



OPINION > GUEST OPINION

Zack Wester: Current Medicaid reimbursement rate is untenable

Thu., Feb. 15, 2024

By Zack Wester

I run three assisted living facilities, where nearly all our residents rely on Medicaid to cover their housing and care costs. The majority of our clients live with chronic mental illness and behavioral health issues on top of the chronic medical conditions we help them manage. Many have been, and otherwise would be, homeless or stuck in a state hospital without specialized facilities like ours. Like everyone, we have seen record levels of inflation on the cost of food and equipment and a workforce rightly demanding higher wages for a difficult and often draining job. But the state's current Medicaid reimbursement rate only covers 79% of the cost of care, when it should be 100%.

All that is to say, assisted living facilities are a pillar of the long-term and mental health care systems – and without funding, that pillar is quickly eroding.

Medicaid rates are set by the state and funded by the Legislature. For years, the Legislature has underfunded assisted living Medicaid rates. Long ago, the state developed a tiered approach to setting the rate that it pays an assisted living facility to care for a client reliant on Medicaid. The Washington state Department of Social and Health Services (DSHS) caseworkers sit down with a client to see what level of support they need – the more care and support required by a client, the more a facility is reimbursed – the understanding being the more hands-on assistance required, the higher labor costs incurred will be. This tiered rate model takes anticipated amount of time staff will be caring for an individual and multiplies it by prevailing wages of the staff involved. It is a good model that is logical, and when properly funded, is future proof. The state knows how much care costs, and yet the Legislature has elected to fund only 79% of that cost.

A business with costs higher than revenue is dead or dying. When inflation and employee shortages hit McDonald's, it can raise the price of hamburgers. I don't have that option because the state Legislature sets the price of the equivalent to our hamburgers – the housing and care services we provide Washington residents. Margins are skinny and quickly shrinking and we cannot compete in this labor market.

We see ourselves as partners to the state by helping house and care for people who would likely instead be on the proverbial hamster wheel of acute mental health hospitalization. When we succeed the state saves money in other more expensive areas of the system, which is why DSHS prioritized this issue in its budget recommendation to the governor. And now it's time the state Legislature follows suit.

State lawmakers are drafting their budgets. If they want assisted living facilities like mine to continue to serve low-income seniors and to help ease the state's mental health crisis, the Medicaid reimbursement rate needs to be fully funded at 100%.

The current rate is untenable and will result in less capacity to support folks in the community rather than in the overstressed hospital system.

Zack Wester, of Auburn, Washington, is co-owner of Noble Healthcare, which owns and operates two assisted living facilities in Eastern Washington, Magnolia Care and Tekoa Care Center, and one in Western Washington.