



New York Coalition for Quality Assisted Living, Inc.

To: Medicaid Redesign Team: Affordable Housing Work Group  
From: New York Coalition for Quality Assisted Living  
Date: November 18, 2011  
Subject: Suggested Reforms for Adult Homes and Assisted Living Programs

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On behalf of the New York Coalition for Quality Assisted Living (“NYCQAL”) I would like to share with this Work Group certain cost effective reforms that will help secure the availability of necessary housing and support services for individuals who have mental or physical illnesses and receive SSI assistance. NYCQAL is a not-for-profit association that represents approximately 5,000 adult home and ALP beds that cater to the SSI disabled.

By way of background, adult homes constitute a critical safety net for thousands of their residents, almost all of whom are indigent and receiving SSI. Adult homes not only offer their residents a safe living environment, adult homes provide three (3) meals per day (prepared to reflect each resident’s dietary needs), personal care assistance, medication management, recreation and social activities, housekeeping and money management. Adult homes also furnish case management services to help residents access and coordinate medical, social service, community resource and public benefits and work closely with medical and mental health providers to address the residents’ health needs. While adult homes provide all of those supportive services along with twenty-four (24) hour per day supervision, adult homes do not constitute restrictive environments. Residents are free to come and go as they please, receive visitors at any time, and be a part of their local community. In return for all of the services that they furnish, adult homes receive only \$39.12 per day, which is funded through SSI.

In addition to the standard services offered by an adult home, many adult homes also operate ALPs. ALPs provide all of the services that an adult home provides plus home health services to individuals who would otherwise be eligible for placement in a nursing home. These additional services include home health aide services, personal emergency response services, nursing, physical therapy, occupational therapy, speech therapy, medical supplies and equipment not requiring prior authorization, and services as part of an adult day health program. ALPs provide all of these services to residents for about half the cost of a nursing home stay.

Thus, ALPs allow patients who would otherwise be residents of nursing homes to live in a less restrictive setting while receiving the professional services they need at a cost savings to the State. Moreover, when an adult home operates an ALP, a resident of the adult home is able

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to access necessary medical services while staying in his/her present home, socializing with his or her current friends and interacting with the same staff.

### **Proposed Reforms**

Against this backdrop, NYCQAL proposes the following suggestions that will strengthen the safety net for the SSI population, improve the quality of the services that they receive while saving the State money.

#### **Proposal #1- Increase the SSI rate so that it is commensurate with future cost of living increases.**

Under the current law, the SSI rate for Congregate Care facilities level 3 is \$39.12 per day, which is the daily rate New York adult homes typically receive for each resident. By contrast the cost of a NYC homeless shelter, without meals or any services, is approximately triple the cost. This proposal seeks to preserve adult home services by increasing the SSI rate to better allow adult homes in New York to continue to provide the housing, meals, housekeeping, activities and medication management services they provide to New York residents.

#### **Support for Proposal**

- Adult homes have not received from the State increases to their rates commensurate with changes in the cost of living over the past several years.
- With no increases in the rate over the last few years and minimal increases over the past 10 years, adult homes have closed, resulting in the loss of over 5,000 beds and other homes are now struggling to continue to provide services.
- No new adult homes that cater to the SSI disabled population have opened in 30 years.
- The population that utilizes adult homes is growing:
  1. 20% of the population will be 65 or older by 2030-up 12% from 2000.
  2. From 2000 to 2040 the number of people who are 85 or older will grow from 4.3 million to 19.4 million.
  3. Between 2000 and 2050 the ration of people aged 65 or older to homecare workers will increase from 7-1 to 24-1.
- If current funding and demographic patterns continue, New York will continue to lose additional adult home beds even as the population served by such homes increases at a rapid rate.

- Absent additional investment in the adult home system, the State will be forced to build another system to house adult home residents at a greater cost than simply maintaining the current system through appropriate funding.

### **Proposal #2- Increase the Number of ALP Beds available in New York State.**

Assisted living programs provide services to individuals who are eligible for, and would otherwise require, placement in a nursing home. This proposal seeks to shift long term care patients from nursing home beds to assisted living program beds located in adult homes. By increasing the number of assisted living program beds, New York could reduce Medicaid costs, while providing patients a less restrictive and more integrated setting.

#### Support for Proposal

- Every time an individual is admitted to an ALP, in lieu of a nursing home, the State Medicaid program realizes significant savings as Medicaid reimburses an ALP about fifty percent (50%) of what Medicaid would otherwise pay a nursing home for comparable care.
- An ALP bed allows an adult home resident to age in place, offering a stable and familiar environment for the resident that allows the resident to socialize with his/her current friends and interact with the same staff.
- ALPs exist in adult homes which are a less restrictive and more integrated setting than nursing homes, which is consistent with federal mandates under the ADA and the *Olmstead* principles.

### **Proposal #3- Create additional efficiencies by allowing ALP LHCSAs to directly perform patient assessments and all other services within the scope of their license.**

Presently, ALPs are required to contract with a certified home health agency (“CHHA”) to assess a prospective patient based on a patient review instrument. Additionally, ALPs are required to contract with a CHHA to provide skilled nursing and other skilled services to their residents. This proposal seeks to reduce costly regulatory inefficiencies while maintaining qualitative standards by allowing an ALP’s affiliated licensed home care services agencies (“LHCSA”) to provide assessments and skilled services.

#### Support for Proposal

- ALPs already have the ability to provide assessments and skilled services through affiliated LHCSAs through which they already provide services to ALP residents.

LHCSAs are allowed within the scope of their licenses to perform the nursing and skilled services currently required to be performed by CHHAs under existing regulations.

- As the ALP is responsible under 18 NYCRR § 494.5 for arranging and managing the services in question, the need to contract with a CHHA over a LHCSA to perform the skilled services is inefficient and more expensive, while providing no additional quality.
- Many other Medicaid managed care arrangements such as Medicaid HMOs and Managed Long Term Care Plans use LHCSAs to provide skilled services with no laps in quality to patients.

**Proposal #4- Allow ALPs to arrange for the provision of additional services.**

Presently, ALPs are required pursuant to 18 NYCRR § 494.5 to provide or arrange for room, board, housekeeping, supervision, personal care, case management activities, and home health care services. This proposal seeks to expand the services arranged by ALPs to other services routinely received by residents under the Medicaid program, such as transportation and nutritional counseling services.

Support for Proposal

- Allowing ALPs to arrange for other routine forms of care would cause services to be less fragmented and easier to manage.
- The administrative claims submission process could be more streamlined by allowing the ALP to arrange for the additional services instead of external providers.
- By centralizing the arrangement of routine services in a single entity the Department will have a single point of contact for quality initiatives and concerns.

**Proposal #5- Allow ALPs to manage all ALP resident services both on and offsite.**

ALPs currently provide case management services for their residents in relation to the services they are required to arrange or provide. This proposal seeks to expand an ALPs case management functions to allow for a single point of case management for ALP residents for both services on and offsite. This includes services such as temporary skilled nursing home care, mental health treatment, and social work services. By allowing for a single point of case management for all services required by ALP residents, system efficiencies can be increased and quality improved.

### Support for Proposal

- ALPs are in routine contact with residents and currently manage day to day services. Thus ALPs are uniquely positioned to assess and manage the needs of their residents and coordinate and arrange for all long term care services their residents might access.
- This all-inclusive approach would centralize the management of services within the ALP leading to greater efficiency in the provision of services and greater accountability, which will lead to cost savings and an increase in the quality of care.
- By centralizing management of long term care services for ALP residents within ALPs the Department of Health will have a single point of contact for quality, compliance and other initiatives.

### **Proposal #6- Combine the Centralized Management of ALP resident services with a capitated, or partially capitated payment methodology.**

This proposal seeks to combine greater case management role for ALPs proposed under proposal #5 with a new payment methodology that would shift risk to ALPs, the adult homes and/or affiliated licensed home care agencies. Under the proposal the ALP would accept a new capitated or partially capitated rate that reflects the ALPs increased case management functions and the arrangement of additional services.

### Support for Proposal

- This would lead to greater incentive for the industry to operate within projected budgets and provide accountability for inefficiencies within the system.
- This rate would be budget neutral and likely would result in a savings to the State.
- The capitated rate and services could be more easily bundled with an MLTC plan or other long term provider to ensure patients have the full scope of necessary health services, creating greater efficiency and more centralized management of all patient care needs, while further reducing costs.