Ensure Assisted Living is a Home and Community-Based Option for Medicaid Beneficiaries

In 2014, the Centers for Medicare and Medicaid Services (CMS) issued a final rule establishing requirements for the qualities of settings that are eligible for Medicaid home and community-based services (HCBS) waiver reimbursement (the Rule). All home and community-based settings must have certain qualities to provide Medicaid HCBS, including that the setting is integrated in and supports full access to the community.

Since each state manages its Medicaid program and HCBS waiver programs, states are currently implementing the federal rule and must be in compliance by 2022. Some settings will be deemed an appropriate HCBS setting under the new parameters. Certain settings, such as skilled nursing care centers (SNFs), will be explicitly excluded from Medicaid HCBS waiver reimbursement. Other settings will be presumed to have institutional qualities and require further review under a “heightened scrutiny” process to receive HCBS waiver reimbursement.

The National Center for Assisted Living (NCAL) appreciates CMS’ efforts to define “home” and “community” to promote person-centered care for Medicaid beneficiaries outside of traditional institutional settings. Medicaid HCBS waivers enable vulnerable seniors and individuals with disabilities to receive long term care services and supports in the setting most suited to their needs, including assisted living. This sector of long term care offers a home-like environment to individuals who need help with every day activities and some health care services, but who do not require 24-hour skilled nursing care. Access to and coverage of these services are critical to ongoing national and state efforts to ensure choice for beneficiaries while producing health care savings.

However, NCAL is concerned that CMS’s new requirements for home and community-based settings could exclude many assisted living communities from the Medicaid program, leading to reduced access to care and a significant overall increase in Medicaid expenditures. This result would be counterproductive to the original intention of the Rule, as many residents would be forced out of their assisted living home. The Rule could especially affect assisted living communities:

- With secured dementia/memory care units;
- That are a separate or converted section of a SNF; and
- Located at the edge of town or in a rural area that could be construed as isolated.

Such assisted living communities could be presumed to have the qualities of an institution, despite the consumer demand for these very same characteristics of the communities. Many residents and their loved ones find proximity to a SNF or a hospital to be convenient rather than isolating. Additionally, given that more than 40% of residents are living with dementia, many consumers intentionally select assisted living because of its specially tailored services and safety features. If these communities are excluded from the Medicaid waiver program, many residents may not be able to find another suitable home and community-based setting.

NCAL urges further guidance from CMS and technical assistance to states to ensure the Rule implementation accounts for the preferences of assisted living residents and the nature of assisted living communities in response to those preferences. Assisted living communities are home and community-based settings offering resident-centered services chosen by beneficiaries as an alternative to traditional settings of care. Further engagement with states will help ensure that these Medicaid beneficiaries continue to have choice in where they receive services.

Source: Center for Disease Control, “Long-Term Care Providers and Services Users in the United States: Data from the National Study of Long-Term Care Providers, 2015-2016.”

Key Facts

- The Medicaid waiver program allows beneficiaries to receive long term services and supports in their home or community.
- Most states take part in the HCBS waiver program.
- 16.5% (or about 130,000) of assisted living residents rely on Medicaid for their daily care.
- 48% of assisted living communities are Medicaid-certified.
- A final rule released by CMS in 2014 set forth new requirements for HCBS settings, which must be implemented by 2022.
- NCAL is concerned CMS is establishing certain requirements and issuing guidance to states that may exclude many ALs from the Medicaid program.