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About MNLCOA

The Minnesota Leadership Council on Aging (MNLCOA) formed in 2004 to advocate for home and community-based services. At that time, membership consisted of large Twin Cities based non-profits and some statewide organizations. Over the years the Council has introduced legislation, hosted annual summits, and participated in several systems redesign initiatives.

Today the Council is 33 members strong, representing membership/trade associations, large long-term service and support providers, and advocacy organizations. The Council is a champion, thought leader, planner and educator that advances positive systems change for older adults, their families and caregivers. The Council focuses on creating communities and systems that support aging with dignity and a spirit of well-being in Minnesota.

Over the years the Council has coalesced around three primary areas:
1. Championing a positive narrative for aging and Age-Friendly Minnesota.
2. Supporting diversity, equity and inclusion.
3. Ensuring organizational strength.

Introduction

Long term services and supports (LTSS) can be conceptualized as a broad category of services that help an older adult or family caregiver with a need. These needs can include assistance with activities of daily living such as bathing or other supportive services such as transportation. There are several characteristics of LTSS that often fall on a continuum. For example, they can be:

- Provided in a formal setting (nursing home) or a community-based setting (family home)
- Provided by friends and family members or paid care providers
- Considered health care (home health) or social services (home delivered meals)
- Eligible for public funding (Medicare) or privately funded (private pay)

It can be difficult to calculate Minnesota’s cumulative investment in LTSS. For some sources of funding a time lag exists from when data are collected to when they are available publicly. For data that are available they often do not have matching reporting time periods. For example, data from 2018 could include services provided January to December, July to June, or October to September. Non-government investments (private pay, foundations, etc.) are often not reported and are determined using estimates and extrapolations.

Funding and financing of long term services and supports is of increasing interest due primarily to the demographic shift that has the potential to not only increase public expenditures for services, but also a new aging consumer on the private marketplace.

Public Funding

There are several programs funded by the state and/or federal government that support older adults and caregivers. Many of these programs specifically fund LTSS. Some programs, such as the Supplemental Nutrition Assistance Program (SNAP), benefit older adults, but are not specifically LTSS policies. These programs are not included in this report. The one exception to the exclusion is the Eliminating Health Disparities Initiative at the Minnesota Department of Health which is a competitive grant program that funds health promotion and disease prevention programs including those targeted to older adults.
MEDICARE

Medicare is a health insurance program for people over the age of 65, some people with disabilities, and people with End Stage Renal Disease. There are three parts to “Original” Medicare: Part A is hospital insurance, Part B is medical insurance, and Part D is prescription drug coverage. Medicare Advantage (sometimes known as Part C). People who qualify for Medicare automatically receive Part A. Parts B and D are voluntary, have monthly premiums, and may have future penalties if a person declines enrollment. Medicare Advantage is a way to bundle Medicare services under a private health insurance plan. Because Medicare does not cover all procedures and what it does cover often includes co-payments, people often select a Medigap or Medicare Supplemental Insurance policy to fill the gaps in coverage.

Source: https://www.medicare.gov/medicare-and-you

Medicare pays for a number of home and community-based health services to meet medical needs including: home health care including skilled nursing care, therapies, dietary management, and pharmacy, durable medical equipment, case management, personal care, caregiver and client training, health promotion and disease prevention, and hospice care. Unless through an Advantage plan, Medicare in general does not cover human services to support daily living.

As of 2017, 658,000 (over 80 percent) of Medicare beneficiaries in Minnesota had some type of supplementary protection/coverage to wrap around or add to their Medicare benefits. About 560,000 (56%) are in Medicare Advantage plans and other Medicare health plans; 342,000 are enrolled in Medicare Cost plans, and approximately 120,000 are in Medigap plans (these are standardized plan options that supplement original Medicare).

Source: Enhanced Home Care Benefit in Medicare Supplemental Plans Executive Summary February 2018 and Home- and Community-Based Services.

TABLE 1  National Medicare Expenditures

MEDICAL ASSISTANCE (MA)

Medical Assistance (MA) is Minnesota’s Medicaid program for people with low income. Most people who have MA get health care through health plans. Members who do not get health care through a health plan get care on a fee-for-service basis, with providers billing the state directly for services they provide. MA is Minnesota’s largest health care program and serves children and families, pregnant women, adults without children, seniors and people who are blind or have a disability.

To get coverage, a person must:
- Be a Minnesota resident
- Be a U.S. citizen or a qualifying noncitizen
- Provide a Social Security number for each person requesting MA, unless an exception is met
- Meet the income limit and asset limit, if any
- Meet any other program rules.

Some people who do not meet the income limit still may qualify using a spenddown. If an individual is above the income and asset limits, they can utilize their own resources until they meet the eligibility for MA. They must spenddown to an amount below the standard eligibility criteria to qualify for MA. Advocacy organizations support increasing the spenddown level to the standard eligibility rather than a lower amount.

MA pays for a wide range of health care services for people. A summary of covered services and costs is online.

In FY 2016, 27% of Minnesota’s Medicaid dollars ($3,031,462,100) went to paying for LTSS for older adults and people with physical disabilities.

**TABLE 2  Minnesota Medicaid Expenditures for Long-Term Services and Supports for Older Adults and People with Physical Disabilities, FY 2016**

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>TOTAL EXPENDITURE</th>
<th>PER RESIDENT SPENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Facilities</td>
<td>$913,647,308</td>
<td>$165.36</td>
</tr>
<tr>
<td>1915(c) Waivers</td>
<td>$1,067,449,517</td>
<td>$193.20</td>
</tr>
<tr>
<td>Personal Care</td>
<td>$805,739,980</td>
<td>$145.83</td>
</tr>
<tr>
<td>Home Health</td>
<td>$122,442,951</td>
<td>$22.16</td>
</tr>
<tr>
<td>Private Duty Nursing</td>
<td>$122,182,344</td>
<td>$22.11</td>
</tr>
<tr>
<td>Case Managementa</td>
<td>$229,351,750</td>
<td>$41.51</td>
</tr>
<tr>
<td>Drugsa b</td>
<td>-$49,786,570</td>
<td>-$9.01</td>
</tr>
<tr>
<td>Total Spent on LTSS for Older Adults and People with Physical Disabilities</td>
<td>$3,031,462,100</td>
<td>$548.68</td>
</tr>
<tr>
<td>Total LTSSa</td>
<td>$4,835,484,953</td>
<td>$875.19</td>
</tr>
<tr>
<td>Total Institutional LTSSa</td>
<td>$1,174,292,620</td>
<td>$212.54</td>
</tr>
<tr>
<td>Total HCBSa</td>
<td>$3,661,192,333</td>
<td>$662.65</td>
</tr>
</tbody>
</table>

a Includes multiple populations not just older adults and people with physical disabilities
b drug rebate offsets were greater than prescription drug expenditures
TABLE 3  *Minnesota Medicaid Expenditures as Percent of Total Medicaid Spending, FY 2016*

<table>
<thead>
<tr>
<th>MEDICAID SERVICES AND EXPENDITURES</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total LTSS&lt;sup&gt;a&lt;/sup&gt;</td>
<td>43.5%</td>
</tr>
<tr>
<td>LTS for older adults &amp; people with physical disabilities</td>
<td>27.0%</td>
</tr>
<tr>
<td>Total Institutional</td>
<td>10.5%</td>
</tr>
<tr>
<td>Physician Fee Schedule</td>
<td>33.0%</td>
</tr>
<tr>
<td>TOTAL MEDICAID, $11,127,415,947</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup>Includes multiple populations not just older adults and people with physical disabilities


*Source: Minnesota Department of Human Services Medical Assistance*

Minnesotans with disabilities or chronic illnesses who need certain levels of care may qualify for the home and community-based waiver programs. Home and community-based service (HCBS) waivers afford states the flexibility to develop and implement creative alternatives to placing Medicaid-eligible people in hospitals, nursing facilities or Intermediate Care Facilities for Persons with Developmental Disabilities (ICFs/DD). HCBS waivers allow states to put together various service options that are not available under regular Medical Assistance. These service options are available to people in addition to services covered by Medical Assistance. Generally, these services are targeted to people with specific needs or diagnosis.

Home and community-based waiver programs available to people who meet the eligibility criteria include:

- **Brain Injury (BI) Waiver** for people with acquired or traumatic brain injuries who need the level of care provided in a nursing facility that provides specialized (cognitive and behavioral supports) services for people with brain injury or neurobehavioral hospital level of care.
- **Community Alternative Care (CAC) Waiver** for chronically ill and medically fragile people who need the level of care provided in a hospital.
- **Community Access for Disability Inclusion (CADI) Waiver** for people with disabilities who require the level of care provided in a nursing facility.
- **Developmental Disabilities (DD) Waiver** for people with developmental disability or related condition who need the level of care provided in an Intermediate Care Facility for Persons with Developmental Disabilities (ICF/DD).
- **Elderly Waiver (EW)** for people over the age of 65 years who require the level of care provided in a nursing facility.
TABLE 4  Medicaid services recipients and spending in Fiscal Year 2018 in Minnesota:

<table>
<thead>
<tr>
<th>PROGRAMS, AGES 65+ ONLY</th>
<th>RECIPIENTS</th>
<th>TOTAL SPENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly Waiver (FFS+MC)</td>
<td>34,806</td>
<td>$559,366,674</td>
</tr>
<tr>
<td>Disability Waivers (DD, BI, CADI, CAC)</td>
<td>3,794</td>
<td>$211,196,450</td>
</tr>
<tr>
<td>State Plan Home Care</td>
<td>21,112</td>
<td>$333,860,077</td>
</tr>
<tr>
<td>Nursing Facilities</td>
<td>16,596</td>
<td>$793,717,281</td>
</tr>
<tr>
<td>Basic Care (Elderly Eligibility)</td>
<td>74,589</td>
<td>$905,879,389</td>
</tr>
</tbody>
</table>

DATA NOTES:

- Ages 65+ on are included for recipients and spending
- Recipient count is unduplicated annual recipients for programs
- Basic Care Spending: this is cash basis, and reflects 13 months of Managed Care payments, as compared to 11 in FY2017
- State Plan Home Care includes both fee for service and managed care claims for individuals over the age of 65.

There are variations in the per person expenditures within the waivers.

TABLE 5  Enrollment for MA Waivers

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>AVERAGE MONTHLY ENROLLMENT</th>
<th>AVERAGE MONTHLY COST</th>
<th>TOTAL SPENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Facilities</td>
<td>14,146</td>
<td>$6,087</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>DD Waiver</td>
<td>19,676</td>
<td>$6,432</td>
<td>$1.5 billion</td>
</tr>
<tr>
<td>CADI Waiver</td>
<td>26,888</td>
<td>$3,235</td>
<td>$1.0 billion</td>
</tr>
<tr>
<td>Elderly Waiver</td>
<td>26,205</td>
<td>$1,421</td>
<td>$447 million</td>
</tr>
<tr>
<td>Person Care Assistance</td>
<td>36,968</td>
<td>$2,336</td>
<td>$1.0 billion</td>
</tr>
</tbody>
</table>

Source: Correspondence with Rachel Shands (Minnesota Department of Human Services) & Blue Ribbon Commission presentation
Elderly Waiver

The Elderly Waiver (EW) program provides funding home and community-based services for people who need the level of care provided in a nursing home but who choose to live in the community.

To qualify, a person must:

- Be age 65 or older
- Be eligible for Medical Assistance
- Need nursing home level of care as determined by the Long-Term Care

Covered services may include:

- Adult day services
- Case management
- Chore services
- Companion services
- Consumer-directed community supports
- Family caregiver support services, including respite
- Home health aides
- Home-delivered meals
- Homemaker services
- Home and vehicle modifications
- Non-medical transportation
- Personal emergency response system
- Personal care assistance
- Residential services, such as customized living services, foster care or other type of residential care
- Skilled nursing visits
- Specialized equipment and supplies
- Transitional services

*Source: Minnesota Department of Human Services Elderly Waiver*
<table>
<thead>
<tr>
<th>SERVICE</th>
<th>UNDULICATED</th>
<th>PERCENT OF</th>
<th>PERCENT OF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RECIPIENTS</td>
<td>RECIPIENTS</td>
<td>SPENDING</td>
</tr>
<tr>
<td>Home Care Nursing</td>
<td>191</td>
<td>0.62%</td>
<td>0.029%</td>
</tr>
<tr>
<td>Home Health Aide</td>
<td>2,065</td>
<td>6.69%</td>
<td>1.377%</td>
</tr>
<tr>
<td>Personal Care Assistance</td>
<td>7,978</td>
<td>25.86%</td>
<td>28.445%</td>
</tr>
<tr>
<td>Skilled Nursing</td>
<td>6,647</td>
<td>21.55%</td>
<td>2.622%</td>
</tr>
<tr>
<td>Therapies</td>
<td>2,140</td>
<td>6.94%</td>
<td>0.419%</td>
</tr>
<tr>
<td>Adult Day Service</td>
<td>4,912</td>
<td>15.92%</td>
<td>7.663%</td>
</tr>
<tr>
<td>Customized Living</td>
<td>12,528</td>
<td>40.61%</td>
<td>41.467%</td>
</tr>
<tr>
<td>Case Management</td>
<td>12,467</td>
<td>40.42%</td>
<td>3.054%</td>
</tr>
<tr>
<td>Chore Services</td>
<td>701</td>
<td>2.27%</td>
<td>0.112%</td>
</tr>
<tr>
<td>Consumer Training and Education</td>
<td>2</td>
<td>0.01%</td>
<td>0.000%</td>
</tr>
<tr>
<td>Consumer Directed Community Supports</td>
<td>478</td>
<td>1.55%</td>
<td>1.310%</td>
</tr>
<tr>
<td>Extended Home Health Aide</td>
<td>27</td>
<td>0.09%</td>
<td>0.009%</td>
</tr>
<tr>
<td>Extended Personal Care Assistance</td>
<td>508</td>
<td>1.65%</td>
<td>0.423%</td>
</tr>
<tr>
<td>Personal Emergency Response System</td>
<td>8,258</td>
<td>26.77%</td>
<td>0.546%</td>
</tr>
<tr>
<td>Extended Private Duty Nursing</td>
<td>34</td>
<td>0.11%</td>
<td>0.002%</td>
</tr>
<tr>
<td>Extended Supplies and Equipment</td>
<td>7,235</td>
<td>23.45%</td>
<td>0.429%</td>
</tr>
<tr>
<td>Extended Transportation</td>
<td>5,770</td>
<td>18.71%</td>
<td>3.170%</td>
</tr>
<tr>
<td>Foster Care</td>
<td>424</td>
<td>1.37%</td>
<td>2.022%</td>
</tr>
<tr>
<td>Home Delivered Meals</td>
<td>5,776</td>
<td>18.72%</td>
<td>1.172%</td>
</tr>
<tr>
<td>Homemaker Services</td>
<td>11,092</td>
<td>35.96%</td>
<td>5.189%</td>
</tr>
<tr>
<td>Modifications</td>
<td>536</td>
<td>1.74%</td>
<td>0.210%</td>
</tr>
<tr>
<td>Personal Support/Companion Services</td>
<td>903</td>
<td>2.93%</td>
<td>0.234%</td>
</tr>
<tr>
<td>Supportive Living Services</td>
<td>15</td>
<td>0.05%</td>
<td>0.021%</td>
</tr>
<tr>
<td>Transitional Services</td>
<td>67</td>
<td>0.22%</td>
<td>0.004%</td>
</tr>
<tr>
<td>Respite Care Services</td>
<td>102</td>
<td>0.33%</td>
<td>0.070%</td>
</tr>
<tr>
<td><strong>Total Elderly Waiver (FFS+ MC)</strong></td>
<td><strong>30,847</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Elderly Waiver totals include both fee for service and managed care claims

Source: Rachel Shands (Minnesota Department of Human Services)
In 2017, the Minnesota State Legislature modified rate methodologies for many services funded by EW. The new methodologies consist of base wages for each specific service based on data from the Bureau of Labor Statistics, and additional cost factors that are added to the base wage. The new rate methods were partially implemented on January 1, 2019. The current rates are calculated by blending 10 percent of the rate values from the new methods with 90 percent of the rate values as of June 30, 2017. All services saw a rate increase on January 1, 2019, but the rate increases vary across services.

Source: Department of Human Services Bulletin #18-25-06 https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_FILE&RevisionSelectionMethod=LatestReleased&Rendition=Primary&allowInterrupt=1&noSaveAs=1&dDocName=dhs-307488

In a 2019 report to the Legislature, DHS recommended further changes to rate values based on current Bureau of Labor Statistics wage data and nursing facility cost data. If fully adopted and implemented, these recommended rate changes, would yield higher rate values for all EW services with rates calculated using these new methods. For example, companion services would see a 147% increase; homemaker personal care assistance and home management would see a 47.6% increase; respite services would see a 71% increase; and Adult Day Service would see a 25% increase. DHS recommendations suggest that the new rates be implemented without blending them with existing rates as doing so would have a disproportionately negative impact on services that have lower rates compared to results of the new recommended methodology. The DHS report recommends these changes go into effect on January 2020 and that rates be updated every two years based on the most recent Bureau of Labor Statistics wage data. The report also recommends the Payroll Tax and Benefit factor be updated every two years based on the most recent Minnesota nursing facility cost report data. The legislature did not take action on these recommendations during the 2019 legislative session.

Source: Evaluation of Rate Methodology for Services Provided under Elderly Waiver and Related Programs January 2019 available at https://edocs.dhs.state.mn.us/lfserver/Public/DHS-7850-ENG

Disability Waivers

In addition to Elderly Waiver, there are waivers designed for people with disabilities. Most of the beneficiaries of disability waivers are under 65, but some people choose to keep their disability waiver rather than transition to the Elderly Waiver. There are 3,333 people over 65 on a disability waiver.

ALTERNATIVE CARE

The Alternative Care (AC) program provides funding for home-and community-based services to people who need nursing home level of care but choose to live in the community. The Alternative Care program provides many of the same services as the Elderly Waiver program. Alternative Care is for people with low income and assets who are not eligible for Medical Assistance.

To qualify, a person must:
- Be age 65 or older
- Need nursing home level of care as determined by the Long-Term Care Consultation process
- Not have enough income and assets to pay for a nursing home stay lasting longer than 135 days
- Need services that Alternative Care can provide for less than 75 percent of what Medical Assistance would pay for an older person with a similar level of need
- Have no other way to pay for the services.
Covered services may include:

- Adult day services
- Case management
- Chore services
- Companion services
- Consumer-directed community supports
- Family caregiver support services, including respite
- Home health aides
- Home-delivered meals
- Homemaker services
- Home and vehicle modifications
- Non-medical transportation
- Nutrition services
- Personal emergency response systems
- Personal care assistance
- Skilled nursing visits
- Specialized equipment and supplies.

In Fiscal Year 2018 there were 3,680 people receiving Alternative Care.

**TABLE 7 Alternative Care* Recipients and Spending in Fiscal Year 2018 in Minnesota, Ages 65+**

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>UNDUPLICATED RECIPIENTS</th>
<th>PERCENT OF RECIPIENTS</th>
<th>PERCENT OF SPENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Care Nursing</td>
<td>14</td>
<td>0.38%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Home Health Aide</td>
<td>580</td>
<td>15.76%</td>
<td>4.79%</td>
</tr>
<tr>
<td>Personal Care Assistance</td>
<td>712</td>
<td>19.35%</td>
<td>28.50%</td>
</tr>
<tr>
<td>Skilled Nursing</td>
<td>1,184</td>
<td>32.17%</td>
<td>39.79%</td>
</tr>
<tr>
<td>Adult Day Service</td>
<td>172</td>
<td>4.67%</td>
<td>3.19%</td>
</tr>
<tr>
<td>Case Management</td>
<td>3,560</td>
<td>96.74%</td>
<td>16.09%</td>
</tr>
<tr>
<td>Chore Services</td>
<td>244</td>
<td>6.63%</td>
<td>6.87%</td>
</tr>
<tr>
<td>Consumer Directed Community Supports</td>
<td>271</td>
<td>7.36%</td>
<td>11.43%</td>
</tr>
<tr>
<td>Consumer Training and Education</td>
<td>2</td>
<td>0.05%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Discretionary Services</td>
<td>62</td>
<td>1.68%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Extended Home Health Aide</td>
<td>57</td>
<td>1.55%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Extended Supplies and Equipment</td>
<td>1,527</td>
<td>41.49%</td>
<td>4.06%</td>
</tr>
<tr>
<td>Extended Transportation</td>
<td>620</td>
<td>16.85%</td>
<td>0.94%</td>
</tr>
<tr>
<td>Home Delivered Meals</td>
<td>1,654</td>
<td>44.95%</td>
<td>5.65%</td>
</tr>
<tr>
<td>Homemaker Services</td>
<td>2,050</td>
<td>55.71%</td>
<td>12.81%</td>
</tr>
<tr>
<td>Modifications</td>
<td>113</td>
<td>3.07%</td>
<td>1.09%</td>
</tr>
<tr>
<td>Personal Emergency Response System</td>
<td>1,895</td>
<td>51.49%</td>
<td>2.34%</td>
</tr>
<tr>
<td>Personal Support/Companion Services</td>
<td>100</td>
<td>2.72%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Respite Care Services</td>
<td>36</td>
<td>0.98%</td>
<td>0.44%</td>
</tr>
<tr>
<td><strong>Total Alternative Care</strong></td>
<td><strong>3,680</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Alternative Care includes both waiver services and home care services

*Source: Communication from Rachel Shands (MN Department of Human Services).*
MOVING HOME MINNESOTA

The Money Follows the Person Rebalancing Demonstration, offered through the Centers for Medicare and Medicaid Services, was created as part of the Deficit Reduction Act of 2005. The purpose of the demonstration is to promote a series of rebalancing objectives to reduce or eliminate barriers to receiving long-term care services in home and community settings, rather than in institutional settings.

Minnesota’s Money Follows the Person Demonstration is called “Moving Home Minnesota.” The goal of the Moving Home Minnesota is to reduce or eliminate barriers to receiving long-term care services in home and community settings.

Moving Home Minnesota helps people on Medical Assistance (MA) move out of institutions. It helps pay for services that MA or MA-Waiver benefits will not pay for, provides counseling, and makes sure that transitions to living in the community goes smoothly.

Moving Home Minnesota provides many different types of services for people who are transitioning out of an institution, including:

- Transition planning
- Help with moving expenses
- Community support services
- Peer mentoring
- Youth activities
- Transportation
- Exercise classes
- Supported employment
- Help making homes and apartments more accessible
- Durable medical equipment, and
- Help with many other services and expenses.

Beneficiaries continue to get services from Moving Home Minnesota for up to a year after a move out of an institution and into the community.

The Moving Home Minnesota grant is funded through 2020.

Sources: Moving Home Minnesota Program Manual & Housing Benefits 101

GRANT PROGRAMS

Alzheimer's Disease Grants

The Minnesota Legislature awards $750,000 annually to the Minnesota Board on Aging to increase awareness of Alzheimer’s disease and other dementias, increase the rate of cognitive testing in the population at risk for dementias, promote the benefits of early diagnosis of dementias, or connect caregivers of persons with dementia to education and resources. The grants are awarded to nonprofit organizations and government entities through a competitive Request for Proposals process. Grants are awarded July 1 each year.

In State Fiscal Year 2019, 12 projects were funded. In State Fiscal year 2020, 11 projects were funded.

Source: https://mn.gov/dhs/media/news/#/detail/appId/1/id/351078 & Minnesota State Statute 256.975 § 11.
Eliminating Health Disparities Initiative

The Eliminating Health Disparities Initiative, established in the 2001 Legislative session [MN Statute 145.928], allocates a total of $9.5 million in competitive grants per biennium to local programs and projects statewide. The grants are aimed at improving the health status of Minnesota’s populations of color and American Indians. The grants are distributed through the Minnesota Department of Health’s Office of Minority and Multicultural Health.

The goal of the program is to reduce disparities in eight priority health areas:

- Immunizations
- Infant mortality
- Breast and cervical cancer
- Cardiovascular disease
- Diabetes
- HIV/AIDS and sexually transmitted infections
- Violence and unintentional injuries
- Healthy youth development

The EHDI legislation focuses on African Americans/Africans, Latino/Hispanics, Asian/Pacific Islanders, and American Indians living in Minnesota.

While the legislation does not address specifically aging, a number of the eight priority health areas instances increase with age. In addition, a number of the evidence based interventions outlined in the Request for Proposals address older populations (such as Matter of Balance for unintentional injuries).

In 2018, none of the EHDI grantees are senior service organizations exclusively, but there are several that provide services to older adults. Most of them focus on diabetes and/or heart disease and stroke and one on unintentional injury and violence. There are eight grantees that provide services to older adults.

Source: Communication from Bridget Roby (Minnesota Department of Health)

Live Well at Home Grants

Minnesota Department of Human Services Live Well at Home Grants are intended to stimulate innovation by providing one-time, start-up funds to test new approaches in housing and home and community-based services development, and to develop and support core home and community-based service providers. The Grants are funded through several legislative appropriations including Caregiver support and respite care projects Minnesota Statutes, section 256B.0917, subd. 6, Core home and community-based services Minnesota Statutes, section 256B.0917, subd. 7a, Community service grants Minnesota Statutes, section 256B.0917, subd. 13, and the Community services development grants program Minnesota Statutes, section 256.9754.

In 2019 54 grants were approved for $8.6 million. In 2020 20 grants were approved.

Source: DHS, April 2019 https://mn.gov/dhs/media/news/#/detail/appId/1/id/378219

Performance-Based Incentives Payment Program (Nursing Homes)

The Minnesota Department of Human Services offers a competitive application program that funds quality improvement projects within nursing homes. A nursing home can apply for funding that is added to their daily per-diem rate for one to two years. To retain funding for the two years, the provider must achieve performance targets. If the provider does not achieve performance targets it may be subjected to up to a 20% rate decrease to recoup costs.
Since the PIPP incentive payment is part of a daily per diem, the rate increase is eligible for the 50% federal match in MA and private pay residents also pay the rate increase. Thus $6.7 million annual state appropriation equates to $18 million additional revenue for MA certified nursing facilities annually.

In Round 11 of funding (2018 – 2020) there were 30 projects included in PIPP.

Source: Communication from Valerie Cooke (Minnesota Department of Human Services) & Minnesota’s Provider-Initiated Approach Yields Care Quality Gains at Participating Nursing Homes (Health Affairs, 32, (9), 2013: 1631-1638)

OLDER AMERICANS ACT
Demonstration/Pilot Funding
The Administration for Community Living will release grants for demonstration projects based on available funding. In the past these included Alzheimer’s Disease, nursing home diversion, or evidence based health promotion. Often a State Agency is required to apply for funds.

Title III
In the most recent data available, 2017, the following represents persons served in service areas:

**TABLE 8  Title III funding for Fiscal Year 2017 in Minnesota**

<table>
<thead>
<tr>
<th>SERVICE</th>
<th>PERSONS SERVED</th>
<th>SERVICE UNITS</th>
<th>TITLE III</th>
<th>TOTAL FUNDING*</th>
<th>PROGRAM INCOME**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homemaker</td>
<td>1,193</td>
<td>26,292</td>
<td>$273,134</td>
<td>$588,055</td>
<td>$156,263</td>
</tr>
<tr>
<td>Chore</td>
<td>1,967</td>
<td>21,168</td>
<td>$361,782</td>
<td>$942,428</td>
<td>$216,555</td>
</tr>
<tr>
<td>Home Delivered Meals</td>
<td>10,146</td>
<td>1,513,802</td>
<td>$3,657,950</td>
<td>$8,389,569</td>
<td>$2,239,372</td>
</tr>
<tr>
<td>Assisted Transportation</td>
<td>2,263</td>
<td>75,343</td>
<td>$746,129</td>
<td>$1,515,021</td>
<td>$182,627</td>
</tr>
<tr>
<td>Congregate Meals</td>
<td>36,373</td>
<td>1,464,523</td>
<td>$5,986,366</td>
<td>$12,357,537</td>
<td>$3,223,136</td>
</tr>
<tr>
<td>Transportation</td>
<td>–</td>
<td>10,647</td>
<td>$77,812</td>
<td>$141,501</td>
<td>$38,819</td>
</tr>
<tr>
<td>Legal Assistance</td>
<td>–</td>
<td>21,528</td>
<td>$674,031</td>
<td>$934,264</td>
<td>$1,678</td>
</tr>
<tr>
<td>Information &amp; Assistance</td>
<td>–</td>
<td>270,797</td>
<td>$1,588,668</td>
<td>$3,807,589</td>
<td>$9,533</td>
</tr>
<tr>
<td>Caregiver Counseling / Support Groups / Training</td>
<td>2,624</td>
<td>20,338</td>
<td>$710,457</td>
<td>$1,112,629</td>
<td>$30,726</td>
</tr>
<tr>
<td>Caregiver Respite</td>
<td>860</td>
<td>59,616</td>
<td>$583,119</td>
<td>$1,185,182</td>
<td>$235,489</td>
</tr>
<tr>
<td>Caregiver Supplemental</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Caregiver Access Assistance</td>
<td>2,253</td>
<td>8,957</td>
<td>$284,204</td>
<td>$405,712</td>
<td>$2,074</td>
</tr>
<tr>
<td>All Services</td>
<td>186,376</td>
<td>–</td>
<td>$14,542,041</td>
<td>$30,186,386</td>
<td>$6,139,716</td>
</tr>
</tbody>
</table>

*Title III funding in addition to local funding match
**Income received from cost sharing or voluntary contributions by a service recipient

Title V

Title V of the Older Americans Act funds the Senior Community Service Employment Program (SCSEP). The US Department of Labor provides federal oversight and the Minnesota Department of Employment and Economic Development administers it in Minnesota. SCSEP provides participants (who earn $15,075 per year or less) with part-time, temporary jobs in community service organizations where they learn new skills, regain a sense of purpose, and earn wages.

In program year 2018 (July 1, 2018 – June 30, 2019) Minnesota was awarded $9,265,094 in federal funds for 955 positions. This accounted for 126,107 hours of community service valued at $1,804,717.

In program year 2019 (July 1, 2019 – June 30, 2020) Minnesota was awarded $9,277,494 in federal funds for 956 positions.


Title VI

Services for Native Americans in the Older Americans Act were first established in 1978 with the provision of nutrition and supportive services in Title VI. In 2000, services expanded to include caregiver support services. Programs provide grants to eligible Tribal organizations to promote the delivery of home and community-based supportive services, including nutrition services and support for family and informal caregivers, to Native American, Alaskan Native, and Native Hawaiian elders. These programs, which help to reduce the need for costly institutional care and medical interventions, are responsive to the cultural diversity of Native American communities and represent an important part of the communities’ comprehensive services.

In the most recent data available, 2017, there were eight Title VI Grants in Minnesota totaling $1,262,531.

Source: Profile of State OAA Programs: https://agid.acl.gov/StateProfiles/Profile/Pre/?id=25&topic=0&years=2017

LOCAL GOVERNMENT INVESTMENTS

Local governments provide financial resources to long term services and supports. Some may provide a grant to a non-profit to offer services such as outdoor chore or nutrition support. Recent trends show a decreasing investment for counties in aging services.

In addition, some may leverage Community Development Block Grants (CDBG) to fund services. The CDBG program of the US Department of Housing and Urban Development (HUD) works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. In 2019, Minnesota was awarded a total of $51,935,965 in CDBG funds. These funds were awarded to 18 different grantees consisting of state, county, and city governments. HUD determines the amount allocated to each grantee based on a formula comprised of several measures of community need (e.g. poverty, population, housing overcrowding, and age of housing stock). In program year 2017 (the most recently reported year ending 12/31/2018), CDBG grantees in Minnesota spent a total of $454,547 on senior specific services. On average, CDBG dollars spent on senior-specific services comprised just over 1% of awardee's total CDBG funds (range 0%-4.8%).

Source: Community Development Block Grant Program
Source: Housing and Urban Development https://www.hudexchange.info/grantees/
Private Funding

FOUNDATIONS & PRIVATE PHILANTHROPY

Foundations within Minnesota

The funding of aging services from the foundation community in Minnesota has historically been low. The latest statistics from the Minnesota Council on Foundations notes that “Aging/Elderly/Senior Citizens” accounted for the following percentage of investments of private philanthropy in Minnesota (in comparison to the top two populations):

**TABLE 9  Percentage of Private Philanthropic Funding by Selected Targets**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SENIORS</th>
<th>GENERAL PUBLIC</th>
<th>CHILDREN &amp; YOUTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.1%</td>
<td>45.0%</td>
<td>24.7%</td>
</tr>
<tr>
<td>2011</td>
<td>1.8%</td>
<td>46.0%</td>
<td>23.3%</td>
</tr>
<tr>
<td>2012</td>
<td>0.8%</td>
<td>45.7%</td>
<td>28.2%</td>
</tr>
</tbody>
</table>

General public projects could include parks, food shelves, or other initiatives that benefit the community at large and are not targeted specifically to a population such as older adults. It is important to also note that foundations tend to fund start up, expansion or innovation projects and not operational or ongoing direct service expenses.

*Source: 2014 Giving in Minnesota: A Comprehensive Look at Charitable Giving in Minnesota*

Foundations that fund aging services fall into two categories: (1) funding aging as a strategy and (2) funding aging through a related strategy.

Those foundations that fund aging as a strategy fall into two categories: (1) funding of general operating or program support and (2) funding of specific topics within aging.

Foundations that fund aging through a related strategy are not generally considered funders of aging services. For example, a foundation may fund civic engagement and a non-profit organization could apply for funds with older adults as the target recipients of services. The foundation is interested in civic engagement, not necessarily aging. Theoretically any foundation could fund aging services (e.g., a youth funder could fund a senior mentoring program in a school). It is the case that most of the large foundations in Minnesota do not fund aging as a strategy.

Foundations Outside Minnesota

There are several foundations outside of Minnesota that provide funding to Minnesota-based organizations. These include large foundations which fund systems change initiatives such as Robert Wood Johnson Foundation, MetLife Foundation, and SCAN Foundation. In addition, some community-based foundations such as Bader Philanthropies in Wisconsin provide funding to border communities. Unless they are members of the Minnesota Council on Foundations it is difficult to quantify investments in services from foundations outside Minnesota.

United Ways

There are 42 United Ways in Minnesota and neighboring states that serve Minnesota communities. The United Ways vary in size from 110 staff to only part time staff. Most United Ways in Minnesota have less than five staff members. Each United Way has individual funding priorities that may include aging.

Greater Twin Cities United Way is the largest United Way in Minnesota. Included in its funding priorities was Aging and Independence and historically it was the largest non-government source of funding for ongoing aging service delivery. Due to several factors, Greater Twin Cities United Way eliminated funding for this area in 2018.

It is difficult to quantify the total cost of investment in aging services by United Ways in Minnesota as no comprehensive report exists detailing grants and contracts. Beyond Greater Twin Cities United Way’s investment, local United Ways invest smaller amounts that are directed to smaller and rural providers.

Source: United Ways of Minnesota & MinnPost Interview with Sarah Caruso

Misc. Other Groups and Individuals

Local communities and civic organizations (such as Rotary, Lion’s Clubs, etc.) also provide funds for aging related projects. No comprehensive data are available to quantify these investments.

Finish Strong Funders Network for Aging Services

The Finish Strong Funders Coalition for Aging Services grew out of Dr. Rajean Moone’s 2010 national Health and Aging Policy Fellowship project, funded by The Atlantic Philanthropies and Greater Twin Cities United Way. Originally dubbed the “Aging Funders Network,” the name changed to Finish Strong to mirror the Start Early Funders Coalition. In 2019, Finish Strong became an affiliated network of the Minnesota Leadership Council on Aging for administrative support.

Finish Strong seeks its members from the diversity of funders in Minnesota, including representation from community, private, public, and corporate Foundations in addition to public funders such as state agencies and area agencies on aging. To be eligible for network membership, grantmakers need to offer competitive grant opportunities within aging services to Minnesota nonprofits. Members are not required to be members of MCF.

Finish Strong’s Mission is to provide support and technical assistance to Minnesota’s public and private funders of aging services. Finish Strong is not a funder of services. Instead it works to bring funders together to discuss trends in aging, philanthropic investments in communities, and collective impact.

Source: About Finish Strong flyer
PRIVATE PAY

There is no calculation of the amount of money paid out-of-pocket for long term services and supports by older Minnesotans or caregivers. Rather there are estimates by various sectors. For example, Fidelity Insurance estimates that the average couple will have to pay $280,000 to cover healthcare costs in retirement (excluding long-term care).

In 2016, private pay accounted for an estimated 29.7% ($108.6 billion) of long-term care expenditures nationally. Further broken down, 15.6% ($57 billion) of long-term care is paid for out-of-pocket; 7.5% ($27.6 billion) is financed through private insurance; and 6.5% ($23.9 billion) is paid for by other private means (e.g. philanthropy).

Source: Congressional Research Service https://fas.org/sgp/crs/misc/IF10343.pdf

It is estimated that one out of four people that are now age 65 and older will pay more than $50,000 in out-of-pocket long-term care expenditures during their lifetime. Paying for long-term care, 13% of people will spend $0.01-$50,000 in out-of-pocket costs; 11% will spend $50,000-$150,000; 4% will spend $150,000-$250,000; 9% will spend more than $250,000; and 63% will pay nothing out-of-pocket.


Source: Fidelity Retiree Health Care Cost Estimate

LONG-TERM CARE INSURANCE

The National Association of Insurance Commissioners reports that in Minnesota in 2017 total claims incurred (paid by the insurer) was $322,837,203. During this time the earned premiums equaled $332,018,316. The total number of policies written in Minnesota in 2017 was 206,607.

The state of Minnesota is embarking on systems change related to private investments and planning for long term care. This initiative is known as "Own Your Future."

Source: Communication with Larhae Knatterud, MN Department of Human Services

REVERSE MORTGAGE

A reverse mortgage is a loan that allows a homeowner to convert part of the equity in their home into cash. In Minnesota, 1.60% of eligible individuals access a reverse mortgage. That is in comparison to the national average of 2.46%. There are 26 counties in Minnesota that have no active reverse mortgages. The average maxim claim amount in Minnesota is $264,613 through 50 lenders.

Source: Data obtained from Reverse Market Insight.
## TABLE 10  Overview of Financing/Funding

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>ELIGIBILITY</th>
<th>FUNDING LEVEL</th>
<th>PEOPLE SERVED</th>
<th>ADMINISTRATION</th>
<th>COVERED SERVICES</th>
</tr>
</thead>
</table>
| Alternative Care Grant\(^1\)     | • 65 years and older  
• Nursing home level care  
• Not have enough income and assets to pay for more than 135 days in nursing home  
• Need services that provide less than 75% of what MA would pay in a nursing home  
• Has no other way to pay for services                                                                                           | $28.9 million\(^2\) | 3,680\(^3\)   | County human services          | Adult day services, case management, chore, companion, consumer-directed, family caregiver support, respite, home health aides, home-delivered meals, homemaker services, home and vehicle modifications, non-medical transportation, personal emergency response systems, personal care assistance, customized living services, foster care, skilled nursing visits, specialized equipment and supplies, transitional services |
| Elderly Waiver Program\(^4\)      | • 65 years and older  
• Eligible for MA  
• Nursing home level care  
• Need services that can be provided for less at home than in a nursing home                                                                 | $355.7 million\(^5\) | 30,847\(^6\)  | Health plans                   | See Alternative Care Grant                                                        |
| Medicaid (Medical Assistance)     | • Income based: At or below 135% of poverty level  
• Age based:                                                                                                                          | $3 billion for LTSS and $11 billion for Medicaid\(^7\) |               | County or health plans (managed care)                                       |                                                                                  |
| Medicare                          | • 65 years and older  
• Paid into Medicare program                                                                                                          | $3.23 billion  | 864,841       | Part A, B & D: federal government Advantage: private health plans              | Health care related services including hospital, clinic, prevention and prescription drugs |
| Moving Home Minnesota\(^8\)      | • Resident of nursing home for 90 days  
• MA eligible at time of discharge  
• MA paid at least one day of institutional services  
• Moving to community                                                                                                                  |               |               | Minnesota Department of Human Services through lead agencies                 | Case consultation and collaboration, home modifications, overnight assistance, respite care, self-advocacy training, mental health services |
| Older Americans Act Title III     | Grant provided to organizations for services delivered to Americans 60 years and older                                                                 | $14.5 million\(^9\) | 186,376\(^10\) | Statewide by MN Board on Aging, locally through 7 area agencies on aging       | The Act has a long list of services that can be covered, but each area agency on aging submits an area plan noting priorities for funding |
| Older Americans Act Title V       | • 55 and older  
• Income eligible (In PY 2015, income limit was $14,713 for and individual and $19,913 for a couple)                                                                 | $9.27 million\(^11\) | 955\(^12\)    | Minnesota Department of Employment and Economic Development                   | Provides participants with part-time temporary jobs in community services organizations |
| Older Americans Act Title VI      | Eligible tribal organizations                                                                                                           | $1.26 million\(^13\) |               | Administration on Aging                                                     | Provides nutrition and supportive services to American Indian older adults and caregivers. |
| Private Pay                       | Paid out-of-pocket through market rate or sliding fee                                                                                     | $108.6 billion\(^14\) |               | Unknown                                                                      | Each foundation funds different programs and services, generally not long term support |
| Philanthropy                      | Grant provided to organizations for services                                                                                               | 0.8% of private funding goes to aging\(^15\) |               | Foundations throughout the state                                            |                                                                                  |
Table 10 Sources


2. [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4720-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4720-ENG)

3. Communication from Rachel Shands (MN Department of Human Services)


5. [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5357-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5357-ENG)

6. Communication from Rachel Shands (MN Department of Human Services)


8. [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6889-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6889-ENG)


11. Training and Employment Guidance Letter No 18-18

12. Training and Employment Guidance Letter No 18-18

13. [https://agid.acl.gov/StateProfiles/Profile/Pre/?id=25&topic=0&years=2016](https://agid.acl.gov/StateProfiles/Profile/Pre/?id=25&topic=0&years=2016)
