

HB

528

Forward

The members of this task force wanted to educate ourselves, legislators, policy makers and the public on the issues that affect public policy as it relates to persons with disabilities living in nursing homes and those living independently in the community. We interviewed 10 Alaskans with disabilities under the age of 65 who live in nursing care facilities in Anchorage, Juneau, Seward, and Fairbanks. These stories are real, and the people who took the time to tell them to us are all too often forgotten. Our request to the reader of this report is that you remember these people and their stories.

Task Force Members

The following task force members contributed significant time, effort and resources to the development of this report:

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Thanks also go to the following people whose contribution made the information gathering effort possible: Jim Pinneo, Social Worker and Providence Extended Care; Cindy Berger, Staff Attorney at the Disability Law Center; Denill Johnson, Program Manager Department of Mental Health and Developmental Disabilities; David Levy, Executive Director Access Alaska; Jay Livey, Deputy Commissioner Department of Health and Social Services; and David Maltman, Executive Director Governor's Council on Disabilities and Special Education. Mary Elizabeth Rider, former Health Planner for the Governor's Council, supervised this project.

We want to thank the following nursing homes and their staff for providing us with information and assistance to conduct this research: Denali Center, Fairbanks; Ketchikan General Hospital, Ketchikan; Providence Extended Care, Anchorage; Sitka Community Center, Sitka; Sourdough Place, Valdez; St. Ann's Care Center Juneau; and Weleyan Rehabilitation Center, Seward.

Executive Summary

Background

The Governor's Council on Disabilities and Special Education (Governor's Council) and the State Independent Living Council (SILC) are both concerned with services to Alaskans with significant disabilities. The two Councils are working together to inform themselves, policy makers and the public on the needs of Alaskans with disabilities under age 65 who use long term care services.

The Long Term Care Task Force

A Long Term Care Task Force convened in October 1995 as a joint project of the Governor's Council and the SILC. Members include Governor's Council members, SILC members, independent living providers, persons who experience significant disabilities, and parents of persons with disabilities who have lived in nursing homes. The task force was staffed by an University of Alaska Anchorage Social Work Intern at the Governor's Council. The task force was represented by members in Anchorage, Fairbanks, Juneau, Sitka, Seward, Soldotna and Homer.

Project Description

Task force members field-tested interview questions with three sample interviews of individuals who had lived in nursing homes. They conducted interviews to determine consumers' wishes, needs and abilities for services and living needs. They interviewed 16 nursing home residents from Anchorage, Fairbanks, Juneau, Seward, and other areas of the state in the winter of 1995-96. After identifying the community-based services required to serve these individuals in the community, Task force members estimated the costs for these services and provided a cost comparison for each person.

Conclusion

Fifteen of the sixteen persons interviewed expressed a strong desire to leave nursing facilities and live in community settings. Task force members believe that most individuals with disabilities under the age 65 who currently reside in nursing homes do not need 24-hour nursing care and would be able to live in a community setting if adequate support services were available to them. Analysis of the costs to move these individuals into the community showed an average annual saving of approximately \$55,000.00 per person.

It became evident that many persons with disabilities currently residing in nursing homes can be served more satisfactorily and at less cost in community settings instead of in nursing care facilities. The total savings for the State of Alaska could exceed \$7.5 million a year; savings that could be used to provide community based services.

Recommendations

To balance Alaska's long term care system, the legislature should:

1. Adopt a moratorium on long-term care beds. A moratorium will contain Medicaid costs, and allow time for Alaska to balance its long-term care system.
2. Fully fund Alaska's Medicaid Waiver programs. Waiver programs allow for individuals to receive medical services at home instead of being institutionalized at a much higher cost to the state.
3. Appropriate more funds in community-based services. By assuring access to community-based services, legislators can contain the costs of long-term facility-based care.

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Human Faces: Young Alaskans Living in Nursing Homes

Introduction

As of February 1996, approximately 140 Alaskans under age 65 who experience disabilities reside in nursing homes in the state.¹ Most of these individuals are Medicaid recipients. The average annual nursing home cost exceeds \$92,000.00 per person. The total average cost to the State of Alaska is almost \$13 million a year.²

Do all these people with disabilities require the intensive medical care of nursing home facilities at high state costs? Can we better serve these individual Alaskans through a variety of home and community-based services which allow the greatest degree of self-determination for the individual? Is the array of services for our citizens with the most severe disabilities slanted towards institutionalization? If so, at what cost to the public, and at what costs to the individuals whose very lives are affected by these policies? These are just some of the questions this report attempts to answer.

This project evolved out of growing concern and belief that individuals in nursing facilities: (1) do not want to live in institutions, (2) have enforceable legal rights under the Constitution and the Americans with Disabilities Act (ADA) to choose where they receive care³, and (3) would cost the state significantly less if served in community-based settings.

The Governor's Council on Disabilities and Special Education (Governor's Council) and the State Independent Living Council (SILC) are both concerned with services to Alaskans with significant disabilities. The two Councils decided to inform themselves, policy makers and the public on the needs of Alaskans who use long term care services, and to put a human face on the statistics about Alaskans with disabilities under age 65 living in nursing homes.

Task force members field-tested interview questions with sample interviews with three individuals who had lived in nursing homes. They conducted interviews to determine consumers' wishes, needs and abilities regarding provision of services and their living environment. Sixteen persons living in nursing homes located in Anchorage, Fairbanks, Juneau, Seward, and other areas of the state were interviewed in the winter of 1995-96. Task force members listened to people's personal experiences of living with a disability and about their needs and wants. Based on the interviews, statements of relatives, assessments of nursing home social workers, case managers, and/or independent living providers, task force members determined specific services each person interviewed may require to be served in the community. A cost comparison analyzing residential versus community-based services was developed for each person. This information, combined with an analysis of Alaska's current long-term care system and its cost to the state, provided the basis for the recommendations of this report.

¹ The scope of this project was limited to people under the age of 65 because the Alaska Commission on Aging regularly assists people over the age of 65 to acquire community-based services.

² Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification

³ In *Helen L. V. DiDario*, 6 NDLR, ¶ 92 (3d Cir. 1994), the Third Circuit held it was a violation of the ADA to keep a person with a disability "unnecessarily segregated" in a nursing home rather than provide services in the community. The State was willing to provide the plaintiff with personal care attendant services only if she continued to reside in a nursing facility even though the plaintiff would not need to reside in a nursing home if she received the personal care services in the community. This landmark decision clearly enunciates a new standard under which people with disabilities can petition for release from an institution and into community based care.

Phyllis Hallgron, age 49

"I am in a nursing home because I don't have the money to rent an apartment. "

Phyllis has been suffering from degenerative disk disease, congenital deformities, chronic pain syndrome, and chronic bursitis since she was 21 years old. Nevertheless, she raised two children and gathered the strength to leave her abusive husband in 1985 to move to Soldotna, Alaska. When her condition worsened, she had to give her children back to their father. She stayed in Soldotna without any family members. Since 1988, Phyllis has used a wheelchair, but by no means has she been helpless. She managed to find herself an apartment, and arranged to get personal assistance services from Peninsula Home Health Care.

In 1994 Phyllis fell sick with intestinal cramps that would not allow her to absorb any type of food. As a consequence she lost 130 pounds and became incapacitated. She was transported to Providence Hospital in Anchorage, where she stayed for seven weeks and finally recovered completely. During her stay in the hospital she lost her apartment, mainly due to her landlady's concern regarding Phyllis' medical condition. Phyllis was admitted to Providence Extended Care until she could arrange another living situation. That was over one year ago.

While Phyllis certainly needs some assistance to live independently, she is able to take care of herself. She can transfer herself from the bed to the wheelchair, she can dress herself, and warm up her food. She is able to arrange for transportation from the Municipality; she communicates her needs and desires clearly, and she is capable of making choices and decisions. Phyllis is aware that she would need a personal care attendant for a few hours a day, would benefit from services like "meals on wheels," and needs an apartment that is wheelchair-accessible.

Currently Phyllis pays about \$720 a month towards the expenses of her stay in Providence Extended Care, which leaves her \$130 a month for personal expenses. She pays \$80 for the storage of her furniture. She has not been able to save enough money to pay the security deposit for an apartment and consequently continues to stay at Providence at the state's cost of over \$200 per day.

Cost Comparison

| | |
|---|--------------------|
| Annual cost of Providence Extended Care (Anchorage)⁴ | \$74,609.65 |
| Estimated annual cost of a wheelchair accessible apartment in Anchorage @ \$700.00 per month ⁵ | \$8,400.00 |
| Estimated annual cost for personal assistance services at \$18.00/hr, 3hrs/day ⁶ | \$19,710.00 |
| Annual cost for care coordinator @ \$200.00/month ⁷ | \$2,400.00 |
| Total annual cost of independent living | \$30,510.00 |

⁴ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

⁵ Access Alaska, Anchorage, estimate 2/22/96.

⁶ Access Alaska, Anchorage, estimate 2/22/96.

⁷ Easter Seal Society of Alaska, Inc., Anchorage, estimate 4/11/96.

Evelyn Emry, age 43

"All I need is a wheelchair accessible apartment."

Evelyn Emry is a forty-three year old Athabaskan woman from Northway. She is a mother of three. Her two girls are young adults who live on their own. Her boy, however, is eight years old and currently lives with his aunt in Northway. Evelyn misses her son tremendously.

Evelyn has been experiencing rheumatoid arthritis since her thirties and has been institutionalized six times in the last ten years. She recently had a hip replacement from which she is recovering. She has been living in the Denali Center in Fairbanks for over one year. Evelyn wants to leave the Denali Center as soon as possible. Her fiancé and other family members will provide the help she needs to keep the household and to run errands. Evelyn requires help with transfers in and out of bed, bathing, and dressing. She transports herself in the wheelchair. She will also require care with personal hygiene. This, too, will be supported by family members.

Evelyn dreams of once again living in her village, Northway. She would love to live near her family that remains in Northway - people she is close to and with whom she has much in common. She misses Native foods and activities and would probably get more visitors if she were living in her village. However, she knows she will be unable to do so because existing village structures are not barrier free. She would require indoor plumbing, flat floor surfaces, and ramping for stairs.

Nevertheless, Evelyn is determined to live independently in the community. She needs wheelchair accessible housing in Fairbanks, and she can use para-transit as she has in the past. Evelyn wants to be involved in a support group with other people who experience disabilities. She also has indicated an understanding of accessing in-home support if she requires help of people outside her family.

Evelyn can live successfully in the community and requires little support to do so. She looks forward to the time when she can get accessible housing in Fairbanks and when her family can be reunited.

Cost Comparison

| | |
|---|--------------------|
| Annual cost of care at Denali Center⁸ | \$96,666.60 |
| Estimated annual cost of a wheelchair accessible apartment in Fairbanks @ \$600.00 per month ⁹ | \$7,200.00 |
| Estimated annual cost of para-transit services @\$2.00 per ride, 30 rides per month ¹⁰ | \$720.00 |
| Annual cost of care coordinator @ \$200.00/month ¹¹ | \$2,400.00 |
| Total annual cost of independent living | \$10,320.00 |

⁸ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification

⁹ Access Alaska, Fairbanks, estimate 2/29/96.

¹⁰ Access Alaska, Fairbanks, estimate 2/29/96.

¹¹ Easter Seal Society of Alaska, Inc., Anchorage, estimate 4/11/96.

Al Wilson, age 49

*"If Al had a personal assistant for a few hours per day,
he could leave the nursing home."*

"Sourdough Al", as he is known to many, deeply desires to be independent again. Al traveled around the state as a storyteller until last summer when he experienced a freak accident which resulted in major lifestyle changes for him. He now has quadriplegia and uses a wheelchair. Al is 49 years old and has always been fiercely independent.

Last June, when Al was thrown from his bicycle and his spinal cord was severed, he spent several months in rehabilitation at a VA hospital outside the state. Al's independent spirit was tested on a daily basis as he was told how he must do things. One time his physical therapy and occupational therapy services were suspended when he refused to have his bowel movement the way they wanted. Al feels he is the true expert when it comes to such a personal function!

Life at Denali Center in Fairbanks overall has been good according to Al but he and the head nurses occasionally have differences of opinion. For example, there have been times Al likes to get out of bed at 6 a.m. but has been told he can't because Denali doesn't have the staff at that time to assist him. Also, he doesn't want male providers working with him. This is something he feels strongly about and feels that his wishes are not being respected.

Al claims that the staff hasn't talked to him about a discharge plan or explored goals beyond his present life at the institution. He believes the philosophy at Denali Center is "once you're in; you don't get out." Al desires to get back in the community as soon as possible. He will need assistance with are self-care and mobility. Al identified basic areas in which he needs help: to obtain low-cost housing, reliable transportation, whirlpool baths, and to work in the schools as he once did. Al would like to remain in Alaska.

Cost Comparison

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|--|--------------------|
| Annual cost of care at Denali Center¹² | \$96,666.60 |
| Estimated annual cost of a wheelchair accessible apartment in Fairbanks @ \$600.00 per month ¹³ | \$7,200.00 |
| Estimated annual cost of para-transit services @ \$2.00 per ride, 30 rides per month ¹⁴ | \$720.00 |
| Annual cost of personal assistant @ \$18.00/hr, 3hrs/day ¹⁵ | \$19,710.00 |
| Annual cost of care coordinator for 6 mos. @ \$200.00/month ¹⁶ | \$1,200.00 |
| Annual cost of independent living | \$28,830.00 |

¹² Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

¹³ Access Alaska, Fairbanks, estimate 2/29/96.

¹⁴ Access Alaska, Fairbanks, estimate 2/29/96.

¹⁵ Access Alaska, Fairbanks, estimate 2/29/96.

¹⁶ Easter Seal Society of Alaska, Inc., Anchorage, estimate 4/11/96.

Teisha Simmons, age 18

"Thanks to the Personal Assistance Program, I have a life and a future."

Teisha will turn 19 years old on March 31, 1996. She grew up with her four elder siblings in the village of Galena. Teisha is graduating from high school with honors in May, 1996 and is planning to enroll at the University of Alaska, Fairbanks. Her long term goal is to become a psychologist and work with young people.

Teisha was injured in a car accident three years ago and is now paralyzed from her shoulders down. She depends on a ventilator to help her breathe. After her accident she stayed temporarily in a nursing home. Teisha shudders when she remembers the experience, which seems like a nightmare to her now. The nurses put her in her wheelchair every morning and took her to the TV room where they left her until lunch time. After lunch they would take her outside and leave her alone for hours without any way for her to call for help if she needed it. She observed other patients who sat in the TV room most of their time, drooling on themselves or talking to themselves, not being able to control their body functions, and being totally forgotten. The nurses frequently became agitated when Teisha requested their assistance. Teisha says her experience with the nursing home was degrading and humiliating; she does not wish it for anyone.

During the month of June, Teisha will go to the Craig Institute of Rehabilitation to receive intensive rehabilitation to get off the ventilator, breathe on her own, and lead a more independent life.

Currently Teisha lives with her mother in Fairbanks. She is also in the process of getting her own apartment with a live-in personal care attendant. After being in the nursing home, it is vitally important to Teisha that she live in the community with a live-in personal care attendant, to be as independent as possible and live a quality life. Teisha needs an attendant to live with her to help her dress, prepare meals, settle in for the night, and to handle other personal needs. She also needs assistance in her classes which the university will provide.

Teisha is very grateful for the services she receives through the Personal Care Attendant Program. She would hate to be in a nursing home. Independence and living in a community of her choice are very important for Teisha.

Cost Comparison

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|--|--------------------|
| Annual cost of care at Denali Center¹⁷ | \$96,666.60 |
| Estimated annual cost of a wheelchair accessible apartment in Fairbanks @ \$600.00 per month ¹⁸ | \$7,200.00 |
| Estimated annual cost for live-in personal assistant ¹⁹ | \$37,400.00 |
| Total annual cost of independent living | \$44,600.00 |

¹⁷ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

¹⁸ Access Alaska, Fairbanks, estimate 2/29/96

¹⁹ Fairbanks Resource Agency, Fairbanks, estimate 4/12/96.

Bruce Hinke, age 51

"With the right equipment I could leave the nursing home and get back to work."

Bruce, 51, lived in Juneau and Douglas until 1994. He has experienced multiple sclerosis since his late twenties. Two years ago complications in his condition and the lack of assistance forced him to move into St. Ann's Care Center.

He desperately wants to live on his own and is convinced that he can live independently with the part time help of a personal care attendant. He can feed and clean himself, and operate augmented computers. He would like to live in Juneau's Mendenhall Valley or Douglas to be close to his family. His mother or brother are willing to assist him if a Personal Care Attendant can be found for part of the time.

Bruce believes he can get back into professional data processing provided he can access certain accommodations and assistive technologies. He would need a programmed speaker phone or TTD, speech enhancing communication device, a power wheelchair, and accessible transportation.

Bruce says that he wants to leave St. Ann's as soon as possible. He says being around people that are just waiting to die is affecting his mental state.

Cost Comparison

| | |
|---|--------------------|
| Annual cost of care at St. Ann's Care Center²⁰ | \$87,529.00 |
| Estimated cost of a programmed speakerphone and a speech enhancer, one time ²¹ | \$3,000.00 |
| Estimated cost of a power wheelchair (E&J Lancer), one time ²² | \$8,000.00 |
| Estimated cost of lift-equipped van, one time ²³ | \$10,000.00 |
| Annual cost of personal assistant @ \$18.00/hr, 3hrs/day ²⁴ | \$19,710.00 |
| Annual cost of care coordinator @ \$200.00/month for 6 months ²⁵ | \$2,400.00 |
| Total annual cost of independent living for the first year | \$43,110.00 |
| Total annual cost thereafter | \$22,110.00 |

²⁰ Alaska Nursing Homes Census (2/29/96) State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

²¹ SAIL, Juneau, estimate 2/22/96.

²² SAIL, Juneau, estimate 2/22/96.

²³ SAIL, Juneau, estimate 2/22/96.

²⁴ SAIL, Juneau, estimate 2/22/96.

²⁵ Center for Community, Juneau, estimate 3/4/96.

Roy Clayton, Jr., age 38

"My wife would take care of me at home if she could get the Personal Care Attendant Training."

Roy used to live in Anchorage and was a laborer on highway projects. He has a spouse, two boys and one girl. Roy suffered a stroke in August 1994. In September 1995, he was admitted into St. Ann's Nursing Home in Juneau.

Roy wants to live with his wife and family. He is sure he could live independently if he had some wheelchair mobility training, a personal care attendant for a few hours a day and independent living skills training. His wife is willing to be trained as his personal care attendant. Roy also believes he could be economically self sufficient if he could learn one hand typing skills and some enhanced computer skills.

He and his wife would like to move to Anchorage. He is unaware of independent living community services and does not have any information about the State Independent Living Council or the Division of Vocational Rehabilitation. However, he thinks he would be able to locate accessible transportation in Anchorage.

Cost Comparison

| | |
|--|--------------------|
| Annual cost of care at St. Ann's Care Center²⁶ | \$87,529.00 |
| Estimated annual cost of a wheelchair accessible apartment in Anchorage @ 700.00 per month ²⁷ | \$8,400.00 |
| Cost of PCA training for Roy's wife, one time ²⁸ | \$250.00 |
| Cost of computer skill training, one time ²⁹ | \$260.00 |
| Estimated cost of mobility training, one time ³⁰ | \$3,000.00 |
| Estimated cost of independent living skill training, one time ³¹ | \$3,000.00 |
| Annual cost of care coordinator @ \$200.00/month ³² | \$2,400.00 |
| Total annual cost of independent living for the first year | \$17,310.00 |
| Total annual costs thereafter | \$10,800.00 |

²⁶ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

²⁷ Access Alaska, Anchorage, estimate 2/22/96.

²⁸ Hospice Home Health, Juneau, estimate 4/12/96.

²⁹ Ability Design Associates, Anchorage, estimate 4/12/96.

³⁰ SAIL, Juneau, estimate 2/22/96.

³¹ SAIL, Juneau, estimate 2/22/96.

³² Center for Community, Juneau, estimate 3/4/96.

Rodney J. Katzeek, 38

"With just a little help, I could live at home."

Rodney is from Klukwan and that is where he would like to live. His two girls live there. He feels he could be independent if he could receive some daily living skills training, some interpersonal communication skills training and had the help of a personal care attendant for a few hours daily.

Rodney had a stroke when he was 37. He was admitted to St. Ann's one day before his 38th birthday, just after Christmas of 1994. Nobody informed him of any community services. He had not heard of the State Independent Living Council or of the Division of Vocational Rehabilitation. His only experience with Southeast Alaska Independent Living (SAIL) was when SAIL provided portable ramps for his mother's house so Rodney could visit her one time.

Rodney could stay with his mother if a ramp and housing modification would be provided. He truly desires to live in the community. He says he is too young to live in a nursing home.

Cost Comparison

| | |
|---|--------------------|
| Annual cost of care at St. Ann's Care Center³³ | \$87,529.00 |
| Estimated cost of mobility training, one time ³⁴ | \$3,000.00 |
| Estimated cost of independent living skill training, one time ³⁵ | \$3,000.00 |
| House modifications, one time ³⁶ | \$3,000.00 |
| Estimated cost of communication skill training, one time ³⁷ | \$2,000.00 |
| Annual cost of care coordinator @ \$200.00/month ³⁸ | \$2,400.00 |
| Annual cost of personal assist. @ \$18.00/hr, 3hrs/day ³⁹ | \$19,710.00 |
| Total annual cost of independent living for the first year | \$33,110.00 |
| Total annual costs thereafter | \$21,110.00 |

³³ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

³⁴ SAIL, Juneau, estimate 2/22/96.

³⁵ SAIL, Juneau, estimate 2/22/96.

³⁶ SAIL, Juneau, estimate 2/22/96.

³⁷ SAIL, Juneau, estimate 2/22/96.

³⁸ Center for Community, Juneau, estimate 3/4/96.

³⁹ SAIL, Juneau, estimate 2/22/96.

Carla Norman, 29

"For five years I have been fighting to get out of the nursing home into an assistive living residence."

Carla was born and raised in Seward, Alaska. Her parents and her younger brother live in Seward and her ten-year-old daughter lives with her father in Washington. Her daughter visits Carla in the summer and during Christmas.

In 1988 Carla left Seward for Washington. She lived in Washington for only a few months before she was involved in a car accident and sustained a closed head injury. She was in a coma for six months. One month after the accident, she moved back to Alaska to be closer to her family. There were no rehabilitative services for her at Wesley Rehabilitation Care Center at that time, so family and friends provided range of motion and other exercises three to four times a day for about one year. The family was told that Medicaid would not approve outside rehabilitation services because it was not a "life and death situation." Therefore, Carla did not receive the intensive physical and speech/language rehabilitation services she needed to improve. Carla uses a wheel chair and an augmentative communication device. Both pieces of equipment are outdated and do not allow for the independence of which Carla is capable.

Until a year ago Carla and her family were not aware of community based services and knew very little about other independent living options. She currently receives case management services from Hope Cottages and advocacy services from the Kenai Peninsula Independent Living Center.

Because Carla has been institutionalized since her injury eight years ago and because of the lack of immediate rehabilitation services, she will initially need 24-hour care when she moves into a community living situation. Currently, Carla needs assistance with all her daily living needs. However, in a more independent living situation she would be able to practice, learn and regain some strengths and skills which have been lost by living in a nursing home facility. Therefore, the initial costs for community-based living will be high. These costs will decrease as she is able to participate in her own care.

Cost Comparison

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| Annual cost of care at Wesley Rehabilitation Care Center⁴⁰ | \$74,146.10 |
| Estimated first year cost of Medicaid Waiver services including all living, medical and equipment needs, and care coordination⁴¹ | \$78,000.00 |
| Estimated annual cost thereafter including care coordination and live-in care provider⁴² | \$55,000.00 |

⁴⁰ Alaska Nursing Homes Census (2/29/96). State of Alaska, Department of Health and Social Services, Division of Medical Assistance, Health Facilities Licensing & Certification.

⁴¹ Hope Cottages, Anchorage, estimate 10/95.

⁴² Hope Cottages, Anchorage, estimate 10/95.

Recommendations

The Alaska long-term care system has a variety of services available for people with long-term care needs. These services, for the most part, meet those needs; however, people are not always able to be served by the long-term care service of their choice, nor in the location of their choice. Waiting lists, lack of service providers, and limited funding for home and community based services force many people to either wait to receive services, or to opt for services like nursing homes that they do not prefer. The costs of these services are very high; the services are often not located near those who need them, and more often than not they restrict individuals' independence unnecessarily.

Alaska's long-term care system is unbalanced. A high percentage of the long-term care dollars go to nursing homes, and nursing homes provide a high level of care at great cost. Many people in need of long-term care can be safely cared for in alternative, less expensive settings. It is also true that most people who receive facility-based, long-term care prefer these alternative settings.

The task force recommends the following to balance Alaska's long-term care system, provide services consumers require and value, reduce provision of unnecessary and unwanted services, and to stabilize and eventually reduce health care cost to the state.

Balance Alaska's Long-Term Care System

A construction moratorium on long-term care beds will allow time for Alaska to move towards a more balanced long-term care system.

Representative Mark Hanley recently proposed House Bill 528 which establishes a moratorium on long term care beds. This bill will assist the state to contain Medicaid costs, develop home and community-based services, serve persons in need of long-term care more effectively and cost efficiently.

Several areas of Alaska have empty nursing home beds. The Alaska long-term care system is highly dependent on nursing homes, and needs to diversify to a greater degree. At an average cost of \$220.84 per day, the cost of Alaska nursing homes is about triple the average nursing home rate in the United States of \$71.03 per day.⁴³

The current bed level in nursing homes should be held for several years. Individuals who could be served in community-based settings should be moved out, and savings should be directed towards community-based services.

⁴³ Ladd & Associates. (1995). Long-Term Care in Alaska: Recommendations for Reform (Draft), Austin, Texas.

Medicaid Waivers

The State of Alaska should fully fund all waiver programs to reduce the overall long-term care costs.

Alaska has home health services and personal care services offered through the Medicaid program, and a variety of other services through community based care waiver programs. These services are more cost efficient than nursing home care. In order to reduce Alaska's long term care costs it is important to fully fund the Medicaid Waiver programs.

Funding

The State of Alaska should appropriate more funds in community-based services.

Community based services are more desirable to the consumer and less expensive for the State.

Development of a Continuum of Long-Term Care Services

A continuum of services will ensure that individuals with disabilities can obtain services based on their needs instead of receiving unwanted, more restrictive and more expensive services.

Alaska should have an array of long-term care services. It should consist of a broad spectrum of services such as home care, adult day care, adult foster homes, assisted living facilities, nursing homes, and other care settings.

Alaska already has an innovative and viable home and community based care system for both older Alaskans and Alaskans with disabilities. This system is under-funded and has not been allowed to reach its full potential. Too many of our public resources go toward nursing home care.


ALASKA NURSING HOMES CENSUS

AS OF: February 29, 1996

PAGE 1 OF 2

| FACILITY | MEDICAID PER DIEM RATE | CERTIFIED CAPACITY | | MEDICAID PLACEMENTS | | NON-DMA PLACEMENTS | | TOTAL CENSUS | VACANT BEDS | % OCCUPANCY OF TOTAL BEDS | |
|---|------------------------|--------------------|------------|---------------------|------------|--------------------|-----------|--------------|-------------|---------------------------|------------|
| | | NF BEDS | SWING BEDS | ICF | SNF | MEDI-CARE | OTHER | | | OVERALL | MEDICAID |
| CORDOVA COMMUNITY MEDICAL CENTER LTC | \$414.28 | 10 | 4 | 0 | 0 | 0 | 0 | 8 | 6 | 57% | 57% |
| DENALI CENTER (Fairbanks) | 264.84 | 90 | 0 | 62 | 10 | 6 | 9 | 83 | 7 | 92% | 76% |
| HERITAGE PLACE (Soldotna) | 172.49 | 46 | 0 | 38 | 1 | 1 | 3 | 43 | 2 | 96% | 87% |
| KETCHIKAN GENERAL HOSPITAL LTC | 299.37 | 46 | 0 | 12 | 1 | 6 | 1 | 19 | 27 | 41% | 28% |
| KODIAK ISLAND HOSPITAL CARE CENTER | 312.48 | 19 | 4 | 13 | 0 | 0 | 0 | 13 | 10 | 57% | 57% |
| MARY CONRAD CENTER (Anchorage) | 223.29 | 89 | 0 | 72 | 11 | 4 | 1 | 88 | 1 | 99% | 93% |
| PROVIDENCE EXTENDED CARE CENTER (Anchorage) | 204.41 | 224 | 0 | 102 | 82 | 18 | 15 | 217 | 7 | 97% | 82% |
| PETERSBURG MEDICAL CENTER LTC | 272.11 | 14 | 4 | 11 | 0 | 2 | 1 | 14 | 4 | 78% | 61% |
| QUYANA CARE CENTER (Nome) | 439.69 | 16 | 0 | 14 | 1 | 0 | 0 | 16 | 0 | 100% | 100% |
| SITKA COMMUNITY HOSPITAL LTC | 230.31 | 6 | 4 | 4 | 0 | 0 | 2 | 6 | 3 | 87% | 44% |
| SOURDOUGH PLACE (Valdez) | 309.70 | 16 | 0 | 16 | 0 | 0 | 1 | 16 | 0 | 100% | 94% |
| SOUTH PENINSULA HOSP. LTC (Homer) | 376.66 | 20 | 4 | 16 | 3 | 2 | 0 | 20 | 4 | 83% | 75% |
| T. ANN'S CARE CENTER (Juneau) | 239.70 | 46 | 0 | 21 | 13 | 0 | 3 | 37 | 0 | 82% | 76% |
| WESLEY REHABILITATION CARE CENTER (Seward) | 203.14 | 66 | 0 | 41 | 1 | 1 | 3 | 48 | 20 | 70% | 64% |
| WRANGELL GENERAL HOSPITAL LTC | 286.02 | 14 | 4 | 9 | 0 | 3 | 2 | 14 | 4 | 78% | 50% |
| SWING BEDS (Acute to LTC): | | | | | | | | | | | |
| CENTRAL PEN. HOSPITAL (Soldotna) | 234.54 | 0 | 4 | 0 | 0 | 0 | 1 | 1 | 3 | 25% | 0% |
| SEWARD GENERAL HOSPITAL | 234.64 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 2 | 0% | 0% |
| VALDEZ COMMUNITY HOSPITAL | 234.54 | 0 | 6 | 0 | 0 | 1 | 0 | 1 | 5 | 17% | 0% |
| VALLEY HOSPITAL (Palmer) | 234.54 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 4 | 0% | 0% |
| YUKON KUSKOWIM REGIONAL HOSPITAL (Bethel) | 234.64 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 3 | 0% | 0% |
| TOTAL | | | 781 | 427 | 129 | 43 | 42 | 641 | 120 | 84% | 73% |

* Includes VA, private pay, insurance, and other.


 HILBERT LARSEN, ACTING ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561-8081
 HEALTH FACILITIES LICENSING & CERTIFICATION

3/12/96
 DATE

ICF/MR AND IMH CENSUS

AS OF: February 29, 1996

PAGE 2 OF 2

| PSYCHIATRIC BEDS | PER DIEM RATE | CERTIFIED BEDS | CURRENT OCCUPANCY | | | TOTAL CENSUS | VACANT BEDS |
|---|---------------|----------------|-------------------|---------|--------------|--------------|-------------|
| | | | MEDICAID | | NON-MEDICAID | | |
| | | | UNDER 22 | OVER 65 | | | |
| ALASKA PSYCHIATRIC INSTITUTE Anchorage | \$507.82 | 130 | 13 | 2 | 45 | 60 | 70 |
| CHARTER NORTH HOSPITAL Anchorage | N/A | 40 | 15 | 0 | 15 | 30 | 10 |
| NORTH STAR HOSPITAL Anchorage | N/A | 34 | 11 | 0 | 8 | 19 | 15 |

| ICF/MR BEDS | PER DIEM RATE | CERTIFIED BEDS | CURRENT OCCUPANCY | | TOTAL CENSUS | VACANT BEDS |
|---|---------------|----------------|-------------------|--------------|--------------|-------------|
| | | | MEDICAID | NON-MEDICAID | | |
| HARBORVIEW DEVELOPMENTAL CENTER Valdez | 425.50 | 64 | 23 | 1 | 24 | 40 |
| HOPE COTTAGES Anchorage | 360.84 | 41 | 41 | 0 | 41 | 0 |



SHELBERT LARSEN, ACTING ADMINISTRATOR
DIVISION OF MEDICAL ASSISTANCE (907) 581-1081
HEALTH FACILITIES LICENSING & CERTIFICATION

3/12/96
DATE

SPONSOR'S STATEMENT - CSHB 528(FIN)

- Medicaid is one of the largest components of state general fund. In FY 95, the total cost of Medicaid was \$295.9 Million, an increase of \$95.5 Million in 3 years. The Medicaid budget has a limit. At some point soon, the limit will be reached unless some action is taken to restrain costs.
- Long term care facilities for seniors cost \$49.3 Million in FY 95, an increase of 29% (\$11.1 million) in 3 years. Plans, letters of intent, and certificate of need applications indicate that 147 new beds are planned that would increase Medicaid costs by \$11 Million annually above inflation which has been at about 10% per year, a total of \$28 million general fund dollars over the next 5 years.
- Many nursing home residents could be served through community based services that are preferred by seniors, less restrictive, and less costly. The current Medicaid waivers program serves individuals who require a level of care provided by an institution such as a hospital or nursing home. The increasing population of seniors means that better and less expensive ways to provide the services must be found. It costs from \$80,000 to \$134,000 per person per year to live in a nursing home but only about \$32,000 on average to be served by community based programs. \$4.0 million in Medicaid funds are currently spent on community based services.
- The certificate of need program is not a failed program. Without it, we might currently be paying for 343 additional nursing home beds and 323 more acute care beds. The state could currently be paying for an additional \$279 Million in construction costs for the acute care beds alone if there was no CON program.
- Alaska has an unbalanced system of care. The trend in the way seniors are served is changing and a moratorium on long-term care beds will allow the development of a more balanced system of care, more appropriate placement of seniors and additional client choices. Seniors overwhelmingly want to stay in their homes as long as possible and do not want to be forced into nursing homes because there are no alternatives.
- It is a myth that all nursing home residents are there for medical reasons. Home and Community Based Waivers eligibility requires that a person served by the program must need a level of care provided by an institution such as a hospital or nursing home. Leaders in providing care to developmentally disabled adults will soon be closing all inpatient facilities in Alaska in favor of home and community based services. This is being done to serve clients better, provide a less restrictive environment, and to serve more of the rapidly growing population at the same cost.
- Although these are private facilities they are publicly funded. About 85% of the nursing home beds are Medicaid funded. This means that the state general fund pays for half of all Medicaid costs for nursing home beds.

STATE INDEPENDENT LIVING COUNCIL

1016 West 6th Avenue, Suite 102
Anchorage, AK 99501-1963
Phone/TTY: (907) 272-8244
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Fax: (907) 277-8504

March 6, 1996

Representative Mark Hanley
Representative Richard Foster,
Co-Chairs, House Finance Committee
State Capitol
Juneau, AK 99801

Dear Sirs,

The State Independent Living Council (SILC) applauds the introduction of HB 528, *"An Act relating to applications for certificates of need and licensing of nursing homes; amending the standard of review for certificates of need for health care facilities in the state; establishing a moratorium with respect to new applications by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1998, and providing for an effective date."*

The SILC feels this legislation is long over due. It is a step in the right direction - putting greater emphasis on community based, individualized care versus the expensive long term care provided via nursing homes. We feel the current system, funded in a large part with public Medicaid dollars, is slanted toward "institutionalization" as a matter of course when it comes to long term care for both seniors and Alaskans with severe disabilities. In talking with our disabled colleagues across the country, we have found this to be true in every state.

For example, in 1995, 141,000 people with disabilities in the United States were served in nursing homes at a cost of \$9.2 billion to Medicaid, an average of \$65,250 per person. On the other hand, through Medicaid waivers, 165,000 people were provided home and community based services at a cost of \$4.3 billion, or \$27,740 per person.

Alaska is no different. According to the Department of Health & Social Services, the average annual cost to house one of our citizens in a nursing home in 1993 was \$80,926, while typical costs for community based care ranged from \$19,770 to \$52,389. DHHS is acting in the best interest of all Alaskans through their support of this legislation, as well as their planned de-institutionalization of state run facilities, such as Harborview.

The question of finances, and the gross inequity of care costs for institutionalization versus community based care, is obviously a major concern to you and all Alaskans. Your bill questions the need for more beds for senior citizens in nursing homes, but it also addresses the question for the 140 plus Alaskans with disabilities under the age of 64 years also living in these institutions?

Do these citizens, stripped of their dignity and independence, deserve to be housed in medical institutions? Perhaps, for some individuals who are sick, and who require, at the moment, 24 hour medical care, the need for care provided from these institutions is relevant. But most people with significant disabilities who have found themselves, one way or another, in our state sponsored institutions, are not "sick". They are not patients. They are people. And many of these people want out. They want independence to direct their own lives and to cope with their disability on their own terms. But they need our support in a way that provides them with the tools to direct their own lives.

What are these tools that we can provide? The SILC has held a number of town meetings around the State to gather input from the public on a number of issues that effect the lives of persons with disabilities and their ability to live independently. We have gathered testimony from people who live in institutions, those who have "been freed" (as they often put it), and those who have successfully lived their lives outside the institutional walls. We have heard from people directly, what makes it work for them, and what would make it work better.

Foremost, it is providing a well-trained, personal assistance work force who are available to be hired (and fired if need be) by disabled consumers themselves. Alaska has a severe shortage of personal care assistants. Many of the programs that provide these services are so grossly under funded (most of our Medicaid dollars is going to institutionalizing people). Consumers, who are trying to live independently, are given few options as to who their care giver is from one week to the next. The wages paid to personal assistants are often so low, that not many hired "program" personal assistants, stick around for very long. (People who have the ability to hire their own personal assistants have typically fared much better, but often need help in learning how to "hire" and "fire" such assistants). Consumers are often told their is a limit to the hours of service they can get, sometimes putting their very lives in danger and often times, forcing individuals back into institutions because of the lack of consistent care. We need to put more funding in personal assistance services, and we need to direct more "consumer control" in the services themselves.

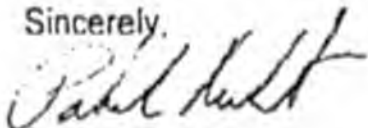
Page 3/SILC

Other major concerns we have heard about, for which the Council has been and will continue to work with Legislature and other policy makers on, are transportation services, accessible and affordable housing, access to interpreters for the deaf, independent living skills training, recreation and more.

Again, we urge you to pass this bill. We also urge you to redirect funding now going toward institutional care to more cost efficient, consumer directed, home and community based services.

Should you have any questions regarding the State Independent Living Council or any of the issues we are concerned with, please feel free to call me at 272-8244 (V/TTY).

Sincerely,



Patrick Reinhart
Executive Director
State Independent Living Council



TONY KNOWLES, GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-563-5355 • Fax: 907-563-5355

Representative Mark Hanley
Room 507
State Capitol
Juneau, Alaska 99801-1182

March 1, 1996

Dear Representative Hanley:

Thank you for your efforts in addressing the long-term care needs of Alaskans with disabilities through House Bill 528. The Governor's Council on Disabilities and Special believes that House Bill 528 will encourage the development of home care services.

After looking into this issue with you last session, we found that Alaska has more long-term care beds in some communities than are required. In addition, the state currently has virtually no way to halt the process that hospitals and nursing homes use to increase the number of beds or convert from one kind of service to another. The operational costs fall to the state. For example, ten new long-term care beds cost the state roughly \$1 million in unplanned, unbudgeted Medicaid program expenses. If excess beds are available, the current nursing home rate structure creates an incentive for institutions to work diligently to fill them with Medicaid recipients.

Facility-based care belongs on the spectrum of services to individuals who have disabilities. However, it should be a service of last resort. Alaskans who have disabilities benefit more from care which keeps them in their homes and communities. Facility-based care, at an average cost of \$100,000 per person per year, is much more expensive than community-based care, at an average cost of \$3,920 per person per year. Consequently, the state loses money when Alaskans stay in facilities.

This bill provides for a much needed moratorium on the construction of long-term care beds. During the moratorium, state agencies will provide more appropriate placement of seniors and people with disabilities, resources will be redirected towards services that can best meet the needs of recipients, and Medicaid costs will be contained. Enclosed please find the Council's position paper from last year.

Again, thank you for your attention to the needs of Alaskans with disabilities. If we can assist in any way, please call the Council's Executive Director, David Maltman, at (907) 563-5355.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Fitzgerald".

Kathy Fitzgerald
Governor's Council on Disabilities
and Special Education, Chair

Enclosure
cc: (H)HESS Chair



Impact of a moratorium on long-term care beds in Alaska April 18, 1995

Introduction

The Governor's Council on Disabilities and Special Education (the Council) advocates on behalf of individuals who have developmental disabilities and their families. Most people who have severe, lifelong disabilities use services funded by Medicaid. When the Medicaid program changes, the individuals most affected are those with disabilities.

In the mid-80s, the Council identified ways that Alaska could optimize Medicaid funding for individuals who have severe disabilities through Waivers. With the Older Alaskans Commission and the Department of Health and Social Services (DHSS), the Council developed a package of Waivers and the TEFRA Option in 1992. These innovations maximize federal Medicaid funding while reducing the cost to the state. The Council is interested in continuing to work with the Legislature and DHSS in identifying ways to use Medicaid more efficiently.

To this end, the Medicaid Subcommittee has investigated several ways to decrease the cost of Medicaid while improving program efficiency. One way to cut the cost of Medicaid is to place a moratorium on long-term care beds. This paper describes the problem, impact on individuals who have developmental disabilities, the cost of service, and the factors involved in a moratorium.

Recommendation

The Council recommends that the legislature impose a two year moratorium on long-term care bed construction and conversion. During this two year period, DHSS should reassess the process by which Certificates of Need are given.

Problem Statement

The Legislature is seeking ways to decrease the cost of health coverage to poor people in Alaska. Several ways to cut the cost of Medicaid deserve consideration. This paper will discuss one way to cut Medicaid costs, and the implications for Alaskans who have disabilities and their families.

Last year, the Legislature decreased Medicaid funding in two ways. By requiring that Medicaid recipients pay a share of home and community based care costs, the Legislature hoped to decrease the state's cost. The Legislature also chose to eliminate funds, resulting in loss of eight services to adults, as allowed in AS 47.07.035. These decreases came from the Medicaid non-facility budget, which serves most poor and disabled Alaskans at a fraction of the cost of facility based care. These decreases have hampered implementation of the home and community based waivers, which the 18th legislature put into place. Individuals ready to transition out of hospital based care are hard pressed to leave, because necessary community based care is not paid by Medicaid or is more costly to the consumer. The state pays a higher price for the same services in the institutional setting than in a community setting.

Alaska has been conservative in capturing federal dollars to supplement state health and social service expenditures. Imminent federal initiatives to give states funds through block grants will decrease Alaska's federal receipts significantly. This is not the time to cut Medicaid expenditures; it is time to assure that Alaska has the fiscal flexibility to meet adequately the needs of its poorest and most disabled citizens.

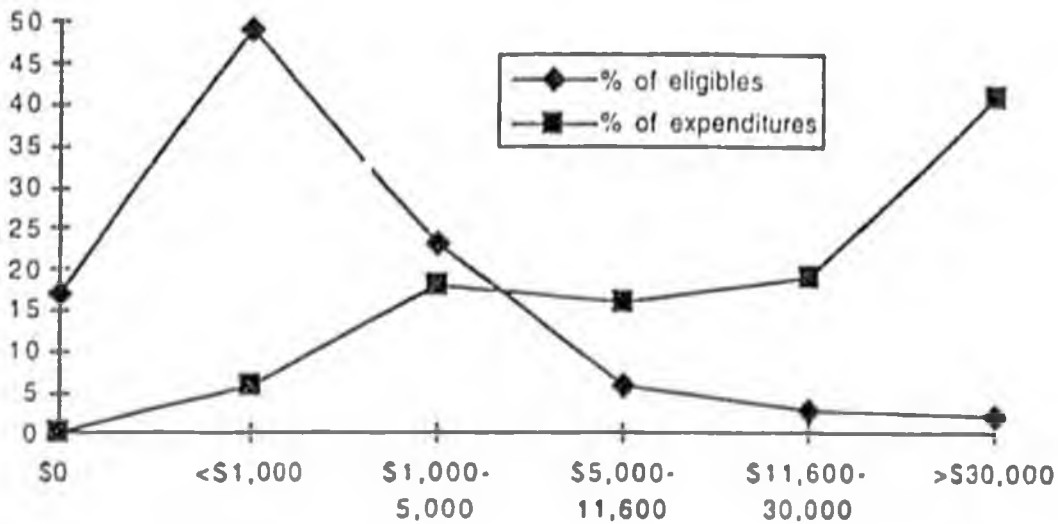
Cost of services

Alaska's costs of services are distributed disproportionately across the Medicaid-eligible population. A brief review of Medicaid expenditures in FY94 reveals that relatively few Alaskans require high cost Medicaid services--yet the bulk of funds pay for services to these few Alaskans who have serious disabilities. This high-cost care is paid to hospitals, nursing homes, and intermediate care facilities.

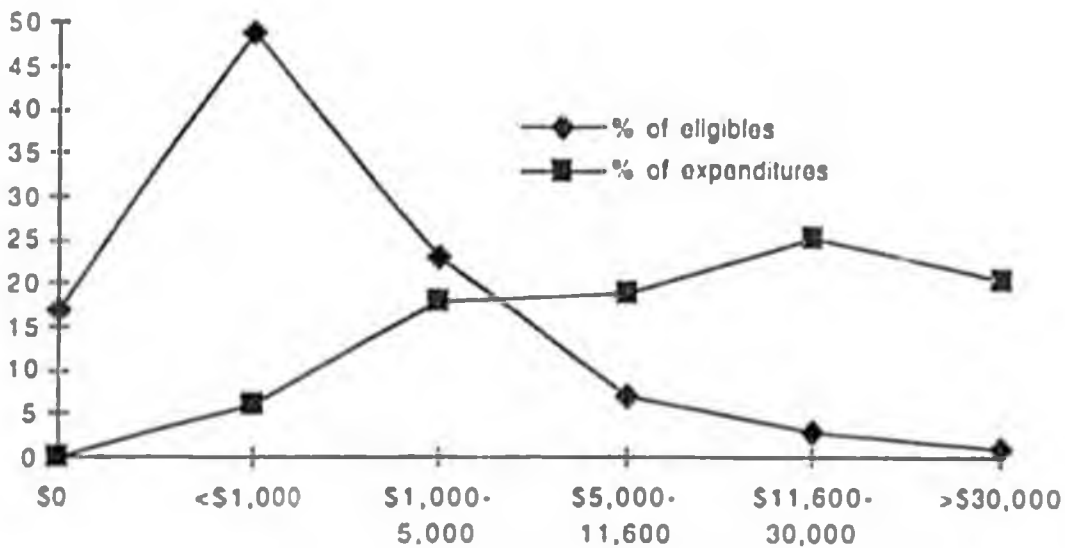
The state's Medicaid funds are tied to institutional care because of a federal requirement known as the Boren Amendment. The Boren Amendment guarantees institutional facilities reasonable payment rates. As long as poor Alaskans are in hospitals and nursing homes, the state is forced to pay these institutions anywhere from \$72,000 to \$300,000 per person per year. Not only are Alaska's Medicaid dollars funding institutional care, but state general funds cover 100 percent of the care to 2,200 Alaskans with disabilities who do not reside in institutions. The home and community based services waivers put into place in FY94 reduce the state's total cost by maximizing the federal government's share through Medicaid.

Virtually all Alaskans in institutional settings can benefit from less costly home and community based care. These home and community based services are funded in the Medicaid non-facility component. When home and community based services are reduced or eliminated, however, the number of individuals who can receive life-sustaining services nowhere else must return to hospitals and nursing homes at a higher cost to the state.

FY94 Medicaid Expenditure Distribution by Eligibles



By fully funding lower-cost home and community based services for the individuals who require specialized care, and reducing use of institutional care, the state could reduce its Medicaid expenditures significantly. Roughly, Medicaid expenditures could look more like the chart below:



However, as the state continues to decrease home and community based services through cuts to the non-facility Medicaid component, the state's institutional cost of care will continue to rise.

Relevance to people with disabilities and their families

Roughly 10,600 Alaskans have developmental disabilities.¹ Most adults with developmental disabilities are among the approximately 10,000 Medicaid users who are eligible for or use SSI and Adult Public Assistance because of their disabilities or chronic illnesses. These Medicaid users who have disabilities are also poor, and therefore qualify for the program. The monthly income for an individual who uses SSI and Adult Public Assistance ranges from about \$800 to \$825. About 678 of these poor individuals who have disabilities or who are aging use nursing facilities, ICFs-MR, or residential psychiatric hospital care.² Medicaid pays for the cost of long-term care and for all other health care costs, as required by state and federal laws.

Of the 67,631 individuals using the Medicaid program,³ 41,159 are children. As many as 15,155 Alaskan children experience health problems requiring special care.⁴ About 3,500 infants and toddlers require early intervention services to prevent or ameliorate disabilities, reducing the need for more intrusive and extensive lifelong supports.⁵ Other children with disabling conditions are served solely within the educational system, comprising 6.47 percent of the population of all children and youth ages 3 through 21.⁶ Despite the prevalence of children in the Medicaid population, children are very inexpensive to serve.

About 70 percent of all Alaskans with disabilities use Medicaid services. These are 16 percent of Medicaid users who cost the state more than \$3,920, the average yearly cost per person. Approximately 22,600 Alaskans ages 16 to 64 have work disabilities and do not receive institutional levels of care. Of those, 7,900 are prevented from working because of disabling conditions. An additional 8,600 Alaskans ages 16 to 64 have mobility and/or self-care limitations and do not receive institutional levels of care.⁷ More than 95,700 Alaskans have permanent disabilities that substantially limit one or more major life activities, have a history of such disabilities, or are regarded as having such disabilities.⁸

Parents of children with disabilities often find themselves forced to live on public assistance to guarantee Medicaid coverage for their children who have disabili-

¹ Gollay, E. (1981): *Summary Report on the Implications of Modifying the Definition of a Developmental Disability*. Department of Health, Education & Welfare.

² Division of Medical Assistance (1994). *Alaska Nursing Homes Census for 6/30/94*. State of Alaska, Department of Health and Social Services, Division of Medical Assistance.

³ Kim Busch, Policy Analyst, Division of Medical Assistance, February 1995. Although 83,920 Alaskans are eligible, only eighty percent actually use the Medicaid program.

⁴ Dick, S.E. (1992). *An Estimate of the Number of Children with Special Health Care Needs in the State of Alaska*. University of Illinois: Chicago.

⁵ Division of Public Health, Section of Maternal, Child, and Family Health.

⁶ Department of Education, Educational Program Support (1992): *Annual Data Reports*, parts III and IV, 1991-92 School Year. Juneau, AK. The number of children served in all special education programs was 11,721. The total number of children and youth ages 3 through 21 in Alaska is 123,621 (Alaska Population Overview, 1991).

⁷ U.S. Department of Commerce, Bureau of the Census (1992). *1990 Census of Population and Housing*.

⁸ Americans with Disabilities Act of 1990, Section 1(b)(2). Findings and Purposes, (a)(1).

ties. Adults who have disabilities find themselves unable to find work that provides them with adequate medical coverage. These individuals are those who are least likely to leave the medical and public assistance systems because their disabilities substantially limit their ability to work. This is also the group of people who use most Medicaid services. Any changes to the Medicaid system will affect them more than any other group of Alaskans.

Capping the number of long-term care beds.

In Alaska, the Medicaid facility budget accounts for 54 percent of expenditures-- a high price for relatively few services. The state pays for beds, and therefore has fewer funds for home and community based options. At the same time, state and federal law require that individuals who require long-term care and who can receive home or community based care at the same or lesser cost shall receive that option.

Alaska Statute 18.07.031 allows anyone or any agency to spend under \$1 million to construct a health care facility, change the number of beds in a health care facility, or change the kinds of services provided by a health care facility⁹. If a facility intends to spend over \$1 million, it requires a Certificate of Need from DHSS. A Certificate of Need is based on the availability, accessibility, and quality of existing health care resources. DHSS can issue temporary and emergency certificates, and certificates may be modified. When DHSS denies a Certificate of Need, an applicant may appeal the denial to a hearing officer. Appeals usually result in authorization to build, regardless of the community's actual need for long-term care beds.

Programs can make changes under \$1 million without DHSS approval. This creates the opportunity for unplanned increases in facility beds. Construction of several smaller projects over a period of time has the same effect as building a few large projects. The state currently has virtually no way to halt "nursing home creep," in which hospitals and nursing homes increase the number of beds or convert from one kind of service to another at state expense. The operational costs fall to the state, and are far more costly than the original capital costs. For example, ten new long-term care beds cost the state roughly \$1 million in unplanned, unbudgeted Medicaid program expenses. It is essential that the state identify all needed bed space and monitor its construction in a planned manner.

⁹ Statute describes "health care facility" as a private municipal, state, or federal hospital, psychiatric hospital, tuberculosis hospital, skilled nursing facility, kidney disease treatment center, intermediate care facility, and ambulatory surgical facility. "Health care facility" does not mean an Alaska Pioneers' Home, or private physicians' or dentists' offices.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

No. 1
Bill Version: CSHB 528(HES)
(H) Publish Date: 3/18/96

Revision Date: _____ Dept. Affected: Health and Social Services
 This: Relating to applications of certificate of need BRU: Medical Assistance
and licensing of nursing homes; Component: Medicaid Services
 Sponsor: House Finance COMPONENT SERIAL NO. 2077
 Requestor: House HES See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING EXPENDITURES | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
| CHANGES IN REVENUES () | | | | | | |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (please specify) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY96) cost: 10.0

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This bill does not directly reduce the Medical Assistance budget. It is aimed at avoiding future costs which will be incurred by the Medical Assistance program if a 2 year CON moratorium is not implemented and the industry builds the planned projects. CON Applications, Letters of Intent (LIO), or Strategic Plans have been received from 5 facilities interested in adding a total of 115 new beds and 45 replacement beds in the next 3 years. Failure to pass this moratorium and the initiation of construction will result in additional incremental budget funding requests to meet the new costs associated with those beds totaling \$47,025,000 over the five fiscal years.

| | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 |
|--------------------|------|---------|---------|----------|----------|----------|
| Medical Assistance | 0 | (3,599) | (8,433) | (11,272) | (11,660) | (12,061) |

Half of these costs are paid by federal funds and the other half by general fund match. Operating costs could continue to increase substantially after the first two years. Failure to avoid these new beds could have a deleterious effect on home and community-based services which enable elderly Alaskans to avoid entirely or postpone nursing home placement.

Prepared by: Randy Super *BS* Phone: 465-5833
 Division: Medical Assistance Date: 03/04/96
 Approved by Com: Karen Perdue, Commissioner Date: 3/5/96
 Agency: Department of Health & Social Services

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COMMITTEE COPY

ANALYSIS (cont.):

In 1996, the average annual Medicaid amount for a nursing home bed is \$85,607. Typical annual costs for community-based care are much lower, ranging from \$16,045 to \$47,821 per client with an average of \$30,544. The growth and maintenance of community-based care will be threatened if unnecessary nursing home beds are built. Alaska seniors prefer to stay at home as long as possible and avoid nursing home placement.

A two year moratorium on long term care beds would allow time for the community-based service programs to develop more fully. It would also allow the Department of Health and Social Services and Division of Senior Services time to develop a plan for the orderly development and proper mix of community-based and long term care beds.

FY98 Medicaid costs were determined by projecting occupancy from estimated construction completion date and the Medicaid rate defined in regulations to be paid for new facility beds during the first two years of operation. The statewide swingbed rate, which is the average statewide nursing home rate of \$234.54 for FY96 is inflated forward by the 4 year average annual percentage change in that rate or 3.44% per year. This results in a rate of \$250.95 per day per new occupied bed in FY98. The following table displays the present status of new beds.

| CON, Letter of Intent (LOI), Plan | Status | Number Beds | Estimated Construction Cost | Estimated Completion Date | FY98 Medicaid Cost | Annualized Medicaid Cost |
|-----------------------------------|---------|-------------|-----------------------------|---------------------------|--------------------|--------------------------|
| Valley Hospital | Applied | 60 | 10,488,500 | Feb-97 | 2,890,944 | 5,495,805 |
| Heritage Place | Pended | 15 | 1,200,000 | Apr-97 | 557,109 | 1,373,951 |
| St. Ann's | LOI | 45 | 13,720,000 | Sep-98 | 0 | 0 |
| South Peninsula | Plan | 26 | unknown | unknown | 0 | 2,381,516 |
| Sitka Community | LOI | 14 | >1 000,000 | Mar-98 | 150,570 | 1,282,355 |
| | | <u>160</u> | | | <u>3,598,623</u> | <u>10,533,626</u> |

The Annualized Medicaid Cost column displays what the Medicaid program would expend if every bed in that facility were occupied by a Medicaid recipient every day of the fiscal year.