

Medicaid Oversight and Advisory Committee Meeting

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Medicaid and Assisted Living

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The Need for Medicaid Supported Affordable Assisted Living

- 60-70% of seniors cannot afford assisted living (“AL”)
- 60% of those aged 75+ have income of less than \$35,000 a year
- 2/3 of seniors have at least 2 chronic health conditions
- 20% of seniors could be better and more cost effectively cared for in an AL facility than a nursing home

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- AL combines a home and community-based setting (“HCBS”) with person centered support services with the activities of daily living to provide more intensive and comprehensive care than is available through home care services.
- To qualify for AL, the individual is generally assessed and found to require assistance with 2 or more activities of daily living, such as bathing, grooming and mobility that keeps the individual from continuing to live in their home.
- AL provides an individual their own private apartment along with services that include meals, housekeeping, laundry, transportation and social activities. AL facilities also offer personal care services such as assistance with eating, bathing, grooming, dressing, medication reminders and personal hygiene.
- AL is an alternative for individuals who can no longer live at home unassisted but is less expensive and restrictive than the housing and services provided in a skilled nursing facility or other institutional setting.
- AL is a HCBS option that fits between (i) home care, and (ii) institutional care in a nursing home.

AL Facility Amenities and Services

- AL Apartment Amenities
 - Private apartments
 - Kitchenettes
 - Spacious bathrooms with grab bars and showers
 - Individual heating and air conditioning
 - Emergency alert system
 - Prewired for telephone and cable
- AL Amenities and Services
 - Certified staff on-duty 24/7
 - Dining room – 3 meals a day, plus snacks
 - Housekeeping
 - Laundry
 - Personal assistance and help with medication
 - Transportation
 - Private dining room
 - Activity rooms
 - Beauty/Barber Salon
 - Exercise area
 - Library/Computer area
 - TV/Entertainment center

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How Kentucky compares to other states in funding for Home and Community Based Services (HCBS)

- Kentucky ranked 51st (U.S. states and District of Columbia) in the category of “Percentage of Medicaid and state-funded LTSS spending going to HCBS for older people and adults with physical disabilities” in the 2020 state scorecard of options for long-term care services from the AARP Foundation, SCAN Foundation and the Commonwealth Fund (“2020 Scorecard”)
 - [2020 Long-Term Services and Supports State Scorecard Rankings By Dimension \(longtermscorecard.org\)](https://longtermscorecard.org)
 - KEY FINDING. Given the strong preference of consumers to receive care in their own homes and communities as long as possible, it is encouraging that half of states improved the balance of Medicaid and state LTSS spending for older adults and people with physical disabilities toward more HCBS. Thirteen of those states had a significant shift of over 20 percent. Now, almost a quarter (12) of states spend the majority of Medicaid and state LTSS funding for older people and adults with physical disabilities on HCBS (up from seven states in 2009). The range of performance among states, however, varies dramatically—from a high of 73.5 percent in New Mexico to a low of 13.5 percent in Kentucky.
- 44 states and DC currently provide some level of coverage for AL services for HCBS
 - ❖ Backup Documentation has been provided to staff

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Annual Savings to Kentucky if Medicaid appropriately meets Medicaid recipient needs by transitioning housing and services from institutional settings to HCBS in AL facilities

- At least \$50MM in savings could be used to improve services and reimbursements to other providers of HCBS services
 - 5.6% of Kentucky nursing home residents have low needs
 - Per 2020 Score Card
 - +/- 20% of Kentucky nursing home residents could potentially be transitioned from institutional care to HCBS in Medicaid supported AL facilities
 - Per experience at certain Indiana based Medicaid supported and purpose-built affordable AL facilities

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Example - Description of the Indiana model:

- AL has been a covered service under Indiana's federal Social Security Act 1915(c) Medicaid Waiver at least since 2006
- Indiana had a similar Score Card ranking as Kentucky for spending for HCBS but has improved both its HCBS spending and ranking
- With strong support from its executive and legislative branches to re-balance and transition housing and services for low-income seniors from institutional settings to HCBS, Indiana has accomplished the following in just over the last 6 years:
 - 24 purpose-built Medicaid supported affordable AL facilities have now opened (2,957 AL apartment units)
 - 5 purpose-built Medicaid supported affordable AL facilities are under construction (646 AL apartment units)
 - 3 purpose-built Medicaid supported affordable AL facilities are in pre-financing or pre-development (384 apartment units)
- The Indiana Health Care Association has also been a strong supporter of Medicaid supported AL facilities in Indiana
 - ❖ See List of Medicaid-Supported Affordable Assisted Living Communities presently offered in Indiana

Benefits to Kentucky

- Provision of Appropriate Level of Care in HCBS to Kentucky Seniors
- Cost Savings
- Economical Development
 - +/- \$750MM capital investment for Indiana projects
 - 28 of the 32 Indiana projects have been on sites designated as either a Qualified Census Tract (QCT) or Difficult to Develop Area (DDA) by the U.S. Department of Housing & Urban Development
 - Leverage unused Federal funding from 4% LIHTC program
- Permanent Job Creation
 - +/- 50 full-time equivalent jobs upon stabilized occupancy per AL facility
 - +/- \$2.0 million in annual wages per AL facility
- Temporary Job Creation
 - +/- 300 construction related jobs per AL facility

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- **Center for Medicare and Medicaid Services Compliance Settings Rule Deadline is quickly approaching**

- In January, 2014 CMS issued a Final Rule in re 1915 (c) Medicaid waivers stating that for states to receive the federal match states are required to provide individuals services in the most appropriate setting, including, if possible, full access to the benefits of community living.
- States must demonstrate full compliance with the Home and Community Based Services “Settings Rule” and its criteria by **March 17, 2023**.
- Settings Rule supports an individual’s independence and access to the community.
- KY Cabinet for Health and Family Services provided CMS with its plan for improving HCBS in document entitled “Initial Enhanced HCBS Spending Plan and Narrative” dated July 2021. Document committed to CMS to explore ways to “support housing for older adults and individuals with physical disabilities including assisted living”.

❖ See Letter from CMS to State Medicaid Directors concerning deadline.

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Next Steps:

- We welcome the opportunity to work with Kentucky to share the experiences, best practices and lessons learned of others in successfully developing, financing and operating Assisted Living facilities supported by Medicaid that meet the requirements of the Settings Rule and offer Kentucky seniors in need of assistance with the activities of daily living access to a complete continuum of HCBS that integrates the individual in the community.

QUESTIONS?