



COUNTY OF SAN DIEGO
2021 JUL -2 AM 10: 26
CLERK OF THE BOARD
OF SUPERVISORS

TERRA LAWSON-REMER
SUPERVISOR, THIRD DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: July 13, 2021

22

TO: Board of Supervisors

SUBJECT

**COST-BENEFIT ANALYSIS OF IN-HOME SUPPORTIVE SERVICES (IHSS)
COMPARED TO INSTITUTIONAL PLACEMENTS (ALL DISTRICTS)**

OVERVIEW

The world's older population is growing at an unprecedented rate. According to the Census, by 2030, residents over age 65 in San Diego County will make up an estimated 21% of the population. As individuals, family members, friends, and community members age, the demand for services needed to provide for older adults expands. Aging in place is a concept that describes the model for older adults to stay in their own homes as they get older as opposed to being displaced to unfamiliar facilities like nursing homes. In-Home Supportive Services (IHSS) was created to provide care for elderly, disabled, and blind Californians and realize this goal with the support of home care providers. In San Diego, IHSS employs 28,367 workers to serve 33,430 clients within the Aging & Independence Services' (AIS) department of the Health and Human Services Agency.

In-Home Supportive Services (IHSS) is a Medi-Cal program that provides services in the home for people with disabilities and seniors that otherwise would be placed in a nursing home or board and care facility. A little support from another person can go a long way to allow someone to stay in their own home. With IHSS, a trained provider can make living at home easier and safer for loved ones, avoiding out of home care and preserving as much independence as possible. Aging in place creates stronger feelings of attachment and connection to community for older adults.¹ The functional and emotional implications of aging in place are readily apparent in the lives of our residents. And yet, the economic comparison to the alternative, institutional care, has not been assessed to demonstrate the value of what San Diego County provides through IHSS.

When an individual needs assistance with activities of daily living such as cooking, bathing, or getting in and out of bed, the traditional course of action is to be placed in a skilled nursing home

¹ Janine L. Wiles, PhD, Annette Leibing, PhD, Nancy Guberman, MSW, Jeanne Reeve, PhD, Ruth E. S. Allen, PhD, The Meaning of "Aging in Place" to Older People, The Gerontologist, Volume 52, Issue 3, June 2012, Pages 357–366, <https://doi.org/10.1093/geront/gnr098>

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or other institutional care facility. Genworth estimates that for San Diego County, the 2020 annual median cost is \$68,594 for private in home care and \$128,663 for a semi-private room in a nursing facility.

The costs and benefits of IHSS compared to skilled nursing facilities have not been analyzed in San Diego County. We need to take a deeper dive to better understand the options and alternatives for caring for our aging population. Aligned with the Board's Framework for the Future and Office of Evaluation, Performance, and Analytics, a cost-benefit analysis of IHSS compared to alternative placements would promote a culture of learning, accountability, and transparency for a program that serves thousands of San Diegans with one of the largest workforces in the region.

There is a significant body of evidence demonstrating the social, emotional, and health benefits of aging in place. To realize this goal, IHSS is a key programmatic component that allows San Diegans to live where they choose and receive the supports needed to do so safely with dignity. Thus, the County would benefit to know the total cost of the program compared to institutionalization. We must act proactively to identify the impact as the demand for the program continues to grow. If feasible, in addition to fiscal costs, intangible benefits such as *Live Well San Diego* indicators of life expectancy and quality of life should be considered in the model.

**RECOMMENDATION(S)
SUPERVISOR TERRA LAWSON-REMER**

Direct the Chief Administrative Officer to report back to this Board in January 2022 with a cost-benefit analysis of In-Home Supportive Services in San Diego County. The analysis shall include an evaluation of total costs of the IHSS program and costs per person compared to the costs of alternatives such as placement in a skilled nursing facility (SNF) and/or reliance on developmental disability services. Costs for SNFs should anticipate both costs of care and potential costs of constructing as well as renovating/maintaining facilities to provide the beds needed as the San Diego County population ages. The report shall include positive and negative effects of IHSS compared to potential scenarios in the absence of the program. Other effects that should be included in the analysis, if feasible, include discomfort or inconvenience costs and benefits to the client and family members, gains or losses in time in work, leisure, or community settings, and quality of life for recipients.

EQUITY IMPACT STATEMENT

Today's proposed action increases the transparency of County service delivery systems. The action will enable better understanding of the impact of the IHSS program, which serves vulnerable San Diegans with countable monthly income below \$1,482 for an individual. Among recipients in California, 60% are women, more than 50% speak a language other than English as their primary language, 41% are seniors age 65-84, 15% are 85 years of age or older, 37% are adults with

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disabilities, and 7% are children under the age of 18.² The program demographics demonstrate the diversity of the state and the crosscutting nature of the need. As the population continues to age, the County must invest in programs that support health and wellbeing of this cohort.

FISCAL IMPACT

Funds for this request are included the Fiscal Year 2021-23 Operational Plan in Health and Human Services Agency (HHS). If approved, this request will result in costs and revenue of approximately \$150,000 in Fiscal Year 2021-22 and will be funded with existing General Purpose Revenue allocated for HHS programs. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Our population is aging at an unprecedented rate. By 2030, San Diego County residents over the age of 65 will make up an estimated 21% of the population. As the demographic of those over the age of 65 grows, so too will the demand for IHSS services. An AARP survey showed that most seniors wish to live at home for as long as possible. For low-income individuals and those who have exhausted their life savings on home care, In-Home Supportive Services (IHSS) can be a life changing resource. Institutional care, such as nursing homes, is a costly alternative for individuals and families.

When an individual needs assistance with activities of daily living such as cooking, bathing, or getting in and out of bed the main courses of action are to rely on social capital, hire private home care agencies, enroll in IHSS, or be placed in institutional care. Aging in place is a national model for preserving the ability for people to remain in their homes for as long as possible. Aging in place preserves the dignity and worth of the individual by providing assistance with activities of daily living and maintaining continuity in their living environment and as much independence as possible. A report by the U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R) showed that the ability to remain at home prevents social isolation, maintains independence, and improves health outcomes related to cognition and depression.

Once someone functionally needs assistance with two or more activities of daily living, they may be eligible for institutional care. Research by Kaye, Harrington, and LaPlante showed that per person expenditures for nursing home residents are five times as high as expenditures for community residents. Genworth estimates that for San Diego County, the annual median cost is \$68,594 for private in home care and \$128,663 for a semi-private room in a nursing facility. A State Auditor report from February 2021 estimated that IHSS saves the State between \$22,000

² All County Information Notice ("ACIN") I-22-19 (April 4, 2019), available at http://www.cdss.ca.gov/Portals/9/ACIN/2019/I-22_19.pdf?ver=2019-04-08-132918-777.

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and \$153,000 per recipient per year for individuals who would have been transitioned to long-term care institutions. The recommendation asks how the costs and benefits of the IHSS program compare to alternative placements in San Diego County.

There has been a shift from institutional care to Home and Community-Based Services (HCBS) for elderly and disabled community members. Unfortunately, many people do not have coverage for long-term services and supports (LTSS). People will often spend down their personal resources to access Medi-Cal and receive coverage for LTSS through IHSS. There is a problem when parents, grandparents, and neighbors must spend down to poverty levels in order to remain in their homes and receive long term services and supports. This is often referred to as Medicaid spend down. This action requests a cost-benefit analysis of the IHSS program compared to the alternative of institutional care or reliance on disability services.

IHSS has cost-avoidance potential that should be considered. Without IHSS, there would be an immediate need for more staffed beds in the region. Costs associated with construction and renovation of facilities must be considered when considering the alternative model. Additionally, the benefits of IHSS must not be limited to fiscal components. Intangibles such as quality of life and life expectancy for the recipient and their loved ones are indicators tied to the *Live Well San Diego* vision.

The newly created Office of Evaluation, Performance and Analytics upholds the framework for evidence-based policy making. The recommendation for a cost-benefit analysis is an objective tool that can be used for data-driven decision making. Researchers have conducted cost-effectiveness studies for services provided in the home compared to institutional care at the state and national levels, but we lack a specific, local, cost-benefit study.³⁴ Additionally, much of the cost-effectiveness research was conducted prior to the Affordable Care Act or is focused on HCBS rather than IHSS specifically.⁵ A cost-benefit analysis is a common tool in health economics used to inform decision making given net benefits of a program or intervention. A systematic attribution of monetary value to the costs and benefits of a program and its alternatives results in a more objective value that is used to inform future choices. Our decisions about how to best serve San Diegans must be grounded in evidence. I urge your support for the proposal.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

The requested action supports the Building Better Health initiative of the County of San Diego's 2021-2026 Strategic Plan by analyzing the IHSS program with an eye toward strategic improvement.

³ Marek, K. D., Stetzer, F., Adams, S. J., Popejoy, L. L., & Rantz, M. (2012). Aging in place versus nursing home care: Comparison of costs to Medicare and Medicaid. *Research in gerontological nursing*, 5(2), 123-129.

⁴ Legislative Analysts' Office. (2009). *Considering the State Costs and Benefits: In-Home Supportive Services Program*. lao.ca.gov/Publications/Detail/2176.

⁵ Grabowski, D. C. (2006). The cost-effectiveness of noninstitutional long-term care services: Review and synthesis of the most recent evidence. *Medical care research and review*, 63(1), 3-28.

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Terra Lawson-Remer', with a stylized flourish at the end.

TERRA LAWSON-REMER
Supervisor, Third District

ATTACHMENT(S)
N/A

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:
N/A

BOARD POLICIES APPLICABLE:
Board Policy A-114: County Prevention Policy

BOARD POLICY STATEMENTS:
N/A

MANDATORY COMPLIANCE:
N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):
N/A

ORIGINATING DEPARTMENT: District 3, Board of Supervisors

OTHER CONCURRENCE(S): N/A

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