

News Release

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IWPR and PHI Report Shows Home Care in California is Cost Effective *Study Disputes California Legislative Analysts' Office Conclusion*

A new study released today by the Institute for Women's Policy Research (IWPR) and PHI concludes that reducing In Home Support Services (IHSS) in California will be costly for taxpayers. Currently, California's Medicaid long-term care program, which includes IHSS, places among the top five states in terms of coverage, balance between nursing home and home- and community-based care, and cost effectiveness.

The study, *Costs and Benefits of IHSS for the Elderly and People with Disabilities: A California Case Study*, by Dr. Candace Howes, Professor of Economics at Connecticut College, refutes findings of a January 21, 2010, report from California's Legislative Analyst's Office (LAO) on the fiscal impact of the IHSS program, which provides daily supports for seniors and people with disabilities. The study shows the LAO underestimated the increase in costs that will be borne by taxpayers if Governor Schwarzenegger's 2010-2011 budget proposal to reduce or eliminate IHSS services for 444,000 people were to be implemented. The IWPR-PHI study also shows that the state could achieve nearly equivalent savings and improve the quality of life for seniors and people with disabilities by shifting some of those who are in nursing homes into community care.

"Howes' California analysis brings to the forefront the "anti-rebalancing" consequences of cuts to in-home services for any state. Such cuts have become a trend over the last year, with more than half of the states cutting home care services programs in response to current budget deficits," says Dr. Dorie Seavey, PHI Director of Policy Research. "States should take note of the costly consequences of sliding backwards down the rebalancing scale, and also the prospect of expensive litigation to defend the rights of consumers to live in their homes and other community-based settings."

In the January 2010 report, the LAO argued that the state could make IHSS more cost effective if it implemented a three-tiered targeting proposal in which only the most impaired third of IHSS recipients would receive services. For the other two thirds, services would be reduced or eliminated altogether. "Replacing the IHSS with this three-tiered targeting would cause the ranking of California's long-term care program to fall below the mean for all states," says Dr. Heidi Hartmann, President of IWPR.

California is not the only state looking for ways to reduce the cost of its Medicaid programs in the face of huge budget deficits. This briefing suggests that if states cut their home- and community-based services it would weaken their long-term care programs and cost them more in the long run.

View the Briefing Paper here: <http://www.iwpr.org/pdf/E512HowesCBA.pdf>

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Publishers of the case study include:



[PHI](http://www.PHInational.org) (www.PHInational.org) works to improve the lives of people who need home and residential care—and the lives of the workers who provide that care. Using workplace and policy expertise, PHI helps consumers, workers, employers, and policymakers improve eldercare and disability services by creating quality direct-care jobs. PHI’s goal is to ensure caring, stable relationships between consumers and workers, so that both may live with dignity, respect, and independence.



***The Institute for Women’s Policy Research** ([IWPR](#)) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. IWPR’s work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501 (c) (3) tax-exempt organization that also works in affiliation with the women’s studies and public policy programs at The George Washington University.*