ARKANSAS RESIDENTIAL ASSISTED LIVING ASSOCIATION

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Our association represents over seventy residential care facilities (RCF) and assisted living facilities (AL) that serve over 2500 residents in Arkansas and employee over 1000 Arkansans. We have long believed that we are part of the solution to lower health care costs and to help rebalance the large number of people who are going into nursing homes. Residential care by definition provides services 24 hours a day to individuals who are over 18 years old and are not capable of independent living and require assistance and supervision. Assisted living is targeted towards adults who are over 65 and need some assistance, but do not qualify for 24 hour skilled nursing care.

The Problem:

1. We have an urgent need for a rate increase for the Medicaid personal care as our daily rates have not increased since July of 2009. During this same time period the assisted living waiver program has had six 3% increases and the nursing homes have received annual increases based upon their cost reports. We have met with DHS to negotiate this and they agreed with our needs, but said they did not have the money, yet they still give assisted living and skilled nursing their raises.
2. According to the Arkansas Health Services Permit Agency's records, forty five residential facilities have closed since 2001. How many more locally owned and operated businesses will have to close before something is done about this?
3. Also, according to the permit agency's records, twenty four RCF's containing 1061 beds, have already converted to AL2, the increased cost to Medicaid is easily $20 million if all of these people go on the waiver program. If the remaining residential care facilities are forced to convert to AL2, the increased waiver cost will be triple the cost of the increase we are asking.
4. Labor has increased with a 20% minimum wage increase this year and another 6.6% scheduled 1/1/16 and a third of 6.25% on 1/1/17. These increases pale in comparison to Walmart's new starting wage of $9.00 which is scheduled to increase again to $10.00 per hour in 2016. While most of our facilities pay above minimum wage, the Congressional Budget Office estimates these increases will affect workers all the way up to $11.50 per hour.
5. Many of our members are required to offer affordable healthcare to their staff. Lower wage employee's contributions to insurance are limited to the lower of half the cost, or 9.5% of their income. For low wage earners this is only about $125 per month, which leaves the employer to pay anywhere from $125 to $625 a month for the employee's health coverage. This is another mandated expense that providers need to get some help in order to stay in business.
6. Barriers to entry into residential care or assisted living facilities – unlike nursing homes, residential and assisted living facilities do not get reimbursed while someone is applying for Medicaid or the waiver. It is unfair to expect a provider to take these patients for sixty to ninety

days without being reimbursed. We either need a quick approval process, or a guaranteed base rate, so that people will not be forced into a nursing home over reimbursement issues.

7. Prescription medicine is limited under personal care to six prescriptions and anything else has to be paid by the resident or their responsible party. With the Private Option and Affordable Healthcare offering unlimited medications, why should these residents be treated differently? Also there is no limit on medications in a nursing home.

Recommendations:

1. Allow personal care a onetime $8.00 day increase to make up for not having their annual increases from 2009. We are also requesting a onetime $5.00 per day increase to help with the labor and health insurance costs that the facilities are facing. This is the only way that qualified staff can be hired and retained by our operators.
2. Rates need to be rebased annually, rather than having to come to the legislature for funding or having to go to court. Medicaid already has a healthcare index from IHS that they use for the nursing homes rate adjustment and that would reflect personal care's costs very closely.
3. Many of the Medicaid rules need to be revised to allow for labor situations. Medicaid requires that cooks in an RCF be certified nursing aides, yet this is not a requirement in assisted living, skilled nursing, or in hospitals. This is an extra cost and is unnecessary. Residential care is also surveyed two times per year, but nursing homes which deal with a much more fragile population, are only surveyed one time per year.
4. Rebalancing nursing homes with residential care and assisted living can work. We do need to have properly funded programs and then some common sense approach to problems and issues from Medicaid and DHS. Under the Task Force's direction, this could happen fairly easily. The rebalancing does not need an expensive managed care contract to do this and we feel that properly trained staff at the local DHS office level could handle much of this as they are already handling the approval process.
5. Reduce the barriers to entry, this move alone will save the State millions of dollars.