

IN HCBS Redesign Data Report: Review of Assisted Living Services

Introduction

In April 2016, Indiana’s Family and Social Services Administration (FSSA) Division of Aging (DA) contracted with The Lewin Group (Lewin) to support the State’s efforts to redesign home and community based services (HCBS) for older adults and adults with disabilities. This data report, part of a series of reports that provide a snapshot of different components of Indiana’s aging and disability service programs, focuses on a review of assisted living services through the Aged and Disabled (A&D) and Traumatic Brain Injury (TBI) waivers. Other reports have focused on overall utilization and spending on both waivers, the Consumer-Directed Attendant Care (CDAC) program, and the state-funded Community and Home Options to Institutional Care for the Elderly (and Disabled) (CHOICE) program.

Background

Assisted Living Service

Licensed residential care facilities provide assisted living services under both of Indiana’s 1915(c) waivers – the A&D and TBI waivers. The State Department of Health licenses residential care facilities as well as nursing facilities in Indiana. A forthcoming report will address Indiana’s assisted living licensure requirements.

As stated in the HCBS Provider Reference Manual, the goal of assisted living in the A&D waiver is to provide an “alternative to nursing facility admission for Medicaid-eligible persons age 65 and older, and persons of all ages with disabilities”.¹ Exact assisted living facility requirements vary depending upon when each facility first began operation, but in general all are required to provide apartment-style units that provide a bedroom or sleeping area, living space, a private or semi-private bathroom space, and a kitchen space with appliances for food preparation.² Some facilities offer common dining areas. Providers must also offer assistance with activities of daily living (ADL); personal care services; medication monitoring; minor nursing care based on a nurse or physician’s diagnosis; and social activities.³ The state is currently implementing its HCBS Settings Rule Transition Plan to ensure that the provision of assisted living is in compliance with recently promulgated federal regulations.

¹ Division of Aging HCBS Waivers Provider Reference Manual. Page 19.

<http://provider.indianamedicaid.com/media/155625/da%20hcbs%20waivers.pdf>

² Final Rule 460 IAC 8. May 1, 2004. Indiana Register, Volume 27, Number 8. 460 IAC 8-1-5 Facility Requirements. State Medicaid Reimbursement Policies and Practices in Assisted Living, September 2009. Prepared by Robert Mollica for National Center for Assisted Living, American Health Care Association. Page 57-58.

<https://www.ahcancal.org/ncal/resources/documents/medicaidassistedlivingreport.pdf>

³ Ibid

Intake and Assessment

Individuals must complete a functional acuity assessment prior to receiving waiver services. The current Eligibility Screen⁴ to determine functional eligibility for the waiver assesses:

- Severe medical conditions;
- Substantial medical conditions including Activities of Daily Living (ADL);
- Substantial mental health conditions;
- Informal supports; and
- Instrumental Activities of Daily Living (IADL).

In addition to completing the functional screen, a case manager conducts a Level of Service (LOS) assessment prior to authorizing assisted living services for the individual. The LOS assessment includes some questions that overlap with the functional screen such as assistance with ADLs. The LOS assessment includes additional questions on a number of categories including:

- Communication;
- Orientation;
- Awareness;
- Judgement;
- Memory;
- Behaviors;
- Night Needs;
- Medication procedures; and
- Treatment procedures.

The LOS includes 21 total questions across these categories with assigned point values ranging from 0-10. The total score determines the provider rate cell. AL Level 1 includes up to 36 points, AL Level 2 37-60 points, and AL Level 3 61-75 points.^{5 6}

Payment Rates

Indiana uses a three-tiered payment system for assisted living services. Assisted living providers receive a daily rate based on the rate cell determined by the LOS evaluation. Rates in the past three years have remained fairly constant with only a 2% increase in the A&D waiver rate in SFY 2014 (effective January 1, 2014), as seen in **Exhibit 1**. As a result, the assisted living rates for individuals on the TBI waiver were slightly lower than for individuals on the A&D waiver in SFY 2015.

⁴ DA has recently implemented a more comprehensive and reliable assessment tool, the interRAI.

⁵ Assisted Living Provider Packet & Application for the Aged and Disabled Waiver. FSSA Waiver Services, Division of Aging. August 2007.

⁶ 38 individuals in the LOS data received scores higher than 75 points and are excluded from this analysis.

Exhibit 1 – Assisted Living Payment Rates⁷

	SFY 2013 Rates		SFY 2014 Rates		SFY 2015 Rates	
	A&D	TBI	A&D	TBI	A&D	TBI
AL1	\$66.55	\$66.55	\$67.88	\$66.55	\$67.88	\$66.55
AL2	\$73.33	\$73.33	\$74.80	\$73.33	\$74.80	\$73.33
AL3	\$80.93	\$80.93	\$82.55	\$80.93	\$82.55	\$80.93

Methods

This report includes an analysis of Medicaid claims data received from Indiana’s Enterprise Data Warehouse (EDW) and the LOS and Functional Eligibility data from Roeing Corporation in June 2016. Roeing manages INSite, the case management system used to complete functional screens and the level of service evaluations. The following Medicaid expenditures were included in the analysis:

- Paid claims (revised claims supersede their corresponding original claims);
- All waiver and State Plan services, such as physician, pharmacy, and home health services;
- Dates of service between July 1, 2012 and June 30, 2015;
- Expenditures with claims run-out through June 2016;
- Expenditures aggregated using the “paid_amt_prorated” variable for net cost per claim; and
- Expenditures in months with corresponding waiver eligibility in the “Member Months” extract from the EDW.

Lewin analyzed claims for all Medicaid expenditures during the months in which individuals had at least one assisted living claim. A monthly assisted living member count was developed based on the number of individuals with assisted living claims in a given month. Per member per month (PMPM) expenditures were calculated using the expenditures incurred during months in which waiver enrollees utilized assisted living services divided by the number of member months in which assisted living services were used (assisted living months).

Provider codes and associated modifier codes in the DA HCBS Provider Reference Manual published in February 2016 identify the assisted living population. The state provided a crosswalk file allowing us to link the EDW claims and eligibility data to the LOS evaluation and functional screen data by client index.

Membership

Out of the 12,480 A&D waiver enrollees aged 22 or older and 148 TBI waiver enrollees in SFY 2015, 1,910 individuals (15%) utilized assisted living services, the majority of which were A&D waiver enrollees. 1,885 (99%) of the 1,910 individuals had corresponding waiver eligibility in the months that they received assisted living services. **Exhibit 2** displays the number of members utilizing assisted living services in both waivers. Given the small number of TBI waiver enrollees using assisted living services, this analysis will focus on the A&D waiver enrollee population with data reported only on A&D waiver enrollees using assisted living services (hereinafter referred to as assisted living enrollees).

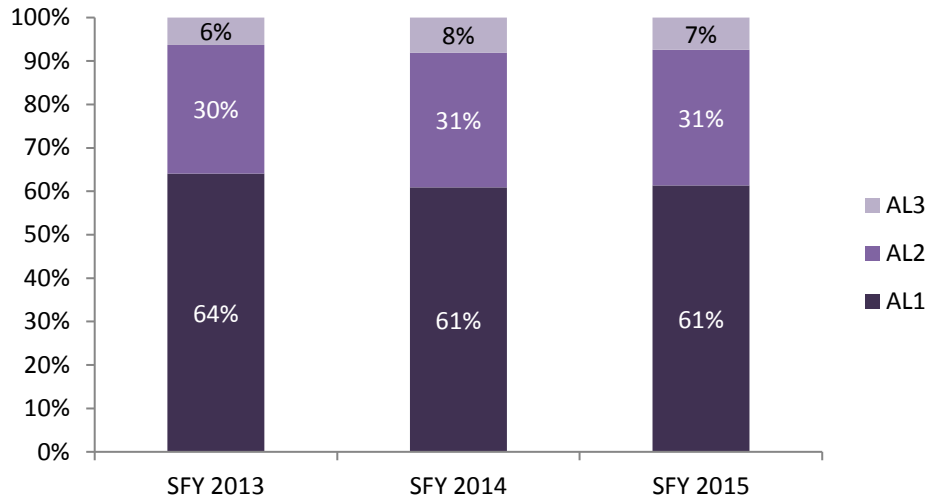
⁷ Rates published in current and archived DA HCBS Waivers Provider Reference Manuals.

Exhibit 2 – A&D and TBI Waiver Enrollees Using Assisted Living Services

Waiver	SFY 2013	SFY 2014	SFY 2015
A&D Waiver ⁸	1312	1639	1882
TBI Waiver	4	4	3
Total	1316	1643	1885

The majority of assisted living enrollees fell into the AL1 rate cell, the least impaired level of service, as displayed in **Exhibit 3**.

Exhibit 3 – Assisted Living Population by Rate Cell⁹



The remainder of this section will explore various characteristics of assisted living enrollees including distribution by provider, age, Medicare-Medicaid eligibility status, income, and acuity with comparisons to the non-assisted living population within the A&D waiver.

Distribution of Providers

Eighty-five assisted living providers submitted claims in the three-year study period, 10 of which supported half of all assisted living members in SFY 2015. Assisted living providers operated in all but two Area Agency on Aging (AAA) regions (AAA Regions 10 and 15). The highest concentrations of providers were found in AAA Region 8 (Indianapolis area) and AAA Region 2 (South Bend area). AAA 8 (Indianapolis area) accounted for 37% of assisted living enrollees in SFY 2015, followed by AAA 3 (Fort Wayne area). **Exhibits 4 and 5** show the distribution of providers and assisted living members across the state.

⁸ The unique counts of A&D members shown here varies slightly from totals in Exhibits 7 and 9 because individuals may fall into multiple categories within a single year.

⁹ Annual assisted living membership in each rate cell determined by taking the average monthly number of waiver enrollees in each rate cell. A unique member count by rate cell is not reported due to the fact that some waiver enrollees may change rate cells within a single year.

Exhibit 4 – Number of Assisted Living Providers by AAA Region, SFY 2015

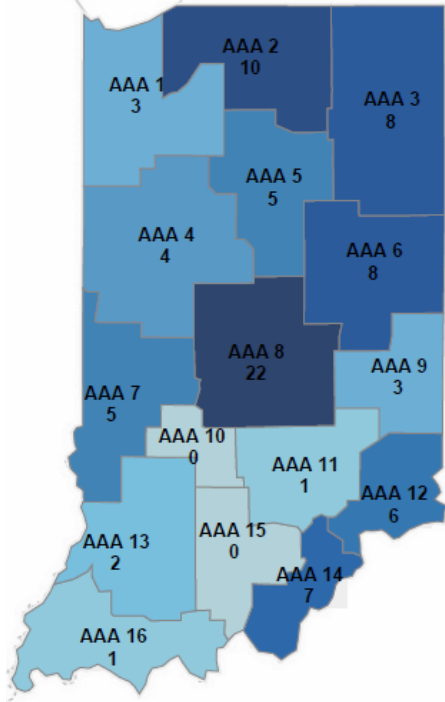
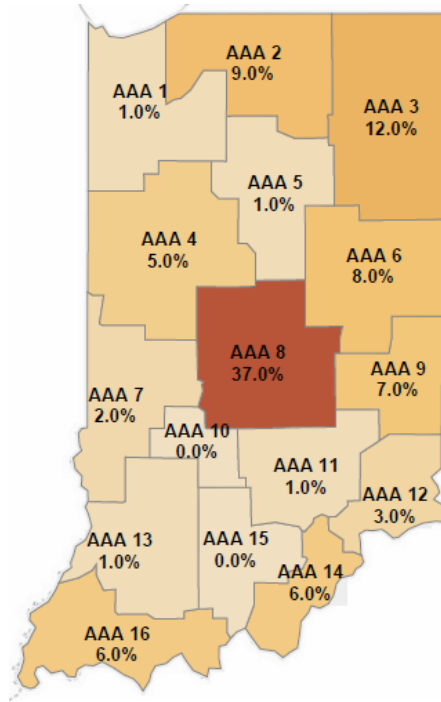


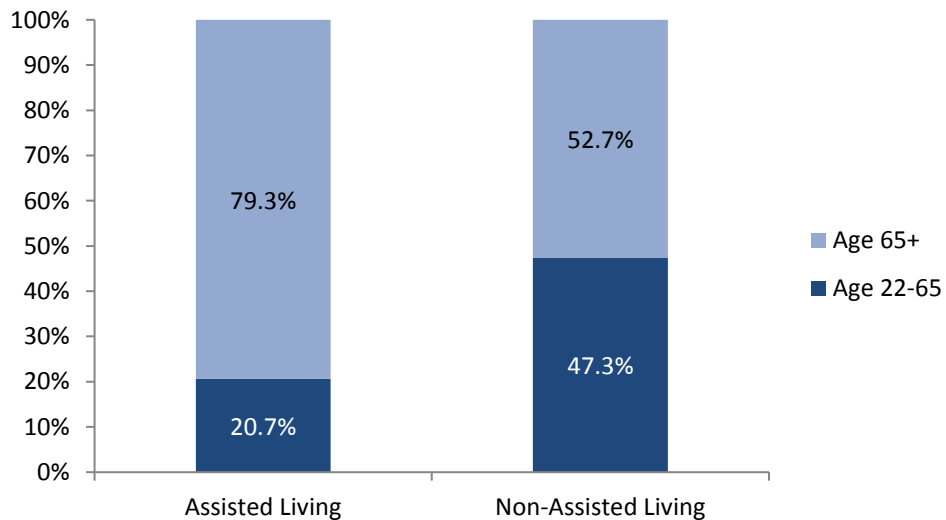
Exhibit 5 – Percentage of AL Members by AAA Region, SFY 2015



Age

Nearly 80% of the assisted living population was age 65 or older. 7.0% of the population aged 22 to 65 used assisted living services while 20.7% of the 65 and older population used assisted living services in SFY 2015. **Exhibit 6** compares the age breakdown between assisted living and non-assisted living enrollees.

Exhibit 6 – A&D Waiver Population by Age and Assisted Living Usage, SFY 2015



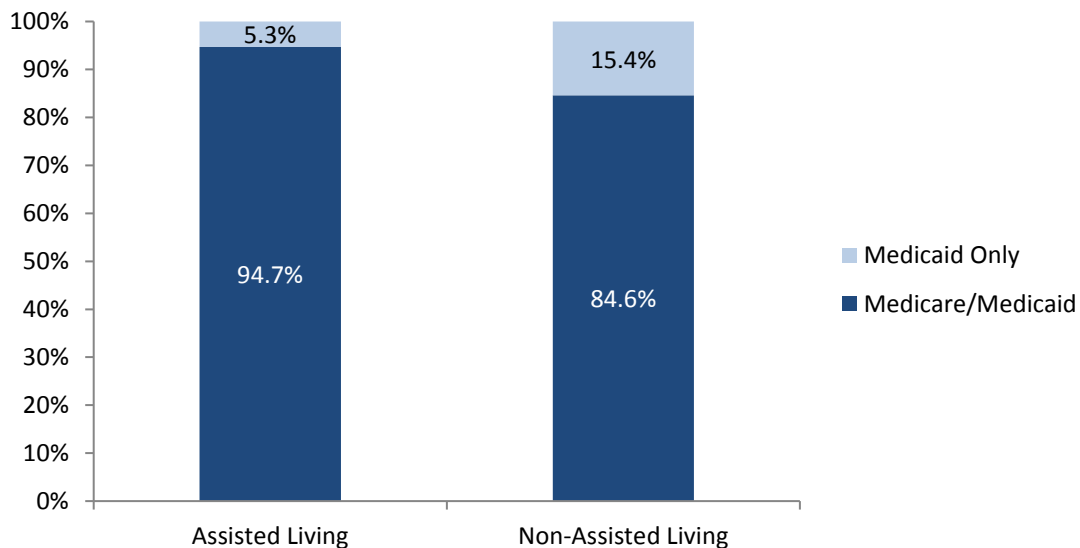
Medicare-Medicaid Eligibility Status

Consistent with the finding that the majority (79.3%) of the assisted living population was over the age of 65, 94.3% of the assisted living population was dually-eligible for Medicare and Medicaid. The proportion of dually-eligible enrollees in assisted living was higher than non-assisted living enrollees (84.6%). **Exhibit 7** displays the relatively constant proportions of the assisted living population by Medicare-Medicaid eligibility status from SFY 2013 to SFY 2015. **Exhibit 8** compares the proportion of dually-eligible enrollees among assisted living and non-assisted living members.

Exhibit 7 – A&D Assisted Living Population by Dual-Eligibility Status

	SFY 2013	SFY 2014	SFY 2015
Medicare-Medicaid	1210 (93.6%)	1502 (94.1%)	1741 (94.7%)
Medicaid Only	83 (6.4%)	95 (5.9%)	98 (5.3%)

Exhibit 8 - A&D Waiver Population by Dual-Eligibility Status and Assisted Living Usage



Income

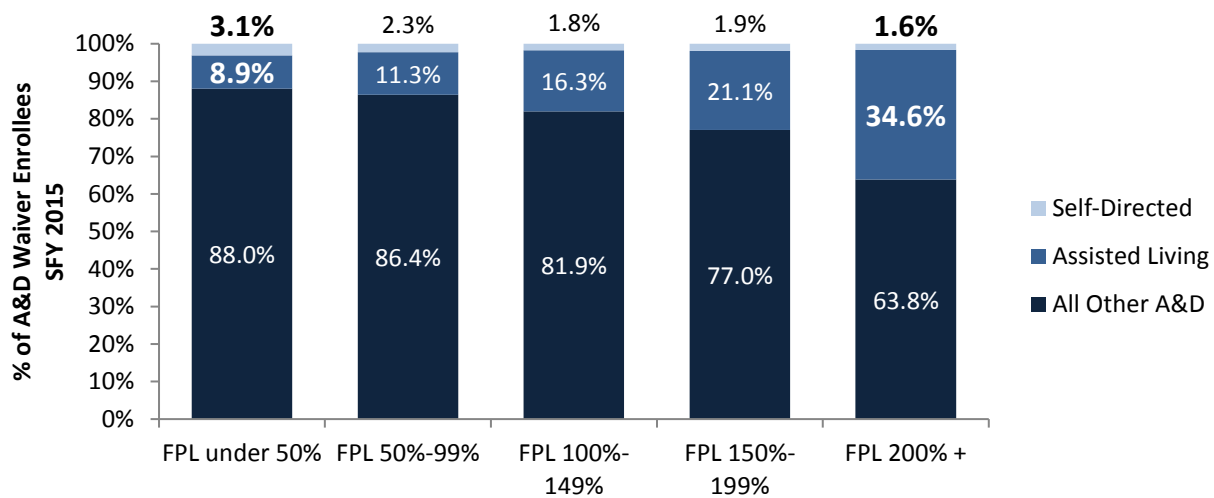
The majority (64.7%) of A&D waiver enrollees using assisted living services were above 100 percent of the Federal Poverty Level (FPL) with the highest percentage of individuals (33.4%) in the 100 to 149 percent of FPL category. This suggests that Medicaid eligibility for many of the individuals using assisted living services may result from the expanded eligibility afforded by the waiver (from 100% FPL for the aged, blind, disabled population to 300% FPL). **Exhibit 9** displays the breakdown of assisted living members by income category using FPL status and monthly income data from the monthly Medicaid membership files.

Exhibit 9 – A&D Assisted Living Population Breakdown by Income Category

Income Category	SFY 2013	SFY 2014	SFY 2015
FPL Under 50%	125 (9.7%)	173 (10.8%)	265 (14.4%)
FPL 50% - 99%	318 (24.6%)	380 (23.8%)	385 (20.9%)
FPL 100% - 149%	467 (36.2%)	558 (34.9%)	613 (33.4%)
FPL 150% - 199%	239 (18.5%)	310 (19.4%)	362 (19.7%)
FPL 200% +	143 (11.0%)	176 (11.0%)	213 (11.6%)

A larger proportion (34.6%) of higher income A&D waiver enrollees greater than 200 percent of FPL used assisted living services when compared to those under 50 percent of FPL (8.9%). On the contrary, a smaller proportion (1.6%) of higher income A&D waiver enrollees self-directed their attendant care services when compared to those under 50 percent of FPL (3.1%) who self-directed their services, as shown in **Exhibit 10**.

Exhibit 10 – A&D Waiver Population Breakdown by Service and Income Category, SFY 2015



Acuity

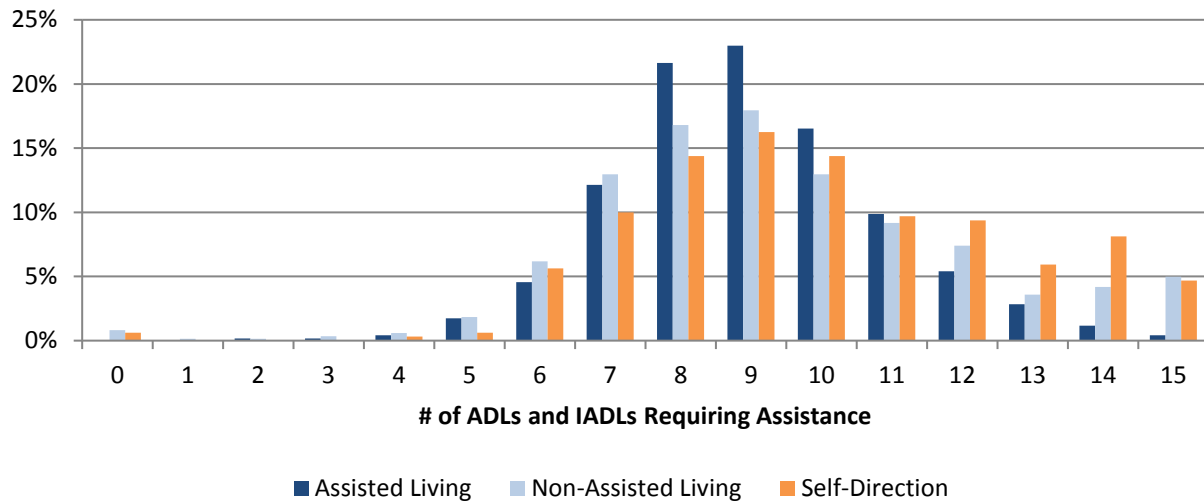
Functional Screen

Using data from Indiana’s Eligibility Screen as a proxy for acuity, the medical and nursing needs, functional limitations, and cognitive status of assisted living enrollees were analyzed. Assisted living enrollees needed assistance with a larger number of ADLs and IADLs¹⁰ than those not receiving assisted living services. Notably, self-directing participants also needed assistance with more ADLs and IADLs combined than assisted living enrollees, as displayed in **Exhibit 11**. Among assisted living enrollees, most people needed direct assistance with dressing (79%) and bathing (97%). Interestingly, over 94% of all three groups (assisted living, non-assisted living, and self-directed) needed direct assistance with

¹⁰ Measured using the number of ADLs and IADLs requiring assistance in Section 2A and 3B of Eligibility Screen.

bathing. Only one of the IADLs, medication management, stood out among assisted living enrollees. 94.4% of assisted living members required supervision and direct assistance with medications¹¹ compared to approximately 66% in the non-assisted living and self-directing populations. Given that all assisted living facilities in Indiana must be licensed as residential care facilities under the two waivers, the administration of medications by a licensed nursing personnel or qualified medication aide would be expected in these assisted living facilities.

Exhibit 11 – Number of ADLs and IADLs Requiring Assistance by Service Category



Assisted living enrollees were less medically complex than non-assisted living enrollees, but twice as likely to be cognitively impaired. Less than 1% of assisted living enrollees had at least one severe medical condition requiring medical or nursing support¹² compared to 8.6% of non-assisted living enrollees. In addition, 24.1% of assisted-living enrollee had a cognitive impairment that required supervision 24 hours a day¹³ compared to only 12.4% of non-assisted living enrollees.

Level of Service Assessment

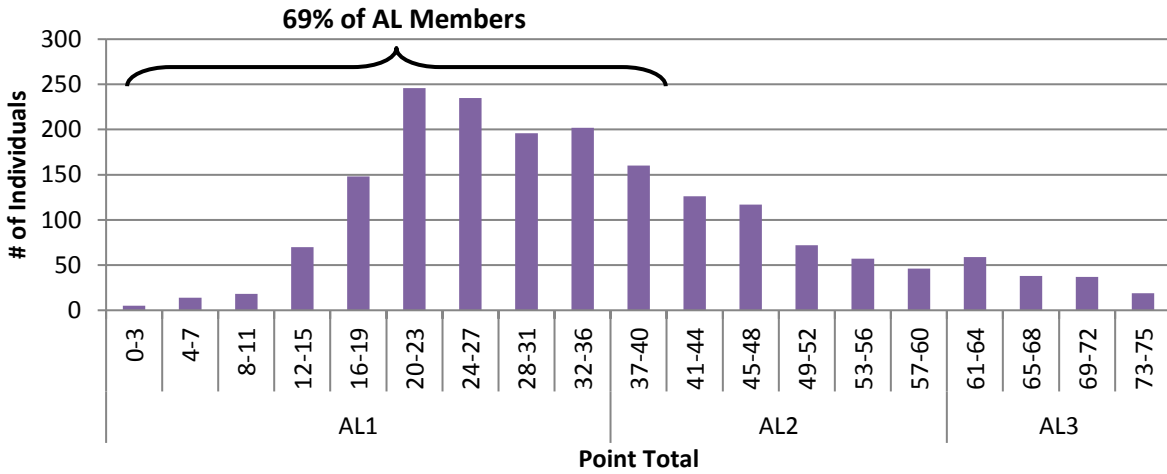
Using the most recent LOS assessments of individuals using assisted living services in SFY 2015, the majority (69%) of individuals scored under 40 points with 56% scoring between 20 and 40 points, as displayed in **Exhibit 12**.

¹¹ Question 4 in Section 2A: The person requires supervision and direct assistance on a daily basis to ensure that physician prescribed medications is taken correctly.

¹² Measured using the number of severe medical conditions in Section 1 of Eligibility Screen.

¹³ Question 5 in Section 2A: The person requires 24 hours a day supervision and/or direct assistance to maintain safety due to confusion and/or disorientation that is not related to or a result of mental illness.

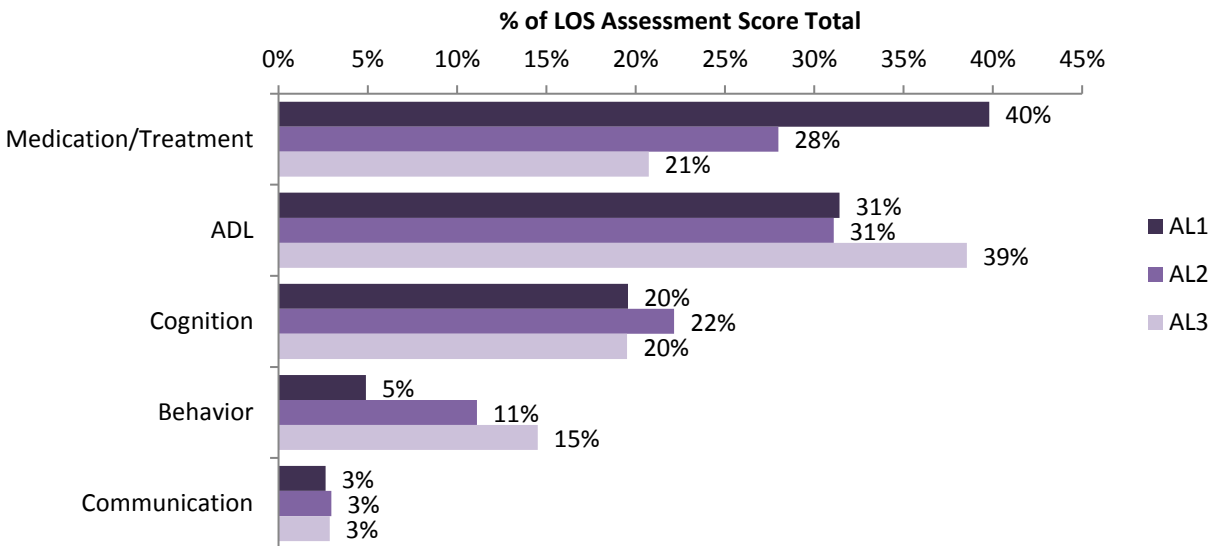
Exhibit 12 – Distribution of LOS Evaluation Scores Among Assisted Living Members, SFY 2015



Consistent with the prevalence of cognitive impairment observed in the assisted living population from the eligibility screen data, 29% of assisted living enrollees were disoriented at least 3 days of the week and 51% had memory impairments requiring at least daily cueing. Approximately 30% of assisted living enrollees required care and supervision at night more than 3 times a week and 8% of assisted living enrollees had wandering behaviors.

The LOS assessment scores for assisted living members in AL1 were largely driven by medication or treatment needs (40% of assessment score total) but decreased in the higher rate cells. Functional needs (ADLs) were comparable between people in AL1 and AL2 but increased substantially for those in AL3. There was a stepwise increase in behavioral needs with each successive rate cell with 15% of the assessment score total for individuals in AL3 driven by behavioral needs, as displayed in Exhibit 13.

Exhibit 13 – Distribution of LOS Assessment Score Across Question Categories by Rate Cell



Expenditures

Overall Spending

Indiana spent \$41.4 million in total Medicaid expenditures on assisted living enrollees in SFY 2015 or \$2,599 per member per month (PMPM)¹⁴. This section explores waiver and State Plan expenditures over the three-year study period for assisted living enrollees.

Assisted living services accounted for the majority of waiver costs (\$2,125 PMPM) among assisted living enrollees. There were minimal waiver costs outside of assisted living services with approximately \$100 PMPM spent on other waiver services. The most utilized waiver service for assisted living enrollees was case management, accounting for most of the remaining waiver costs at \$95 PMPM in SFY 2015. **Exhibit 14** displays the expenditures for assisted living enrollees broken down by funding source and state fiscal year.

Exhibit 14 – A&D Waiver Assisted Living Enrollee Expenditures

	SFY 2013		SFY 2014		SFY 2015	
	Total	PMPM	Total	PMPM	Total	PMPM
State Plan	\$3,785,146	\$379	\$5,271,063	\$388	\$5,943,607	\$373
Waiver	\$22,209,313	\$2,225	\$29,996,634	\$2,206	\$35,423,090	\$2,225
Assisted Living	\$21,426,455	\$2,147	\$28,656,147	\$2,107	\$33,824,644	\$2,125
Case Management	\$678,089	\$68	\$1,239,708	\$91	\$1,518,151	\$95
TOTAL	\$25,994,458	\$2,605	\$35,267,697	\$2,593	\$41,366,697	\$2,599

Assisted living enrollees had lower overall expenditures PMPM (\$2,599 in SFY 2015) compared to non-assisted living enrollees (\$3,018 in SFY 2015). The difference in PMPM expenditures between assisted living and non-assisted living enrollees was largely driven by lower waiver expenditures due to the lack of assisted living costs and higher State Plan expenditures due to higher home health expenditures.

Exhibit 15 compares the PMPM expenditures between assisted living and non-assisted living enrollees and highlights the differences in their home health expenditures.

Exhibit 15 – Spending Comparison Between A&D Waiver Assisted Living Enrollees and A&D Waiver Non-Assisted Living Enrollees

	SFY 2013		SFY 2014		SFY 2015	
	AL	Non-AL	AL	Non-AL	AL	Non-AL
State Plan	\$379	\$1,820	\$388	\$1,907	\$373	\$1,943
Home Health	\$40	\$1,163	\$59	\$1,186	\$92	\$1,256
Waiver	\$2,225	\$1,080	\$2,206	\$1,057	\$2,225	\$1,075
TOTAL	\$2,605	\$2,900	\$2,593	\$2,964	\$2,599	\$3,018

¹⁴ All PMPM calculations in this report were calculated using expenditures incurred during months in which A&D waiver enrollees utilized assisted living services divided by the number of member months in which assisted living services were used (assisted living months).

Of the \$373 PMPM spent on State Plan services in SFY 2015 among assisted living members, the most expensive services included in the PMPM cost are home health, medical supplies/durable medical equipment (DME), acute and primary care services (e.g. hospital, physician/clinic, pharmacy), and transportation. **Exhibit 16** displays the top State Plan Services for assisted living enrollees.

Exhibit 16 – Top State Plan Services for A&D Waiver Assisted Living Enrollees

	SFY 2013		SFY 2014		SFY 2015	
	Total	PMPM	Total	PMPM	Total	PMPM
Home Health	\$394,534	\$40	\$796,339	\$59	\$1,471,417	\$92
Medical Supplies/DME	\$712,360	\$71	\$840,842	\$62	\$837,045	\$53
Inpatient Hospital	\$741,943	\$74	\$1,084,191	\$80	\$833,587	\$52
Pharmacy	\$421,814	\$42	\$559,487	\$41	\$680,460	\$43
Outpatient Hospital	\$265,997	\$27	\$482,485	\$35	\$413,098	\$26
Transportation	\$243,282	\$24	\$296,906	\$22	\$353,029	\$22

Home Health

Indiana’s home health costs are among the highest in the country with \$155 million spent on home health services among adults (age 22+) on the A&D waiver in SFY 2015.¹⁵ Indiana’s State Plan covers medically necessary home health services but does not cover homemaker, companion or other personal care services that may be needed to support an individual in the community. In Indiana, approximately \$1.5 million was spent on State Plan home health services in SFY 2015 or 25% of total State Plan expenditures for the assisted living population. However, as noted in **Exhibit 15**, home health expenditures PMPM was more than 10 times lower for assisted living enrollees than non-assisted living enrollees (\$92 PMPM versus \$1256 PMPM) and was minimal compared to the \$2125 PMPM spent on assisted living services. Over half (57%) of the assisted living enrollees who received home health services were supported by Purpose Home Health in Indianapolis, accounting for 62% of all home health expenditures among assisting living enrollees.

Medical Supplies/Durable Medical Equipment

The most common type of medical supply/DME used by assisted living members included diabetic supplies (lancets, test strips), oxygen therapy supplies, and incontinence supplies. The highest spending within the medical supplies and DME category was from oxygen therapy and incontinence supplies. Binson’s, J&B Medical Supply and Home Health Depot were the top providers in terms of number of assisted living members served. These three providers combined accounted for 44% of all the medical supplies and DME costs among assisted living enrollees. Binson’s provides medical supplies and DME to 15% of assisted living enrollees and accounts for 33% of total DME costs. Binson's has locations in

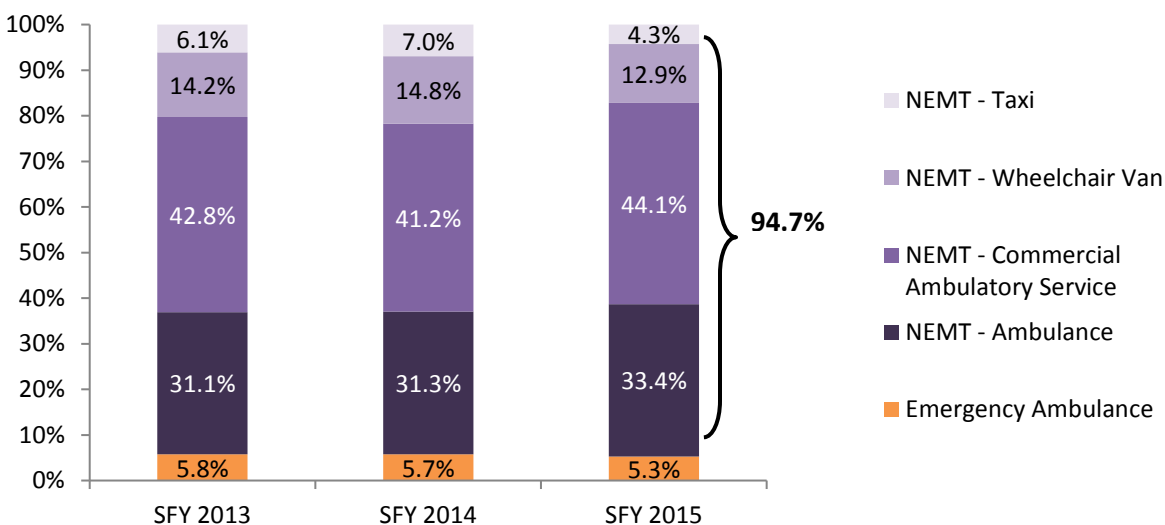
¹⁵ Eiken, S., Sredl, K., Burwell, B. & Saucier, P. (2016). Medicaid Expenditures for Long-Term Services and Supports (LTSS) in FY 2014. Retrieved from <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/long-term-services-and-supports/downloads/ltss-expenditures-2014.pdf>

Michigan, Florida, and Indiana, but specifically offers incontinence and ostomy supplies statewide to Indiana Medicaid members.

Transportation

Indiana Medicaid covers emergency transportation and non-emergency transportation (NEMT) to or from State Plan services (e.g., medical appointments). Medicaid enrollees are entitled to up to 20 one-way trips per year with a co-payment ranging from \$0.50 to \$2.00. The majority of State Plan transportation costs come from NEMT coverage (94.7% in SFY 2015), including wheelchair vans, taxis, ambulances, and commercial ambulatory services¹⁶, as displayed in **Exhibit 17**. In addition to the transportation covered under Medicaid State Plan services, the A&D waiver also covers non-medical transportation. However, waiver transportation is not utilized largely due to a limited provider network.

Exhibit 17 – Breakdown of State Plan Transportation Expenditures



Population-Specific Spending

As reported in the Membership section, assisted living enrollees were mostly in the lowest rate cell (AL1), generally older than non-assisted living enrollees and more likely to be dually-eligible for Medicare and Medicaid. This section explores differences in spending by Medicare-Medicaid eligibility status as well as the three assisted living rate cells.

Medicare-Medicaid Eligibility Status

Consistent with the overall A&D waiver population, the majority of assisted living enrollees were dually-eligible for Medicare and Medicaid. Dually-eligible assisted living enrollees spent less overall at \$2,498 PMPM in total Medicaid expenditures for SFY 2015 compared to \$4,361 PMPM for Medicaid only

¹⁶ Commercial Ambulatory Service (CAS) is the transportation of ambulatory (walking) members in any type of vehicle. Source: *Indiana Medicaid Transportation Services Provider Reference Manual*. September 2016.

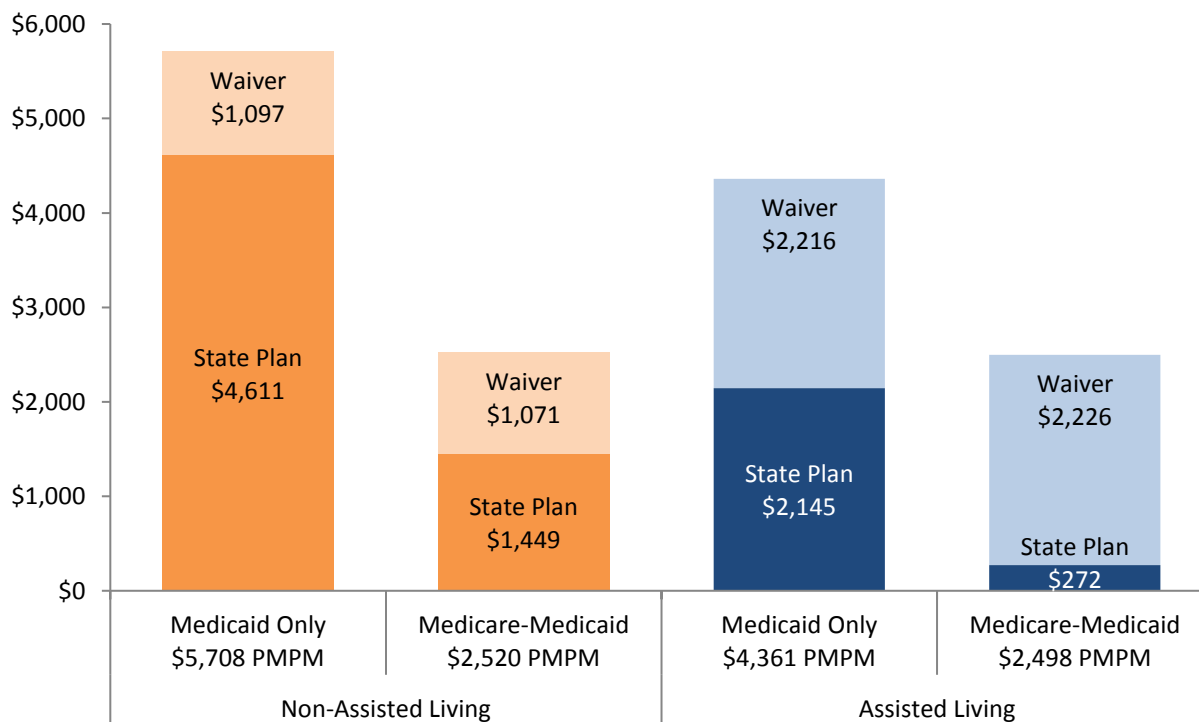
assisted living enrollees, as displayed in **Exhibit 18**. As expected, the difference in spending between these two groups was largely driven by acute and primary care costs. Both inpatient and outpatient hospital costs were much lower for dually-eligible assisted living enrollees given that Medicaid only covers the cost-share portion of Medicare-covered hospital costs (\$46 PMPM in hospital costs for dually-eligible compared to \$648 PMPM for Medicaid only assisted living enrollees). Dually-eligible assisted living enrollees had slightly higher waiver costs (\$2,226 PMPM) when compared to Medicaid only assisted living enrollees (\$2,216 PMPM). This difference was due to slightly higher assisted living costs for dually-eligible enrollees (\$2,126 PMPM versus \$2,115 PMPM in SFY 2015).

Exhibit 18 – A&D Assisted Living Population Expenditures by Medicare-Medicaid Eligibility Status

	Category	SFY 2013	SFY 2014	SFY 2015
Medicare-Medicaid	State Plan	\$251	\$268	\$272
	Waiver	\$2,230	\$2,207	\$2,226
	Total	\$2,481	\$2,475	\$2,498
Medicaid Only	State Plan	\$2,279	\$2,411	\$2,145
	Waiver	\$2,161	\$2,185	\$2,216
	Total	\$4,441	\$4,596	\$4,361

The difference in total expenditures between dually-eligible and Medicaid only enrollees was consistent both among assisted living and non-assisted living enrollees, as displayed in **Exhibit 19**.

Exhibit 19 – PMPM Expenditures by Medicare-Medicaid Eligibility and Assisted Living Status



Assisted Living Rate Cells

Waiver expenditures for assisted living enrollees in the AL3 rate cell were slightly higher than those in AL1 and AL2 (\$2,541 versus \$2,376 and \$2,111 PMPM). The difference in waiver spending across rate cells was partially due to the higher rates paid. However, the difference in assisted living rates across rate cells only accounted for approximately 75% of the increase in spending in the higher rate cells. State Plan expenditures were relatively similar across the three rate cells, as seen in **Exhibit 20**.

Exhibit 20 – Comparison of PMPM Expenditures by AL Rate Cell

	AL1		AL2		AL3	
	State Plan	Waiver	State Plan	Waiver	State Plan	Waiver
2013	\$327	\$2,087	\$509	\$2,414	\$299	\$2,747
2014	\$343	\$2,084	\$497	\$2,336	\$302	\$2,622
2015	\$361	\$2,111	\$394	\$2,376	\$391	\$2,541

The greatest differences in State Plan spending across the rate cells were in home health, mental health services, transportation, and acute/primary care services. The assisted living population in AL3 had 30% higher home health costs than AL2 members (\$159 versus \$124 PMPM) but had 30% lower hospital costs than AL2 members (\$26 versus \$38 PMPM). The majority (99.2%) of AL3 members were dually-eligible for Medicare and Medicaid, resulting in lower acute and primary care expenditures covered by Medicaid. Interestingly, AL3 members also had 38% lower transportation costs PMPM compared to AL2 members (\$16 vs \$25 PMPM). Notably, mental health service expenditures increased substantially for members in AL3 at \$41 PMPM. While the LOS assessment does not explicitly ask about mental health conditions, it appears that those in the highest rate cell may require additional mental health support. **Exhibit 21** compares the PMPM expenditures across the three rate cells in SFY 2015 for top State Plan services.

Exhibit 21 – Comparison of Top State Plan PMPM Expenditures by AL Rate Cell, SFY 2015

Category of Service	AL1	AL2	AL3
Home Health	\$68	\$124	\$159
Medical Supplies / DME / Prosthetics / Orthotics	\$48	\$59	\$63
Therapy Services - Mental Health Services	\$13	\$20	\$41
Inpatient Hospital	\$63	\$38	\$26
Nursing Home¹⁷	\$12	\$22	\$23
Transportation	\$21	\$25	\$16

¹⁷ In any given month, individuals may have had a partial assisted living stay as well as a nursing home stay, accounting for the presence of nursing home costs during months in which assisted living services were used.

Summary

Assisted living enrollees accounted for 15% of the total A&D waiver population and accounted for 10% of all Medicaid expenditures among A&D waiver enrollees in SFY 2015. After assisted living costs (\$2,125 PMPM), the highest expenses for assisted living enrollees were \$95 PMPM for waiver case management and \$92 for State Plan home health services. The remaining \$287 PMPM included medical supplies/DME costs as well as acute and primary care costs.

The provision of assisted living services was concentrated amongst a small number of providers with 10 providers supporting half of all assisted living enrollees in SFY 2015. Assisted living enrollees fell predominantly in the lowest rate cell (61%), with LOS assessment scores of less than 36 points. Assisting living enrollees also had higher incomes (64.7% above 100% FPL) compared to non-assisted living enrollees. Assisted living enrollees were less functionally acute in terms of the number of ADLs and IADLs requiring assistance, but were twice as likely (24% vs 12%) to be cognitively impaired.