

Report Highlights

State Efforts to Fund Assisted Living Services

Act 2007-56 directed the Legislative Budget and Finance Committee (LB&FC) to prepare a report on existing federal and state programs that provide financial assistance for assisted living services for the select committee established by Act 56 to develop a public funding proposal for the Commonwealth.

- Pennsylvania is one of 6 states that did not fund assisted living services through Medicaid in 2008. Twenty-nine states fund assisted living services through Medicaid waivers, six through Medicaid State Plans, and ten through both waivers and state plans. Three states, including Pennsylvania, fund assisted living services only through optional state SSI supplement programs, and one through federal block grant funds. Two states provide no funding for assisted living services.
- States that fund assisted living services with Medicaid waivers typically do so through Medicaid 1915(c) home and community based waivers, which can only serve those who qualify for nursing facility level of care.
- Medicaid waivers purchase assisted living services in a variety of settings, including assisted living residences as defined in Act 2007-56; other residential care settings; and at times, through assisted living programs providing care in unlicensed settings. Fifteen states provide waiver services in assisted living residences, including three which only provide waiver services in such facilities.
- Medicaid waivers typically pay for a “bundled” package of health and health-related services which often includes: personal care or attendant care; medication management and/or administration; homemaker services; 24/7 monitoring and emergency response systems; nursing services; and therapeutic and social recreational programming.
- Medicaid 1915 (c) waivers provide states with some flexibility in their methods of establishing maximum allowed rates for assisted living services. There is no single method used by states to develop their rates.
- Of the 15 states that use Medicaid waivers to provide assisted living services in assisted living residences: eight established payment tiers based on the assessed needs of the participants; five use flat rates not based on assessed needs; and two use locally negotiated per diem rates. Three states also took into account regional cost differences in their payment rates. Nevada has the lowest rate (\$20 per day), and Washington the highest (\$110.11 per day).
- Federal SSI is the primary source of public funding for room and board in assisted living, with 37 states (including Pennsylvania) providing additional support through optional SSI state supplement programs. Some states reduce/eliminate such benefits for those receiving assisted living services through Medicaid.
- Ten states help fund assisted living services through other very limited state programs.
- In designing a model for public funding of assisted living for Pennsylvania, the select committee will need to consider factors that differentiate states, such as their criteria for assisted living resident retention, state nurse practice acts and nurse delegation, and nursing facility and resident characteristics. It will also need to consider differences in public funding objectives that influence their public funding models and reimbursement methods. States differ, for example, in the extent to which their funding models: promote “aging in place”; provide an alternative to skilled nursing facility care; create incentives for assisted living to better balance long term care systems; assure access to assisted living in all areas of the state; assure services for those with low and modest incomes; and foster provider participation.