

Report Examining State Medicaid Rate Setting Methods Released by National Center for Assisted Living

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Washington, D.C. – The National Center for Assisted Living (NCAL) today released a comprehensive national report, “State Medicaid Reimbursement Policies and Practices in Assisted Living,” detailing the wide variation in how states determine Medicaid payment levels for assisted living communities and other related policy issues. Among the findings is that the number of people receiving Medicaid coverage in assisted living communities grew significantly from 2007 to 2009 after virtually no growth over the previous three years.

The report by independent policy researcher Robert Mollica provides important information for all parties involved in developing policy and operating programs to provide long term care services and supports for frail elderly Americans. Assisted living/residential care communities are an important and growing residential option under the Medicaid program for seniors needing assistance with activities such as bathing, dressing, transferring, and taking medications.

Information on Medicaid payment for assisted living and related policies is of critical importance as states continue struggling to maintain programs during the economic recession. Assisted living coverage for low-income seniors also faces a number of long-standing systemic challenges including that the federal/state Medicaid program does not pay for room and board.

The report describes how states respond to these issues in determining of a variety of policies including whether or how much states supplement payments for room and board; whether states allow families and individuals to supplement Medicaid payments; and whether states allow beneficiaries to share apartments, and under what conditions.

Among the major findings are the following:

- The number of people receiving Medicaid coverage for services in licensed assisted living settings increased 9.2% between 2007 and 2009, and 43.7% between 2002 and 2009.
- Nationwide, about 131,000 low-income frail elderly Americans receive services in assisted living communities under the Medicaid program (about 134,500 if programs with state-only funding are included).
- Thirty-seven states provide coverage under §1915 (c) home and community based services waivers to cover services in residential settings; thirteen states provide coverage directly under their state Medicaid state plan; four include services in residential settings under §1115 demonstration program authority; and six use state general revenues. States may use more than one funding source.

- Tiered rates are the most common methodology for reimbursing assisted living providers (19 states) and flat rates are used in 17 states.
- Twenty-three states cap the amount that may be charged for room and board.
- Twenty-four states supplement the beneficiary's federal Supplemental Security Income (SSI) payment, which states typically use as the basis for room and board payment. SSI payments combined with state supplements range from \$722 to \$1,350 a month depending on the state. Some states provide no supplement.
- Twenty-five states permit family members or third parties to supplement room and board charges.
- Twenty-three states require apartment style units; 40 states allow units to be shared; and 24 states allow sharing by choice of the residents.
- Screening for mental health needs is performed by case managers and assisted living community staff in nine states; by case managers only, in 10 states; and by assisted living staff only, in nine states.
- Mental health services are arranged by assisted living communities in 16 states; case managers in 20 states; and may be provided directly by assisted living communities in three states.

Information for the report was obtained from two primary sources. Baseline information on state assisted living reimbursement policies and practices was obtained from previous studies sponsored by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Policy and Evaluation, and RTI International in 2002, 2004, and 2007.

The information was updated through an electronic survey and telephone calls with state officials responsible for managing Medicaid services in licensed assisted living/residential care settings. Information was also obtained from state websites when available. Responses were received from 45 states and the District of Columbia. Information for states that did not respond to the survey was obtained from previous reports and material found on state web sites. Data were collected between March and June 2009.

To obtain a copy of the report, visit www.NCAL.org or www.wical.org

The National Center for Assisted Living (NCAL) represents more than 2,600 not-for-profit and proprietary assisted living and residential care communities dedicated to continuous improvement in the delivery of professional compassionate care and services for the elderly and disabled. NCAL is the assisted living voice of the American Health Care Association. For more information, visit NCAL.org.

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