Presentation to the Joint Legislative Oversight Committee on Aging

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NCSLA Mission

- To provide effective leadership in addressing the relevant issues within the industry and to promote professionalism and high standards for our members.
- To form partnerships with other agencies and individuals who have an interest in the aging and disabled in North Carolina.
- To advance the knowledge of the profession by offering quality continuing education.
- To work cooperatively with public and private agencies, state agencies, and lawmakers to preserve the quality of life for the residents of senior living communities.

NCSLA – History and Membership

- Created in 1961
- Formerly the NC Association Long Term Care Facilities – name change 2018 to NC Senior Living Association
- Oldest trade association representing assisted living communities in the United States
- 300 adult care homes across NC with approximately 15,000 beds
- Represents 38% of all licensed adult care home beds in NC

Assisted Living in North Carolina

G.S. 131D-2 defines assisted living as 3 types of care:

- Adult care home - An assisted living residence in which the housing management provides 24-hour scheduled and unscheduled personal care services to two or more residents, either directly or for scheduled needs, through formal written agreement with licensed home care or hospice agencies. Some licensed adult care homes provide supervision to persons with cognitive impairments whose decisions, if made independently, may jeopardize the safety or well-being of themselves or others and therefore require supervision. Medication in an adult care home may be administered by designated trained staff. Adult care homes that provide care to two to six unrelated residents are commonly called family care homes.

Assisted Living in North Carolina (cont.)

G.S. 131D-2 defines assisted living as 3 types of care:

- Multi-unit assisted housing with services – unlicensed "assisted living residence in which hands-on personal care services and nursing services which are arranged by housing management are provided by a licensed home care or hospice agency through an individualized written care plan…..All residents…must not be in need of 24-hour supervision. Multiunit assisted housing with services programs are required to register annually with the Division of Health Service Regulation." Exempt from certificate of need.

Aging Population of NC

- *"North Carolina's population, much like the nation at large, is growing older and more diverse."*

- *"In North Carolina, the 65 and older population grew from 1.2 million in 2010 to 1.6 million in 2016, an increase of 335,000 or 27%.*

- *As of 2016, 15.5% of North Carolina's population was 65 or older, slightly higher than the national share of 15.2%, and a significant increase since 2010 when the share was 12.9%."*

Source: UNC Carolina Population Center June 28, 2017

ACH/FCH Population Characteristics

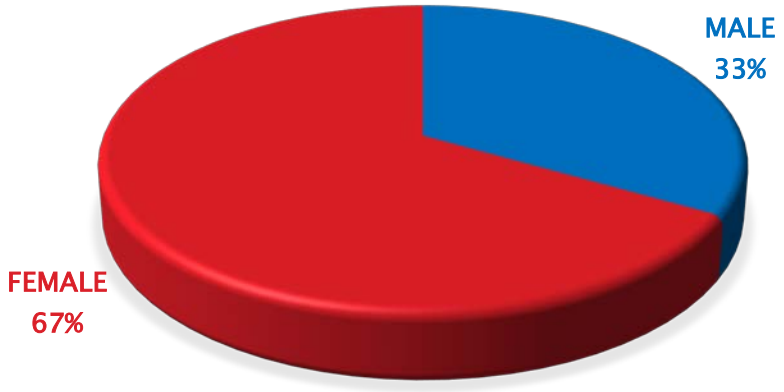
(2016 DHHS licensure data)

	Total			Adult Care			Family Care		
Age	ALZ	MR/DD	MI	ALZ	MR/DD	MI	ALZ	MR/DD	MI
18-24	9	5	7	9	1	1	0	4	6
25-34	0	86	234	0	35	78	0	51	156
35-49	100	383	1095	95	247	614	5	136	481
50-64	589	520	1507	542	408	1070	47	112	437
65-74	1814	407	1052	1731	356	854	83	51	198
75-84	3960	182	590	3787	168	559	173	14	31
85+	6284	90	501	6028	84	491	256	6	10

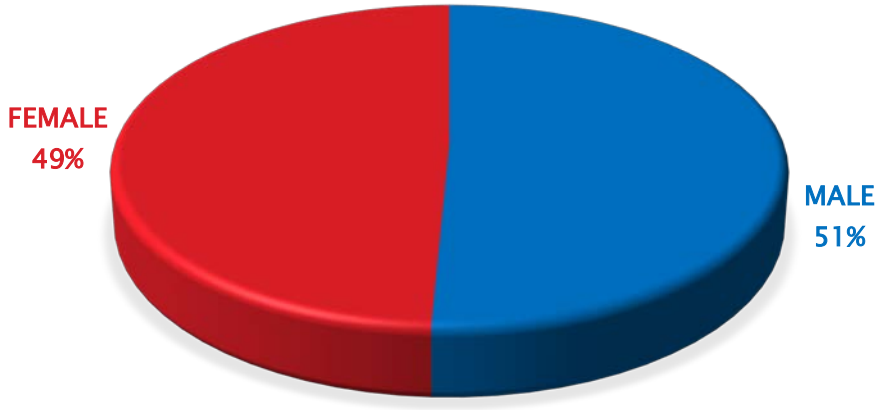
ACH/FCH Population Characteristics

(2016 DHHS licensure data)

ACH

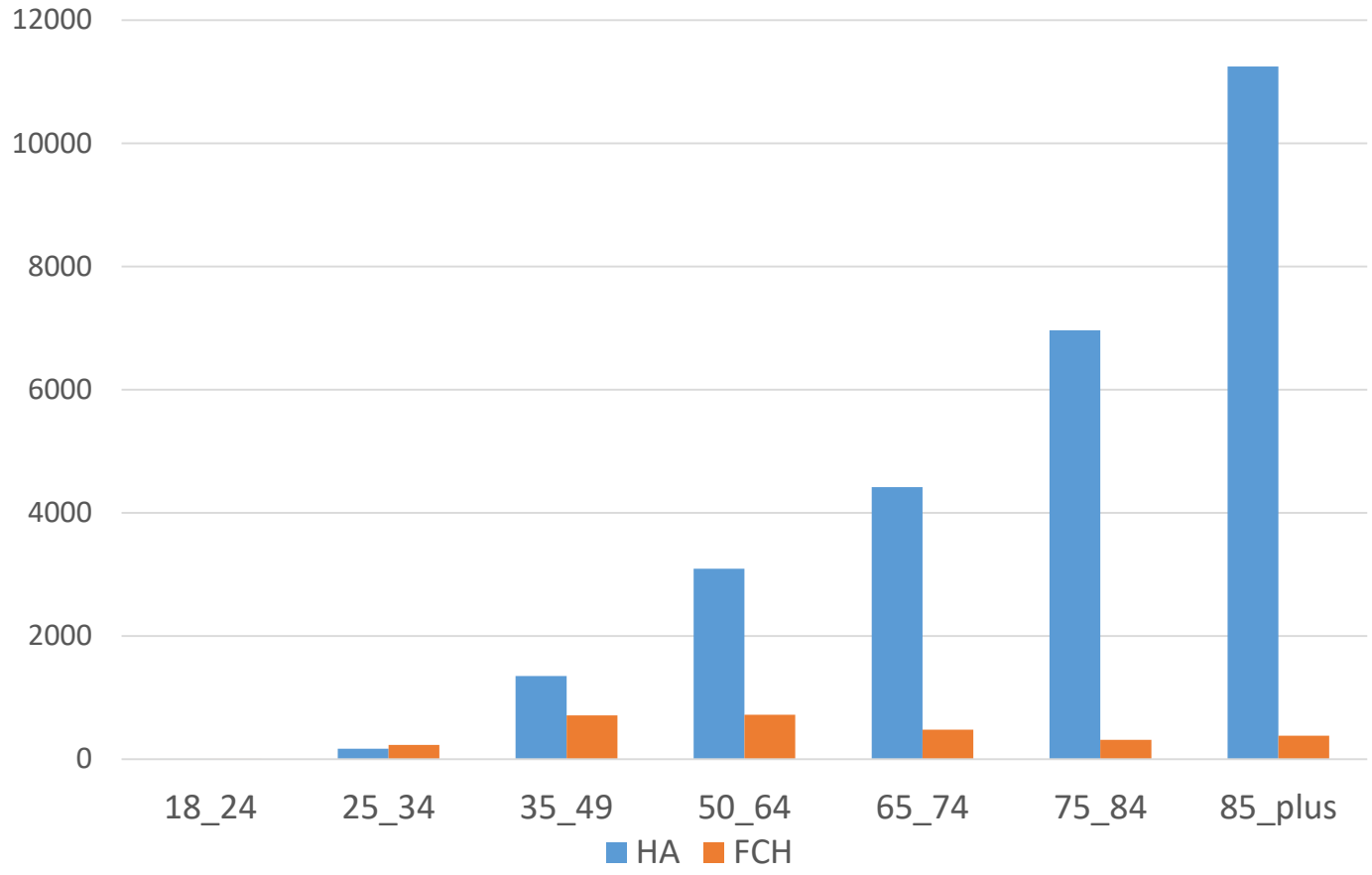


FCH



Adult Care and Family Care Home by Age Group

(2016 DHHS licensure data)



Issues and Concerns

Regulatory Burden

In a word, A LOT!

- Currently, adult care homes are regulated by a number of state and local agencies, with rules and regulations that sometimes overlap and are duplicative.
- (Complaints and investigations comments)

Regulating Agencies include but are not limited to:

DHSR	Licenses homes and conducts two separate types of inspections (health care and physical plant) for compliance with licensing rules found in 10A NCAC 13F and 13G
County DSS	Conducts quarterly monitoring visits for licensing rules that are in addition to DHSR inspections
Local Health Department Sanitarians	Inspect food service and the facility for compliance with DEQ rules.

Examples of Regulation Overlap

Local fire marshals inspect for fire safety

DHSR also inspects for fire safety during its physical plant inspections

Examples of Regulation Overlap (cont.)

Local building inspectors issue permits and inspect new construction, renovations and additions.

DHSR also completes plan reviews on architectural drawings for new construction, renovations or additions (which providers pay for) and many times inspect the same work before/after the local inspectors.

Examples of Regulation Overlap (cont.)

DHHS- Division of Medical Assistance Clinical Policy Unit audits facilities receiving payments for Medicaid Personal Care Services

Division of Medical Assistance – Program Integrity conducts audits on Clinical Coverage Policy 3L compliance

Additional Oversight

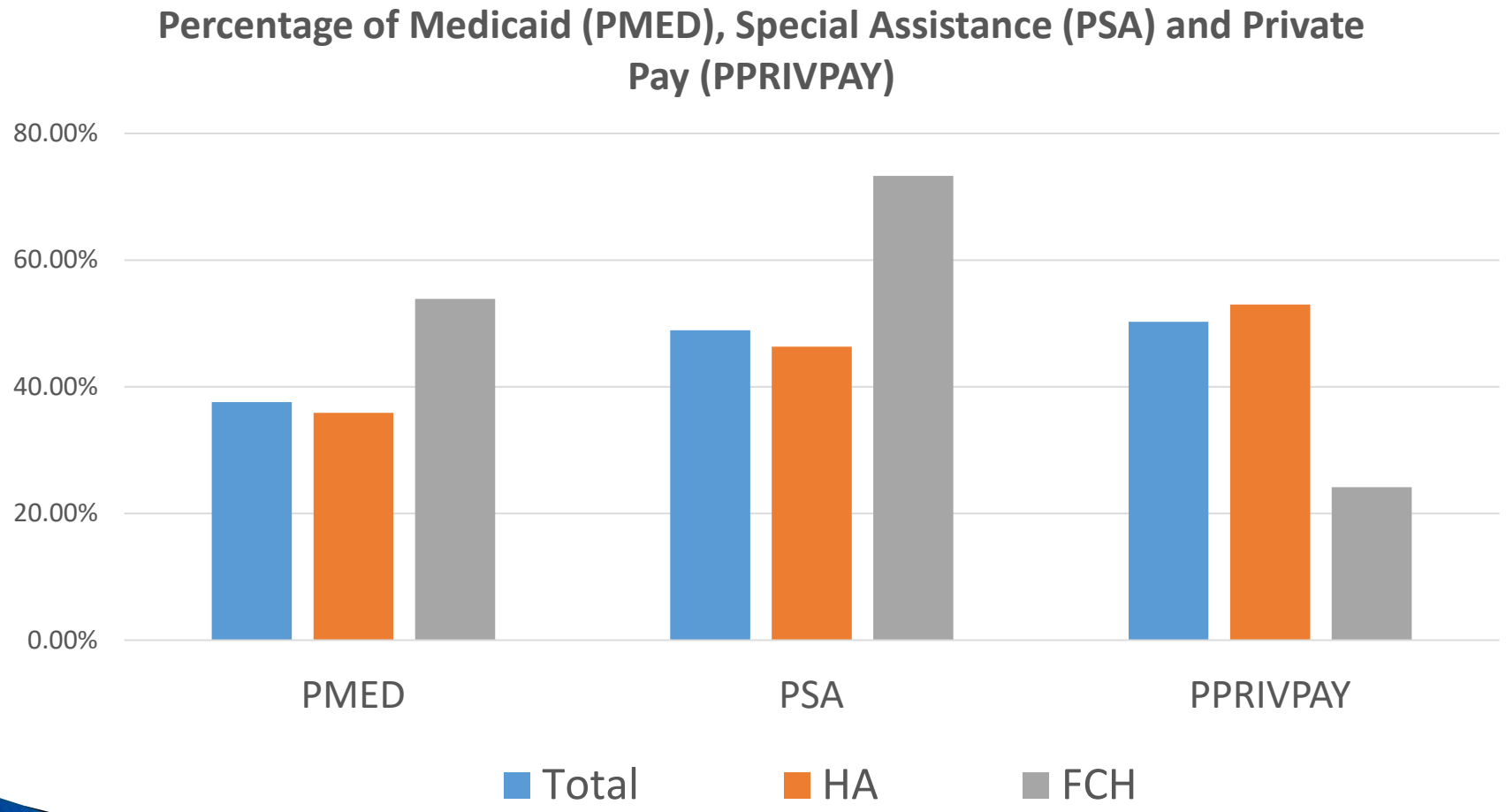
- In addition to an environment of high regulatory burden, providers must also allow access to their facilities and residents to the local long term care Ombudsmen as well as the state's protection and advocacy program.

Payment for services

- Providers are typically paid with one or more types of funding:
  - **Private pay** – individuals may use their own funds including personal savings, social security, investment income, etc.
  - **State/county special assistance (SA)** – For disabled adults and is comprised of state funds (17.5%), county funds (17.5%) and resident payments from income (65%), i.e. supplemental security income or SSI.
  - **Medicaid Personal Care Services (PCS)** – For Medicaid residents requiring assistance with activities of daily living, medication administration, etc.

Payment for Services

(2016 DHSR licensure data)



Payment for Services – Private Pay

- Private pay rates vary based on the market and services offered by the facility
- Average rate ranges from $3500 to $4500+/month
- Providers receiving SA and/or PCS payments must accept rates set forth by the state

Payment for Services – PCS

August 1, 2017	Rate increased from $13.88/hr to $15.52/hr
December 15, 2017	Providers able to bill and get paid at the new rate going forward. DMA is still working on a process to allow retroactive billing back to August 1, 2017
January 1, 2018	Rate increased from $15.52/hour to $15.60/hour

Payment for Services – PCS (cont.)

The Association and its members are very appreciative of the PCS rate increase by the General Assembly and DHHS.

- However, this reimbursement rate remains significantly lower than the national average.
- Low reimbursement rates present significant challenges for providers in Aide recruitment and retention, potentially compromising the quality of care and services provided to residents.

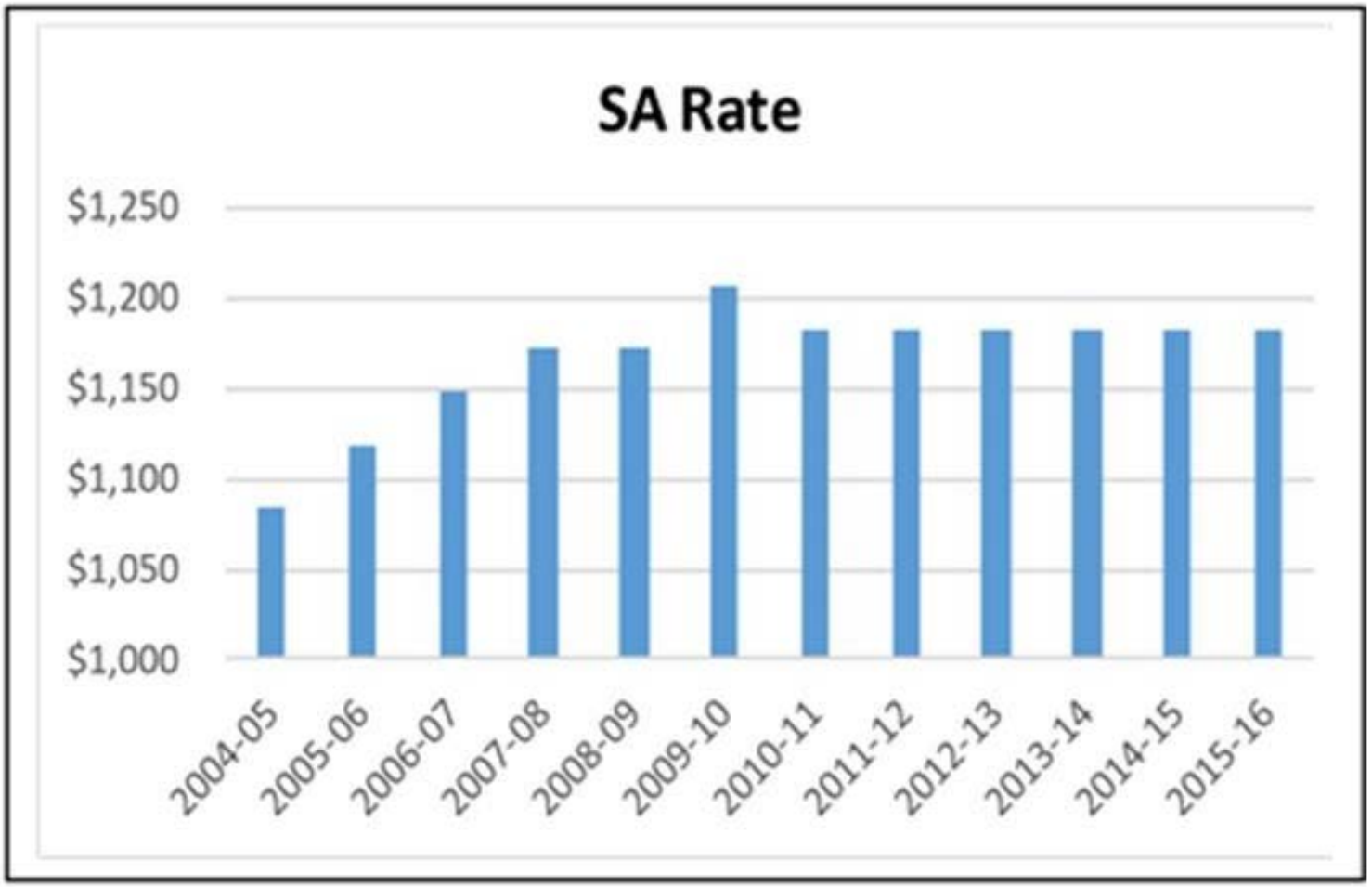
We concur with the recommendation of NC Coalition on Aging that North Carolina needs to increase the rate over the next two years to the national average of $18.82/hour.

Payment for Services – SA

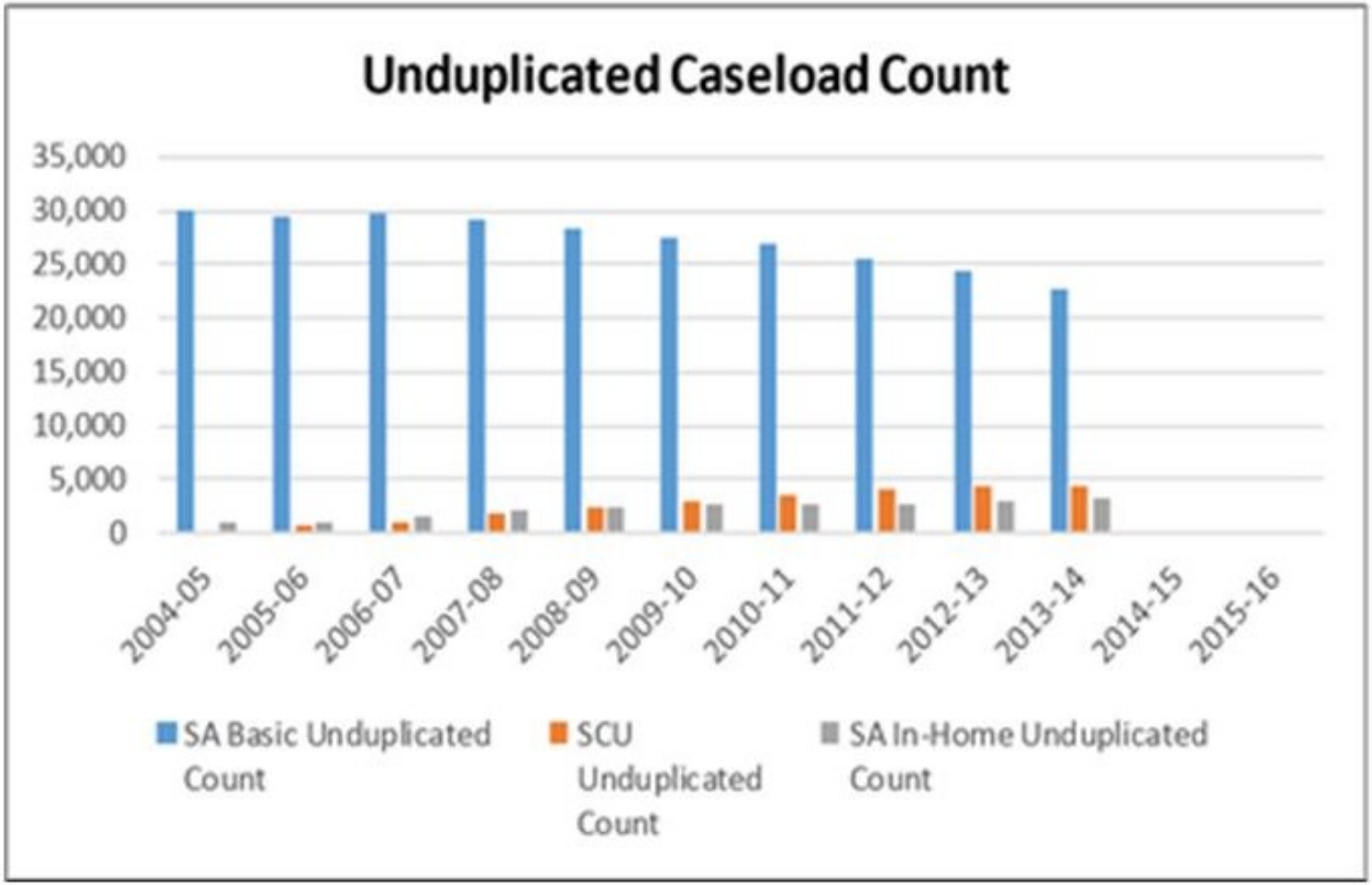
Resident Type	Current Rates
Non-Special Care Unit	$1182/month or $38.86/day for room and board, assistance with medication, activities, supervision, etc.
Special Care Unit (memory care)	$1515/month

- Providers who serve SA recipients also receive a Temporary Assistance payment of $34/month per resident, set to expire June 30, 2019.

SA Rates 2004-2016



SA Unduplicated Caseload



SA Personal Needs Allowance (PNA)

- **SA residents also receive a personal needs allowance (PNA) of $46/month which covers:**
  - Medicaid prescription drug co-pays and over-the-counter medications
  - Incontinence supplies, haircuts, clothing, shoes, individual toiletries (shampoo, deodorant, tooth brushes, toothpaste, lotion, etc.)
  - Snack foods
  - Any other incidentals which are not covered by SA and Medicaid

(Residents are also allowed to keep $20/month from other monthly income i.e. social security, SSI, Veterans)

- **Has not been increased since 2003, despite inflation costs**

The Association believes the NC General Assembly should consider an increase in the PNA for SA recipients.

Key Points

- SA and PCS rates have not kept up with inflation.
- For facilities serving primarily SA and/or PCS residents, it is very difficult to comply with licensing and regulatory requirements and provide quality care.
- One of the top citations DHSR reports is for physical plant violations. Given the current reimbursement structure, facilities serving primarily SA and/or PCS residents often do not have sufficient funds to maintain their buildings.

DHHS Cost Modeling study

- Findings from a DHHS cost modeling study for the SFY 2014-15 rate-setting cycle, indicate increases, **which the Association supports**, for both Basic (Non-SCU) and SCU SA rates.
  - **Basic (Non-SCU) rates would increase from $1,182 per month to $1,395 per month.**
  - **The SCU rate would increase from $1,515 per month to $1,705 per month.**

Summary

- North Carolina has an ever-increasing aging population. Without willing and able caregivers to assist them to live independently, the need for assisted living will only increase in the future.

- To help prepare and invest in the care of our aging population, the Association believes the General Assembly should consider a process to incrementally adjust rates for SA, based on cost reports and other economic factors.