

An Assisted Living Option for Alabama Medicaid Beneficiaries

Background

Developed in 1970, Medicaid provides medical and nursing home care for low-income citizens. In Alabama, Medicaid is the largest medical and health services provider to the poor – serving children, the elderly, the disabled, and those eligible for federally assisted income maintenance payments.ⁱ Alabama is the only state other than Kentucky that does not cover payment for assisted living facilities under Medicaid.ⁱⁱ The state defines an assisted living facility as “any entity that provides, or offers to provide, residence *and* personal care to two or more individuals who are in need of assistance with activities of daily living.”ⁱⁱⁱ However, Alabama does provide nursing home care and home-based care through Medicaid. A nursing home is defined as “a business entity that is engaged in providing housing, meals and care to sick or disabled individuals who require, on a daily basis or more frequently, medical care, nursing care, or rehabilitation services.”^{iv} But not all of Alabama’s nursing home patients require care 24/7. For the majority who do not need constant medical care, home-based medical care may be a viable option. Alabama defines home-based care as “services to the elderly and disabled . . . [provided] to categorically needy individuals who would otherwise require institutionalization in a nursing facility.”^v

Currently, Alabama’s Medicaid system has no option for patients who are not completely independent but who require care involving less than nursing home-type assistance. This could lead to Medicaid

ISSUE SNAPSHOT

In Alabama, average nursing home costs per month are approximately \$5,200.

Compared to average nursing home costs, assisted living facilities save over \$2,500 per month per resident. Home-based care provides over \$4,400 in savings per month per resident.

By adding assisted living facilities to the Elderly and Disabled Waiver and including a continuum of care, Alabama could improve care for the elderly and disabled while in a more cost-effective manner.

beneficiaries being placed in nursing homes that provide more care than they actually require.

In Alabama, average nursing home costs per month are \$5,257, or approximately \$175 per day.^{vi} Medicaid covers home-based care through the Elderly and Disabled Waiver. Home-based care offers care for individuals needing nursing home-levels of care, but it allows them to remain in their homes and communities.^{vii}

Policy Consideration

Living in an assisted living facility maintains an individual’s independence while providing help with meals, transportation, housekeeping, and health care when necessary. Care is available when it is needed,

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but individuals are able to maintain their independence without constant oversight. Because Alabama Medicaid does not provide for assisted living facilities, individuals under Medicaid lose a higher degree of their independence when they need assisted care.

Not only does coverage for assisted living facilities create better options for individuals, but assisted living facilities are significantly less expensive than nursing homes. On average, assisted living facilities cost \$2,694 per month, or \$90 per day.^{viii} Compared to average nursing home costs, assisted living facilities save \$2,563 per month, or \$85 per day per resident. Home-based care, which provides nursing home-level care, costs \$821 per month, or \$27.37 per day.^{ix}

Compared with nursing home costs, home-based care provides \$4,436 in savings per resident per month and savings of over \$147.63 per day. The savings provided by Medicaid coverage of assisted living facilities and increased utilization of home-based care can be invested in other areas, bettering the quality, quantity, and distribution of Medicaid benefits.

Of Alabama's 23,000 nursing home patients, 16,445 residents are covered by Medicaid.^x If the ratio of assisted living facility residents to nursing home residents in Mississippi were mapped onto Alabama's Medicaid-covered nursing home patients, approximately 900 residents could be eligible for assisted living facilities. Assuming a cost of \$90 per day, the State of Alabama would realize a savings of \$2.4 million per month, or almost \$27.7 million per year.

Recommendation

Through Alabama's Elderly and Disabled Waiver under the Home and Community Waivers system, individuals can receive coverage for home-based care. Most states use the same waiver to apply for Medicaid

coverage of assisted living facilities.^{xi} Since Alabama utilizes this waiver, adding a stipulation allowing Medicaid coverage for assisted living facilities could be a simple and cost-effective change.

Alabama should combine the waiver for assisted living facilities with a continuum of care. As Medicaid enrollees seek coverage for in-home assistance, assisted living facilities, or nursing home care, Alabama Medicaid should evaluate the health and economic circumstances facing each enrollee to ensure that they receive care that meets their needs in the most cost-effective manner.

ⁱ BENEFITS.GOV, *Alabama Medicaid*, www.benefits.gov/benefits/benefit-details/1618 (last visited June 15, 2012).

ⁱⁱ ROBERT MOLLICA, *State Medicaid Reimbursement Policies and Practices in Assisted Living*, NATIONAL CENTER FOR ASSISTED LIVING 2, <http://www.ahcancal.org/ncal/resources/documents/medicaidassistedlivingreport.pdf> (last visited July 9, 2012).

ⁱⁱⁱ *Rules of Alabama State Board of Health*, ALABAMA DEPARTMENT OF PUBLIC HEALTH 1, <http://www.adph.org/HEALTHCAREFACILITIES/assets/ALFRules.pdf> (last visited July 9, 2012).

^{iv} *Supra* at 3.

^v *Home and Community Based Services for the Elderly and Disabled*, MEDICAID OF ALABAMA 1, http://www.medicaid.alabama.gov/documents/5.0_Resources/5.2_Administrative_Code/Chapters_31_40/5.2_Adm_Code_Chap_36_HCBS_Elderly_and_Disabled_10-28-08.pdf (last visited July 9, 2012).

^{vi} *Medicaid Waiver for the Elderly and Disabled*, ALABAMA DEPARTMENT OF SENIOR SERVICES, <http://adss.alabama.gov/medicaid.cfm> (last visited July 9, 2012).

^{vii} *Id.*

^{viii} *Market Survey of Long-Term Care Costs*, METLIFE MATURE MARKET INSTITUTE 20, <http://www.metlife.com/assets/cao/mmi/publications/studies/2011/mmi-market-survey-nursing-home-assisted-living-adult-day-services-costs.pdf> (last visited July 9, 2012).

^{ix} *Supra* at 6.

^x *Number and Percent of Beds Used by Medicaid*, MEDICAID OF ALABAMA 1, http://medicaid.alabama.gov/documents/2.0_Newsroom/2.3_Publications/2.3.1.5_Annual_Report_FY10/2.3.1.5_FY10_Programs-LTC-Beds-Num._Percent.pdf (last visited July 9, 2012).

^{xi} *Supra* at 2.