PROPOSAL TO INCREASE
REIMBURSEMENT RATES FOR ASSISTED LIVING

General rate increase to target rate of $3200/month, phased in by adding $5.15 per day on July 1, 2017, January 1, 2018, July 1, 2019, and January 1, 2019:

	FY 18	FY 19	Biennium Total
Federal	1,191,108	2,992,875	4,183,983
State	643,059	1,615,802	2,258,861
Total	1,834,185	4,608,696	6,442,844

Memory Care rate increase to target of $3850 @ 15% of days, added to the rate increases included in the above chart:

	FY 18	FY 19	Biennium Total
Federal	798,862	603,693	1,402,555
State	431,292	325,923	757,215
Total	1,230,172	929,635	2,159,770

2019 Biennium - Combined cost of increasing rates for assisted living to the target rates for both assisted living generally and memory care:

	FY 18	FY 19	Biennium Total
Federal	1,989,970	3,596,568	5,586,538
State	1,074,351	1,941,725	3,016,076
Total	3,064,321	5,538,293	8,602,614

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ACCESS TO ASSISTED LIVING SERVICES BY MEDICAID CLIENTS

Assisted Living Generally

Assisted living facility services in Montana are largely driven by the private sector. Most people who are receiving assisted living services are paying for their own care. Access to these services for those on Medicaid is very limited. Although assisted living, or adult residential as it is called under the waiver, is a covered service under the Medicaid waiver, many eligible individuals seeking this service do not receive it. There are 206 licensed facilities and only 112 of those are currently serving Medicaid waiver clients - so nearly 50% of providers are not serving Medicaid clients.

Lack of access to assisted living is caused largely by an insufficient number of slots being available for those who need this service and very low reimbursement to the providers of this service.

There are 210 individuals on the Medicaid waiver wait list for adult residential as of March 2016 - up 11% from March 2015. In addition, there are 230 other individuals on the waiting list waiting for other waiver services.

Recent discussions about how to serve the increasing number of people with Alzheimer's Disease and related dementias (ADRD) focus on assisted living services for these particular individuals. However, the reality is that any senior for whom assisted living is the appropriate choice of service - whether they have ADRD or not - have very limited access to assisted living services if they are on Medicaid.

Anecdotal information has been available for many years with respect to the lack of access to assisted living services for those on Medicaid, but in order to quantify the extent of the problem, we did a survey of all licensed assisted living facilities. Of the 206 licensed facilities, 108 (or 52%) responded. Those that responded also represent 52% of the licensed beds, which means this is a very large and reliable sample. It is skewed in terms of the number who accept Medicaid because 90% of respondents accept Medicaid even though only about half of licensed facilities are actively serving Medicaid clients presently. Those who were most interested in completing the survey were those who participate in Medicaid.

Our survey asked questions about assisted living services in general and also about services for those with Alzheimer's, such as specialized memory care units.

This is what we learned.

Medicaid participation and limitations. 90 respondents participate in Medicaid - but about 74% of those limit the number of Medicaid clients they are willing to serve. Many limit participation to a very small number. More than half of those who have limits, have a limit of 10

or less. Almost 40% have a limit of 4 or less. Many accept Medicaid only for individuals who have been residents of their facility for a period of time and have run out of personal funds.

Reasons they do not accept or limit number of Medicaid waiver clients. Of those who do not take or limit Medicaid participation:

80% strongly agree that low MA payment is the reason (92% strongly agree or agree)
45% strongly agree that trouble getting paid is the reason (67% strongly agree or agree)
32% strongly agree that eligibility determination issues is the reason (72% strongly agree or agree)
39% strongly agree that insufficient slots is the reason (60% strongly agree or agree)
27% strongly agree that paperwork is the reason (46% strongly agree or agree)

What can be done to encourage assisted living facilities to more readily accept Medicaid clients?

67% said higher payment
17% said eligibility takes too long and need timely payments
10% said need to allow double rooms and security deposits and cited other "regulatory" issues
others reasons were below 10%

Reimbursement rates. The maximum Medicaid waiver rate allowable is about $2800 per month (including room and board) and many Medicaid residents are paid for at much lower rates. The rate can be as little as about $1700 per month. Those who responded overwhelmingly cited reimbursement rates as a barrier to access to assisted living services. They were asked at what monthly rate they would be willing to accept Medicaid waiver clients and also what those who pay privately are charged.

The average monthly rate at which respondents are willing to take Medicaid (general assisted living) - $3200 per month

The monthly rate privately paying individuals pay - $3560 per month

In tiered systems, only 17 of 71 had their lowest tier below $3000 and only 7 of 71 had their highest tier below $3000

Assisted living - Memory Care

Our survey also asked specific questions about specialized services for those with ADRD, such as memory care units.

Availability of memory care beds? Forty-seven facilities responded to this question with 27 reporting that they have memory care beds/services and 20 reporting they do not serve memory care. The 27 facilities reporting that they serve individuals with ADRD reported having a total of 696 memory care beds.

Medicaid participation and limitations.

26 facilities reported they accept Medicaid in the memory care unit - but 23 of those limit how

many Medicaid clients they serve

Of the nearly 700 memory care beds, only about 100 were available for Medicaid waiver clients

Reasons they do not accept or limit number of Medicaid waiver clients. Of those who do not take or limit Medicaid participation:

86% strongly agree that low MA payment is the reason (96% strongly agree or agree)
24% strongly agree that trouble getting paid is the reason (55% strongly agree or agree)
20% strongly agree that eligibility determination issues is the reason (61% strongly agree or agree)
31% strongly agree that insufficient slots is the reason (59% strongly agree or agree)
17% strongly agree that paperwork is the reason (34% strongly agree or agree)

What can be done to encourage assisted living facilities to more readily accept Medicaid clients?

20 of 28 who responded said increased reimbursement would make them more willing to serve Medicaid clients. Other responses included shared rooms, more slots readily available and timely payment.

Reimbursement rates. The maximum Medicaid waiver rate allowable, even for specialized memory care, is about $2800 per month (including room and board) and many Medicaid residents are paid for at much lower rates. The rate can be as little as about $1700 per month. Those who responded overwhelmingly cited reimbursement rates as a barrier to access to their memory care services. They were asked at what monthly rate they would be willing to accept Medicaid waiver clients in their memory care units and also what those who pay privately are charged.

The monthly rate at which willing to take Medicaid (memory care) - $3850 per month

The monthly rate privately paying individuals pay - $4600 per month

In tiered systems, only 4 of 22 had their lowest tier below $3000 and only 7 of 22 had their highest tier below $3500

Conclusion

The survey responses confirmed what has been reported anecdotally over many years. There is a significant access issue with respect to assisted living services for those who are on Medicaid. The access issue is exacerbated for those who would be best served in a specialized memory care unit. Two major issues are causing the access problems - too few waiver slots available for this serve and low reimbursement rates. The eligibility process and sometimes slow payment are also contributing to the lack of access.

If the legislature or the department is interested in assuring access to assisted living services for the elderly - whether those seeking services have ADRD or not - two things must happen:

1. Waiver slots must be increased to accommodate the numbers of individuals who need this service.

2. Changes must be made to the reimbursement rates paid to those who provide the services to be more in line with what those who pay privately pay and to take into account the care needs of the individuals being served.

Cost to get to rates that improve access.

Assisted living rate - general. The target rate is $3200 per month (including room and board of $545 paid by the client). The average Medicaid daily rate (does not include room and board) would have to be $88.50 per day and we estimate it will be about $67.90 for FY 2017. That means $20.60 per day more is needed on average. At FY 2017 days of 230,879, the cost would be $4,756,107 total funds per year - or about $1.6M general fund per year.

Assisted living - memory care. The target rate is $3850 per month. The average Medicaid daily rate (does not include room and board) would have to be about $110.16 per day. Given the FY 2017 rate of about $67.90, an additional $42.26 per day more is needed on average. If 15% of the total days are for memory care, that would be about 34,632 days. The cost is about $1,463,548 in total funds and about $500,000 GF per year.

Of course, the total cost to achieve these improvements can be reduced depending on how the rates are phased in over the two-year period.

We appreciate the opportunity to be involved in this discussion and look forward to working with you and the department on the issue of access to this important services for those who depend on Medicaid to pay for the help they need. If you have any questions or need more information, please let us know.

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