

HealthAffairs **Blog**

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An International Trend Toward Self-Directed Care

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Critics of consumer-directed health care often argue that patients are not knowledgeable enough and the market is not transparent enough for consumerism to work in health care. But a study by The Commonwealth Fund says there is an international trend toward self-directed care (SDC) and it is focused on a most unlikely group of patients: the frail, the old, the disabled and even the mentally ill.

- In the United States, Medicaid “Cash and Counseling” programs — underway for over a decade — allow home-bound, disabled patients to manage their own budgets and choose services that meet their needs.
- In Germany and Austria, a cash payment is made to people eligible for long-term care — with few strings attached and little oversight on how the money is used.
- In England and the Netherlands, the disabled and the elderly manage budgets in a manner similar to Cash and Counseling in the United States.
- Also in this country, Florida and Texas have SDC programs for patients with serious mental illness and the Veterans Administration has an SDC program operating in 20

states for long-term care and mental illness.

Further, it appears that we have barely scratched the surface in taking advantage of patient power opportunities.

Chronic Care. As I wrote at my blog and at the Health Affairs blog, the greatest potential in this area is in the treatment of chronic illness. Studies show that chronic patients can often manage their own care with results as good or better than under traditional care; and if patients are going to manage their own care, it makes sense to allow them to manage the money that pays for that care.

The British National Health Service (NHS) is already contributing to SDC budgets for muscular dystrophy, severe epilepsy, and chronic obstructive pulmonary disease. The NHS believes it is saving money in reduced hospital and nursing home costs. The NHS is also about to launch pilot programs that will include mental health, long-term chronic conditions, maternity care, substance abuse, children with complex health conditions, and end-of-life care.

Other countries are moving in a similar direction. The fastest-growing use of personal budgets in the Netherlands is for

families with children who have attention-deficit hyperactivity disorder, autism, and other types of serious emotional disturbances.

The advantage of empowering patients and families in this way are straightforward: lower costs, higher quality care and higher patient satisfaction.

Lower Costs. In Germany, long-term care patients are given 50% less than what would have been spent if they agree to manage their own budgets. In the Netherlands, spending is 30% less. In England, long-term care services purchased by individuals cost from 20% to 40% less than equivalent services purchased by local governments. In the Arkansas Cash and Counseling program, participants were given more than what Medicaid would have spent, but an 18% reduction in nursing home use reduced Medicaid's overall costs.

Higher Quality. In Arkansas, Cash and Counseling patients got 100% of their authorized hours of personal care, compared to only 70% for those in traditional Medicaid. In New Jersey, "mentally ill adults with physical disabilities...

were less likely to fall, have respiratory infections, develop bed sores, or spend a night in hospital or a nursing home if they were directing their own personal care services."

Overall, SDC participants get more preventive care; and as a result, "make significantly less use of crisis stabilization and crisis support." One reason is that SDC gives participants access to a broader range of services. "In Texas,... [where] Medicaid will not cover routine counseling... SDC is providing individuals access to counseling using funds from their individual budgets."

Higher Satisfaction. In the Netherlands, close to 80 percent of disabled and elderly participants who were eligible for long-term care services and opted for a personal budget had a positive assessment of the services they received, compared with less than 40% in traditional care. In England, 79% of those who employ a personal assistant were very satisfied with the care and support they received, compared to only 26% in traditional care. In the United States, satisfaction rates in the Cash and Counseling programs have hovered in the high 90 percentiles.