Alabama Medicaid
Long Term Care Program

May 4, 2016

STEPHANIE MCGEE AZAR AZAR
COMMISSIONER
ALABAMA MEDICAID AGENCY
AGENDA

- Nursing Home Overview
- Expenditures
- Funding
- Nursing Home Eligibility
- Home and Community-Based Services (HCBS) Waivers
Nursing Home Overview
Nursing Homes in Alabama

Number of Nursing Homes:
Accepts Medicaid: 218
Does not Accept Medicaid: 12

Total Number of Beds: 27,006

FY 2015
Unique Recipients: 25,438
Average Recipients: 16,189
Expenditures: $945 million

Occupancy:
- Total nursing home occupancy (beds occupied/beds available): 87%
- Medicaid occupancy (Medicaid days/total days): 69%

Source: June 2015 cost reports
Nursing Home Expenditures by Race & Gender

Nursing Home Expenditures By Race
- White 66%
- Black 32%
- Not Provided 2%
- Other <1%

Nursing Home Expenditures By Gender
- Male 31%
- Female 69%
Nursing Home Reimbursement Process (Paid Twice Per Month)

1. SUBMIT CLAIMS
2. SUBMIT INVOICE
3. SUBMIT FUNDING SOURCES
4. FEDERAL MATCHING FUNDS REQUEST
5. FEDERAL MATCHING FUNDS
6. TRANSFER FUNDS
7. DISBURSE FUNDS

FUNDING SOURCES: General Fund, Nursing Home Assessment, Other

State Share

Federal Share

* Center for Medicare & Medicaid Services
Nursing Home Expenditures
FY 2015 Medicaid Funding Analysis
Benefit Payments and Administrative Costs (in millions)

Benefit Payments: $5.8 billion
96%

Nursing Homes $945
35%

Hospitals $2,146
16%

Other $726
12%

Admin $257
9%

Pharmacy $685
8%

Insurance $335
5%

Physicians $517
4%

Mental Health $462
11%

Benefit Payments: $5.8 billion
96%
Nursing Home Reimbursement

- Nursing homes paid on a per diem basis
- Each nursing home’s per diem rate is based on its allowable costs
  - Operating Costs, Direct Costs, Indirect Costs, and return on property investments
- Per diem is reduced based on recipient income (patient liability)
- All nursing homes submit a Medicaid cost report annually
- Cost reports are audited
  - All are desk reviewed annually
  - Onsite audits regularly
- Reimbursement methodology is codified in Alabama statute
What is included in per diem?

Nursing Home per diem covers the following services:

- Room and board
- Personal services and supplies (assistance with eating, hygiene needs, bath)
- Administration of medication (does not include payment for prescription drugs)
- Medically necessary over-the-counter drugs
- Nursing care and treatment supplies (needles, catheters, dressings)
- Safety equipment (wheelchairs, walkers, suction apparatus)
Nursing Home Program
Recipients and Expenditures by Age: FY 2015

<table>
<thead>
<tr>
<th>Age</th>
<th>Average Number of Nursing Home Recipients</th>
<th>Medicaid Expenditures for Nursing Facilities</th>
<th>% of Total</th>
<th>Average Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>11</td>
<td>$927,104</td>
<td>0%</td>
<td>$84,282</td>
</tr>
<tr>
<td>6-20</td>
<td>76</td>
<td>$5,826,920</td>
<td>1%</td>
<td>$76,670</td>
</tr>
<tr>
<td>21-64</td>
<td>3,514</td>
<td>$215,168,489</td>
<td>23%</td>
<td>$61,232</td>
</tr>
<tr>
<td>65-74</td>
<td>3,186</td>
<td>$189,778,975</td>
<td>20%</td>
<td>$59,567</td>
</tr>
<tr>
<td>75-84</td>
<td>4,366</td>
<td>$256,177,343</td>
<td>27%</td>
<td>$58,676</td>
</tr>
<tr>
<td>85 &amp; Over</td>
<td>5,036</td>
<td>$277,395,235</td>
<td>29%</td>
<td>$55,082</td>
</tr>
<tr>
<td></td>
<td><strong>16,189</strong></td>
<td><strong>$945,274,066</strong></td>
<td><strong>100%</strong></td>
<td><strong>$58,389</strong></td>
</tr>
</tbody>
</table>
# Nursing Home Program

## Nursing Home Patients and Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Number of Nursing Home Recipients</th>
<th>Average Annual Cost of a Nursing Home Bed</th>
<th>Medicaid Expenditures for Nursing Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>17,637</td>
<td>$47,212</td>
<td>$832,682,281</td>
</tr>
<tr>
<td>2009</td>
<td>17,254</td>
<td>$50,763</td>
<td>$875,858,049</td>
</tr>
<tr>
<td>2010</td>
<td>16,929</td>
<td>$51,657</td>
<td>$872,633,303</td>
</tr>
<tr>
<td>2011</td>
<td>16,509</td>
<td>$54,438</td>
<td>$898,684,381</td>
</tr>
<tr>
<td>2012</td>
<td>16,337</td>
<td>$57,085</td>
<td>$932,613,072</td>
</tr>
<tr>
<td>2013</td>
<td>16,001</td>
<td>$56,210</td>
<td>$899,428,257</td>
</tr>
<tr>
<td>2014</td>
<td>16,361</td>
<td>$56,789</td>
<td>$929,139,998</td>
</tr>
<tr>
<td>2015</td>
<td>16,189</td>
<td>$58,389</td>
<td>$945,274,066</td>
</tr>
</tbody>
</table>
Nursing Home Program
Patient Liability: FY 2011-2017
Gross Payments (in millions)
Nursing Home Funding
FY 2015 State Share Sources

- **Hospital (Tax, IGT, CPE)**: $645 Million, 34%
- **General Fund**: $685 Million, 36%
- **Nursing Home Portion of General Fund**: $179 Million
- **Nursing Home Assessment**: $104 Million, 5%
- **Nursing Home Portion of Other**: $10 Million
- **Other**: $65 Million, 3%
- **Pharmacy Assessment**: $9 Million, 1%
- **Drug Rebates**: $98 Million, 5%
- **Other State Entity IGTs**: $309 Million, 16%
Nursing Home Program
Nursing Home Assessment: FY 2010-2017
Amounts in millions

Federal Funds | Federal Stimulus | General Fund | Other | Nursing Home Assessment

2010 | $593 | $147 | $83 | $49
2011 | $616 | $158 | $47 | $78
2012 | $640 | $187 | $49 | $106
2013 | $616 | $180 | $78 | $103
2014 | $633 | $193 | $106 | $103
2015 | $652 | $179 | $103 | $104
2016 | $681 | $171 | $10 | $113
2017 | $698 | $188 | $10 | $113
Nursing Home Eligibility
Qualifying for Nursing Home Services

All applications for admission to a nursing facility, or equivalent level of care waivers, must meet medical and financial eligibility.

Nursing Home medical eligibility requires two or more admission criteria. The following are examples:

- Administration of potent and dangerous injectable medication or the administration of routine oral medications, eye drops, or ointment
- Restorative nursing procedures (gait, bowel and bladder training)
- Use of oxygen on a regular basis
- Comatose resident receiving routine medical treatment
- Administration of tube feeding by naso-gastric tube
- Assistance with at least one of the activities of daily living on an ongoing basis. (For example: eating, mobility, toileting, orientation, etc.)
Income Qualifications for Nursing Homes

INCOME AND OTHER ELIGIBILITY FACTORS

• Income must be less than $2,199 per month
• Earned and unearned income is counted
• If countable income is over the limit, the application is denied
• Individual must be aged, blind or disabled and meet the nursing home level of care

QUALIFYING INCOME TRUST

• Also known as Miller trust
• An applicant over the income may place all or part of income that causes ineligibility into a qualifying trust to become eligible
• Income must be deposited in the trust
• Income in or out of the trust pays for nursing home care up to the Medicaid rate
• Medicaid collects funds remaining in the trust upon the recipient’s death to pay for recipient’s care

Lists are not all inclusive
Resources and Exclusions in Determining Nursing Home Eligibility

**RESOURCES**

- Resources must not be more than $2,000 at the beginning of each month
- Application will be denied or terminated for excess resources
- Home can be excluded if:
  - Patient intends to return
  - Spouse or dependent remains in home
  - Property essential to self support or income producing
  - Patient making a bona fide effort to sell the property
- Claimant can be denied if equity value of home is more than $552,000 (unless spouse or dependent remain in the home)

**RESOURCE EXCLUSIONS**

- Burial funds up to $5,000 for applicant and $5,000 for spouse
- $5,000 face value life insurance
- Burial space, plot, gravesite, crypt, mausoleum, casket, etc.
- One automobile
- Personal property (household goods and personal effects such as furniture, appliance, wedding rings, etc. (this does not include investment items such as coin or antique collections)

Lists are not all inclusive
Summary for Nursing Home

• Medicaid is critical to the Nursing Homes in Alabama

• Nursing Home patient days are decreasing while costs are increasing due to inflation

• Nursing Home reimbursement methodology is set by state statute

• State has maximized provider assessments from the Nursing Home providers

• Medicaid is vital to the health care system of Alabama
Alabama Medicaid
Home and Community Based Services (HCBS) Programs
HCBS Programs Overview
Home and Community Based Services (HCBS) description

• The waiver programs are called 1915(c) waivers, named after the section of the Social Security Act that authorized them.

• Under 1915(c) waiver authority, states can provide services not usually covered by the Medicaid program, as long as these services are required to keep a person from being otherwise institutionalized.

• This option is less costly than nursing home care. Medicaid is federally required to show budget neutrality and safety of recipients.

• Additionally, HCBS Waivers allow other State Agencies to draw federal dollars to support target populations.
HCBS Program Expenditures by Race & Gender

**HCBS Program Expenditures by Race**
- White: 48%
- Black: 44%
- Other: 1%
- Not Provided: 7%

**HCBS Program Expenditures by Gender**
- Male: 31%
- Female: 69%
### HCBS Program Information

Requires Nursing Home Level of Care

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Age Requirement</strong></td>
<td>No age requirement</td>
<td>18 years and older</td>
<td>21 years and older</td>
<td>21 years and older</td>
<td>No age requirement</td>
</tr>
<tr>
<td><strong>Enrollment Limit</strong></td>
<td>9,205</td>
<td>660</td>
<td>40</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td><strong>Enrollment as of January 2016</strong></td>
<td>6,590</td>
<td>432</td>
<td>35</td>
<td>42</td>
<td>37</td>
</tr>
<tr>
<td><strong>2015 Expenditures</strong></td>
<td>$63,968,075</td>
<td>$6,897,007</td>
<td>$2,046,807</td>
<td>$461,742</td>
<td>$1,137,022</td>
</tr>
<tr>
<td><strong>State Funding Source</strong></td>
<td>Senior Services</td>
<td>Rehab Services</td>
<td>Medicaid</td>
<td>Medicaid</td>
<td>Medicaid</td>
</tr>
</tbody>
</table>

Expenditures include prior year cost settlements
Expenditures are for HCBS services only and do not include any additional expenditures for the recipient, including Pharmacy, Physician, and Hospital expenditures.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individuals meeting the Nursing Facility Level of Care</strong></td>
<td>Individuals meeting the Nursing Facility Level of Care</td>
<td>Individuals with a specific medical diagnosis and meet the Nursing Facility Level of Care</td>
<td>Individuals with complex skilled medical conditions who are ventilator dependent or who have a tracheostomy and meet the Nursing Facility Level of Care</td>
<td>Individuals with a diagnosis of HIV or AIDS and related illnesses and meet the Nursing Home Level of Care</td>
<td>Individuals with disabilities or long term illnesses currently residing in a nursing facility and meet the Nursing Home Level of Care</td>
</tr>
</tbody>
</table>
| **Services Provided** | *Case Management*  
*Homemaker Services*  
*Personal Care*  
*Adult Day Health*  
*Respite Care (Skilled and Unskilled)*  
*Adult Companion Services*  
*Home Delivered Meals* | *Case Management*  
*Personal Care*  
*Personal Assistance Service*  
*Environmental Accessibility Adaptations*  
*Personal Emergency Response*  
*System (Initial Setup)*  
*Personal Emergency Response*  
*System (Monthly Fee)*  
*Medical Supplies*  
*Assistive Technology* | *Private Duty Nursing*  
*Personal Care/Attendant Services*  
*Medical Supplies*  
*Assistive Technology* | *Case Management*  
*Homemaker Services*  
*Personal Care*  
*Respite Care*  
*Skilled Nursing Companion Services* | *Case Management*  
*Transitional Assistance*  
*Personal Care*  
*Homemaker Services*  
*Adult Day Health*  
*Home Delivered Meals*  
*Respite Care (Skilled and Unskilled)*  
*Skilled Nursing*  
*Adult Companion Services*  
*Home Modifications*  
*Assistive Technology*  
*Personal Emergency Response Systems (PERS)*  
*Installation/Monthly Fee*  
*Medical Equipment Supplies and Appliances*  
*Personal Assistant Services (PAS)* |
Additional Community Living Initiatives

• **Gateway to Community Living** describes the Alabama Medicaid Agency’s initiative to transition individuals from a nursing home to a home and community based setting.

• **Gateway to Community Living** is partially funded by the federal **Money Follows the Person** Rebalancing Grant demonstration. All administrative costs are covered at 100% federal and some services qualify for an enhanced FMAP.

• The “**Money Follows the Person**” Rebalancing Demonstration (MFP) is a CMS-sponsored project that helps States rebalance their long-term care systems and transition people with Medicaid from institutions to the community.

**Federal Goals of Money Follows the Person:**

• Make home and community based supports (HCBS) available in a manner that permits funding to “follow the person” to the most appropriate and preferred long-term care setting;

• Offer services to adequately support those individuals transitioning to community-based settings.
Transitions from 7/1/2013-12/31/2015

<table>
<thead>
<tr>
<th>Participants Transitioned</th>
<th>Total months of HCBS Participation</th>
<th>Total savings calculated</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>484</td>
<td>$1,215,900</td>
</tr>
</tbody>
</table>

**Waiver Participation:**
3 Enrolled in the Elderly and Disabled Waiver
1 Enrolled in the SAIL Waiver
43 Enrolled in the ACT Waiver

**Length of Participation to Date:**
7 Participants over 2 years of participation
10 Participants 1-2 years of participation
30 Participants 0-1 years of participation

**Most Common Reasons for Not Transitioning:**
Participant doesn’t qualify for HCBS Programs
Participant doesn’t have supplemental caregiver available (HCBS is not 24/7 care)
Over 50 eligible participants can’t find safe/affordable housing
Participant doesn’t want to participate in Waiver application and assessment (Minimum of 45 days)
**What is the Program of All-Inclusive Care for the Elderly (PACE)?**

**PACE**
The PACE service package must include all Medicare and Medicaid covered services, and other services determined necessary by the interdisciplinary team for the care of the PACE participant. The PACE program receives a monthly capitated payment from Medicaid (and Medicare if applicable) and must provide all services a member will need.

<table>
<thead>
<tr>
<th>Services Provided</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Primary Care (including doctor and nursing services)</td>
<td></td>
</tr>
<tr>
<td>• Adult Day Care</td>
<td></td>
</tr>
<tr>
<td>• Recreational Therapy</td>
<td></td>
</tr>
<tr>
<td>• Meals</td>
<td></td>
</tr>
<tr>
<td>• Dentistry</td>
<td></td>
</tr>
<tr>
<td>• Nutritional Counseling</td>
<td></td>
</tr>
<tr>
<td>• Social Services</td>
<td></td>
</tr>
<tr>
<td>• Laboratory/X-ray Services</td>
<td></td>
</tr>
<tr>
<td>• Social Work Counseling</td>
<td></td>
</tr>
<tr>
<td>• Transportation</td>
<td>• Transportation</td>
</tr>
<tr>
<td>• Hospital Care</td>
<td>• Hospital Care</td>
</tr>
<tr>
<td>• Medical Services</td>
<td>• Medical Services</td>
</tr>
<tr>
<td>• Prescription Drugs</td>
<td>• Prescription Drugs</td>
</tr>
<tr>
<td>• Nursing Home Care</td>
<td>• Nursing Home Care</td>
</tr>
<tr>
<td>• Emergency Services</td>
<td>• Emergency Services</td>
</tr>
<tr>
<td>• Home Care</td>
<td>• Home Care</td>
</tr>
<tr>
<td>• Physical Therapy</td>
<td>• Physical Therapy</td>
</tr>
<tr>
<td>• Occupational Therapy</td>
<td>• Occupational Therapy</td>
</tr>
<tr>
<td>PACE</td>
<td>The PACE program is a unique, capitated managed care benefit for the frail elderly</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Age Requirement</td>
<td>55 years or older</td>
</tr>
<tr>
<td>Enrollment Limit</td>
<td>175</td>
</tr>
<tr>
<td>Current Enrollment</td>
<td>Monthly Average 171 (1 site, Mobile)</td>
</tr>
<tr>
<td>2015 Expenditures</td>
<td>$6,801,420</td>
</tr>
<tr>
<td>State Funding Source</td>
<td>Medicaid</td>
</tr>
<tr>
<td>Target Population</td>
<td>Individuals meeting the Nursing facility level of care</td>
</tr>
<tr>
<td>Per Member Per Month</td>
<td>$3,330</td>
</tr>
</tbody>
</table>
Waiver Expenditures
## HCBS Program
### Recipients and Expenditures by Age: FY 2015

<table>
<thead>
<tr>
<th>Age</th>
<th>Average Number of HCBS Recipients</th>
<th>Medicaid Expenditures for HCBS</th>
<th>% of Total</th>
<th>Average Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>59</td>
<td>$578,007</td>
<td>1%</td>
<td>$9,797</td>
</tr>
<tr>
<td>6-20</td>
<td>343</td>
<td>$3,846,604</td>
<td>5%</td>
<td>$11,215</td>
</tr>
<tr>
<td>21-64</td>
<td>2,956</td>
<td>$33,473,579</td>
<td>45%</td>
<td>$11,324</td>
</tr>
<tr>
<td>65-74</td>
<td>1,616</td>
<td>$15,011,102</td>
<td>20%</td>
<td>$9,289</td>
</tr>
<tr>
<td>75-84</td>
<td>1,327</td>
<td>$12,200,156</td>
<td>16%</td>
<td>$9,194</td>
</tr>
<tr>
<td>85 &amp; Over</td>
<td>969</td>
<td>$9,401,207</td>
<td>13%</td>
<td>$9,702</td>
</tr>
<tr>
<td>TOTALS</td>
<td>7,270</td>
<td>$74,510,655</td>
<td>100%</td>
<td>$10,249</td>
</tr>
</tbody>
</table>

- Medicaid expenditures are based on claims paid during the year and does not include prior year cost settlements.
- Medicaid expenditures are for HCBS services only and do not include any additional medical expenditures for the recipient including Pharmacy, Physician, and Hospital expenditures.
Waiver Funding
# 2015 HCBS Funding

<table>
<thead>
<tr>
<th>HCBS Expenditures</th>
<th>Total Expenditures</th>
<th>Other Agency State Share</th>
<th>Medicaid General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly &amp; Disabled Waiver</td>
<td>$63,968,075</td>
<td>$19,836,500</td>
<td>$0</td>
</tr>
<tr>
<td>State of Alabama Independent Living (SAIL) Waiver</td>
<td>$6,897,009</td>
<td>$2,138,762</td>
<td>$0</td>
</tr>
<tr>
<td>Technology Assisted Waiver for Adults</td>
<td>$2,046,807</td>
<td></td>
<td>$634,715</td>
</tr>
<tr>
<td>HIV/AIDS Waiver</td>
<td>$461,742</td>
<td></td>
<td>$143,186</td>
</tr>
<tr>
<td>Alabama Community Transition (ACT) Waiver</td>
<td>$1,137,022</td>
<td></td>
<td>$352,591</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$74,510,655</strong></td>
<td><strong>$21,975,262</strong></td>
<td><strong>$1,130,492</strong></td>
</tr>
</tbody>
</table>
Integrated Care Network (ICN)
## Integrated Care Network Statute – Senate Bill 431-2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation allows for one or more ICNs</td>
<td>ICN Legislation, Section 2.3</td>
</tr>
<tr>
<td>ICNs are provider sponsored entities</td>
<td>ICN Legislation, Section 2.3</td>
</tr>
<tr>
<td>At-risk for comprehensive Medicaid medical and long-term care services</td>
<td>ICN Legislation, Section 2.9</td>
</tr>
<tr>
<td>Waiver application or amendments likely involved (likely with a 1915(b) waiver under which consolidation is an option)</td>
<td>ICN Legislation, Section 16</td>
</tr>
<tr>
<td>ICN requires collaboration certification</td>
<td>ICN Legislation, Section 15.c.1</td>
</tr>
<tr>
<td>ICN participants cannot also receive services from RCO</td>
<td>ICN Legislation, Section 3.a</td>
</tr>
</tbody>
</table>
Summary

• HCBS Waiver services are less costly than Nursing Home care

• HCBS Waivers allow Medicaid to cover services not usually covered by Medicaid

• Both Nursing Homes and HCBS Waivers are part of the ICN planning

• Medicaid is vital to the health care system of Alabama