



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

December 2008

Report No. 2008-12-05

Controlling the Cost of Medicaid Private Duty Nursing Services

Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to evaluate the cost of alternatives to private duty nursing services currently provided under the North Carolina Medicaid Program. Under the state Medicaid plan, private duty nursing is defined as medically necessary continuous, complex, and substantial nursing services provided by a licensed nurse in a recipient's home.

Under federal law, private duty nursing for adults is an optional Medicaid service. In Fiscal Year 2006-07, 150 adults received private duty nursing services at a total cost of \$23,301,404, or an average cost of \$155,343 per recipient. From Fiscal Years 2003-04 to 2006-07, the number of adults receiving private duty nursing grew a total of 33%, at an average annual rate of 10%. The cost of private duty nursing for adults grew 87% between 2004 and 2007, at an average annual rate of 23%. Projections based on monthly data suggest by Fiscal Year 2011-12 there may be 375 adult private duty recipients at a total annual cost of \$61,540,786.

Twenty states pay for private duty nursing for adults under their state Medicaid plans. Of those 20 states, North Carolina and North Dakota are the only states that do not set limits on the benefit. Several states limit the number of service hours recipients can receive, require the presence of a willing and capable caregiver, and/or require the patient to be dependent on medical technology.

Fifteen states limit private duty nursing services for adults through Medicaid waivers targeted to certain subgroups (e.g., individuals dependent on medical technology). The remaining 15 states do not pay for private duty nursing services for adults.

Federal law requires all states to provide private duty nursing to Medicaid-eligible children under age 21. In North Carolina, children receive private duty nursing under the state Medicaid plan and continuous skilled nursing under Medicaid's Community Alternatives Program for Children (CAP/C) waiver, which is tailored to medically fragile children and their families. Continuous skilled nursing under the waiver is subject to budget limits, thereby allowing the state to meet the cost neutrality requirements of the waiver.

The North Carolina General Assembly should direct the Division of Medical Assistance to

- adopt one or more of the cost-containment mechanisms used by other states for its private duty nursing benefit for adults; and
- modify the CAP/C waiver to encourage use of the waiver program by children in need of continuous skilled nursing.