



ISSUE BRIEF:
**What Impact Does The Ability To Purchase Goods And Services Have
On Participants In Cash & Counseling Programs?**

March 2009

National Resource Center for Participant-Directed Services

Boston College

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What Impact Does The Ability To Purchase Goods And Services Have On Participants In Cash & Counseling Programs?

Cash & Counseling offers consumers who have disabilities, and who receive publicly funded assistance, more choices about how to get personal assistance help at home. Cash & Counseling also gives these frail elders, adults, and (in some states) parents of children with disabilities, the option to manage a budget, and to decide what mix of direct assistance and assistive goods and services they will obtain. The specific goods and services are determined by consumers; examples include housekeeping services, meal preparation, or home and environmental modifications that help consumers live more independently.

Flexible spending accounts, which are integral to the Cash & Counseling model, are the vehicle by which consumers directly hire their workers and directly purchase goods and services. The evaluation summarized here incorporated multiple data sources to explore what happens when consumers are able to both hire workers and to purchase goods and services through flexible spending accounts.¹ The emphasis of this evaluation was on the impact of the purchase of goods and services, rather than on the impact of hiring workers.

In Rhode Island's Cash & Counseling program (PersonalChoice), in 2007, consumer spending on human assistance outweighed spending on goods and services by approximately 32 to 1. However, the amount of the budget that is dedicated to these purchases may understate the importance of budget flexibility for consumers. A more important estimate is the percentage of consumers who take advantage of the ability to acquire assistive goods and services. Budget information for Rhode Island's program for 2006 revealed that a substantial number, approximately one third of the 92 consumers, spent (and/or saved) part of their budget on goods, and approximately one in ten dedicated some part of their budget to services. Ethnographic studies of 75 Cash & Counseling demonstration state consumers who were interviewed in Arkansas, Florida and New Jersey suggested that about two thirds of consumers reported purchasing goods or services. An additional review conducted in New Jersey, indicated an even greater percentage, that is, more than three quarters of the 566 Cash & Counseling consumer expense reports examined in 2003 included the purchase of at least one item or service in addition to human assistance.²

Interview data from consumers and consultants showed that the impact of flexible spending plans on consumers' quality of life was quite positive. Consultants, (whose responsibilities included helping consumers develop the initial budget and spending plan), reported that the vast majority of consumers were able to develop their own spending plan, although some sought advice from family and friends. Consultants provided many examples of their clients' creative uses of flexible spending plans. For example, one consumer purchased a hot tub in order to decrease her pain from arthritis. Another consumer paid for a service dog which provided assistance with mobility along with cognitive and psychological support. Another consumer's access to the community was regained once he was able to make repairs to his van which was specifically designed for his needs. In another instance, the purchase of exercise equipment for the home meant that the consumer could maintain a consistent exercise regime, as it had been hard for him to attend physical therapy sessions during the winter months.

Consumers also provided their own examples that demonstrated the enormous value they derived from their creative uses of the flexible spending plan. They reported increased safety, comfort, mobility, ability to perform tasks, and independence. For example, one Vermont client reported that after she purchased an air conditioner, her ability to breathe more easily had significantly reduced her visits to the emergency room. Many consumers viewed the flexibility to choose how they wanted to spend their money as a key program feature. One participant stated: “Before I could only pay my worker, but now I can save up for things that make it easier for me to live on my own” and, “The cash benefit helps purchase care and many important incidentals which would be out of reach otherwise.” Consumers described the control over their own spending as empowering.

Flexible spending plans not only improved physical health and enhanced emotional well-being for consumers but they also had strong implications for state health care expenditures. Again, for the Vermont consumer, fewer emergency room visits represented reduced medical care cost to the state. Another important fiscal advantage of flexible spending plans was that they enabled consumers to purchase goods at lower prices than the agency had paid in the past. This finding is a critical one now as we face increased budgetary tightening along with growing healthcare costs.

Family members also benefited from the flexible spending plans, especially by decreased level of reported stress. In some cases, family members, who were paid by the consumer for caregiving services, reported that they in turn used this money on goods and other services needed by the consumer. Ideally, the caregivers should not have to use their pay for needed goods and services. Instead, program funds would be allocated directly to this category. However, in some cases, families preferred the set-up where caregivers were paid for the services they provided and able to fund their social security accounts (even though they ultimately chose to use the net pay they received to purchase goods and services to benefit the consumer).

Flexible spending plans were also a positive option for consumers who had a network of family/friends who were willing to provide personal assistance without pay. These consumers could maximize the amount of the budget directed towards assistive goods and services. A potential concern about the flexible spending option is that some consumers might forego some needed human assistance in order to be able to afford the goods and services. However, there was little evidence of consumers foregoing personal assistance in the original Cash & Counseling states, as the New Jersey expense reports examined for 2002 showed that 97% of consumers purchased personal assistance. Similarly, the 32 to 1 ratio of funds spent on personal assistance versus goods and services in Rhode Island in 2006 suggests that although goods and services are very important to consumers, human assistance remains the primary focus.

Consumers and caregivers experienced some problems with the flexible spending plans. Some consumers included in the ethnographic case studies indicated that at times the budget was confusing due to the multiple items on the spending plan. This required more paperwork, and could lead to accounting errors. In a few cases, consumers did not feel the spending plans were sufficiently flexible. One parent did not like the fact that the program consultant had the final say in how the budget was spent. Consultants were sometimes not consistent in their approvals of goods or services. Finally, in a small number of cases,

consultants thought that consumers had not thought through their spending plan adequately. However, National Participant Network members and consultants reported few significant problems with developing the flexible spending plans; as participants tended to describe the process as "smooth" and "very easy".

Overall, the evaluation confirms that significant numbers of consumers choose to use the option of a flexible spending account to purchase goods and services that meet their personal care needs. In addition, both the consumer and consultant responses provide strong evidence that flexible spending accounts provide important physical, emotional and fiscal benefits.

Notes:

¹⁾ *"What Impact Does The Ability To Purchase Goods And Services Have On Participants In Cash & Counseling Programs?"* (2009) Norstrand, J.A., & Mahoney, K.J., This evaluation draws from a variety of data sources. Spending plans for 211 consumers from RI's PersonalChoice program were obtained from the CMS 372 report which provided aggregate data for budgetary spending in 2007 (Jan 1st - Dec 31st). Additional information detailing flexible spending plans was obtained from the same source for calendar year 2006. Interviews with program consultants in Vermont focused on their process of helping consumers develop their spending plans. The authors reviewed consumer ethnographic case studies from interviews conducted by researchers at the University of Maryland Baltimore County in 3 states (AR, FL, and NJ). The authors also participated in a telephone conference with National Consumer Network Members. These members represented 3 Consumer Advocates drawn from the Core Staff Consumer/Family Members of the National Program Office (from Kentucky, Minnesota and Rhode Island) and 12 Network consumers from the various C&C states (Florida, Iowa, Michigan, New Jersey, New Mexico, Pennsylvania, Vermont, West Virginia). An additional in-person interview was conducted with one Vermont consumer.

²⁾ *"Clarifying the Definition of Personal Care"* (2003) Meiners, M.; Loughlin, D.; Sadler, M. & Mahoney, K. www.cashandcounseling.org



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The National Resource Center for Participant-Directed Services provides research-based technical assistance on all aspects of designing, implementing, managing and evaluating participant-directed programs.

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