

BILL # HB 2113

TITLE: AHCCCS; assisted living centers

SPONSOR: Thompson

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Beth Kohler

FISCAL ANALYSIS

Description

HB 2113 allows home and community based services (HCBS) provided through the Arizona Long Term Care System (ALTCS) program to be provided in a bedroom of an assisted living center. Currently, HCBS may be provided in a home, adult foster care home, assisted living home, in certain behavioral health facilities or a residential unit in an assisted living center. As defined in A.R.S. 36-401, a “residential unit” is a living area that includes a private bathroom and kitchen. However, some residents of assisted living centers reside in bedroom (a room without its own bathroom or kitchen). These residents are not currently eligible to receive HCBS under ALTCS. The bill permits residents residing in bedrooms to receive HCBS through ALTCS. The bill also requires members to be given the choice of a single occupancy living area.

Estimated Impact

Both the JLBC Staff and AHCCCS believe that the bill could potentially produce savings in the ALTCS programs. Because we are not able to estimate how many members might move from receiving services in nursing facilities to receiving less expensive HCBS services in an assisted living center as a result of this bill, we are not able to quantify these savings. The bill may also increase ALTCS costs if individuals who are residing in rooms in assisted living centers and are not receiving ALTCS services due to their residential status are able to receive ALTCS reimbursement for services as a result of the bill. The JLBC Staff and AHCCCS both believe that these costs would be negligible.

Analysis

The bill may reduce costs in the ALTCS program. If ALTCS members who are currently residing in nursing facilities were able to move to a room in an assisted living center and still receive AHCCCS-reimbursable services, then there would be potential savings associated with this move. AHCCCS estimates that, on average, home and community based services for members cost \$1,100 to \$1,300 per month and nursing facility care costs \$3,300 to \$3,500 per month. Therefore, we would expect monthly savings ranging from \$2,000 to \$2,400 for each member who moves from nursing facilities to assisted living, which equates to annual savings of \$24,000 to \$28,800 per member. Of these savings, approximately one-sixth would accrue to the General Fund, one-sixth to county funds (because counties pay for 50% of the nonfederal costs of ALTCS) and the remaining two-thirds of the savings would be realized by the federal government, based on the federal matching rates for the ALTCS program.

Neither the JLBC Staff nor AHCCCS is able to estimate how many members might move from nursing facilities to assisted living centers as a result of the changes in the bill. Therefore, we are not able to quantify the total potential savings from this bill. Any savings, however, would be incorporated into the ALTCS capitation rates for future years. The capitation rates are payments made per member per month and are calculated to represent the average cost of care for each member. Therefore, they are weighted to reflect the average costs of the members receiving services in both home and community based settings and nursing facilities. If more members were receiving HCBS rather than services in nursing facilities, the capitation rates would be lowered to reflect the lower average costs of the HCBS.

In addition to the potential savings, the bill could generate increased costs for the ALTCS program. If an individual is otherwise eligible for ALTCS but is not eligible to receive ALTCS services because they reside in a room in an assisted living center, and that individual now becomes eligible for ALTCS reimbursement as a result of the provisions of the bill, this could increase ALTCS program costs. AHCCCS believes that this population would be very small and any costs would be negligible.

The bill also requires that members be given the option for single occupancy. AHCCCS reports that this option will not have a fiscal impact, because AHCCCS reimburses for services only and does not pay for room and board costs for members. If a member chose to reside in a single, rather than a shared room and this resulted in increased room and board costs, these costs would be borne by the members.

Local Government Impact

None.

2/13/04