LEGISLATIVE RESEARCH SERVICES

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Costs of Home, Community-Based, and Institutional Care

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You asked for an analysis of state and federal costs for in-home services compared with those for assisted living homes, Alaska Pioneers' Homes, and any other government subsidized nursing home, on a per capita basis.

At first blush, your request appears relatively straightforward but, as with many such requests, the answer is deceptively complex. In short, the Department of Health (DOH) provides funding for in-home, community-based, and institutional care and the Department of Family and Community Services operate the Alaska Pioneer Homes, which are licensed assisted living homes that provide direct care to Alaskan seniors and veterans. Because of duplication between services and the settings in which individuals may receive care, we cannot accurately answer the question in the precise fashion you are seeking. However, below we provide information relating to the average cost, per person, of various service programs available to Alaskans needing assistance due to aging or disability.

Services Available Via Grants, Medicaid, and Waiver Programs

Attached you will find a three-page document prepared by the DOH, Division of Senior and Disability Services (DSDS).[1] The first page delineates the average cost per person, as well as total costs, per year for services ranging from grant programs up to institutional care. Page two provides cost estimates for providing institutional care without home and community-based waiver services; and the third provides a short description of services available under each of the state's five waiver programs. We believe that the average costs provided in this document are the closest approximations to the per capita costs you requested. As you can see, costs vary dramatically based on the intensity of recipient needs. Therefore, a per capita cost assessment may be misleading for certain applications.

There are essentially three "buckets" of services provided by the DSDS: grant programs, services provided under the Medicaid State Plan, and those provided under Medicaid Waivers. Each are discussed below.

Grant Programs

The *General Relief Assisted Living Home Program* (GRALH) provides temporary assistance to individuals needing placement in an assisted living facility. According to the department, ***474 Alaskans benefited from GRALH payments in (Fiscal Year) FY 2024, at an average cost of $17,473 per person***. This program is

[1] Additional information can be found in the *February 13, 2025, DSDS presentation* to the House Health and Social Services Finance Subcommittee.

entirely funded by the state. In FY 2024, the legislature allocated just over *$9.5 million* for the GRAHL program (p. 22 of the PDF file).

Please note that, in addition to the GRALH, the Division of Senior and Disability Services provides other *grants* to nonprofit organizations across the state, which are excluded from this report. Grantees provide services to individuals who are waiting or do not qualify for home and community-based services (HCBS) under the Medicaid Waiver program, or who require only minimal support.

Medicaid State Plan[2]

Medicaid provides health coverage to low-income Alaskans and those with certain disabilities. In FY 2024, the legislature allocated just over *$4.2 billion* state and federal funds for Medicaid services, inclusive of medical and dental services (p. 23 of PDF file). With the exception of the Community First Choice program discussed below, the cost of Medicaid and waiver programs is split evenly between the state and the federal government.[3]

Under the terms of the state plan, Medicaid will pay for institutional care[4] for those who meet requirements. According to the *Health Facilities Licensing and Certification* unit within the DOH, there are currently twenty licensed nursing facilities in Alaska with a total capacity of 830 beds. ***In FY 2024, just over 1,200 Alaskans were served in nursing homes at an average cost of roughly $143,000 per person***. According to the *Kaiser Family Foundation*, Medicaid clients represent 76% of nursing home residents in Alaska, followed by Medicare recipients at 13%, and the remaining 11% of residents are private-pay or "other."

The state plan also provides two other types of supports relevant to your request: personal care services (PCS), which are exclusively available to individuals in their own home, and *Community First Choice (CFC)*, which is a relatively new program authorized by the Affordable Care Act in 2010. ***In FY 2024, 1,575 Alaskans received PCS at an average cost of $13,265 per person and 832 Alaskans received services under CFC at an average cost of $26,310.*** The PCS program is funded evenly with state and federal dollars, but the CFC program is funded 56% federal and 46% state. DOH staff advised us that the CFC cost provides the best gauge of the average cost of in-home services.

[2] The Department of Health provides a courtesy copy of the *Medicaid State Plan* for informational purposes. The official copy is retained at the commissioner's office.

[3] According to Legislative Liaison Courtney Enright, while it is possible that an individual receiving these types of Medicaid and waiver services may qualify under the Affordable Care Act expansion group, which provides a much greater federal match rate, the vast majority meet another eligibility category, such as disability, which falls under the 50-50 match rate.

[4] These may be referred to as nursing homes, nursing facilities, skilled nursing facilities, or long-term care facilities depending on the source, but do not include assisted living homes.

Medicaid Waivers

Home and Community Based Services (HCBS) programs, also known as "waiver" programs, provide states flexibility to develop programs to meet the needs of individuals who qualify for institutional care but would rather remain in their own home or in a community-based setting, such as an assisted living home. To be approved by the federal government, services provided under the waiver must be less expensive than providing those same services in an institution.

Services available under HCBS include care coordination, day habilitation, adult day services, respite care, residential supported living, health and safety modification of the individual's home, and transportation. Some of these services may be provided in home and community settings, but others are limited to one or the other.

Alaska provides five waiver programs, which are detailed in the attached document. Of those five, DOH advises that the Alaskans Living Independently (ALI) Waiver provides the best gauge of cost to provide services to an individual in a community setting, such as assisted living or a residential group home. ***In FY 2024, 2,492 Alaskans received services from the ALI Waiver at an average cost of $45,338 per person***. It is important to note that Medicaid does not pay for room and board, so services provided in an ALH or group home are limited to those specifically authorized by the waiver.

Alaska Pioneer Homes

The Department of Family and Community Services (DFCS) operates the *Alaska Pioneers' Homes* (APH), which serve elders 60 and older who have resided in the state for over a year. According to DFCS Legislative Liaison Raymie Matiashowski, ***in FY 2024, the APH served 587 clients with a total operating cost of $70,988,301***.

It is important to note, however, that receipts from private-pay clients offset operating costs. According to DFCS budget presentation documents, private-pay clients (which includes clients paying out of pocket and those with long-term care insurance) represent 35% of APH clientele (slide 5). Additionally, the department collected almost $2 million in FY 2024 from the Veteran's Administration (VA) on behalf of veteran APH residents. About two-thirds of APH clients receive public assistance for their care: 29% of clients are Medicaid waiver recipients (paid for by the state and federal government), and 36% of clients received payment assistance from the state available to clients who don't qualify for other forms of public assistance.[5] In FY 2024, the legislature allocated just under $34 million for the payment assistance program (p. 15 of PDF file). Note that APH payment assistance is separate from the General Relief program discussed above.

We hope this is helpful. If you have questions or need additional information, please let us know.

[5] Receipt of payment assistance creates an enforceable debt against the recipient's estate; however, the state will not pursue a claim if it would cause an undue hardship for the recipient's surviving spouse or legal dependents.