



Assisted Living (AL) Medicaid Payments

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Timeline: First 4 Years of Funding for RCW 74.39A.032

July 1, 2019 = 54.6%

\$51.5 Million GF-S

At implementation, the benchmarks were funded at 54.6% of costs, with a statutory requirement to phase-in the full model.

January 1, 2022 = 60%

\$61 Million GF-S

Funding is provided to bring the rates to 60% of the modeled costs.

July 1, 2020 = 58.4%

\$59.6 Million GF-S

The model was “rebased.” Wages were updated to 2018 using Bureau of Labor Statistics data.

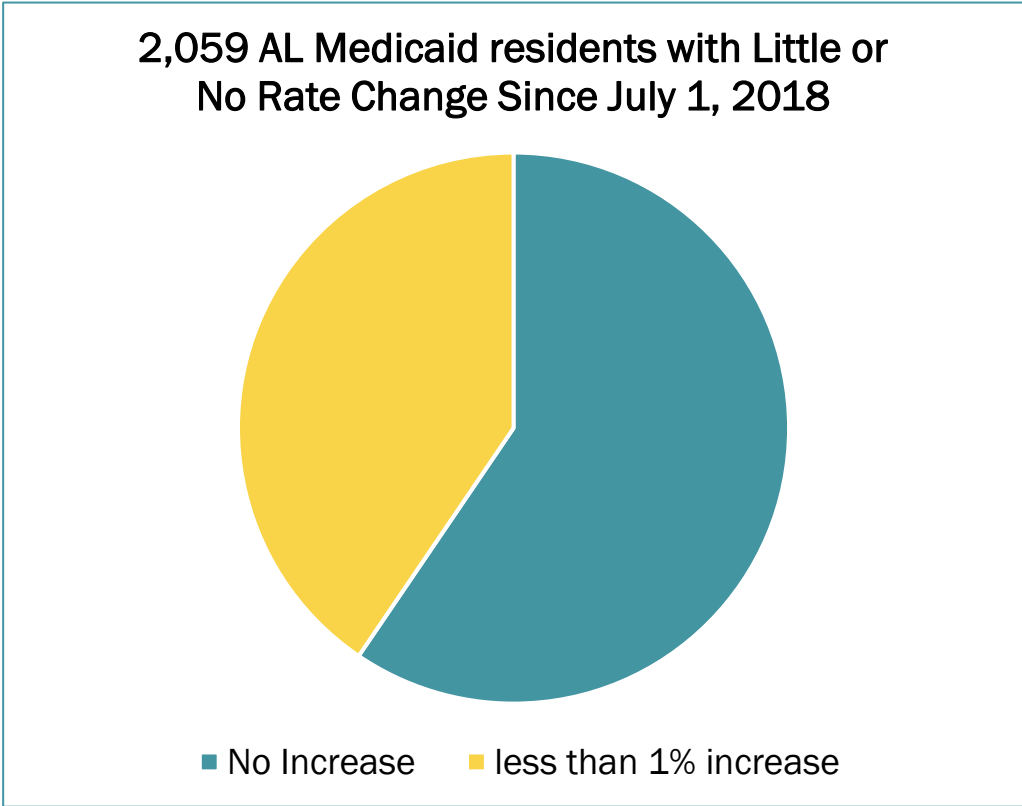
July 1, 2022 = 60%

\$62.9 Million GF-S

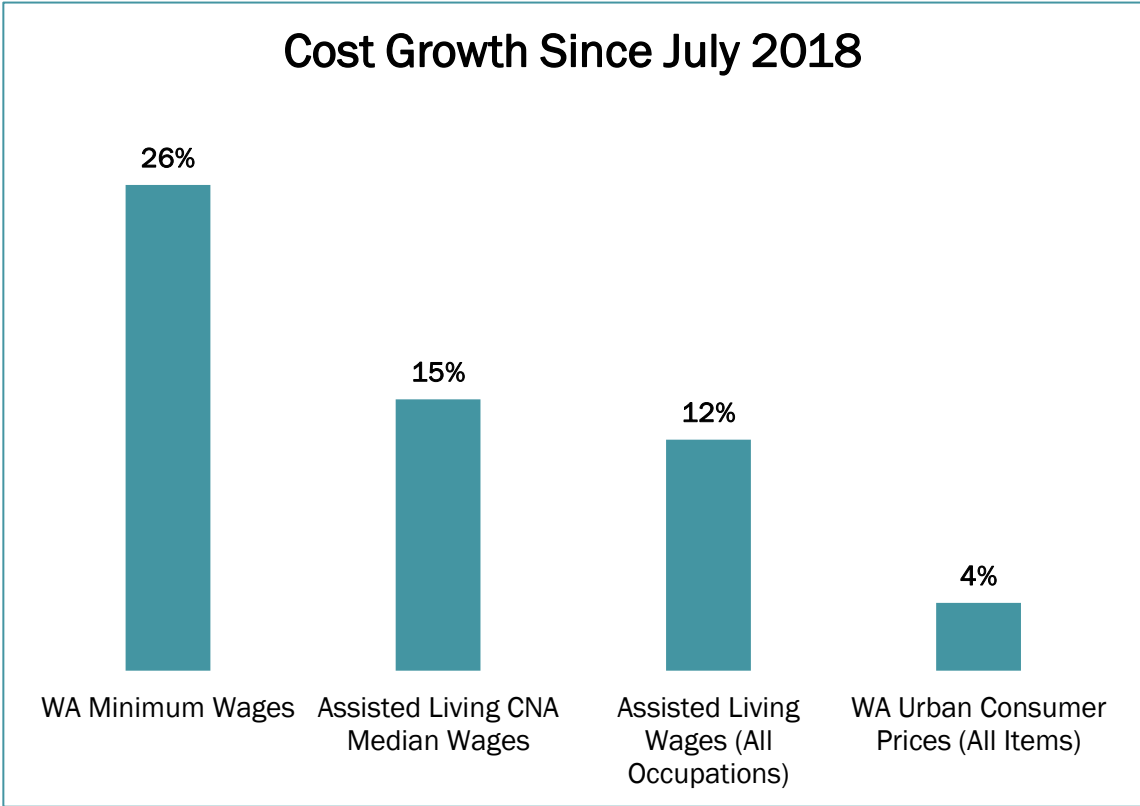
A rebase is scheduled July 1, 2022, and is currently projected to hold the funding at 60%.

The fully-funded system requires \$114 Million GF-S.

Much of the AL Medicaid Caseload Continues to be Reimbursed at July 1, 2018 Rates



^Based on January 1, 2022 Rates.



Median Wages: Compares BLS wages for Assisted Living In Washington using data sets from May 2018 and May 2020.
Consumer Prices: Compares WA Urban Consumer Price Index from December 2018 to December 2020.

The Payment Model is Based Mostly on Labor Costs



What are the Benchmarks in the Fully-Funded Payment Model?

- **An Hourly Wage** = \$18.82
- **Benefits** = 23.52% of the hourly wage (or, \$4.43 per hour).
- **Acuity Based Hours of Care** = This is a factor from the DSHS time study and represents face-to-face time between residents and staff.



What Wage Costs are Included in the \$18.82 per Hour Benchmark in the Fully-Funded Model?

67%



Nursing Staff- RNs, LPNs, & CNAs

6%



Social Work & Activities

13%



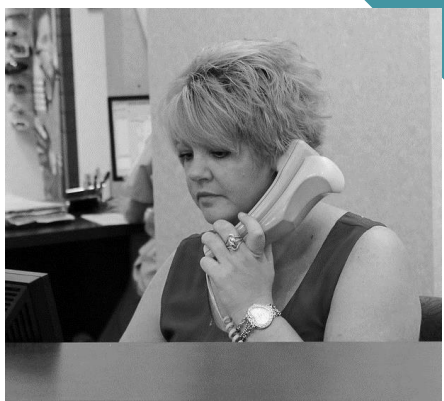
Food Services, Housekeeping, & Laundry

3%



Building & Grounds Repair & Maintenance

11%



Reception, Accounting, and Administration

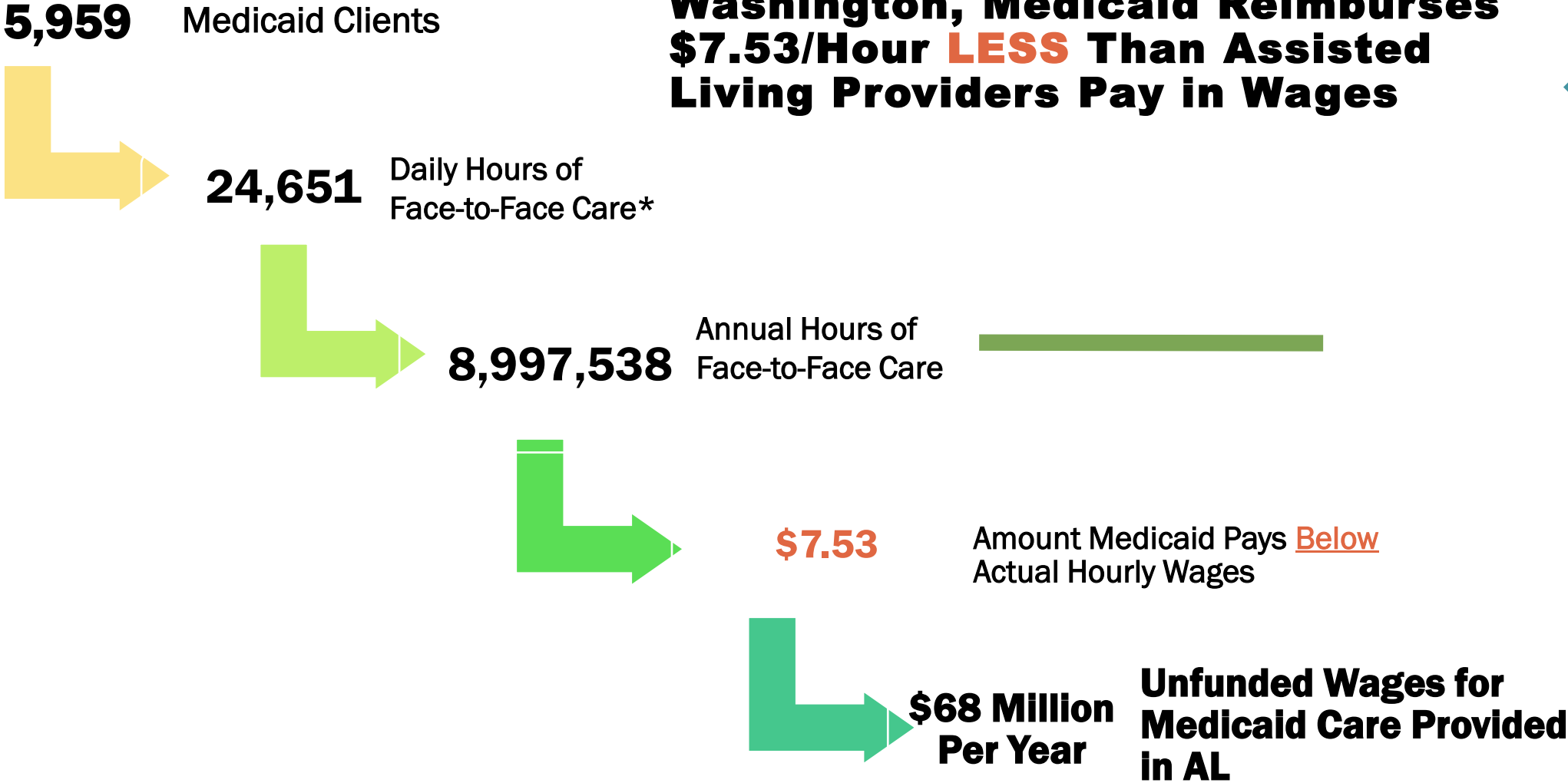
When the system is “funded” at 60%, what does that really mean?

The hourly
wage of \$18.82
is reduced to
60% = \$11.29

Benefits are calculated at
23.5% of \$11.29, or
\$2.65/hour.

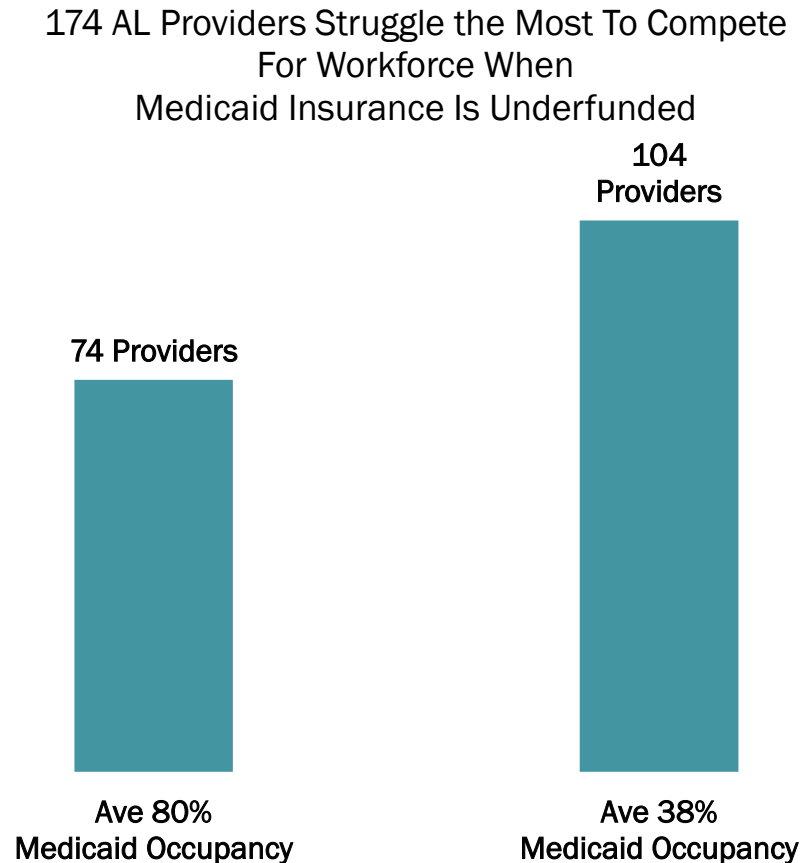
Medicaid pays worker wages & benefits at \$13.94 per hour

For Every Hour of Care Provided to a Medicaid Resident in Washington, Medicaid Reimburses \$7.53/Hour LESS Than Assisted Living Providers Pay in Wages



*Hours of face-to-face care calculated using the DSHS Time Study and Winter 2020 caseloads from the Caseload Forecast Council.

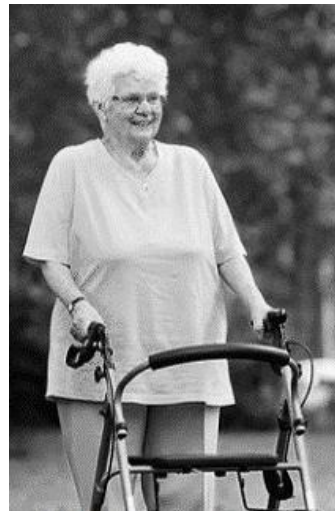
Wages Under-funded by Medicaid Harm High Medicaid Occupancy Providers the Most



These 174 Providers Are:

- Operating 58 Beds on Average.
- Providing 1.1 Million Resident Days of Medicaid Care Each Year.
- Collectively Employing About 6,000 Nursing Staff Who Are:
 - 43% Non-White
 - 29% Foreign-Born
 - 88% Female
- Collectively Employing over 4,000 Non-Nursing Workers.
- 30% are Located in Non-Urban/Rural Areas

The Rate-Driven Expectation Appears to be that Assisted Living Will Provide More Costly & More Comprehensive Services to the Exact Same Medicaid Client at a Fraction of What Other Providers are Paid



CARE Assessment
 "B-Low" Classification
 Caseload = 1,345

44% of
 B-Lows

**Assisted Living
 (Funded at 58%)**

Included in the Rate:
 Intermittent Nursing (RN/LPN)
 Private Apartment
 Private Bathroom
 Private Living Area
 Kitchenette
 Activities
 Transportation to Medical Appointments
 Personal Care

Medicaid Pays
\$68.92 a Day

56% of
 B-Lows

**Adult Family Homes
 (Funded at 77%)**

Included in the Rate:
 Shared Room
 Shared Bathroom
 Shared Living Room
 Personal Care

Medicaid Pays
\$84.38 a Day

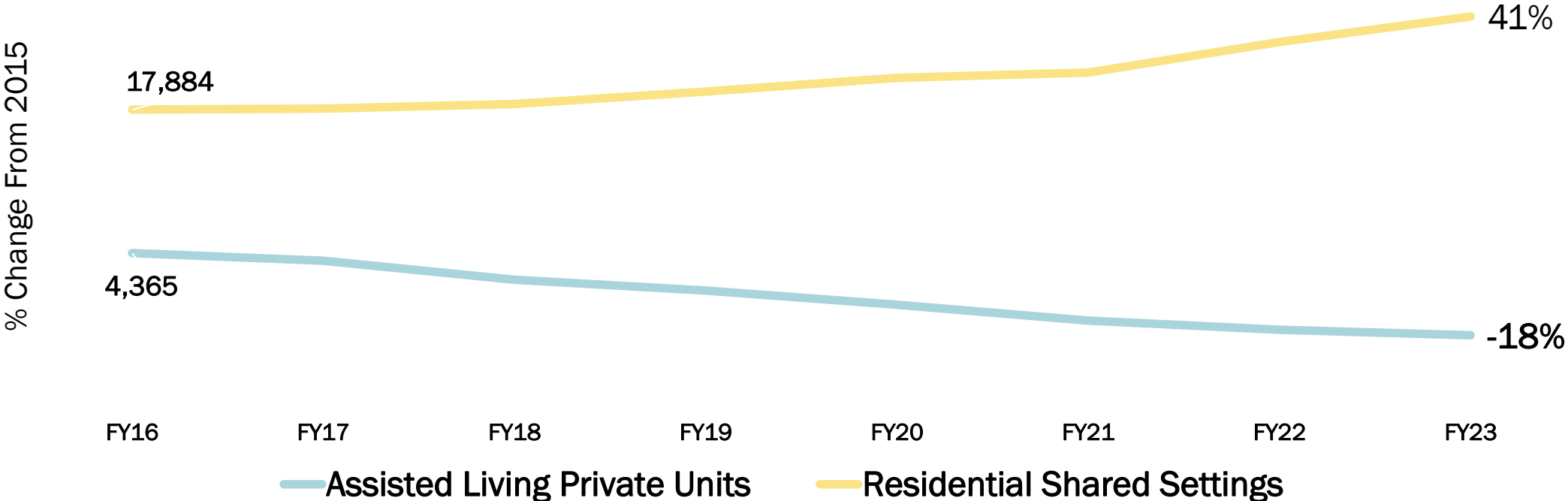
If an AFH resident needs an RN/LPN or Transportation to Medical, these are paid for on top of the base daily rates, whereas this cost is included in the AL base daily rates.

AL Rates Compared to AFH Rates for the Same Classes

July 1, 2021, Rates (Averaged Across All Service Areas)			
Classification	AFH	AL	AL Lower/Higher Than AFH
A Low	\$82.75	\$68.92	(\$13.82)
A Med	\$85.91	\$80.78	(\$5.13)
A High	\$93.26	\$92.67	(\$0.59)
B Low	\$84.38	\$68.92	(\$15.46)
B Med	\$91.62	\$91.10	(\$0.52)
B Med High	\$99.30	\$97.20	(\$2.10)
B High	\$102.13	\$103.31	\$1.17
C Low	\$93.04	\$84.30	(\$8.74)
C Med	\$106.98	\$94.53	(\$12.45)
C Med High	\$109.37	\$108.22	(\$1.15)
C High	\$111.88	\$109.31	(\$2.57)
D Low	\$99.19	\$93.99	(\$5.20)
D Med	\$109.16	\$96.61	(\$12.55)
D Med High	\$124.49	\$114.70	(\$9.79)
D High	\$131.57	\$121.76	(\$9.81)
E Med	\$158.59	\$146.70	(\$11.89)
E High	\$184.69	\$171.62	(\$13.07)
Average	\$109.90	\$102.63	(\$7.27)

As AL Medicaid Rates Fall Further Behind, Washington's Low-income Elderly are being Stratified into Shared-Room Only Options

Change in Medicaid Caseloads from 2015



Residential Shared Settings include Adult Family Homes, Skilled Nursing Facilities, Adult Residential Care, and Enhanced Adult Residential Care.

Immediate Recommendations

Beginning July 1, 2022, Fund the AL Model Equal to 77% (Equal to the AFH Model)

- The AFH Model was funded at approximately 77% as of July 1, 2021
- \$21.3 Million GF-S to Bring AL System to 77%
- At 77% of the model, hourly wages paid = \$14.49. Hourly wages plus benefits = \$17.90

Beginning July 1, 2023, Fund the AL Model at 85%

- This will ensure that every classification receives some rate increase
- \$32.4 Million GF-S needed annually to fund the system at 85%.
- At 85% of the model, hourly wages paid = \$16.00. Hourly wages plus benefits = \$19.76.

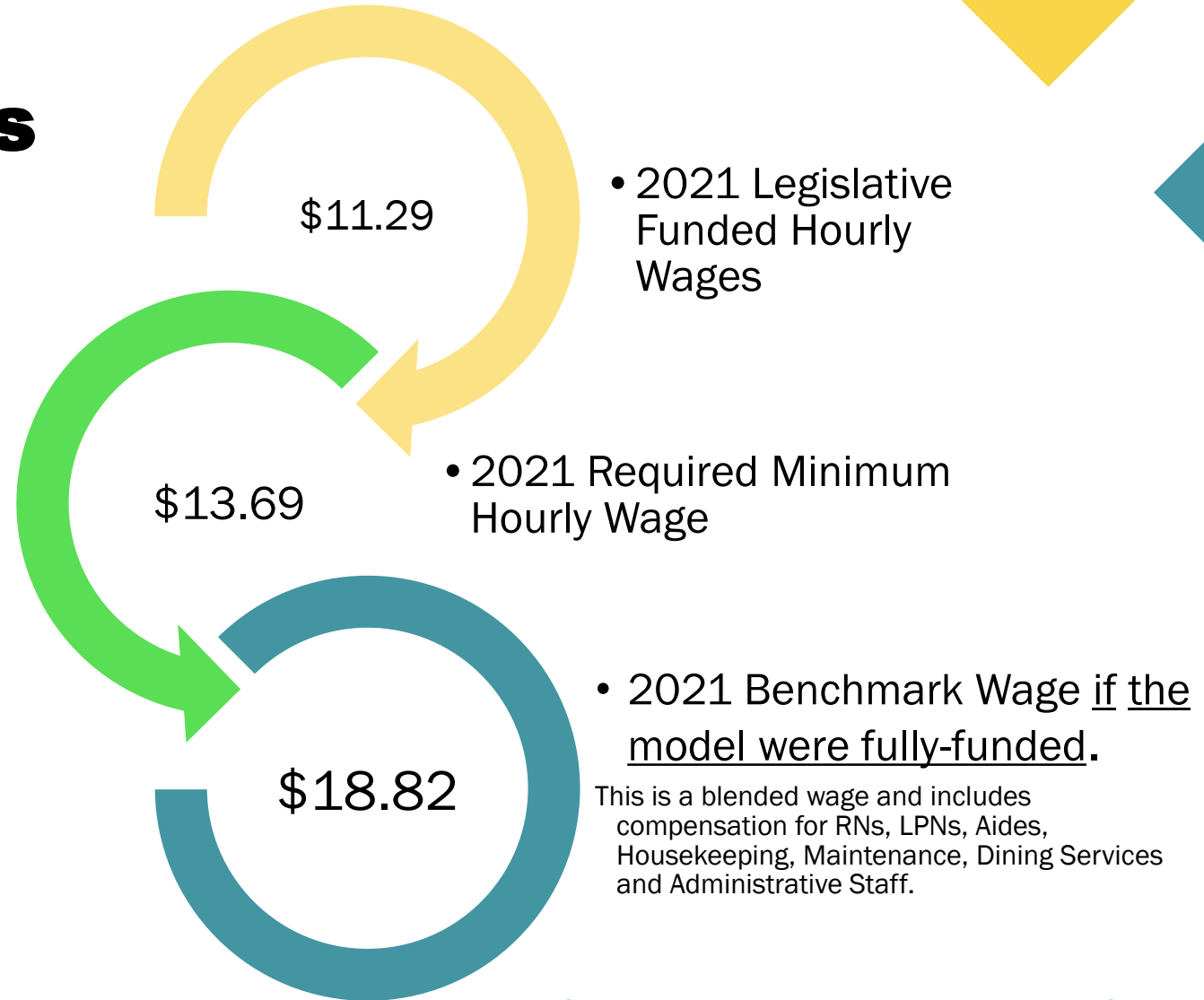
Support Legislation that Phases-in the Payment Methodology Enacted by the 2019 Legislature

Longer-Term Recommendations

For prevailing wages to be recognized in AL Medicaid payments, the model needs to be funded at **100%**.

The Model is based retrospectively on actual wages paid by Assisted Living in Washington State.*

*AL wages are reported to the Bureau of Labor Statistics through Washington's Employment Security Department through a long-standing and credible process. See appendix for prevailing wages by industry.



Fully funding the benchmark wage means funding prevailing wages. This will provide stability and access to Assisted Living for our low-income elderly.



Appendices

AL Payment Methodology By Costs
Workforce Data

AL Payment Methodology By Costs

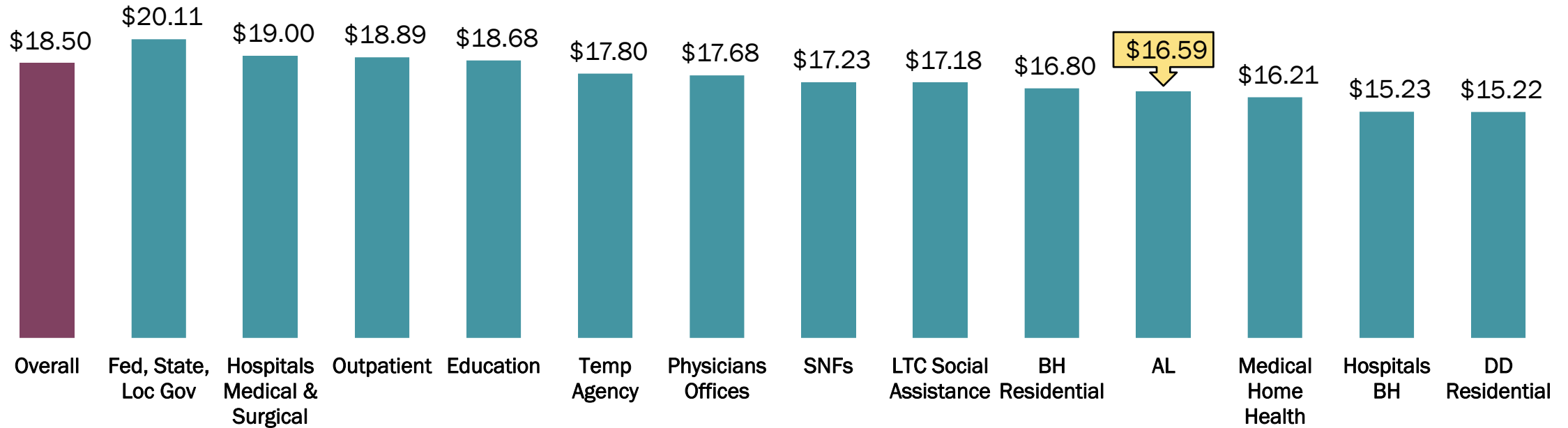
If the system were fully funded:

- 69% is Labor Costs.
- 12% is Operations/Admin (supplies for nursing, housekeeping, laundry, and other operational overhead).
- 19% is Room and Board which is paid for with client resources (not Medicaid).
 - This does not require any General-Fund State dollars and is the only component currently compensated fully according to the model.

Actual Wages Paid Are Far More Than \$11.29 per Hour

Certified Nurse Assistant Mean Hourly Wage in Washington State

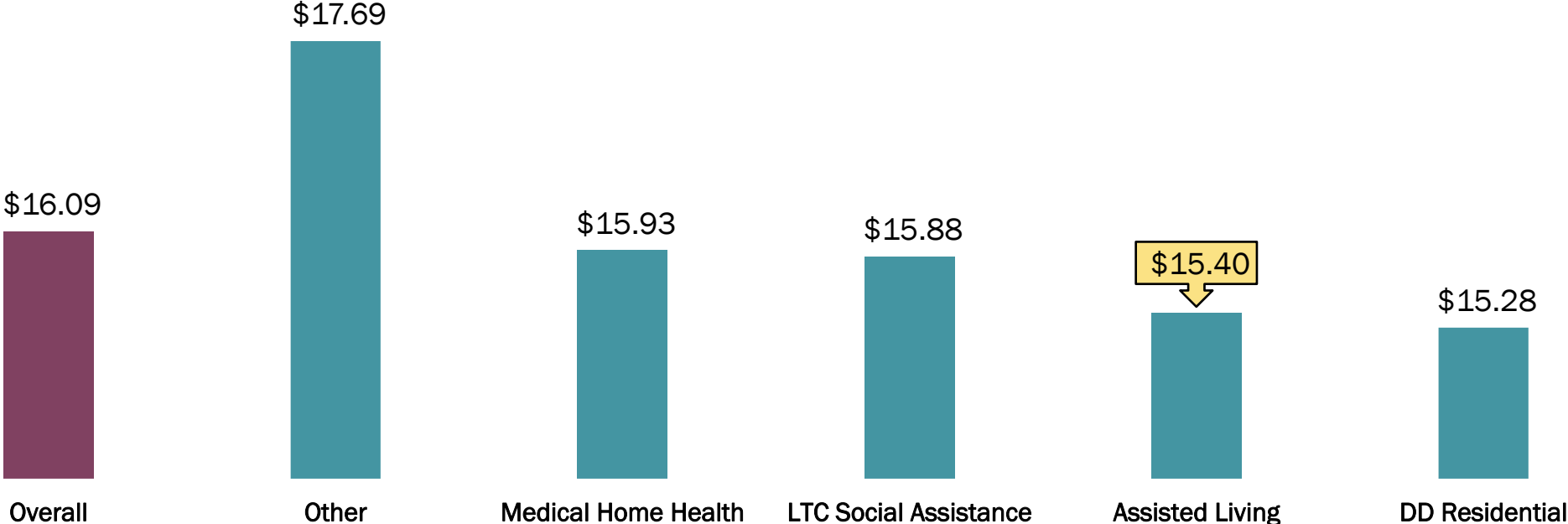
(May 2020 Occupational Employment & Wage Statistics, Bureau of Labor Statistics. Published March 2021.)



Note: Data reflects wages paid as of May of 2020

AL Providers Struggle to Compete as Medicaid Severely Underpays the Cost of Wages

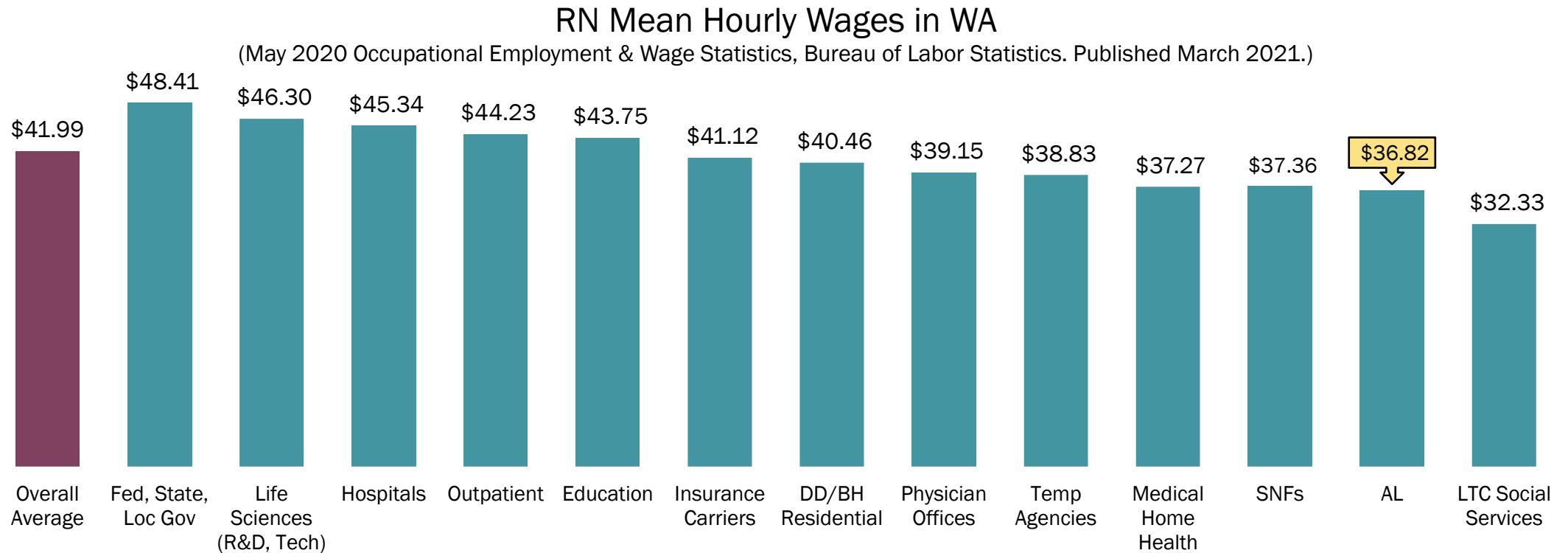
Personal Care Aide Mean Hourly Wages in Washington State
(May 2020 Occupational Employment & Wage Statistics, Bureau of Labor Statistics. Published March 2021.)



*Other Includes: Hospitals, Outpatient, and other Ambulatory Health Care.

Note: Data reflects wages paid as of May 2020.

RN Mean Hourly Wages Are Very Low in AL Compared to Other Provider Types



Note: Data reflects wages paid as of May 2020.

Market Place Competitors-

Washington Occupations With Similar Average Hourly Wages to CNAs & Personal Care Aides (a.k.a. Homecare Aides)

Employment counts are provided in parenthesis. Occupations were selected based on the number of workers within the occupation.

Data Source: Bureau of Labor Statistics, Department of Labor. May 2020 Occupational Employment and Wage Statistics (OES) Survey

NOTE: Hourly wages for CNAs & PCAs are shown below as averages paid in WA and include medical providers. Long-term care and supported living wages average \$1 to \$3 lower than these.

