Aging and Disability Services Administration – Community Residential Settings

November 14, 2007

Who do we serve

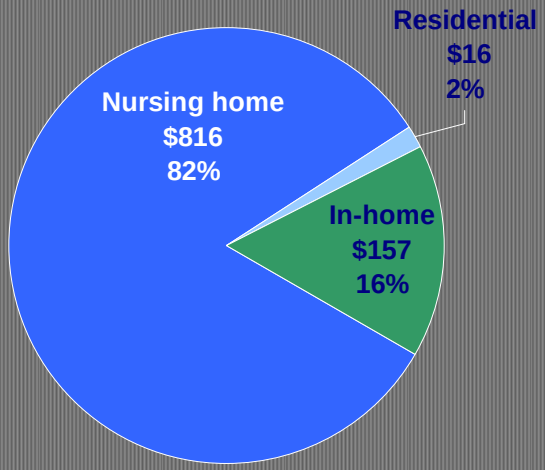
- Adults with a functional disability due to aging, disease, accident or cognitive impairment
- Individuals who have an unmet need for assistance with activities of daily living
- Individuals who are Medicaid eligible

Where do we serve

- Washington is a national leader in development of a community based system that is responsive to client choice
- As a result, over three-quarters of services are now provided in community settings v. nursing homes
- Acuity is rising in most settings

Expenditure Shift

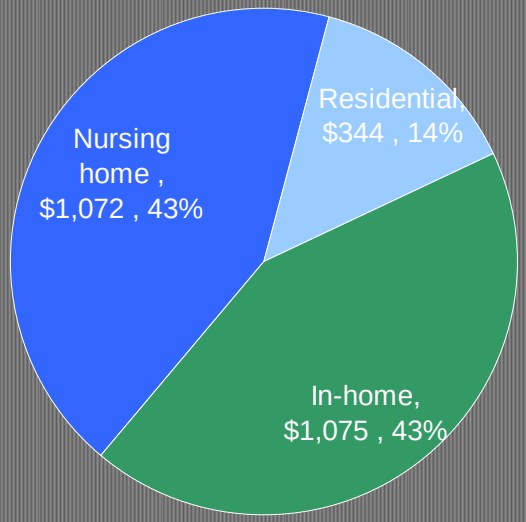
1991-1993 Biennium



Community Caseload = 20,000

Nursing Home Caseload = 17,500

2007-2009 Biennium

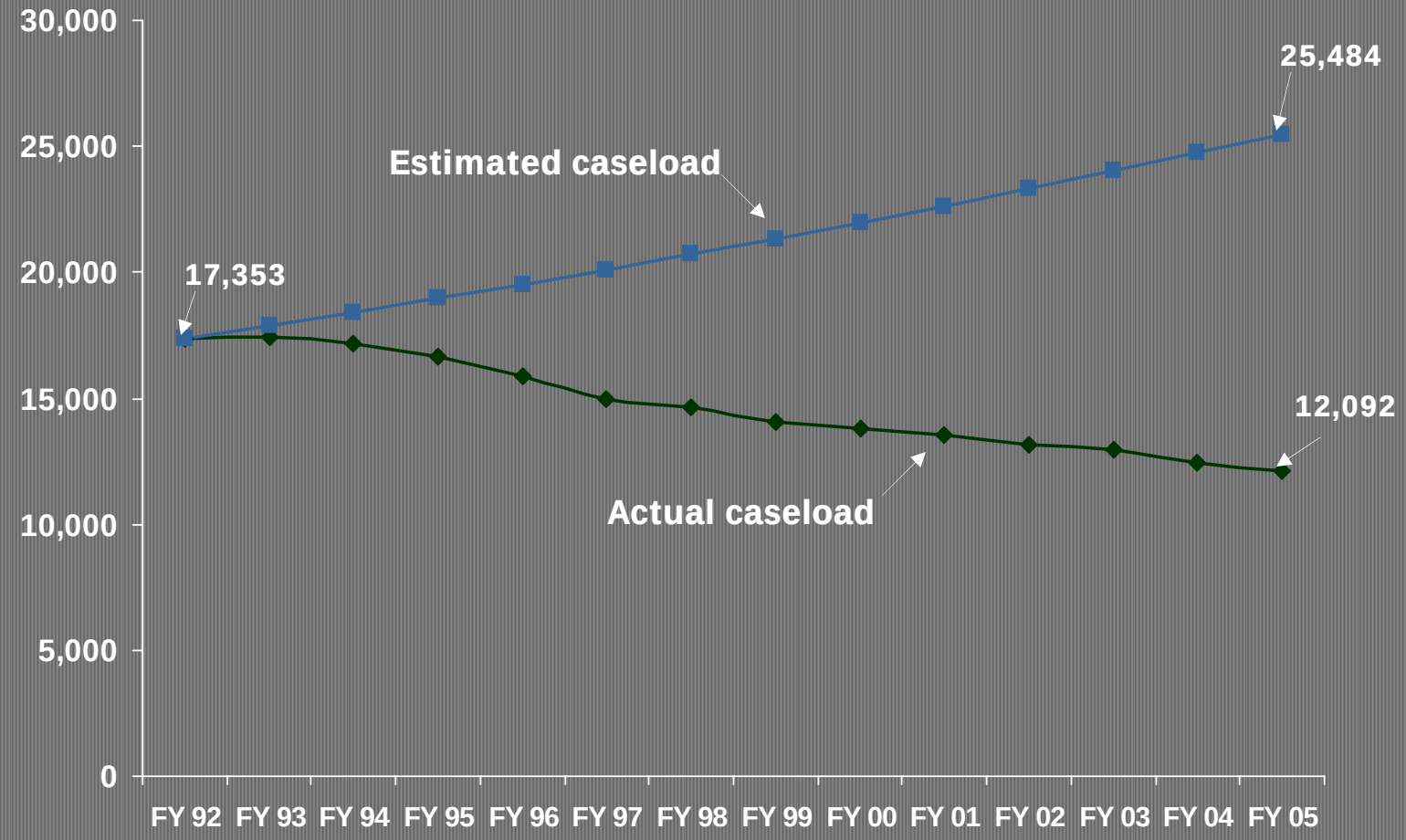


Community caseload = 37,000

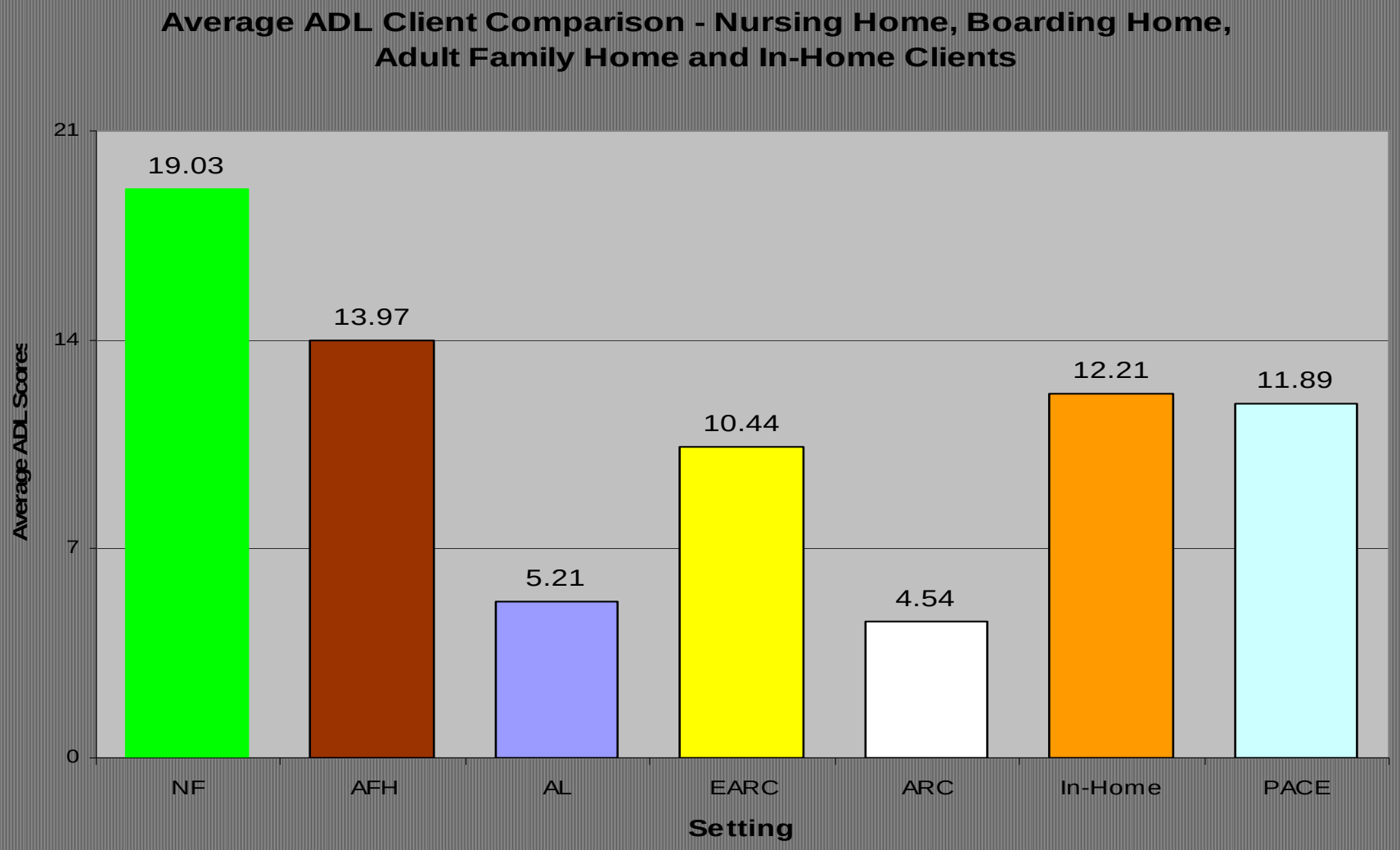
Nursing Home Caseload = 11,000

LTC budget, total funds, $ in Millions

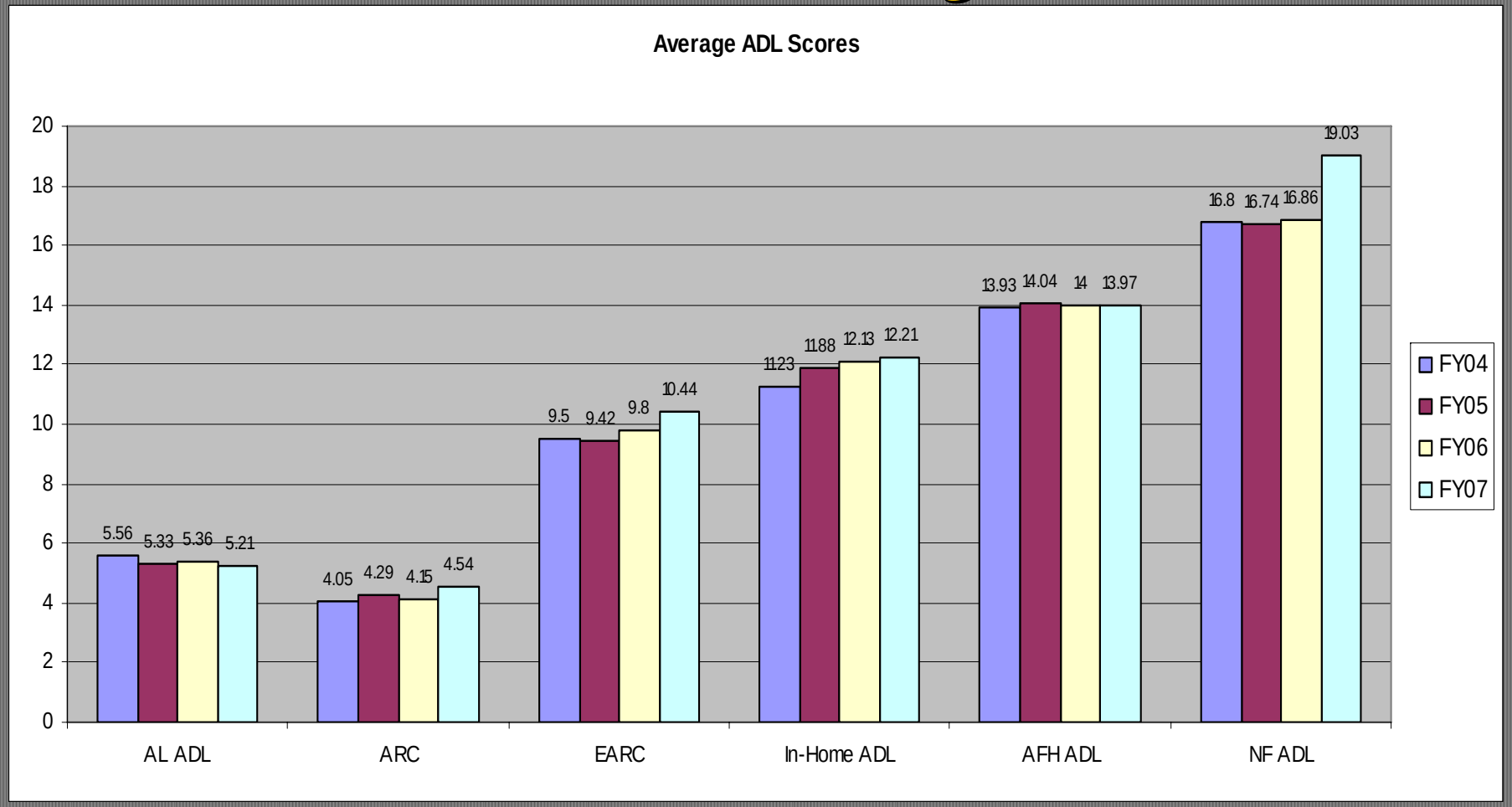
Estimate of Medicaid nursing home clients if Washington had not expanded home and community options



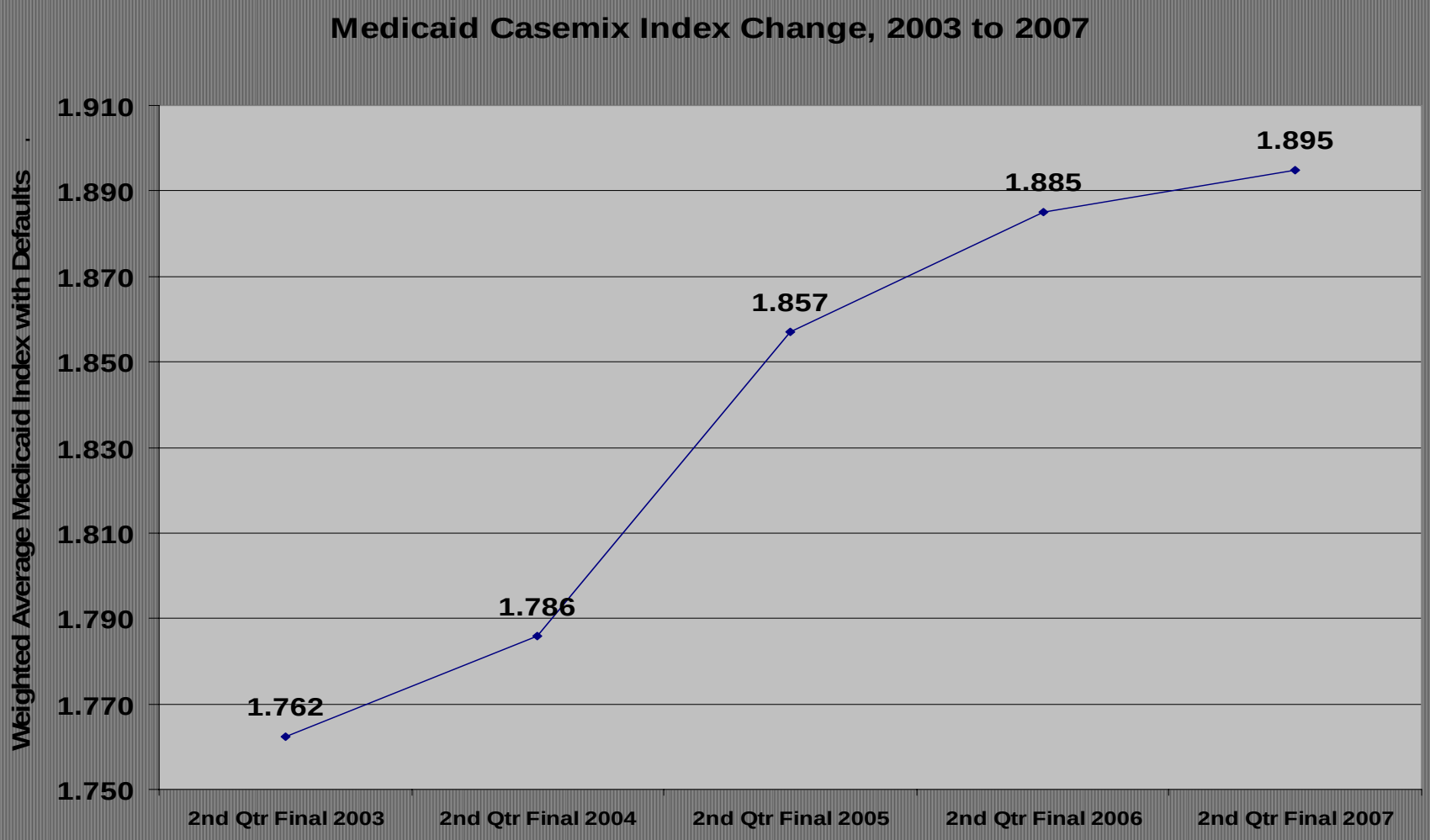
Client Characteristics



Acuity in Community Settings is Increasing



Acuity in Nursing Homes is Increasing



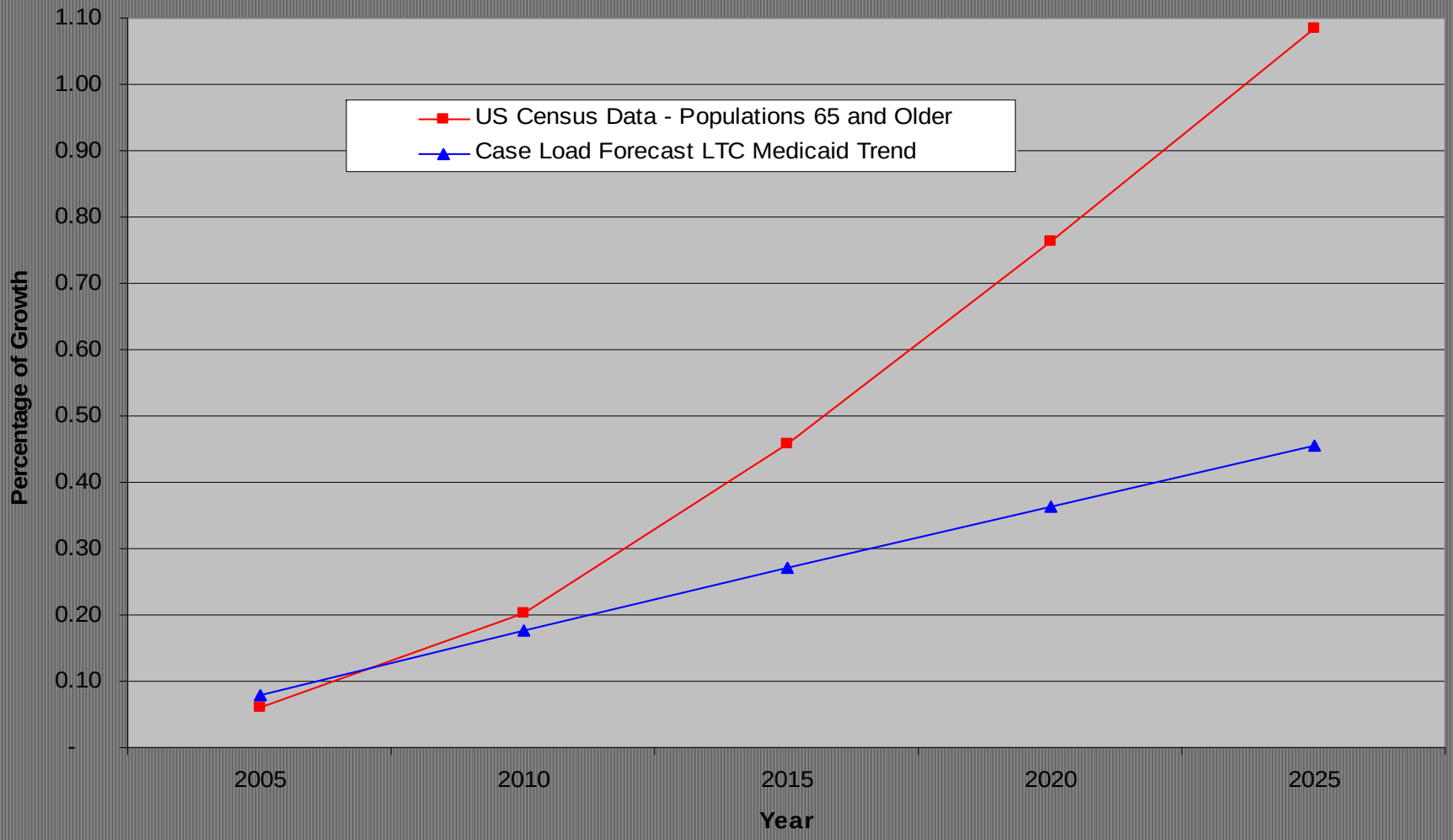
Our overall payment policy has served the state well.

- Community rates are client driven and have accommodated community expansion
- Nursing home rates have accommodated shrinking the caseload, taking heavier care clients, without a major access crisis

Alternatives and Barriers

- Community residential is a cost-effective alternative to nursing home care, particularly for individuals who have little or no informal support, are cognitively impaired and/or have lost independent housing
- The field consistently says that a barrier to nursing home relocation is a lack of community residential providers willing to accept Medicaid residents

Estimated Disparity in Medicaid LTC and Estimated Client Population



Growth in Residential Caseload

The growth in the Medicaid community residential caseload is declining and is lower than the average community caseload growth

- 2004-05 ---- 5.4% growth
- 2005-06 --- 3.3% growth
- 2006-07 --- 1.2% growth
- 2007-08 --- 0.9% growth - forecast

The Future in Washington

- Over the next 15 years Washington State will see a 112% rise in people 65 to 74 years of age
- It is critical that Medicaid capacity is created within the community based systems to support the age wave that is coming

Estimated Increase in WA's Elderly Population 2004-2025

Ages	2004	2010	2015	2020	2025
65-74	351,184	444,059	598,181	745,142	838,930
increase from '04		26%	70%	112%	139%
75-84	245,810	241,464	262,294	331,062	451,314
increase from '04		-2%	7%	35%	84%
85+	98,655	120,992	130,944	139,343	157,843
increase from '04		23%	33%	41%	60%
Total 65+	695,649	806,515	991,419	1,215,547	1,448,087
increase from '04		16%	43%	75%	108%

Critical Issues

- Medicaid is losing market share in residential community settings
- Need to position ourselves to build Medicaid capacity in these settings or we will see dramatic growth in nursing facility caseloads as the age wave hits Washington State
- All LTC providers are competing for the same labor pool and Medicaid residential providers are falling behind

Where do Medicaid LTC consumers live and how is that determined

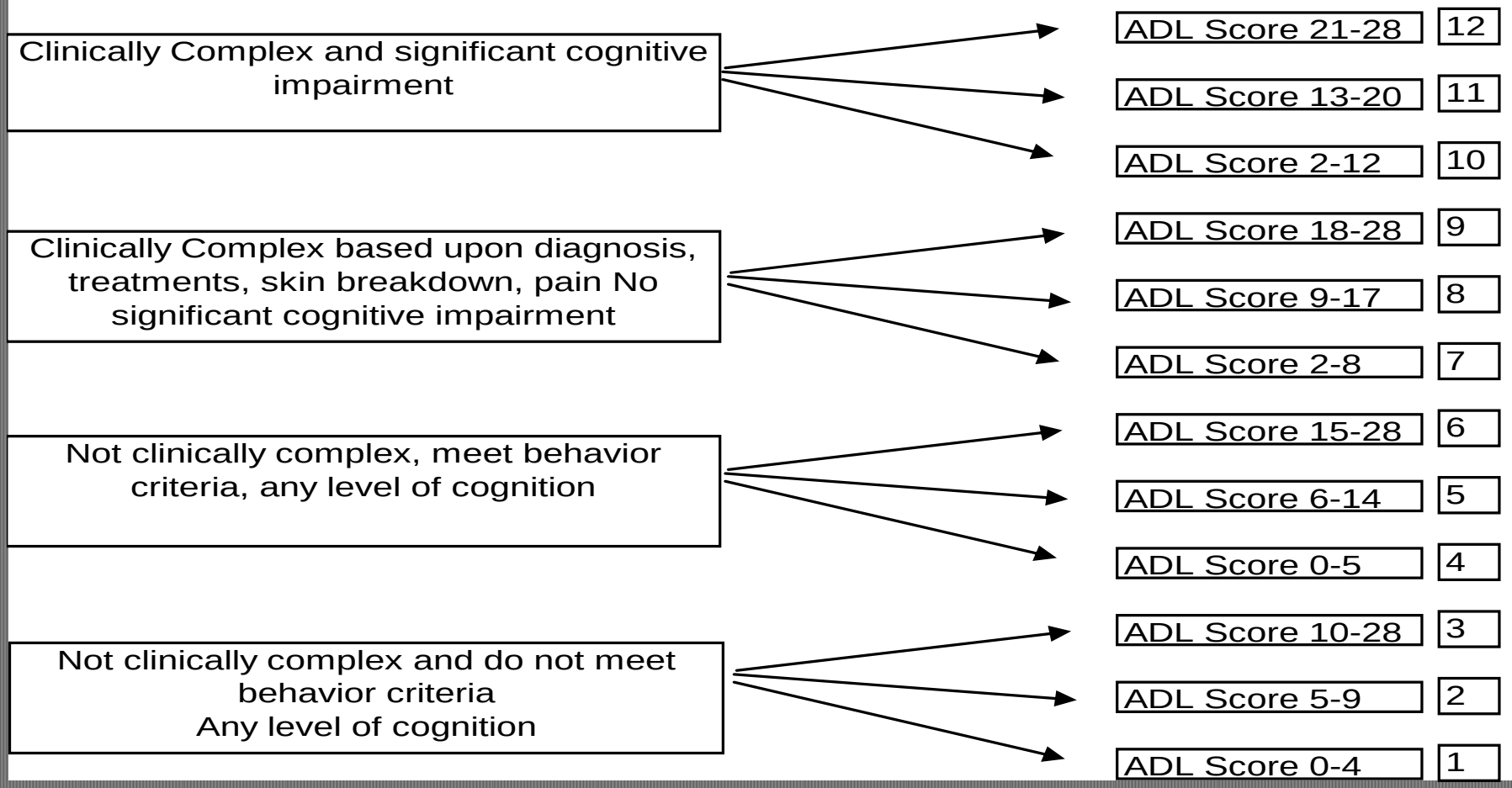
- Functional and financial eligibility is determined using a standardized assessment
- Consumers choose setting and provider type
- Availability of provider to meet needs and preferences of consumer

How are client needs assessed?

Collect information in a standardized assessment related to:

Diagnosis, treatments, medications and skilled needs
Activities of Daily Living and household tasks such as meal preparation and special diets
Cognitive Impairment
Mood and Behaviors

Washington's Resource Use Classification Model



How does assessment classification tie to payment

- Classification Groups are tied to a level of care
- In-home equals a number of hours per month – There are 17 levels
- Residential equals a daily rate – There are 12 levels with six rates for each residential setting which then vary by geographic location

How does assessment classification tie to payment

For residential rates, the 12 classifications are combined for 6 levels of payment:

- **Classifications 1 and 4**
- **Classifications 2 and 7**
- **Classifications 5 and 10**
- **Classifications 3, 8 and 11**
- **Classification 5**
- **Classifications 9 and 12**

Scenarios

Daily rate is the same for classification C-high and D-high

Daily rate is the same for classification A-medium and C-low

Reimbursement does not create incentives to care for clients whose needs increase over time

Residential Rates

DIRECT CARE

Wages (Bureau of Labor Statistics)
+
Payroll Taxes and Fringe Benefits
(nursing home cost reports)

X →

HOURS REQUIRED PER CARE CLASSIFICATION (Based on Time Study)

+

ADMINISTRATION
(nursing home cost reports)

+

PROPERTY
(Marshall Swift Valuation)

Six Rates Per Setting for each of three geographic peer groups

Care Settings

	Average Number of Units/Beds	Style	Level of nursing available	Services	Average ADL Need		Average monthly cost/client
Nursing Home	90	Generally Shared Room and bath	24 hour skilled nursing	Personal care, Skilled therapies, nutrition management, activities, social services, laundry	19.03 *(cost/ADL = $198)*		$3,767
Boarding Home	49	Shared or private unit – may share bath	Depending on contract type, intermittent nursing care is provided Nurse delegation available	Personal care, activities, laundry, meals. **May** provide assistance with ADLs, health support services, medication assistance	8.25 – BH 5.21 – AL *(cost/ADL = $141 BH $218 AL)*		$1,164 – BH $1,140 - AL
Adult Family Home	5.5	Shared or private room in family home	May provide nursing care Nurse delegation available	Personal care, laundry, meals, supervision, assistance with ADLs **May** provide specialized care	13.97 *(cost/ADL = $93)*		$1,299
In-Home	n/a	In own home	Skilled care can be provided by family, nurse delegation, self-directed care or home health	As authorized, e.g. personal care, assistance with ADLs, medication assistance, meal prep, shopping, housekeeping, transp.	12.21 *(cost/ADL = $106)*		$1,298

Payment Methodologies

Setting	Summary	Range of Rates (average)	Assessment Tool	Cost or Price	Current Basis	Rebase Schedule
Nursing Home	Facility Unique Rate set quarterly, specified in statute with right of appeal Seven Cost Centers Approx. 1000 rates calculated each year	$158.31/day	MDS	Cost	2005 and 2006 nursing home cost reports	Every two years
Community Residential	Model rate, updated annually for inflation as determined by the legislature, published in WAC Three Cost Centers 18 rates calculated each year	$48.32-$110.11/day	CARE based upon MDS	Price	1999 nursing home cost reports, 2002 BLS wage data	None
In-Home	IP -- Hourly rate established through collective bargaining agreement Agency – Parity statute	$9.73 - $16.62/hour	CARE based upon MDS	Price	2007-09 CBA	Per Collective Bargaining Schedule

Legislative Staff Requested Options

Some Possible Items for Consideration:

- Create rate-based incentives for providers who serve Medicaid residents
- Update the cost base of the current residential rate model
- In order to recognize gradual changes in acuity, revise rate model to more closely tie payment to acuity by having a payment rate for each classification group

QUESTIONS??