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Review of the Pilot Project Authorizing Direct Admission to Extended Congregate Care

Abstract

- **Extended Congregate Care (ECC) can be a cost-effective alternative to nursing home care because it (1) serves residents who are at risk of nursing home placement, (2) provides residents relatively safe environments, and (3) costs less on average than nursing home care.**
- **Despite its cost-effectiveness and the ability of assisted living facilities to directly admit residents into ECC, the number of individuals in ECC remains small.**
- **Perceived barriers to the growth of ECC include limited affordability, lack of knowledge about ECC, and higher levels of regulation.**

Purpose

Chapter 95-418, Laws of Florida, requires our Office to conduct a study of a pilot project authorizing assisted living facilities to directly admit individuals to extended congregate care services. The law also requires our Office to provide a final evaluation report by December 31, 1997. This is the final report of the two-year study.[1] The objective of our evaluation is to determine whether ECC provides a cost-effective alternative to nursing home care. Specifically, we sought to:

- assess the characteristics of individuals in ECC to determine whether they are at risk of nursing home placement;
- compare the safety of ECC to nursing homes; and
- compare the cost of ECC to the cost of nursing home care.

In addition, we sought to identify barriers to the use of ECC and policy options that could reduce those barriers.

Methodology

At the initiation of the project, we conducted a focus group of stakeholders to identify policy relevant questions and organized our inquiries around stakeholders' concerns, using a variety of data collection techniques. We reviewed statutes, rules, and relevant literature to obtain a better understanding of the ECC program. We also collected information on admissions to and discharges from the pilot project facilities, including demographics, medical profiles, cognitive and functional impairment levels, and where residents go when they are discharged from the pilot project facilities. We also surveyed pilot project facility administrators or owners. During these surveys we obtained private-pay rate information about ECC

[1] Two status reports were published on the pilot project: Report No. 95-19, was issued in December 1995, and Report No. 96-26, was issued in December 1996.

services and compared them with private-pay charges for nursing homes we obtained from published sources. We also interviewed ECC residents and responsible parties, usually family members, to find out how caretakers and residents feel about the safety of ECC facilities, as well as their satisfaction with ECC facilities and services. In conjunction with these interviews, we collected information to help us understand the needs of ECC residents. However, due to the small number of direct admissions into ECC (97 out of 1,465 total admissions who indicated type of care at admission) in the pilot project facilities during the study period (October 1995 through September 1997), the study results may not be representative of future trends in ECC.

Background

Extended congregate care allows qualified assisted living facilities to provide impaired residents with additional supportive and nursing services that they would otherwise need to receive in other settings, such as a nursing home. In 1991, the Florida Legislature created the specialty ECC license for assisted living facilities. Assisted living facilities are entities that provide housing, meals, and personal services to individuals who, due to age or disability, need supervision or assistance with activities of daily living such as bathing, eating, or dressing. The additional ECC services enable residents to "age in place" and remain in familiar environments when residents experience physical or mental declines. As of October 1997, 191 of the state's 1,986 licensed assisted living facilities had ECC licenses.

Section 28 of Ch. 95-418, Laws of Florida, established a pilot project that allowed a limited number of extended congregate care facilities to directly admit individuals into extended congregate care services.[2] The pilot project facilities range from converted single-family homes in residential neighborhoods to apartment-like accommodations in large retirement communities. The facilities also vary in size; with bed capacities ranging from 6 to 600. These facilities are authorized to provide ECC services to about 3,800 residents.

Findings

Extended congregate care can be a cost-effective alternative to nursing home care and can delay or avoid the need for publicly-funded nursing home care.

Extended congregate care can provide a cost-effective alternative to nursing home care for some individuals. Residents receiving ECC services have characteristics that place them at high risk of nursing home placement. ECC offers a relatively safe alternative to nursing home care. In addition, the average monthly cost of ECC is about $1,400 per month less than the average monthly cost of nursing home care for private-pay indivduals. Lower cost enables private-pay residents to conserve their resources and avoid or delay their need for public assistance.

Residents of extended congregate care are at high risk of nursing home placement

Residents receiving ECC services are at high risk of nursing home care, and many would likely have gone to nursing homes if they had not been able to receive the higher level of services available in ECC. Residents receiving ECC services have three key characteristics likely to predict an individual's risk of nursing home placement.[3]

First, although most assisted living facility residents have some cognitive impairment, residents receiving ECC services are almost three times more likely than

[2] Prior to the pilot project, implemented in October 1995, the Legislature allowed assisted living facilities to provide ECC services only to individuals who had resided in their facilities for 90 days or more. The 1997 Legislature amended the law to allow all ECC licensed facilities to begin directly admitting individuals to ECC services as of May 1997. This report includes information only about the 76 facilities that were in the ECC direct admission pilot project before the 1997 law change.

[3] A fourth factor, lack of a caretaker, such as a spouse, is also frequently predictive of placement in a nursing home. However, this factor is strongly predictive of all out-of-home placements. Thus marital status of residents in extended congregate care and those in standard care was very similar in that the majority of residents in both types of care were widowed, divorced, or single.

assisted living residents to have severe cognitive impairments. In the pilot project facilities, 13.8% (13 of 94) of ECC residents were severely cognitively impaired, while 4.9% (64 of 1,306) of assisted living residents were severely cognitively impaired. One study indicates that 22.9% of nursing home residents have severe cognitive impairment.[4]

Secondly, residents receiving ECC services are more likely than assisted living residents to require assistance with one or more activities of daily living. About 75% of the residents in ECC needed help with one or more activities of daily living, while only 47% of the residents in assisted living care needed such assistance.

Finally, residents receiving ECC services tend to be older than assisted living residents. The average age of an individual admitted to ECC in the pilot project facilities was nearly 85 years, while the average age of an individual admitted to assisted living care in those facilities was about 82 years.

Safety of extended congregate care

Although residents receiving ECC services receive less supervision than nursing home residents, ECC facilities appear to be relatively safe alternatives to nursing homes. ECC facilities emphasize giving their residents personal autonomy and privacy, which can increase the risk that these facilities will not be as safe as nursing homes.

Reports of the most recent facility inspections indicate that the safety levels of the pilot project facilities are similar to those of nursing homes. ECC facility inspection reports from October 1995 until October 1997 and nursing home deficiency reports for 1996 show similar percentages of serious deficiencies for both types of facility. These reports indicate that extended congregate care facilities and nursing homes are performing comparably in the area of resident safety. For example, 12% (9 of 76) of the pilot project facilities had a serious violation (Class I or Class II) compared to 9% (59 of 666) of nursing homes.

Extended congregate care resident caretakers or residents believe the facilities are safe. We interviewed 43 ECC resident caretakers, usually family members, or residents themselves. Eighty-six percent (37 of 43) of the individuals believed that the resident has been safe and secure while at the facility.

However, ECC is not risk-free and caretakers and residents identified a few potential problems. About one-third (15 of 43) of the respondents said they were concerned about residents having accidents. About 47% (20 of 43) of the respondents thought that the facility did not have enough direct-care staff for the number of residents they served. In addition, 17% (7 of 41) of caretakers or residents who responded to this question expressed concerns about the administration of medications.

Despite some safety concerns, more than three-fourths of the ECC resident caretakers or ECC residents we interviewed expressed satisfaction with ECC facilities, the quality of their staff, and the level of care residents receive. Most respondents would recommend the assisted living facility they used to others who need ECC.

Extended congregate care is a cost-effective alternative to nursing home care.

Since ECC is relatively safe and serves individuals who otherwise would likely have gone to nursing homes, it is a cost-effective alternative to nursing home care. For facilities in the pilot project, ECC costs an average of about $1,400 per month less than nursing home care ($2,000 average for the lowest cost ECC accommodation versus $3,400 average for a semi-private room in a nursing home).[5] Using ECC as an alternative to nursing homes could benefit the state in two ways.

[4] Project Two: The Florida Long-term Care Elder Population Profiles Survey. The Florida Policy Exchange Center on Aging, University of South Florida and The Southeast Florida Center on Aging, Florida International University, August 1997.

First, low to moderate income individuals are able to stretch their assets over a longer period of time delaying or avoiding the need for Medicaid covered care. Under current eligibility requirements for Medicaid covered nursing home care, an individual's monthly income cannot exceed $1,452 and assets cannot exceed a total of $2,000. Many individuals admitted to pilot project facilities have incomes below the eligibility level for Medicaid and have assets ranging from $20,000 to $80,000. If they stay in ECC as their health declines, rather than going to a nursing home, they will deplete their assets at a slower rate. At the average facility rate of $2,000 a month for ECC, these individuals will delay becoming eligible for Medicaid by about 4 to 16 months. At the average monthly Medicaid nursing home reimbursement rate of $2,200, this could save the state between $8,800 to $35,200 per person.

The second way using ECC could benefit the state and save money is by placing Medicaid eligible individuals in lower cost ECC. Once residents become eligible for Medicaid, placement in ECC rather than a nursing home, when appropriate, can reduce the cost of a Medicaid out-of-home placement by up to $1,350 a month per resident. Florida has implemented a Medicaid waiver program to divert some individuals from nursing homes to assisted living facilities. Under this program, the state allocates up to $850 per person per month to pay for additional services so that individuals who meet the criteria for Medicaid coverage of nursing home care may remain in assisted living facilities. If, by expanding the waiver, the state could divert 1,000 more people from nursing home care for a year, it could save up to $16 million dollars per year.[6] However, total Medicaid savings would be less because in assisted living Medicaid pays for additional services, such as durable medical equipment, that would be part of the Medicaid daily rate in a nursing home.

[5] Facility private pay rates for ECC ranged from a low of $1,350 to a high of $3,050 a month in the pilot project facilities. Accommodations ranged from semi-private rooms to apartments.

[6] In Florida, the federal government funds about 56% of expenditures in Medicaid; the state funds the remaining 44%. Consequently, the state's share of $16 million would be about $7 million. In addition, about 50% of Medicaid waiver clients receive a maximum monthly state supplement of $171 per person for their assisted living care.

Despite its cost-effectiveness and the ability of assisted living facilities to directly admit into extended congregate care, the number of individuals in extended congregate care remains small.

The direct admissions policy has increased the use of ECC, but most of the increase in ECC admissions was due to individuals transferring from assisted living care to ECC. In 1997, direct admissions accounted for about one third of admissions into ECC. (See Exhibit 1.)

Exhibit 1
Direct Admissions and Transfers to Extended Congregate Care Are Increasing

ECC Admissions	1996	1997
Direct Admissions	61	111
Transfers	29	259
Total Admissions	90	370

Note: Admissions figures include residents who stay for short periods for reasons, such as allowing their home caretakers to take a break.

Source: Office of Program Policy Analysis and Government Accountability, 1996 and 1997 extended congregate care facility owner/administrator interviews.

Yet, the number of residents receiving ECC services is small. At the time of the owner/administrator interviews, residents receiving ECC services represented about 4% (about 200) of the residents in the pilot project facilities in 1995 and 1996. In 1997, this percentage increased to about 5% or 249 residents receiving ECC services.

More people could be served in ECC, but three barriers limit the growth of this option. First, affordability limits ECC growth. Although ECC costs less than nursing home care, it costs more than assisted living care. Thus, many low to moderate income individuals whose needs cannot be met in assisted living care may not be able to afford ECC. Since the state limits the number of individuals who can participate in the Medicaid waiver program for assisted living facilities at any one time, some individuals eligible for Medicaid coverage of ECC services may not be able to

participate in the waiver and instead seek nursing home care which is covered by Medicaid.

Lack of knowledge about the availability of ECC is another barrier to the use of ECC. Facility administrators or owners indicated that physicians and others who advise elders about their long-term care placement options are not aware of the availability of ECC and therefore do not refer individuals to ECC facilities. For example, physicians, hospital discharge planners and other long-term care professionals accounted for only about 31% of the referrals to the pilot facilities, while over half of the residents learned about the facility from relatives or friends.

Although staff from local offices of the Agency for Health Care Administration and the Department of Elder Affairs work well together in some areas to provide education about ECC to long-term care professionals and the public, the two departments do not have a coordinated public education program to inform about ECC. Therefore many individuals still do not know about the availability of ECC as a long-term care alternative to nursing home care.

Finally, administrators or owners of the pilot facilities also identified higher levels of state regulation as a reason for the limited growth of ECC. Although residents receiving ECC services do not pose a higher level of risk than nursing home residents, the state inspects extended congregate care facilities more frequently than it inspects nursing homes. Florida inspects nursing homes each year, and no interim monitoring is required unless there are problems in a facility. ECC facilities must be inspected once every two years, but they also must receive at least two monitoring visits a year. Assisted living facilities are inspected once every two years with no required semi-annual monitoring visits.

Many pilot facility administrators or owners also believe that the state requires too much documentation for residents receiving ECC services. For example, an individual service plan is required for each ECC resident, but assisted living residents are not required to have such plans. However, these requirements are similar to those imposed on nursing homes and most likely are needed to ensure that ECC residents receive the care they need.

Policy options for the Legislature to consider to increase the use of extended congregate care

Unless the Legislature takes some action to slow down the growth of the State's nearly $1.3 billion a year nursing home bill, Florida's Medicaid expenditures for nursing home care will more than double by Fiscal Year 2004-05. We evaluated three options the Legislature may wish to consider for slowing the increase in the Medicaid nursing home budget by diverting individuals from higher cost nursing homes to less expensive ECC facilities. These options are:

- expanding the Medicaid waiver program to divert more Medicaid-eligible individuals to assisted living facilities;

- expanding existing efforts to provide information about extended congregate care to physicians and others who inform individuals about their long-term care options; and

- encouraging more assisted living facilities to offer extended congregate care services by streamlining some regulations.

Expanding the Medicaid Waiver for assisted living facilities

The Assisted Living for the Elderly Medicaid Waiver could be expanded to enable more low and moderate income people to use ECC. The waiver allows a limited number of eligible elders to live in less costly assisted living facilities rather than more costly nursing homes. Although the state has expanded this waiver program since its implementation in 1995, the program serves only a small percentage of the people who are eligible for Medicaid coverage of nursing home care. Under current funding levels for the waiver, the state can use it to serve up to 700 individuals a year. In

contrast, the Medicaid program pays for nursing home care for approximately 46,000 people a year.

However, expanding the waiver could have the unintended effect of increasing the number of people who apply for Medicaid coverage of long-term care. Under Federal law, individuals who are eligible to receive Medicaid coverage of nursing home care are entitled to placement in a nursing home. However, individuals who do not want to go into nursing homes may choose to stay in a home-like setting. As a result, some of these individuals would likely apply for Medicaid waiver coverage of care in an ECC facility. If this occurs, the waiver may not actually divert people from nursing home care, but may increase the number of people who receive state assistance for long-term care. If the Legislature authorizes more beds under the Assisted Living for the Elderly Medicaid waiver, the state should deduct an equal number of new nursing home beds that would be authorized so as not to increase the total costs for long-term care.

Consequently, if the Legislature chooses to expand the Medicaid waiver program more rapidly than it has in the past, it may wish to do so in conjunction with other initiatives to decrease the cost of long-term care. These could include tightening Medicaid's eligibility criteria for nursing home care, placing additional limitations on the growth in nursing home beds, and encouraging individuals to participate in managed health care plans that include a variety of long-term care options.[7]

Expanding educational efforts for medical and other professionals and to the community

To make more people aware of the availability of ECC, the Legislature could direct the Agency for Health Care Administration and the Department of Elder Affairs to better coordinate their efforts to inform about ECC. The two departments could develop a formal community education program that involves staff from both departments in all areas of the state. These efforts should be designed to reach long-term care professionals, such as physicians and hospital discharge planners, as well as the general public.

Streamlining regulatory requirements

To encourage more assisted living facilities to provide ECC, the Legislature may also wish to direct the Department of Elder Affairs and Agency for Health Care Administration to examine ways to streamline the regulations for ECC facilities. Such streamlining must be done carefully so as to not decrease the safety of ECC. However, some streamlining is possible. For example, facilities with good safety records could receive fewer monitoring visits than currently required and the scope of those visits could be reduced. This could serve to reward facilities with good safety practices and encourage other facilities to develop these practices.

Conclusions and Recommendations

Extended congregate care can be a cost-effective alternative to nursing home care because it serves residents who are at risk of nursing home placement in relatively safe environments at less cost on average than nursing home care. We recommend that the Legislature consider three options:

- Expand the Assisted Living for the Elderly Medicaid waiver program to divert more Medicaid-eligible people from nursing homes to assisted living facilities. If the Legislature expands the assisted living waiver, we further recommend that the expansion be done in conjunction with the other recommended initiatives to decrease the cost of long-term care;

- Direct the Department of Elder Affairs and the Agency for Health Care Administration to establish a formal coordinated public education program about extended congregate care and other long-term care alternatives; and

[7] For more information, see OPPAGA's Performance Audit of the Comprehensive Assessment and Review for Long Term Care Services (CARES) Program, Report No. 94-33 and OPPAGA's Performance Review of the Certificate of Need Program for Nursing Homes, Report No. 95-51.

- Direct the Department of Elder Affairs in consultation with the Agency for Health Care Administration to examine ways to streamline the regulations for extended congregate care facilities.

Responses from the Department of Elder Affairs and the Agency for Health Care Administration

The Department of Elder Affairs provided us a written response to our Preliminary and Tentative Findings and Recommendations. The Department concurred with the report's overall conclusion that extended congregate care (ECC) can be a cost-effective alternative to nursing home care. The Department strongly supported the proposed expansion of the Assisted Living for the Elderly Medicaid waiver program. The Department also concurred with the report's finding that lack of knowledge about the availability of ECC is a barrier to expanded use of ECC.

The Agency for Health Care Administration generally concurred with our findings and recommendations. The Agency concurred that expanding the Medicaid Waiver is an appropriate recommendation. The Agency agreed with the need to find ways to increase the information about ECCs to the medical and other communities. The Agency also agreed to work with the Department of Elder Affairs to look at ways to streamline the ECC regulations in ways that do not jeopardize residents health, safety, and welfare.

Copies of both responses are a public record of this Office and are available upon request.

The Florida Legislature

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