

Community Choice Act

ending the institutional bias

The Cost and Benefits of the Community Choice Act (CCA) for Middle Class Taxpayers

April 2010

Even with the recent passage of the *Patient Protection and Affordable Care Act* (H.R. 3590), federal law still requires that states provide nursing facility care in their Medicaid programs without a similar requirement for home and community-based services. The Community Choice Act (CCA) levels the playing field and gives Americans a real choice in long term care by reforming Title XIX of the Social Security Act (Medicaid) and ending the institutional bias.

The Community Choice Act allows individuals eligible for services in a Nursing Facility, Intermediate Care Facility for the Mentally Retarded (ICF-MR), or Institutions for Mental Disease (IMD) the opportunity to choose instead a new alternative, "Community-based Attendant Services and Supports." Services can be provided at home, in school, at work and in the community. Assistance is available for a broad range for needs, such as bathing, dressing, meal preparation, money management and certain health related tasks.

In addition, by providing an enhanced match and grants for the transition to "Real Choice" when the benefit becomes permanent, the Community Choice Act offers states financial assistance to reform their long term service and support system to provide services in the most integrated setting.

CCA is unique because it...

- Includes provisions for hands-on assistance, supervision and cueing, as well as help to learn, maintain and enhance skills to accomplish such activities.
- Provides services and supports based on functional need, rather than diagnosis or age.
- Emphasizes consumer control and allows for an "individual's representative" such as a friend, family member, guardian, or advocate to assist with managing services.
- Covers transition costs from institutions to home settings, such as rent and utility deposits, bedding, basic kitchen supplies and other necessities required for the transition.

Methodology for Determining Cost¹

The following methodology was used to determine the average annual cost of CCA for the middle class taxpayer. The total amount of federal income tax paid by middle income people (before credits) was divided by the total number of tax returns for each Adjusted Gross Income (AGI) grouping². This provides the average amount of taxes per individual in each AGI grouping. This

\$6.07

Average annual cost to the middle class taxpayer for the highest cost scenario for CCA.

average amount of taxes per individual was divided by the federal budget for 2007 (outlays) to arrive at a percentage of individual income tax per federal budget expenses. The "middle class" population is defined as those between \$25K-\$100K AGI³. The average middle class tax as a percentage of the federal budget was multiplied by the estimated total cost of CCA⁴(\$1.44B low-\$3.81B high range).

On average, a middle class taxpayer would only pay an additional \$2.29-\$6.07 in taxes annually for CCA, depending on CCA cost. If the cost was adjusted for inflation for 2010, the middle class taxpayer would pay an average of \$2.40-\$6.35 annually⁵.

¹ The methodology for determining cost of CCA was analyzed in distinct reviews by Cornell University, School of Industrial and Labor Relations' Employment and Disability Institute, as well as Syracuse University Burton Blatt Institute.

² According to the U.S. Internal Revenue Service (IRS) *Statistics of Income Bulletin* (Fall 2009) for tax year 2007. All figures are for 2007 unless otherwise specified.

³ The U.S. Census Bureau does not have a formal definition for "middle class," only median income. The median income for 2007 was \$52,163. While there are varying definitions of middle class, the most commonly accepted range is identified by the Drum Major Institute for Public Policy as those earning \$25,000-\$100,000 annually.

⁴ LaPlante, MP, Kaye, HS, & Harrington, C. (2007). Estimating the expense of a mandatory home- and community-based personal assistance services benefit under Medicaid. *Journal of Aging & Social Policy*, 19(3), 47-64. (Figures were adjusted for 2007 inflation.)

⁵ According to the U.S. Bureau of Labor Statistics (BLS) inflationary calculator.

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Willingness to Pay for CCA

In April 2010, a Harris Interactive¹ poll analyzed the voting public's willingness to support and pay for legislation that gives people real choices in long term care. The survey was conducted after the *Patient Protection and Affordable Care Act* (H.R. 3590) was signed into law and the results of

89% of Americans polled said they would be willing to pay about \$6 annually for legislation that increased options for community-based long term care.

the survey indicate that even in the wake of health care reform, Americans still believe there needs to be more done on long term care.

The Harris poll found that **89%** of taxpayers are willing to pay for legislation that provides alternatives to institutional placements for long term care. Only **6%** of respondents indicated their personal preference to receive LTC in a facility, but even in that group, **89%** are still willing to pay for legislation that gives people real choice. Thus the survey determined that the setting that an individual would chose to personally receive long term care

services does not correlate to their willingness to pay for CCA.

The surveyed population was consistent with national research on profiles and attitudes regarding long term care services:

- **16%** of those surveyed currently receive or assist someone with LTC.
- **65%** of those surveyed who assist with family and/or friends' long term care do so at home.
- **59%** of those surveyed would prefer to be at home to receive LTC, while only **6%** prefer to be in a facility. The remaining **35%** have not yet thought about their LTC needs. In reviewing the data by age of respondents, it is clear that as people get older they have a stronger preference to remain in the community, while those few who prefer to go to a facility remains consistently flat across age groups.

Who supports CCA?

As people get older and planning for long term care becomes a reality, they are more likely to support CCA. In fact, **94%** of retired Americans support legislation that provides more options for community-based LTC.

94% of retired Americans are willing to pay for CCA.

These findings corroborate research by AARP which found that 89% of Americans age 50 and over prefer to remain in their homes as long as they can (AARP Public Policy Institute, 2009).

The new Harris survey was intentionally structured to gauge support for the legislation before it inquired about cost. **66%** of respondents said they support CCA without knowing the cost and when people were informed of the low cost of CCA, the number of people willing to pay for it skyrocketed to **89%**. Notably, only **8%** of all respondents stated that they would not support this legislation.

There were no regional disparities in support for CCA or willingness to pay for CCA, demonstrating that there is consistent, broad-based support for CCA across the country.

BY REGION	Northeast	Midwest	South	West
Somewhat or Strongly Support	66%	67%	65%	65%
Willing or Very Willing to Pay	90%	87%	89%	91%

Men and women, employed people and unemployed people, singles and married couples – everyone agrees that the low cost of CCA is worth the money to provide real alternatives to institutional LTC. Willingness to pay for CCA remained significantly high and consistently level when compared based on gender (men 88%, women 91%); marital status (married: 88%, single: 87%, widowed/divorced: 95%); education (HS or less: 90%, some college: 90%, college/grad school: 89%); income (<\$35K: 91%, \$35K-\$50K: 88%, \$50K-\$75K: 92%, \$75K+: 89%); household size (1: 89%, 2: 90%, 3-4: 89%, 5+: 88%); age/presence of children (<6yr: 92%, 6-12yr: 88%, 13-17yr: 91%, no children: 89%); and employment status (full-time: 87%, part-time: 91%, unemployed: 91%, student: 88%, retired: 94%).

¹ Harris Interactive is one of the world's leading custom market research firms. Known widely for the Harris Poll® and for pioneering innovative research methodologies, Harris offers expertise in a wide range of industries serving clients in over 215 countries. Figures for age, gender, race/ethnicity, education, region and household income were weighted where necessary for accurate representation within U.S. Census population proportions.