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ANDERSON ECONOMIC GROUP

The Role of MQC3 and Home Help

Serving Michigan's Long-Term Care Population

Commissioned by:
Michigan Quality Home Care Campaign

Prepared by:

Anderson Economic Group, LLC
Caroline M. Sallee, Senior Consultant

Anderson Economic Group, LLC
1555 Watertower Place, Suite 100
East Lansing, Michigan 48823
Tel: (517) 333-6984
Fax: (517) 333-7058

www.AndersonEconomicGroup.com

I.Executive Summary

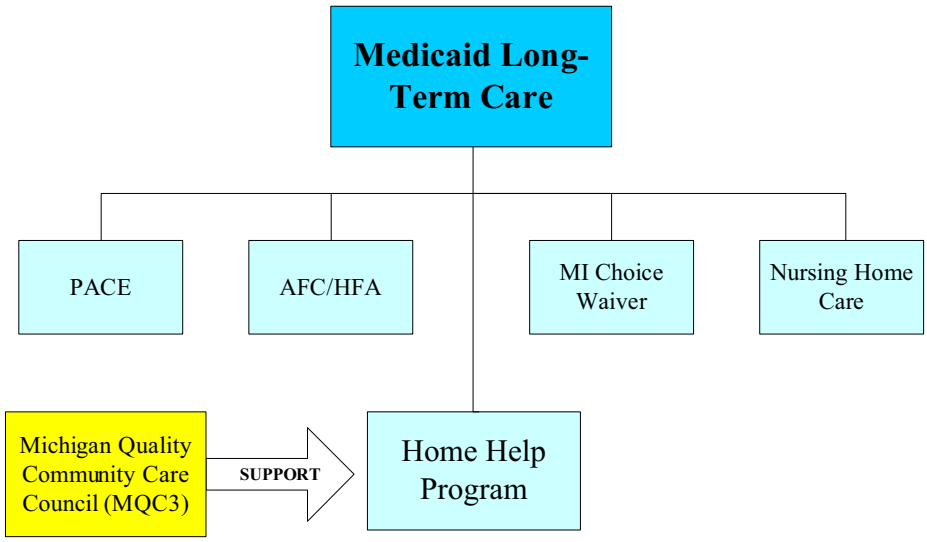
PURPOSE OF REPORT

The state of Michigan has provided home care services to elderly residents and persons with disabilities for more than 25 years. The Home Help program has been a cost effective way for the state to provide care for those who cannot adequately care for themselves in their own homes. An important reason that the Home Help program is able to provide care to thousands is that those in need of care are able to find a qualified home care provider to deliver care. The purpose of this report is to describe the activities of the Michigan Quality Community Care Council (MQC3) and examine how the MQC3 supports the Home Help program in its endeavors to provide high-quality care at a low cost to the state for those unable to afford their own care.

MQC3 AND HOME HELP

The Home Help program is one of the Medicaid long-term care (LTC) programs provided by the state of Michigan. We show how the Home Help program fits into Medicaid LTC options in Figure 1 below. Medicaid is the state-managed health insurance program for individuals and families with low income and resources, and for those who become poor paying for care. Medicaid is the single largest funding source for long-term care, and uses federal and state dollars to pay for services.

FIGURE 1. Medicaid Long-Term Care Programs in Michigan



Source: Anderson Economic Group, LLC

The Home Help program connects those in need of care with home care providers that can assist with non-medical activities such as meal preparation and

bathing. These services allow the recipient to remain in the home and avoid more costly alternatives for the state, such as nursing home care. In 2010, the average monthly number of Home Help consumers was 53,516.

An agreement between the Michigan Department of Community Health and the Tri-County Aging Consortium established the Michigan Quality Community Care Council in 2004. The purpose of the agency is to improve access to the Home Help program by linking those who would like to provide care to those in need of a care giver. The MQC3 maintains a registry that assists consumers in finding, choosing, and hiring a provider. For a provider to be on the registry, the MQC3 first completes a background check that consists of checking references, checking for a criminal record, and checking the state sex offender registry. Additionally, the MQC3 provides training for Home Help providers and monitors unemployment benefits of providers out of work to state expenditures. See "Michigan Quality Community Care Council" on page 10.

OVERVIEW OF APPROACH

We reviewed information and data provided by the Michigan Quality Community Care Council. They provided detailed information on their activities for fiscal years 2006-2010. Information the MQC3 provided includes usage of the registry, trainings provided for home care providers, and unemployment insurance monitoring of Home Help workers.

OVERVIEW OF FINDINGS

We find that the Michigan Quality Community Care Council supports the activities of the Home Help program, which results in cost savings for the state. The key findings of our analysis are below.

1. By Supporting Home Help the MQC3 Saves the State Money

By connecting Home Help consumers with providers and training these providers, the MQC3 makes it possible for more Medicaid LTC beneficiaries to be in home care, as opposed to more costly arrangements. As shown in our two previous reports in 2006 and 2009, the Michigan Home Help program is significantly less expensive per consumer than nursing facility care. We estimate that per beneficiary, the state saves $47,000 annually if a person is diverted from nursing facility care and into home care.

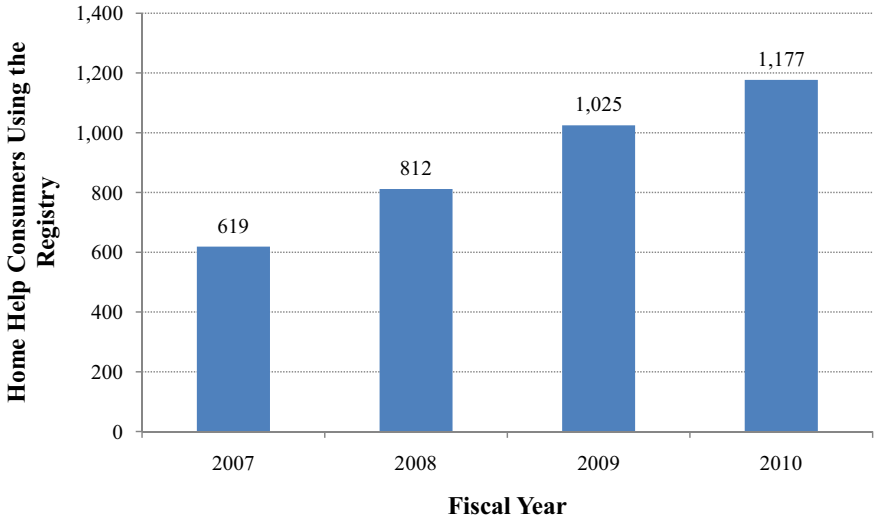
The MQC3 also undertakes cost savings activities such as monitoring Home Help providers receiving unemployment benefits. For the past 4 years, the MQC3 has saved the state over $1.1 million in unemployment payments—an amount equivalent to what the state spends for operations of the MQC3 in two years. See "Cost Savings of Improved Home Help" on page 21.

2. The MQC3 Connects Consumers in Need with Providers

Since October of 2005, the MQC3 has served 2,255 individual consumers with the registry. Many consumers have used the registry multiple times. As shown

in Figure 2, over 1,100 referral letters were sent or calls made with provider names to consumers in FY 2010. Usage of the registry has steadily grown since 2007, as shown in Figure 2 below.

FIGURE 2. Number of Consumers Using MQC3 Registry, 2007-2010



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

3. Almost Half of Home Help Consumers in Need of a Provider are Using the Registry

We analyzed the average monthly number of Home Help consumers and estimated the likely number of consumers in a given year in need of a new provider. Since most consumers turn to a family member or close friend to provide care, only a subset of Home Help consumers need another way to find a provider. This is where the registry is important, since without it a potential Home Help consumer may not be able to find someone in his or her network and thus have to turn to other forms of state-provided care. After accounting for the consumers using family members, and the likely turnover of providers, we estimate that close to half of consumers likely to use the registry are doing so. See "Registry Usage and Growth in Home Help" on page 15.

4. Home Help is Growing in Counties Where Consumers are Using the Registry

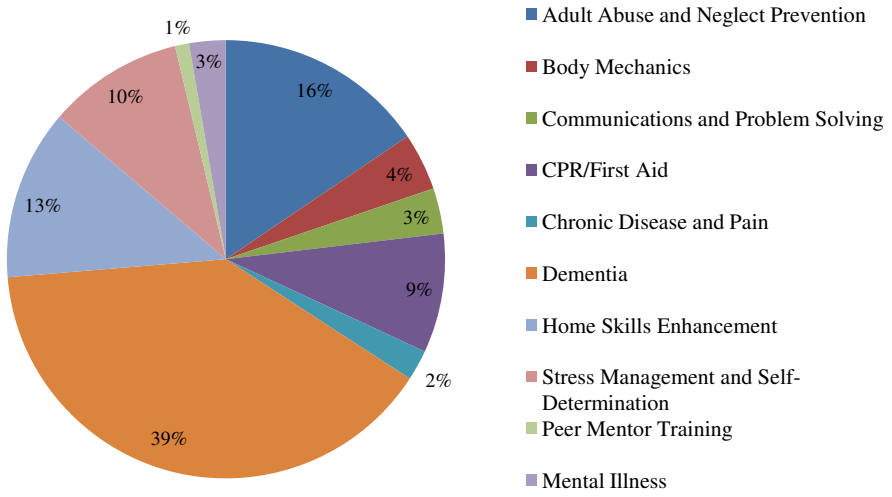
We analyzed the number of consumers using the registry and then compared this to the growth in Home Help consumers by county between 2007 and 2010. Looking county by county, growth in the number of consumers primarily

occurred in the counties that saw an increase in usage of the registry. When comparing this change in the aggregate (meaning all counties with an increase versus those with no change) we find that all of the growth in the number of Home Help consumers between 2007 to 2010 occurred in counties with increased registry usage. See "MQC3 Connects Consumers in Need with Providers" on page 14.

5. The MQC3 Trains Providers Across the State in Important Skills

In FY 2010, 505 providers attended a variety of training sessions from learning how to care for someone with dementia, to administering CPR, to being able to perform their daily activities, such as meal preparation, in a better way. Since FY 2006, over 2,600 providers have attended training sessions. Over one-third (39%) attended sessions on caring for someone with dementia. Other well attended sessions include those aimed at preventing elder abuse and neglect, and better performing tasks such as cleaning and meal preparation (Home Skills Enhancement). See Figure 3 below and "MQC3 Trains Providers" on page 19.

FIGURE 3. Cumulative Number of Participants by Type of Training



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

ABOUT ANDERSON ECONOMIC GROUP

Anderson Economic Group is a research and consulting firm specializing in economics, public policy, industry analyses, finance, and business valuation. The firm has offices in East Lansing, Michigan and Chicago, Illinois. The firm has completed two previous studies on the Home Help program that can be obtained at www.AndersonEconomicGroup.com. See "Appendix A: About Anderson Economic Group" on page A-1 for more information about these studies and AEG.

II.Long Term Care in Michigan

In FY 2010, the State of Michigan spent a little over $2 billion on Medicaid long-term care services. Through the programs described below, the state was able to care for the elderly and persons with disabilities who were too poor to pay for their own care. Below we provide a brief overview of how the Home Help program fits into the Medicaid long-term care system and how the Michigan Quality Community Care Council supports the Home Help program.

OVERVIEW OF MEDICAID LONG-TERM CARE

The Michigan Department of Community Health (MDCH) oversees Michigan's Medicaid Long-Term Care and Home and Community-Based Services (HCBS) programs. Medicaid is the state-managed health insurance program for individuals and families with low income and resources, and for those who become poor paying for care. Medicaid is the single largest source of funding for long-term care. Long-term care refers to the services that people need when their ability to care for themselves has been reduced by an illness or disability. The level of care people need may vary considerably.

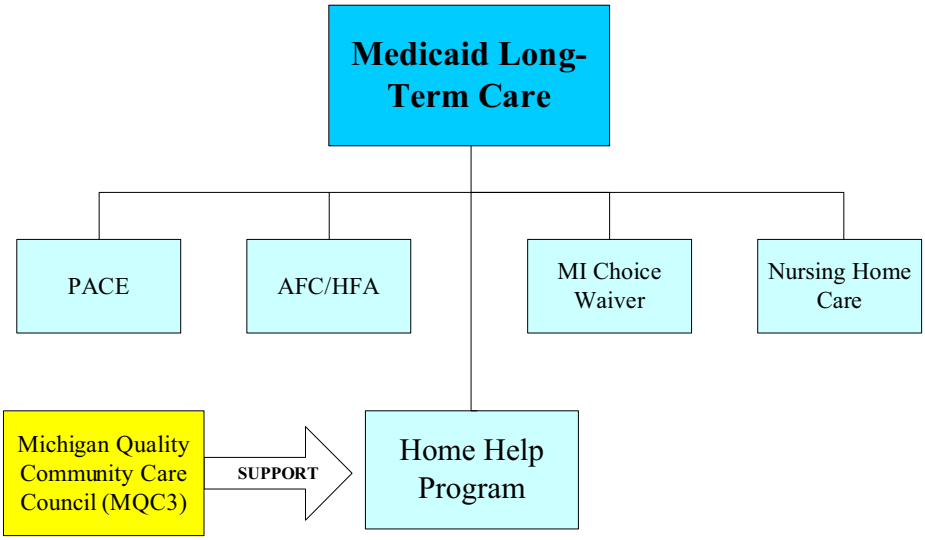
Medicaid long-term care programs include:

1. *Nursing facilities*
   Elderly people who demonstrate a physical or mental need and have low assets and low income qualify to receive Medicaid coverage for extended stay in a nursing home. The nursing home must be certified by Medicaid to provide the particular care that a patient needs. Patients are required to pay a small share, depending on their income, and Medicaid covers the rest. It is not uncommon for patients with low retirement income to pay for nursing home care out-of-pocket for some time and then enroll in Medicaid when they have depleted their assets.
2. *MI Choice Waiver*
   In 1981, Congress passed a law that allowed Home and Community-Based Services waivers through Medicaid. Under this law, the state has broad approval to administer long-term care services administered outside of nursing homes or long-stay hospitals. One such waiver in Michigan is the MI Choice waiver, which started in 1992 and became available in all counties by the end of 1998. An option for anyone who qualifies for a nursing home under Medicaid, MI Choice waivers can be used to cover a range of services to help the elderly or persons with disabilities function in their own homes, including private nursing care, respite services, counseling, meal delivery, transportation, and modifications to the home.
3. *Home Help*
   Unlike the previous two categories, which are overseen by the Michigan Department of Community Health, Home Help is funded through Medicaid but operated by the Department of Human Services. The Michigan Quality Community Care Council provides support by connecting Home Help recipients with caregivers. This program compensates Medicaid recipients if they hire a caregiver to help them in their homes. These caregivers can provide a broad

range of services, including preparing meals, shopping, and housework, and, in more severe cases, assisting with medicine and getting around the house.

4. *Adult Foster Care (AFC) and Homes for the Aged (HFA)*
   Assisted living facilities that act as Adult Foster Care or Homes for the Aged (HFA) are licensed by the state. In order for a facility to be designated an AFC, it must provide services 24 hours a day at least 5 days a week to residents who are developmentally disabled, mentally ill, or physically handicapped. AFCs are limited to a capacity of 20 residents or less at any given time. (HFAs have no such limit.) HFAs generally provide room, board, and other day-to-day needs to their residents, who must be age 60 or above. HFAs and AFCs are not allowed to provide continuous *nursing* care to residents, but they are allowed to bring in outside agencies in order to provide those services. HFAs and AFCs are licensed and funded by the Department of Human Services.
5. *Program of All-Inclusive Care for the Elderly (PACE)*
   Through the Program of All-Inclusive Care for the Elderly Michigan pays organizations to provide comprehensive services to some Medicaid enrollees. This program is overseen by the MDCH, but PACE organizations have the bulk of responsibilities in the program. They perform a medical and functional assessment of each patient and determine the range of services that the patient might need. PACE organizations are required to provide all Medicare- and Medicaid-covered procedures, and further procedures if they are deemed necessary for a patient. These organizations are available to residents over 55 who would otherwise qualify for a nursing home through Medicaid, as long as they are not receiving MI Choice and are not enrolled in an HMO plan.

FIGURE 4. Medicaid Long-Term Care Programs in Michigan



Source: Anderson Economic Group, LLC

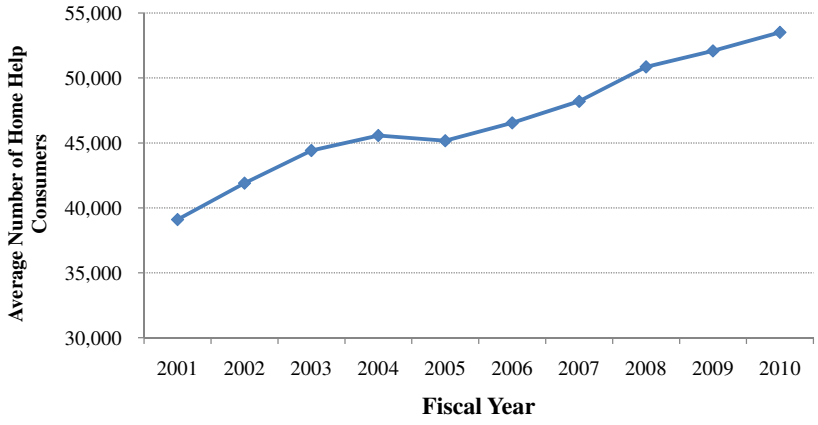
HOME HELP PROGRAM

Home Help is a program provided by the Michigan Department of Human Services that provides support to individuals who are unable to care for themselves in their own home. DHS administers the Home Help Program on a local (county) level. The person or family member interested in home care services first applies for Home Help Services at his or her local DHS office. To be eligible for the Home Help program, the individual must be financially eligible for Medicaid and need help with one or more Activities of Daily Living (ADL). Activities of Daily Living include such things as eating, toileting, bathing, grooming, dressing, transferring, and mobility, and Instrumental Activities of Daily Living (IADL), which include taking medication, meal preparation and cleanup, shopping, laundry, and light housework.

A doctor certifies the medical need and DHS sets up the contract so that the necessary care will be provided and the Home Help provider will be paid by the state. DHS sends a dual-party check to the Home Help beneficiary that includes the worker and the beneficiary's name. Both parties' signatures are required for the Home Help worker to receive payment.

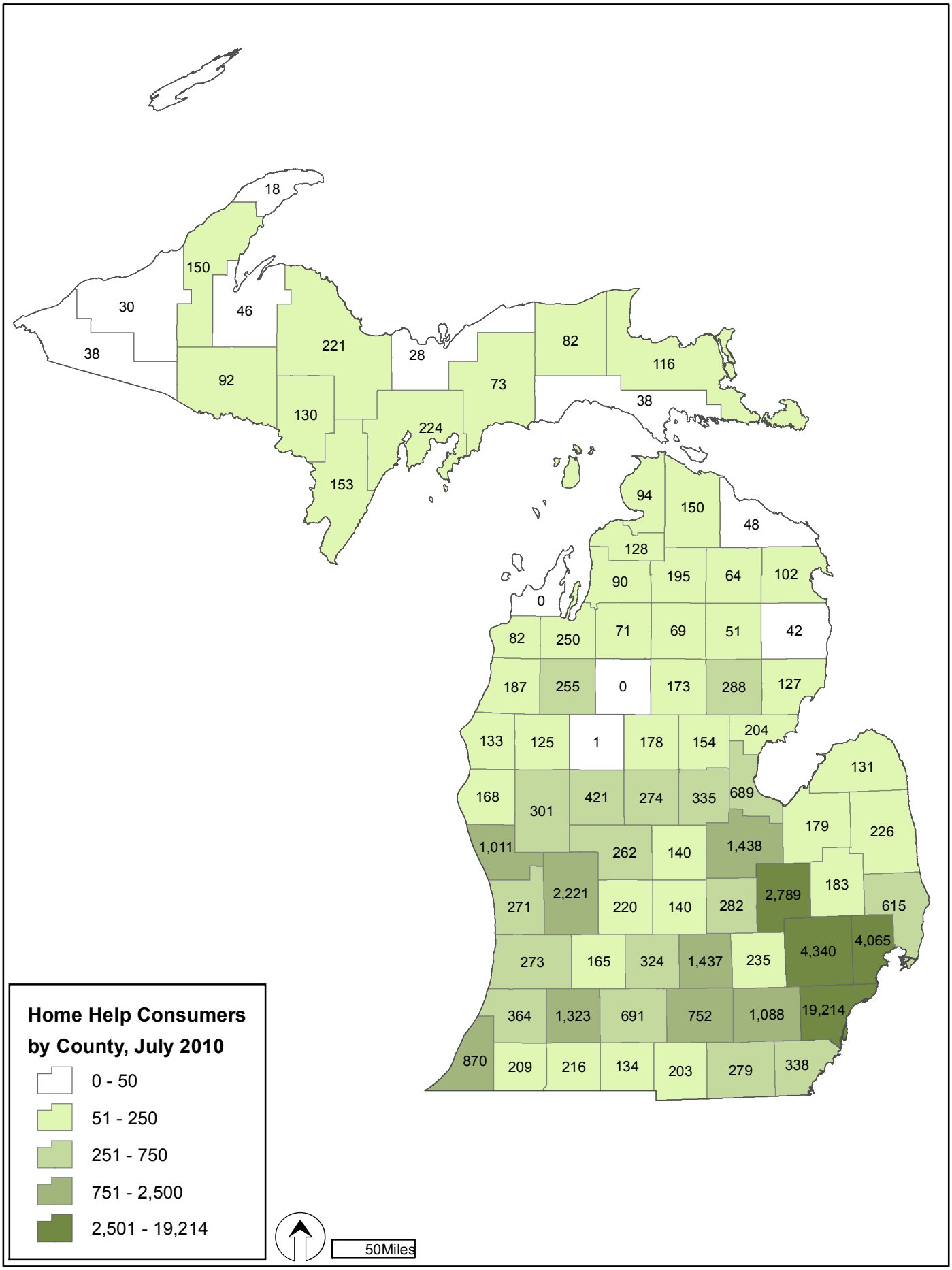
In 2010, the average monthly number of Home Help consumers was 53,516. This is 18% more Home Help consumers than in 2005, and over one-third more (37%) than in 2001, as shown in Figure 5 below. The counties with the largest number of Home Help consumers in 2010 were Wayne, Oakland, Macomb, and Genesee, as shown in Map 1 on page 8. However, growth in the number of Home Help consumers by county since 2005 has occurred in many low and medium population density counties. St. Joseph, St. Clair, Luce, Charlevoix, and Mecosta Counties all saw their number of Home Help consumers double in five years, as shown in Map 2 on page 9. Every county except two—Leelanau and Missaukee—have Home Help consumers.

FIGURE 5. Average Monthly Number of Home Help Consumers



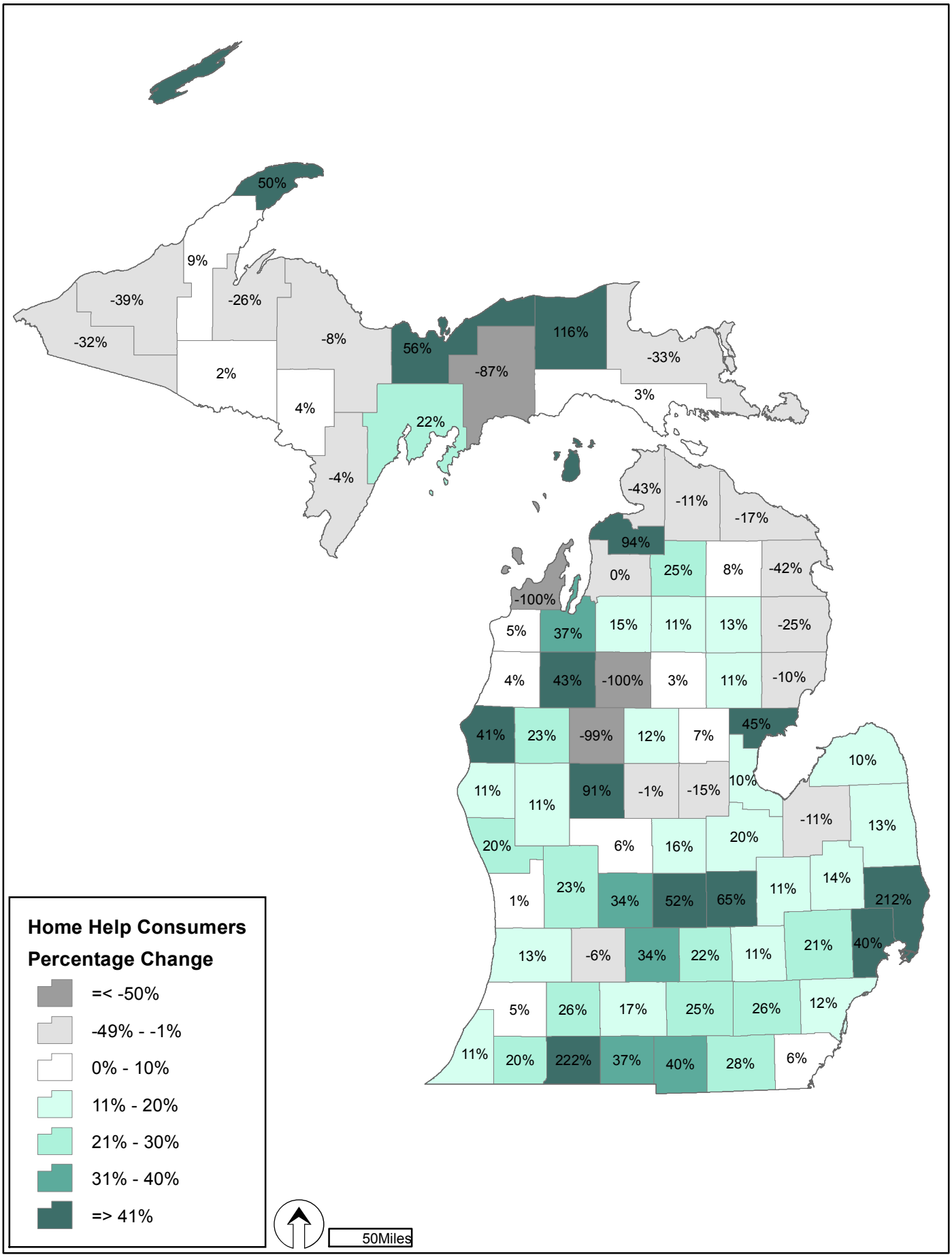
Source: Michigan Department of Community Health; MQC3
Analysis: Anderson Economic Group, LLC

Map 1. Number of Home Help Consumers by County, July 2010



Data Source: ESRI, Inc.; Michigan Quality Community Care Council.
Analysis: Anderson Economic Group, LLC 2011.

Map 2. Change in the Number of Home Help Consumers, 2005 - 2010



Data Source: ESRI, Inc.; Michigan Quality Community Care Council.
Analysis: Anderson Economic Group, LLC 2011.

Home Help Providers. Over 80% of Home Help providers have one client. According to a survey given to Home Help providers in 2005, 75% of providers stated they had become a home care worker because a family member or close friend was in need of care. In 2008, the most recent for which we have data, the average number of monthly Home Help providers was 43,729. Given recent growth in Home Help consumers, we expect the number of Home Help providers to be around 46,000 currently.[1]

MICHIGAN QUALITY COMMUNITY CARE COUNCIL

An interlocal agreement between the Michigan Department of Community Health and the Tri-County Aging Consortium established the Michigan Quality Community Care Council in 2004. The purpose of the organization is to connect those in need of home care with a Home Help provider. To meet this goal, the MQC3 provides a tool (the registry) for finding, choosing, and hiring a provider. The MQC3 also provides training sessions for home care providers.

In order to do its work, the MQC3 receives an annual budget of $1.1 million from the MDCH as part of the department's expenditures on the Home Help program. It is funded through Medicaid, and as an administrative function receives 50% of its funding from the federal government. This covers the MQC3's expenditures on space, supplies, materials, and staff to run the registry and complete the trainings, among other activities. We discuss the registry and trainings in more detail below.

MQC3 Registry

The main tool for connecting consumers and providers is the registry. Providers can get on the registry by completing the following steps:

1. Contacting the MQC3 with interest in becoming a provider.
2. Attending an introductory session where the applicant will learn about registry policies and procedures, complete an application, provide references, and interview with one of the staff members.
3. MQC3 will then check criminal records, the state sex offender registry, and the applicant's references before putting the provider on the registry.

The MQC3 serves an important role of screening potential providers before putting them on the registry. The MQC3 staff run background checks on providers on the registry every six months to ensure information is updated.

Some of the main activities of the MQC3 are summarized in Table 1 on page 11. Last year, MQC3 held 54 introductory sessions for new providers and had a monthly average of 918 providers on the registry. MQC3 sent provider names to an average of 96 consumers per month with 499 consumers using the

1. We estimated 46,000 by looking at the ratio of providers to consumers for the years that we had data: 2001 to 2008. Using this ratio (0.86), we estimated 46,000.

registry to find a provider in 2007. The MQC3 has seen increased usage of the registry since 2007, as shown in Table 1 below.

TABLE 1. Activities of the MQC3

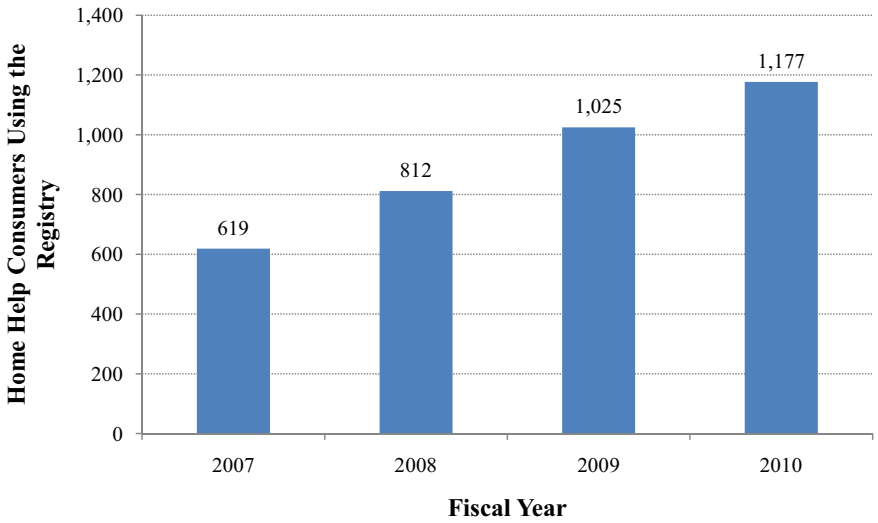
Activity	FY 2007	FY 2010	Change (FY 07-10)
Number of Introductory Sessions Held	81	54	-27
Average Monthly Number of Referrals	77	96	19
Average Monthly Number of Providers on Registry	531	918	387
Number of Providers Hired from List	n/a	483	n/a
Number of New Consumers Served	453	499	46

Source: Michigan Quality Community Care Council
Anderson Economic Group, LLC

By the end of the 2010 fiscal year (October 1 to September 30) 2,125 consumers had used the registry to find a home care provider. Another 130 used the registry by the end of December 2010. Since the beginning of the registry on October 19, 2005, 2,255 consumers have found a provider using the registry.

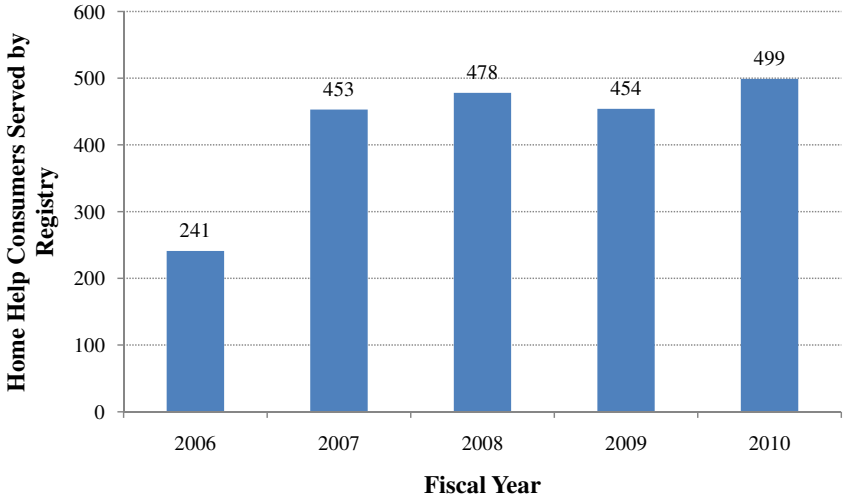
Usage of the registry by year is shown in Figure 6. It has grown every year with many consumers using the registry more than once. For the last four fiscal years, over 450 new consumers each year have used the registry to find a home care provider, as shown in Figure 7 on page 12.

FIGURE 6. Number of Consumers Using MQC3 Registry, 2007-2010



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

FIGURE 7. Number of New Consumers Served by Registry, 2006-2010



Source: Michigan Quality Community Care Council, Monthly Fiscal Year Reports
Analysis: Anderson Economic Group, LLC
Note: FY 2006 does not include October and November data. It includes 11 more Home Help consumers served to match the end of FY 2010 total of 2,125 served reported in the goals assessment reports.

MQC3 Trains Providers

MQC3 offers training for Home Help providers across the state. The total attendance at training sessions offered in the past 5 years is over 2,600. Table 2 provides a brief description of the types of training sessions offered to Home Help providers across the state.

TABLE 2. Training Sessions Offered by MQC3

Training Session	Description
Adult Abuse and Neglect Prevention	Providers learn how to identify abuse environments and how to change them, how to report suspected abuse and neglect, how to diffuse possible abuse situations, and how to stop stress triggers that prevent themselves from abusing.
Body Mechanics	Providers learn safe techniques for lifting and transferring, back safety, and practice their techniques and positioning skills.
Communications and Problem Solving	Participants learn strategies for effective communication.
CPR/First Aid	American Red Cross trainers teach basic first aid and CPR certifications.
Chronic Disease and Pain	This class provides information about chronic conditions such as heart disease, lung disease, and diabetes. Participants discuss major signs and symptoms and learn about how to assess if a consumer is in pain.
Dementia	Providers develop an understanding of the gradual cognitive decline that characterizes dementia and learn different techniques and strategies for effective communication.
Home Skills Enhancement	Include courses on cleaning, food safety, meal preparation, and meal planning and shopping.
Stress Management and Self-Determination	Providers learn their own physical and emotional signs of stress, time management skills and self care. Providers learn how to identify skills required to make decisions and develop a preliminary life plan.

Source: Michigan Quality Community Care Council

III. Outcomes of MQC3 Supporting Home Help

A Home Help program that diverts people away from more expensive care saves the State of Michigan money. There are three important ways that the MQC3 program supports the Home Help program, which we describe in detail below. We then discuss the cost savings for the state if Medicaid beneficiaries that could be served well by home care are directed into Home Help instead of nursing facilities.

MQC3 CONNECTS CONSUMERS IN NEED WITH PROVIDERS

The most important function of MQC3 is providing a registry that allows consumers to find the right home care provider. An important feature of the registry is that it can be used to find providers with preferred skills or demographic characteristics. For example, a consumer can ask MQC3 staff for names of providers on the registry who speak Spanish. It can also be used to find a provider who could start the same day or the next day. The MQC3 receives calls where a consumer needs a provider to start immediately and the MQC3 has a list of such providers that they can refer to.

Based on survey information, around a quarter of providers are likely caring for someone who is not related to them or a friend. The people who are well-suited for home care, but do not have a friend or family member that can serve as a provider, are the most likely to go into more expensive arrangements, such as nursing facilities. This is where the registry supported by MQC3 does the most good—it helps these consumers find care givers.

We analyzed the average monthly number of Home Help consumers, shown in Figure 5 on page 7, focusing on the subset of consumers who are not using a family member or friend as their care giver. Most consumers have a provider and may not need to find a new provider in a given year. We further estimated the likely turnover and growth in the program to estimate the number of consumers each year who might need to use the registry to find a provider. We looked at the number of consumers served by the registry to estimate the share of these consumers using the registry. Between FY 2007-2010, we estimate that

approximately a third to one-half of consumers in need of a provider used the registry to find a provider. See Table 3.

TABLE 3. Analysis of Usage of the Registry by Those Needing to Find a Home Help Provider

Fiscal Year	Average Monthly Number of HH Consumers	Pool of Consumers Who Might Need Registry (25%)	Estimate of Consumers Needing a New Provider[a]	Number of Consumers Using the Registry	% of Consumers Needing a Provider Who Use Registry
2007	48,205	12,051	1,446	619	26%
2008	50,862	12,716	1,526	812	32%
2009	52,082	13,021	1,562	1,025	39%
2010	53,516	13,379	1,605	1,177	44%

Data Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

a. This accounts for the annual growth in the number of Home Help consumers and the likely turnover from year to year in who needs to find a new home care provider. We assume 20% of consumers need a provider in a given year.

Registry Usage and Growth in Home Help

We also analyzed usage of the registry by county to see if there has been growth in the number of Home Help consumers where the registry has been most used. This would indicate that the registry is working, meaning that it is connecting those who would otherwise not be able to participate in the Home Help program due to lack of a provider with a home care worker. Map 3 on page 17, shows the counties that saw an increase in consumers using the registry (yellow) compared to those that saw no change in registry usage (purple). The map then shows the change in Home Help consumers by county between 2007-2010. Looking county to county, growth in the number of consumers primarily occurred in the counties that saw an increase in consumer usage of the registry. When comparing this change in the aggregate (meaning all counties with an increase versus those with no change) we find that all of the growth in the number of Home Help consumers between 2007 to 2010 occurred in only counties that saw an increase in the number of consumers using the registry.

Utilization of the Registry by County

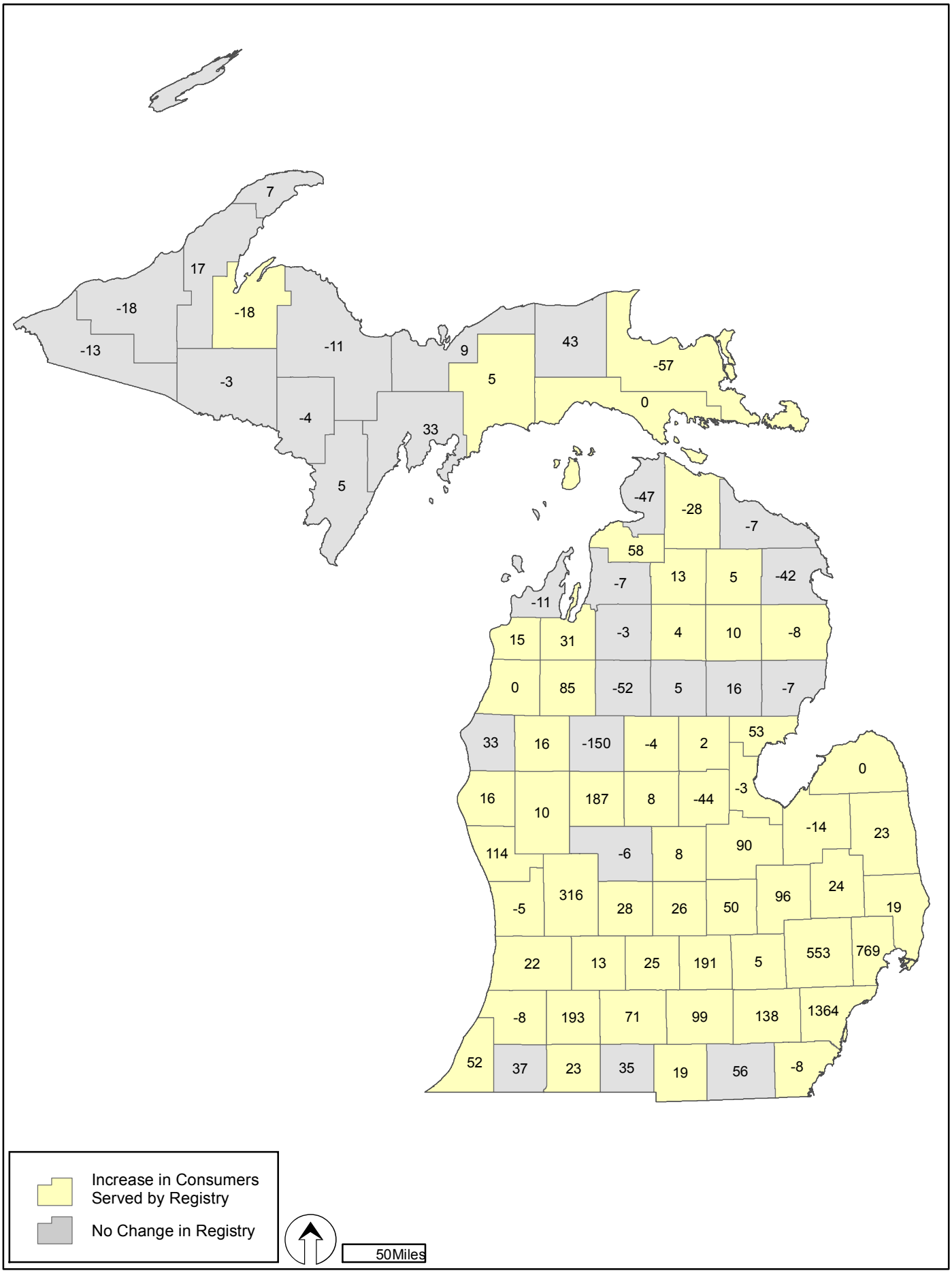
We analyzed the number of consumers by county and the share of consumers using the registry to find a provider. As shown in Map 4 on page 18, consumers in some counties use the registry more than others. The registry is reaching consumers in all parts of the state. Counties with the highest utilization of the registry include Ingham, Bay, Arenac, Missaukee, and Osceola. The counties with the highest number of Home Help consumers, and the largest populations are not the ones with the highest utilization rates of the registry. However, the point of the registry is to connect consumers that are having trouble finding a provider

with a care giver. This makes sense that those in more rural counties, or with less of a social network, would use the registry more.

Hiring of Providers

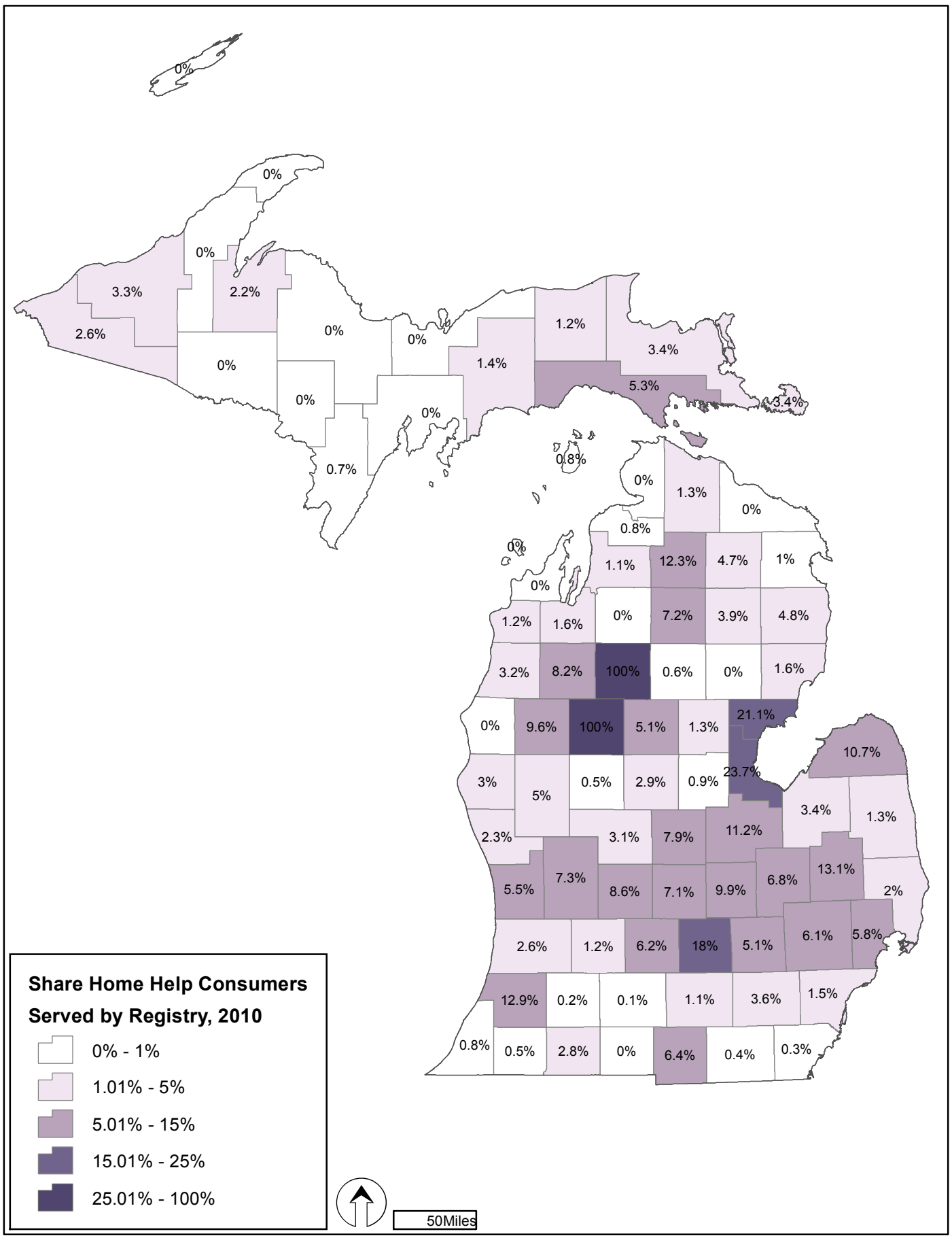
As explained previously, the average monthly number of providers on the registry in 2010 was 918. That same year, 483 providers were hired from the list, for an average of 40 providers per month. This means about 4% of the providers each month are hired by a consumer. Given that providers come and go, and can also stay on the registry if they would like to serve more than one client, we find that about 50% of providers are hired in a given year given the current stock of providers. In 2010, 483 providers were hired from the registry while 499 new consumers used the registry.

Map 3. Changes in Registry Usage and Number of Home Help Consumers, 2007 - 2010



Data Source: ESRI, Inc.; Michigan Quality Community Care Council.
Analysis: Anderson Economic Group, LLC 2011.

Map 4. Percentage of Home Help Consumers Served by Registry by County, 2010

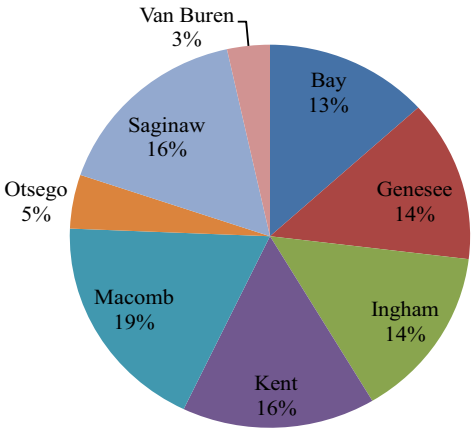


Data Source: ESRI, Inc.; Michigan Quality Community Care Council.
Analysis: Anderson Economic Group, LLC 2011.
Note: We calculated this share by dividing the cumulative number of Home Help consumers served by the registry by the number of Home Help consumers in July 2010.

MQC3 TRAINS PROVIDERS

The MQC3 provides training sessions for Home Help providers. A brief description of training sessions is given in Table 2 on page 13. In FY 2010, 550 providers participated in training sessions. As shown in Figure 8, training sessions were held in a number of counties, not just one. More than 70 providers attended sessions in Bay, Genesee, Ingham, Kent, Macomb, and Saginaw Counties in 2010.

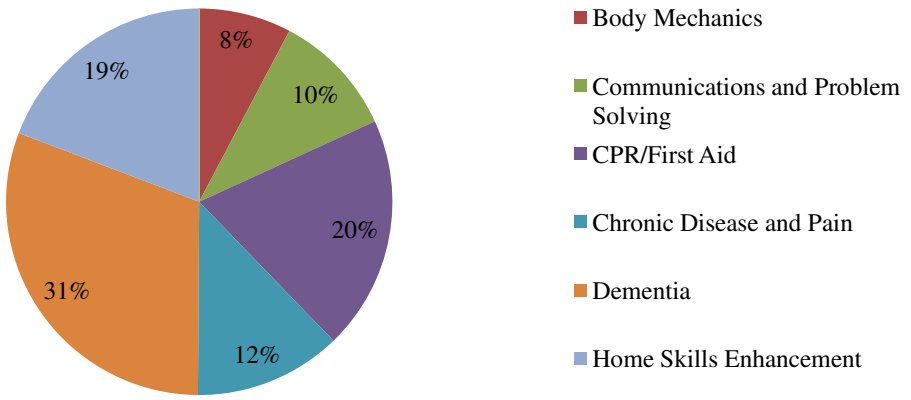
FIGURE 8. FY 2010 Number of Participants by County of Training



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

The MQC3 offered a variety of training sessions in 2010. The most well attended sessions were those on working with someone with dementia. Last year, 147 providers (31%) attended sessions to learn about dementia and how to care for someone who has the disease. Other classes attended include body mechanics (providers learn how to move consumers safely), chronic disease and pain, CPR, and home skills enhancement, where providers learn approaches to cleaning and how to prepare healthy meals safely.

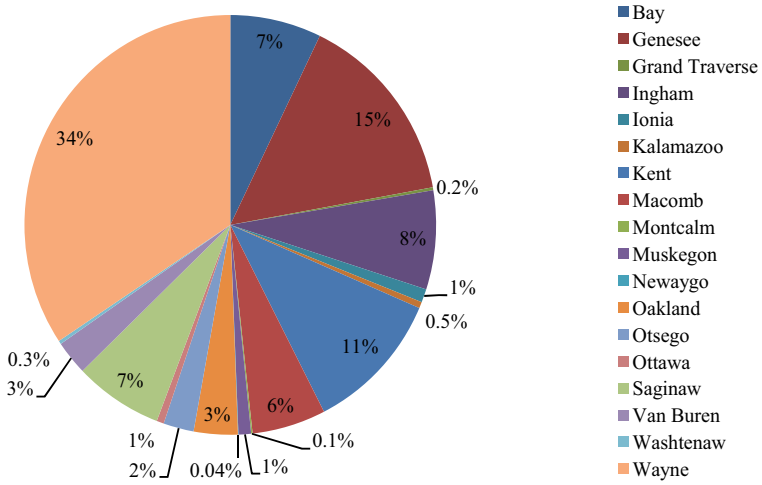
FIGURE 9. FY 2010 Number of Participants by Type of Training Session



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

Since 2006, there have been 2,639 participants at training sessions. These sessions have been all over the state, as shown in Figure 10. The counties with the largest number of providers attending training sessions include Wayne (906 attendees), Genesee (395), and Kent (290) Counties.

FIGURE 10. Cumulative Number of Participants by County of Training

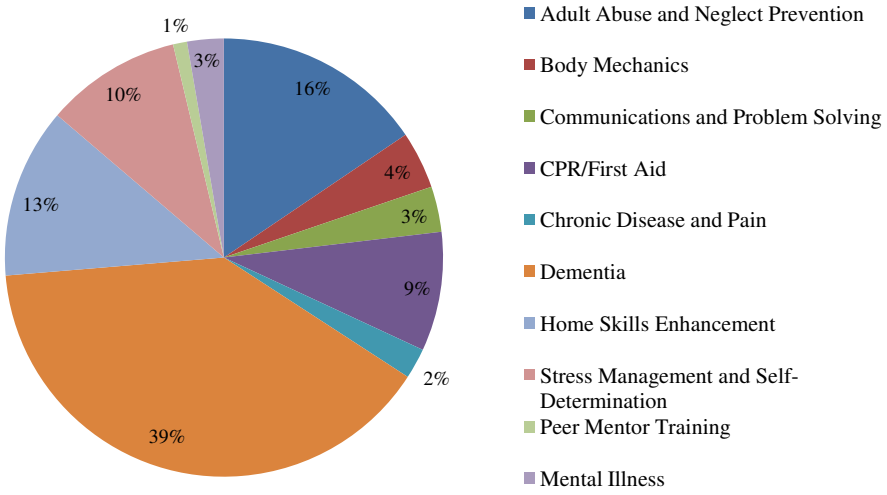


Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

Over the years, the MQC3 has offered different types of training. Figure 11 on page 21 shows the breakdown of attendees by training session. The most well-

attended sessions include those on dementia (1,038 attendees), adult abuse and neglect prevention (408), and home skills enhancement classes (330).

FIGURE 11. Cumulative Number of Participants by Type of Training



Source: Michigan Quality Community Care Council
Analysis: Anderson Economic Group, LLC

MQC3 MONITORING UNEMPLOYMENT AND REDUCING STATE COST

The MQC3 monitors the unemployment claims of Home Help providers and writes protest letters when it appears that someone is receiving unemployment benefits in error. In November of 2010, the MQC3 sent 211 protest letters resulting in savings to the state of $50,375 that month. In the month before that (October 2010), the MQC3 sent 195 protest letters for savings of $49,900. During fiscal years 2006-2010, the MQC3 has saved the state $1.1 million in unemployment benefit payments. This amount of savings is equivalent to two years of the state's cost for the MQC3.

COST SAVINGS OF IMPROVED HOME HELP

By connecting consumers with providers and training these providers, MQC3 makes it possible for more Medicaid LTC beneficiaries to be in home care, as opposed to more costly arrangements. As shown in our two previous reports in 2006 and 2009, the Michigan Home Help program is significantly less expensive per consumer than nursing facility care, as shown in Table 4.[1] If the Home Help program is successful at finding and training good care providers, and consequently diverting these consumers from nursing home care, the state saves

1. See Caroline M. Sallee and Alex L. Rosaen, *Costs and Benefits of a Wage Increase for Home Help Workers*, Commissioned by Michigan Quality Home Care Campaign, June 26, 2006; and Caroline M. Sallee, *An Update to 2006 Report*, August 5, 2009.

money. We estimated that if consumers were diverted to Home Help, the state of Michigan could save $8 million per year.

TABLE 4. Average Cost per Beneficiary Comparison

LTC Program	FY 2005	FY 2008	*Difference FY 05-08*	*% Annual Growth Rate FY 2005-08*
Nursing Facilities	$46,919	$51,872	*$4,953*	*3.4%*
Home Help	$4,536	$4,776	*$240*	*1.7%*
Average Cost Difference *(Savings per Beneficiary in Home Help Compared to Nursing Facilities)*	**$42,383**	**$47,096**	***$4,713***	

Source: Caroline Sallee, "Costs and Benefits of a Wage Increase for Michigan's Home Help Workers: An Update to AEG's 2006 Report," August 5, 2009

Appendix A: About Anderson Economic Group

ANDERSON ECONOMIC GROUP

Anderson Economic Group, LLC was founded in 1996 and today has offices in East Lansing, Michigan and Chicago, Illinois. AEG is a research and consulting firm that specializes in economics, public policy, financial valuation, and market research. AEG's past clients include:

- *Governments* such as the states of Michigan, North Carolina, and Wisconsin; the cities of Detroit, Cincinnati, Norfolk, and Fort Wayne; counties such as Oakland County, Michigan, and Collier County, Florida; and authorities such as the Detroit-Wayne County Port Authority.
- *Corporations* such as GM, Ford, Delphi, Honda, Taubman Centers, The Detroit Lions, PG&E Generating; SBC, Gambrinus, Labatt USA, and InBev USA; Spartan Stores, Nestle, automobile dealers and dealership groups representing Toyota, Honda, Chrysler, Mercedes-Benz, and other brands.
- *Nonprofit organizations* such as Michigan State University, Wayne State University, University of Michigan, Van Andel Institute, the Michigan Manufacturers Association, United Ways of Michigan, Service Employees International Union, Automation Alley, the Michigan Chamber of Commerce, and Detroit Renaissance.

Please visit www.AndersonEconomicGroup.com for more information.

PREVIOUS HOME HELP REPORTS

Anderson Economic Group has completed two previous reports on the Home Help program. The first of these reports, *Costs and Benefits of a Wage Increase for Home Help Workers*, was published in 2006. It detailed the cost savings for the State of Michigan if the Home Help program was able to divert Medicaid beneficiaries away from nursing facilities and into home care. AEG modeled a wage increase for Home Help providers that resulted in an increase in the number and quality of Home Help providers. Home Help providers received a wage increase in FY 2007. In 2009, AEG published an update to this report to see if the predictions about how a wage increase would expand the Home Help program had come true. AEG estimated that the cost savings to the state were greater than initially predicted.

ABOUT THE AUTHOR

Caroline M. Sallee

Ms. Sallee is a Senior Consultant and Director of the Public Policy, Fiscal, and Economic Analysis practice area at Anderson Economic Group. Ms. Sallee's background is in applied economics and public finance.

Ms. Sallee's recent work includes an economic impact assessment for Michigan's University Research Corridor (Michigan State University, University of Michigan, and Wayne State University), economic and fiscal impact studies for Michigan State University, and the benchmarking of Michigan's business taxes

with other states in a project for the Michigan House of Representatives. She has also completed several cost benefit analyses of changes to the Home Help program in Michigan.

Prior to joining Anderson Economic Group, Ms. Sallee worked for the U.S. Government Accountability Office (GAO) as a member of the Education, Workforce and Income Security team. She has also worked as a market analyst for Hábitus, a market research firm in Quito, Ecuador and as a legislative assistant for two U.S. Representatives.

Ms. Sallee holds a Master of Public Policy degree from the Gerald R. Ford School of Public Policy at the University of Michigan and a Bachelor of Arts degree in economics and history from Augustana College.