Assessment and Recommendations for Pennsylvania's Personal Care Home System

The Issue

Personal Care Homes (PCH) are residential settings within the community that provide room and board, personal care services, supervision and assistance with Activities of Daily Living (ADLs) to those who need daily assistance. Many of the residents of Personal Care Homes do not have family that can meet their daily needs. Most have no other place to go.

In Pennsylvania, PCHs are licensed and regulated by the Department of Public Welfare (DPW). As of April 2014, DPW reports that there are 1,225 licensed PCHs in PA with a capacity of 64,865. The total number of PCHs has declined 30% since December of 2001. The majority of the statewide closures were homes that accept the PCH supplement. There has been an 8 percent reduction in the number of beds available to individuals that have low income and rely on state supplemental security income to pay for their care. These individuals struggle to find a PCH that will accept them. As the state's elderly and disabled population grow, PCHs that accept low income residents continue to close their doors or turn away low income residents due to lack of adequate funding.

PCHs that accept the state supplement payment for full payment only receive approximately $35 per day to provide room and board, 24 hour care, supervision, medication management, and assistance with ADLS. PCHs have not received an increase in the state supplement rate since 2006, despite the fact that the Legislative Budget and Finance Committee published a comprehensive report in 2008 assessing the average cost of this level of care in Pennsylvania (PA) as $86 per day.[1] This report indicated that in 2008, 34 states provided assisted living services in residential settings other than Assisted Living Facilities as defined in Act 2007-56. There appears to be some misconception among elected officials that a rate increase was implemented subsequent to the findings of this committee.

In a report published for The National Center for Assisted Living American Health Care Association in 2009, Robert L. Mollica points out that Pennsylvania is one of only 3 states that do not fund assisted living services through a Medicaid waiver. At the time of this report, 40 states had a separate assisted living rate for services in addition to room and board payments made to the facility. The most common form of payment for assisted living services was a tiered rate used in 19 states and a flat rate was used in 17 states. Mollica reported that 37 states utilized 1915(c) HCBS waivers and 13 states used a Medicaid state plan to fund assisted living services. Some states used more than one funding source to support assisted living services.[2]

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1. State Efforts to Fund Assisted Living Services. Report of the Legislative Budget and Finance Committee, a joint committee of the Pennsylvania General Assembly. Prepared Pursuant to Act 2007-56. Harrisburg, June 2008.

2. Robert L Mollica, Ed.D. State Medicaid Reimbursement Policies and Practices in Assisted Living. Prepared for: National Center for Assisted Living American Health Care Association, September 2009/

Challenges

Pennsylvania currently has 1225 PCHs but only 283 PCHs that maintain a census of 50% or more low income supplement residents. These homes are struggling financially and many are behind in their taxes and have taken on loans because operating expenses exceed revenue. They operate on the brink of closure.

Many of the residents of low income have complex Mental Health or Intellectual Developmental Disability diagnoses and have nowhere else to turn. There are no Home and Community-Based Services (HCBS) waiver slots available to those residents with a diagnosis of mental health and there are waiting lists for Intellectual and Developmental Disability (IDD) services. Also, unlike nursing homes, PCHs have no requirement to keep residents after they have spent down resources and no longer have the funds to private pay the market rate. There are over 19 thousand PCH beds available statewide, but fewer and fewer are willing to accept the supplement as payment.

Currently, there are 7,084 low income residents receiving the PCH supplement throughout Pennsylvania. These residents are at imminent risk of being displaced if the trend of closures continues. The problem is quickly evolving into a "crisis". A major home repair, significant increases in utilities or food costs, or an increase in the minimum wage would put many of these homes out of business quickly.

Home and Community Based Waivers

On March 17, 2014, the Center for Medicare & Medicaid Services (CMS) implemented a new rule for Home and Community Based Services (HCBS) waivers in an effort to increase settings that could serve as an alternative to nursing facility care and craft a more person-centered service plan. The new rule also includes more flexibility to states to expand services and target specific populations that would otherwise not be served under a Medicaid waiver. States have up to a year to respond with a transition plan.

Most states already utilize a 1915(c) waiver to allow HCBS waivers into PCHs, Assisted Living residences, and Other Residential Settings, in an effort to reduce the amount of Medicaid supported Nursing Facility residents and provide less institutionalized care. There are many Medicaid supported residents in nursing facilities throughout Pennsylvania that have a level of Nursing Facility Clinically Eligible (NFCE) but that have a low acuity of care need. Many residents are already moved into community settings through the state's Nursing Home Transition program; however resources frequently do not exist for those that require significant supervision.

Currently, 19,288 beds are identified by DPW as available in PCHs throughout the state. These are staffed 24 hours per day in accordance with Personal Care Home Regulations. Pennsylvania has a great opportunity to utilize some of these available beds for residents that would otherwise

receive their services in a Nursing Facility. Residents would pay the room and board portion of cost through either private pay or the State Supplement, and other costs related to care would be support through the 1915(c) Waiver. This type of transition would not only serve consumers in the least restrictive environment and support aging in place but it would also reduce the cost of care significantly.

The new rule also invites states to use a 1915(i) State Option waiver to serve groups of individuals that would not normally qualify for HCBS waiver services. This State Option could be used to serve those individuals that are current residents of PCHs and are not classified as nursing facility eligible.

The new rule even goes into further detail to provide specific conditions that must be met by PCHs in order to qualify for Medicaid reimbursement. Many states are already using a combination of HCBS waivers and State Option waivers to support residents that require assisted living.

Surrounding States

When comparing how states fund PCHs, one must keep in mind that there is no national standard of assisted living or PCHs. Some states refer to facilities as Assisted Living, adult homes, enriched housing program, PCHs or similar terms. The 2008 report of Pennsylvania's Legislative Budget and Finance Committee identified that surrounding states all provide a state supplement to fund a resident's room and board in Assisted Living Facilities. In addition to room and board, facilities receive payment for services under a Medicaid 1915(c) Waiver or a State Option waiver.

The report also pointed out that different states approach funding for PCHs according to their state specific goals. For instance, states that want to assure that this level of care is available to low income residents may do one or more of the following; limit funding to those with lower incomes, add extra to payments for facilities that have 60 percent or more Medicaid residents, design models to include public housing options, permit family members to supplement room and board payments and allow Medicaid across several types of settings (e.g., Assisted Living, Personal Care Homes, Domiciliary Homes and Foster Homes.) States can also encourage provider participation by developing rates that are related to costs or by making administration easier for the provider.

The following summary of how other states support Assisted Living was provided in the 2009 report, State Medicaid Reimbursement Policies and Practices in Assisted Living. (Mollica)

Delaware

Delaware uses a 1915(c) waiver for assisted living. The state uses a tiered system of payment that is based on a comparison of what nearby states pay for similar services. The reimbursement rates are based on two components. "Primary patient care" is based on the nursing care costs that are related to the individual resident's classification and "secondary patient care" refers to the facilities other costs that directly affect the resident's health and well being. Secondary patient care can include social services, dietitians and activity personnel. The Medicaid

reimbursement rates in 2009 ranged from $1045 per month to $1558 per month. This payment to the PCH is in addition to the room and board payment. Delaware does provide a supplemental payment to total $814 per month in 2009. From the resident's supplement payment, the resident receives a personal needs allowance of $122 and the state caps the amount the home is allowed to charge for room and board. In 2009, the room and board payment was capped at $692.

In order to qualify for the assisted living waiver in Delaware, a resident must have a nursing facility level of care. In order to determine level of care, the state requires an assessment that takes into account the individual's physical and mental health as well as any social concerns. The basis for Nursing Facility Level in Delaware is that a consumer must have one ADL deficit.

Maryland

Maryland funds assisted living through either a 1915(c) waiver or state funded program. Medicaid reimbursement payments to PCHs are based on the level of services needed and also if the resident attends adult day care. Daily reimbursements range from $42.65 to $71.72. PCHs also receive a room and board payment that was capped at $420 per month in 2009. Maryland does provide a state supplemental payment up to $858 per month and the residents keep a personal needs allowance of at least $64 per month. In 2009, PCHs in Maryland received total monthly payments from $1699.50 to $2571.60.

Maryland does require a nursing facility level of care to receive Medicaid reimbursement in assisted living. In Maryland, a nursing facility level of care is defined as a consumer who needs daily health related services that must be provided or supervised by a nurse because of a medical, cognitive or physical disability.

Ohio

In Ohio, assisted living services are available under a 1915(c) waiver. Assisted living is reimbursed using a three tiered system that is based on four categories. Categories include; cognitive impairment, medication administration, nursing and physical impairment. The consumer's tier is assigned by the category that the consumer scores the highest in. For example, if a consumer meets Tier 1 for nursing but Tier 3 for medication management, the consumer will be assigned to Tier 3 and reimbursed at the Tier 3 rate. An evaluation of the assisted living waiver found that 90% of all Medicaid residents where assigned to Tier 3. In 2009, the daily rate for Tier 1 was $49.98, Tier 2 was $60.00 and Tier 3 was $69.98 per day.

In Ohio, Waiver participants must have an intermediate or skilled level of care. An intermediate level of care is defined as a resident who requires hands on assistance with 2 or more ADLs; or assistance with one ADL and requires assistance with medication administration; or requires 24 hour supervision. A skilled level of care requires that a resident need at least one skilled nursing service seven days a week or skilled rehabilitation services five times per week.

New Jersey

New Jersey funds assisted living services through a 1915(c) waiver. Funding is a flat rate based on the residential care setting. Assisted Living Residences receive a daily payment of $70 per day while PCHs receive $60 per day. Lastly, Assisted Living Programs receive $50 per day.

This payment does not include room and board which is funded through a state supplement and capped at $824.05. From this rate, the resident receives a personal needs allowance of $100.

In 2001, New Jersey passed a law that mandates that all facilities licensed after September 2001 must serve at least 10% Medicaid residents within 3 years of opening. To be eligible for Waiver, residents must require care and services for a "chronic or unstable medical, emotional, behavioral, psychological, or social condition" that results is the residents' inability to self care.

Summary

The decrease in availability of low income supplement beds in Pennsylvania is an issue that can no longer be ignored. If the state supplement is not raised, this community level of care will soon be unattainable for low income residents. The most significant impact will be a premature transition to Medicaid funded Nursing Facility Care. Secondarily, there are insufficient services for those with Behavioral and Mental Health issues. Many of these individuals are maintained within the current setting of low income PCHs. It is a fragile system of management.

The new HCBS waiver rules encourage states to expand home and community based services to provide care in settings like PCHs and also to serve populations that are not yet nursing facility eligible. The Pennsylvania Finance and Budget Committee reported that residents usually only reside in assisted living for about 3 years. In most cases, residents are transferred because they require more care and these residents typically go to nursing facilities. PA has the opportunity to increase the amount of time that a resident can remain in the community and still receive the amount of care they require.

Recommendations:

- **Provide an immediate increase to the Personal Care Supplemental Security Income Rate to retain current providers of service.**
- **Establish a pilot site to transition clinically and financially eligible Nursing Facility residents to select PCHs that meet the CMS criteria.**
- **Develop a transition plan for Pennsylvania to submit to CMS to support utilization of a set number of 1915(c) Waiver slots in PCHs, Assisted Living Facilities, and other residential settings.**
- **Evaluate the use of the 1915(i) State Option Waiver to support care for individuals that do not qualify clinically for the 1915(c) Waiver.**
- **Consider implementing a requirement (as in New Jersey) that PCHs and Assisted Living Facilities maintain a 10 percent census of individuals receiving supplemental state or Waiver funding for care.**

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