHealth also funded Rockefeller to conduct additional analyses based on their findings on rates of asset transfers. Reactions to the initial findings on asset transfer rates by County officials suggest that the disparities may stem from differences in how the rules are understood and applied. No single, widely understood process exists in the State for processing these applications, and the current procedures may be inconsistent, inefficient, and overly complex. Smoothing out county-level differences has large cost implications; Medicaid is the largest funding source for long-term care in New York State, and more than 40% of the $49 billion spent on Medicaid in 2009 is for long-term care. This follow-up project will **a)** uncover possible reasons for such wide discrepancies in denial rates; **b)** determine the impact of this variation on Medicaid spending; and **c)** develop concrete recommendations for standardizing practices across the State.

PUBLICATIONS

New York State Health Policy Center, The Nelson A. Rockefeller Institute of Government. *Assessing Asset Transfer for Medicaid Eligibility in New York State*. New York, 2009.

New York State Health Policy Center, The Nelson A. Rockefeller Institute of Government. *Medicaid and Long-Term Care State Comparison Report*. New York, 2008.

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BACKGROUND INFORMATION:

ABOUT THE GRANTEE

The Nelson A. Rockefeller Institute is one of the country's leading centers for the study of federalism and the role of states in administering and financing health care programs and policies. Institute staff have conducted extensive research on health care institutions, policies, and financing, ranging from the accessibility of care for pregnant women and children to the implementation of Medicaid managed care, the role of Medicaid in state finances, the implementation of measures to enhance "take up" under the Medicaid and CHIP programs, and the relationship of Medicaid to other human service programs. The New York State Health Policy Research Center (HPRC) is a program of the Rockefeller Institute. The goal of HPRC is to provide relevant, nonpartisan health policy research and analysis for New York State and national policymakers.

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