

PROMISING PRACTICES IN HOME AND COMMUNITY-BASED SERVICES

New Jersey – Cash Allowances and Support Services for Managing the Allowance

Issue: Personal Preference The New Jersey Cash and Counseling Demonstration

Summary

New Jersey is part of a demonstration project to measure the impact of substituting a cash allowance for Medicaid services from provider agencies. Before enrollment closed in June, 2002, people who enrolled were randomly assigned into two groups that could receive services for at least two years. The control group received Medicaid personal care through a provider agency. The treatment group received a monthly allowance and services to help them effectively use the allowance. A preliminary study reported 97% of participants would recommend the allowance to others.

Introduction

A low supply of direct support workers increases the difficulty of providing labor-intensive home and community-based services. A cash

A cash allowance is one option to expand the direct support workforce.

allowance in which the participant controls the money the state would have spent on services from provider agencies is one option to expand

the direct support workforce. Participants may use the cash allowance to hire relatives, neighbors, and friends who would not otherwise be direct support professionals.

To test the effectiveness of a cash allowance in increasing worker availability and participant satisfaction, the State of New Jersey offers a cash allowance program called Personal Preference. This report describes this program, and is based on interviews with state and national project staff and published reports regarding the project.

Background

Personal Preference is part of the Cash and Counseling Demonstration, a three-state demonstration that uses an experimental design to evaluate the impact of a cash allowance program that offers assistance to help

participants manage the funds. The Assistant Secretary of Planning and Evaluation in the U.S. Department of Health and Human Services (DHHS) and the Robert Wood Johnson Foundation sponsor the demonstration. The Centers for Medicare and Medicaid Services (CMS), also in the U.S. DHHS, granted the States the demonstration authority necessary to conduct this project. A national program office, based in the University of Maryland Center on Aging, provides direction, coordination, and technical assistance to the states. In each state, the evaluator randomly assigned people into two groups: a treatment group that receives a cash allowance and a control group that receives home and community-based services from provider agencies.

In New Jersey, the control group receives Medicaid personal care, an optional benefit New Jersey offers as part of its Medicaid state plan. Personal care attendants (PCA), employed by licensed PCA agencies, help people with disabilities perform daily hygiene and household tasks. These agencies also employ registered nurses who assess participants' physical, social, and functional limitations. About 15,000 people use personal care at any given time, costing over \$212 million per year.

Intervention

People age 18 and older eligible for Medicaid personal care, including people with cognitive impairments, were eligible to enroll in Personal Preference if they would require personal care services for at least six months. A person could choose a representative to administer the allowance on his or her behalf. While New Jersey stopped enrolling new participants in June, 2002, each person can receive services for at least two years.

People accessed the allowance by applying for Medicaid personal care services. A PCA

After a personal care assessment, an enrollment specialist called and explained the program.

provider agency nurse assessed the person and determined the number of hours of service needed. After participants started receiving services,

people receive reassessments every six months – or when their condition changed – to determine continued eligibility and adjust hours as necessary.

After the assessment, the PCA agency forwarded data about the person to the state's Personal Preference Program. The state office then sent a letter and program information, indicating someone would call to follow up. An enrollment specialist called the person and explained the program. If the person was interested, the specialist offered a home visit to review the program. If the person enrolled, he or she was randomly assigned to the treatment or control group. People in the treatment group could stop receiving the cash allowance and resume traditional Medicaid personal care services at any time.

When the person enrolled in the program, he or she chose a consultant agency. Approximately 20 human service agencies offer trained consultants to help people use their allowance. Consultant agencies include county governments, Independent Living Centers, Area Agencies on Aging, other non-profits, and proprietary case management agencies. Services include help developing a required plan

for using the allowance; help planning back-up support for when a scheduled employee cannot work; and skills training to help people hire, train, and manage employees.

Although Personal Preference is part of a demonstration program called Cash and Counseling, few people received their allowance as a direct cash payment. New Jersey contracts with one organization to serve as a fiscal intermediary for the entire state. The fiscal intermediary provides a full range of payroll services and other supports associated with being an employer. People may manage their own allowance without the fiscal intermediary's assistance if they pass an employer skills exam, but few people chose this option. To help people pass the exam, the fiscal intermediary offers training to teach people how to perform employer functions.

People in the treatment group have a lot of flexibility in how they use the allowance. Unlike people in the control group, these people can hire whomever they wish, including family and friends. Participants can also purchase items related to personal assistance such as assistive technology, appliances, and home modifications.

To ensure the services are sufficient to meet participant needs and to check for possible fraud or abuse, the

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consultant contacts each person periodically and conducts a quarterly in-person monitoring visit.

Implementation

Personal Preference required a Medicaid research and demonstration waiver authorized by Section 1115 of the Social Security Act, which CMS granted. The waiver permits the state to disregard certain federal Medicaid rules such as the restriction on providing cash allowances to participants. The project also negotiated agreements with other federal agencies to ensure the allowance would not affect a participant's Supplemental Security Income, food stamps, and other benefits.

One implementation challenge was the delay between a person's enrollment and his or her readiness to use the allowance. One factor in these delays was the difficulty participants had finding people to hire, unless they had a family member or friend willing and able to provide the services. People continued to use personal care from provider agencies until they received the allowance.

The Robert Wood Johnson Foundation gave each state a grant of approximately \$700,000 to implement their project. States are able to match the grant amount using federal Medicaid administrative funds. The state Project Director said implementation costs would likely be lower for other states because they may use procedures, forms, and other materials developed under this demonstration.

Impact

Mathematica Policy Research, Inc. is measuring the allowance's impact on participants, paid and unpaid caregivers, and public expenditures. The

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evaluation also analyzes program implementation and identifies factors that influence a person's interest in a cash allowance. A

preliminary report found that 100% of participants were satisfied with the arrangement with their worker and that 76% felt the allowance had improved their lives. Also, 97% of respondents said they would recommend the

Discussion Questions:

What are the advantages and risks of using separate agencies for counseling and bookkeeping services?

How does the availability of several counseling agencies affect participant choice?

program to others seeking more control over their supports. This report was based on interviews of 240 participants or representatives who administered the allowance on a person's behalf.

The University of Maryland, Baltimore County (UMBC) is performing an ethnographic study. The study will describe how Personal Preferences operates on a personal level by presenting the experience of 25 participants. UMBC interviewed the participants, their representatives if applicable, the participants' consultants, and the participants' paid support workers. UMBC is currently writing a report based on these interviews. As a further quality measure, New Jersey developed a participant survey to facilitate quality improvement.

Between November 1999 and June 2002, 1,762 people enrolled in Personal Preference. The monthly allowances are approximately equal to the cost of the Medicaid personal care services the people would have otherwise received, so the state reports no increased cost for providing this option.

Contact Information

For more information about Personal Preference, please contact Dr. Kevin Mahoney, National Project Director, at (617) 552-4039 or kevin.mahoney@bc.edu. Online information about Personal Preference is available at <http://www.state.nj.us/humanservices/dds/personal.html> and <http://www.hhp.umd.edu/AGING/CCDemo/index.html>.

One of a series of reports by Medstat for the U.S. Centers for Medicare & Medicaid Services (CMS) highlighting promising practices in home and community-based services. The entire series is available online at CMS' web site, <http://www.cms.gov>. This report is intended to share information about different approaches to offering home and community-based services. This report is not an endorsement of any practice.