

Assisted Living Comments

Basis of Opposition to Proposed ALH Rate Changes
AAC Title 7, Chapters 145 & 160

October 29, 2013

HISTORICAL ALH RATE TIMELINE

Please Refer to Handout Packet A

- <2002 Base Regulatory Rate
- 2002 Cost Based Reimbursement Rate Option Established
 - AKA Negotiated Rate
 - AKA Hold Harmless Rate (Current terminology)
- 2004 Rate Freeze and Shift to Medical Model for CMS Refinancing Conditions and Pioneer Homes became eligible for Medicaid funding

HISTORICAL ALH RATE TIMELINE

- ~2005 Departmental Shift in Policy Implementation
Limits placed on employee costs, rents, utilities, etc.
Resulted in artificial/flawed “cost-based” data
- 2009 Began to Work with Office of Rate Review to
Establish a New Rate Methodology
ALH Association offered numerous options over several years
- 2011 Audited Financial Statements and Cost
Surveys Required by New Regulations
- 2013 Proposed New Rates

PRESENT VS. PROPOSED RATES

CATEGORY	EFFECTIVE 7/1/13	EFFECTIVE 7/1/14	% CHANGE
5 Beds or Less:	\$141.08	\$130.00	-7%
6 - 16 Beds:	\$145.24	\$130.54	-10%
17+ Beds:	\$155.01	\$124.81	-19%
Pioneer Homes:	\$155.01	\$354.55	+229%

Note: These are Base Regulatory Rates- No Hold Harmless Rates are Included

ACTUAL FINANCIAL DATA USED BY DEPARTMENT

Please Refer to Handout Packet B

MAMA'S ALH CURRENT HOLD HARMLESS RATE

Mama's I:	181.73
Mama's II:	184.74
Mama's III:	158.63
Mama's IV:	193.43

COST PER RESIDENT:

\$205

According to 2011 State's Cost Survey/Audited Financials

ANNUAL COST OF DOING BUSINESS: \$1,496,500

IMPACT OF PROPOSED RATES

Proposed Maximum Annual Revenue \$ 911,113

Based on \$124.81 x 20 Residents x 365 days

LESS: Annual Cost of Doing Business <\$1,495,500>

Based on \$205 x 20 Residents x 365 days

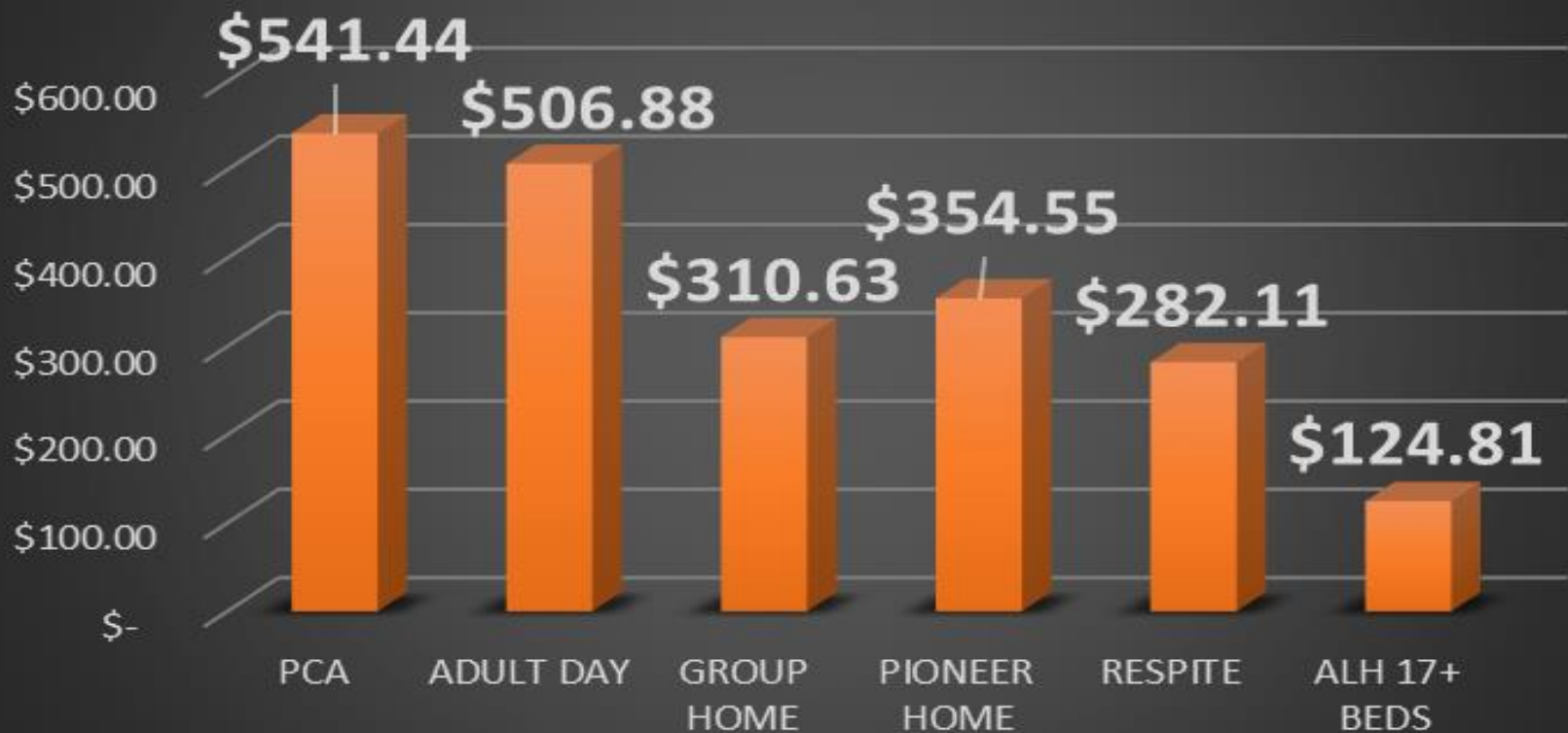
PROJECTED ANNUAL LOSS <\$ 585,387>

PERSPECTIVE ANALYSIS OF PROPOSED RATES

Please Refer to Handout Packet C

RATE COMPARISON OF COMPARABLE SERVICES

24 HR RATE



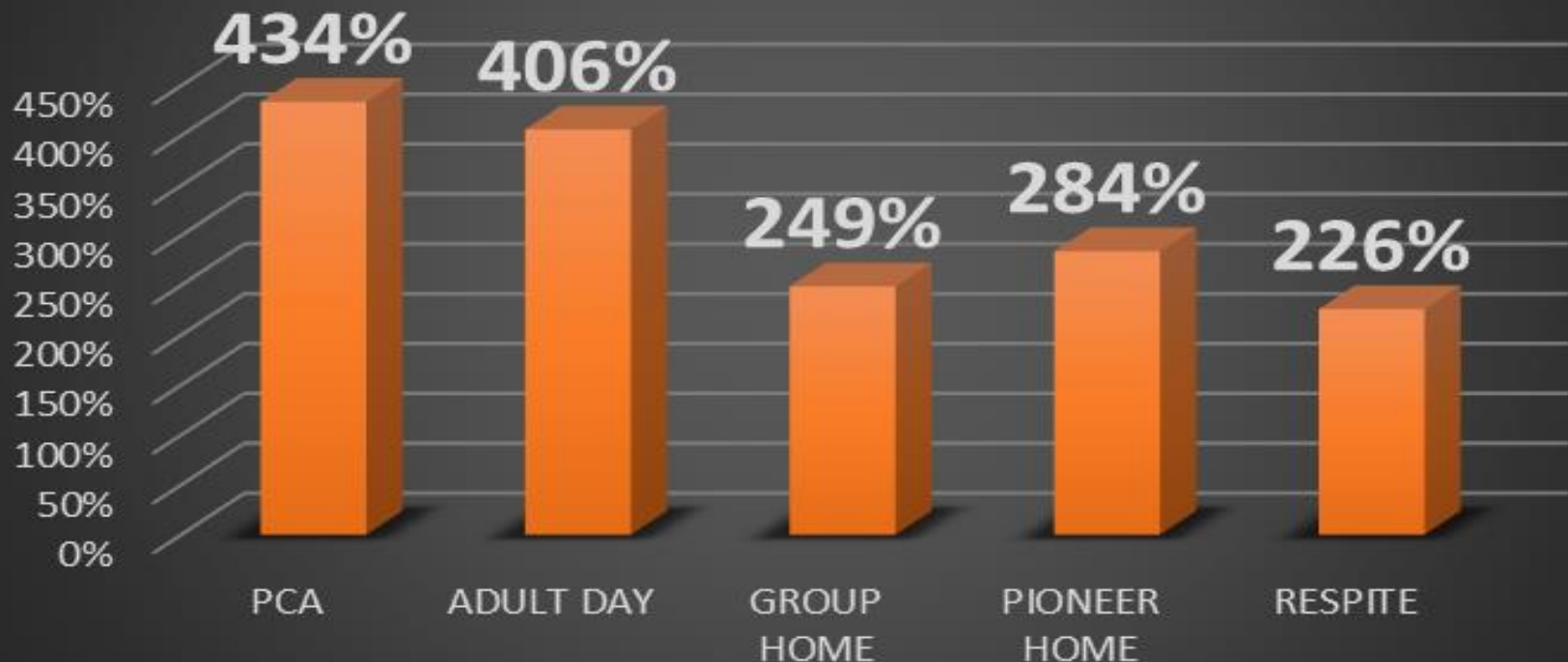
RATE COMPARISON OF COMPARABLE SERVICES

15 MIN INCREMENTAL RATE



VALUATION OF SERVICE PROVIDERS

% VALUED AGAINST CARE RECEIVED IN AN ASSISTED LIVING HOME



IF THESE RATES ARE REALLY ACCURATE THEN...

The Pioneer Home reported 169,317 Units (Occupied Beds)

Cost of caring for these residents at the PH	60,031,342.35
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Based on \$354.55 x 169,317

Cost of caring for the same residents at lg ALH	-21,132,454.77
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Based on \$124.81 x 169,317

THE TOTAL AMOUNT THE STATE WOULD SAVE IF THE PIONEER HOMES WERE CLOSED AND RUN BY PRIVATE INDUSTRY.....

\$38,898,887.53

Overpayment of Services

BY THE WAY...

If the residents of the Pioneer Homes were in a private home like mine that cost \$205/day- the State would still save

\$25,321,327.30!!

THE EFFECT OF CLOSING MAMA'S

- All 4 of Mama's ALHs' are classified as Dually-Licensed Homes
 - These are homes that are licensed to care for the frail elderly, disabled adults, adults with Dementia, and adults with Mental Illness
 - At least 80% of my clients are over 60 and have qualified as meeting nursing home level of care but also present with a mental health diagnosis.

THE EFFECTS OF CLOSING MAMAS

THE CITY OF ANCHORAGE

Current number of Dually
Licensed Homes: 13

Less: Closure of Mama's ALHs -4

Total Available Facilities 9

**Loss of 30% Availability
of Dually-Licensed
Homes**

THE STATE OF ALASKA

Current number of Dually
Licensed Homes: 17

Less: Closure of Mama's ALHs -4

Total Available Facilities 13

**Loss of 24% Availability
of Dually-Licensed
Homes**

THE EFFECTS OF CLOSING MAMA'S



**20 RESIDENTS WILL LOSE
THEIR HOMES**

**25 EMPLOYEES WILL LOSE
THEIR JOBS**

WHAT DO WE NEED??

TIME!!!!

PRIORITY 1: EXTENTION OF HOLD HARMLESS RATES

- The Hold Harmless Rates are scheduled to expire December 31, 2013
- This is separate from the current regulations being considered during this comment period
- Homes with higher negotiated rates would be reduced to \$155.01 for 17+ Bed homes
- My Daily loss would be...

\$492.45 per Day

There is no way to cut this amount from the
care of my residents, but...

AN UNFORTUNATE CONUNDRUM

- Regulations require a 90 Day Notice of Intent to Close
- The Department refuses to commit to an extension of the Hold Harmless Rates.
- We are now 63 days away and there is no way to make responsible business decisions

PRIORITY 2: FIND AN APPROPRIATE SOLUTION

While rates are frozen in Hold Harmless position, create a Task Force to find the right Methodology that accurately represent:

- Quality of care
- Acuity
- Current market environment
- Cost of compliance with regulatory demands

PRIORITY 2: FIND AN APPROPRIATE SOLUTION

Task Force to include:

- Office of Rate Review
- Provider Representatives
- Legislative Representatives
- ALH Licensing
- Senior and Disability Services