

Assembly Bill 50

Assisted Living Waiver

Assembly Member Ash Kalra

SUMMARY

AB 50 seeks to expand the Assisted Living Waiver (ALW) program to keep pace with the state's growing aging population and to ensure that participants have access to an array of community services as an alternative to residing in a nursing facility.

Specifically, AB 50 incrementally increases the cap of available ALW participant slots from 5,744 to 18,500, allows greater statewide availability to the ALW program, and addresses programmatic elements in order to enhance the program's ability to meet the need of eligible older adults and people with disabilities.

BACKGROUND

In 1999, the U.S. Supreme Court ruled in the case of *Olmstead v. L.C.*, finding that the unnecessary institutionalization of people with disabilities is a violation of the Americans with Disabilities Act of 1990 (ADA), thereby establishing the right of individuals with disabilities to receive services in the most integrated setting. To meet the intent of the *Olmstead* decision, the state established its obligation to ensure that individuals have access to an array of supportive services that meet the each person's needs and preferences, regardless of age or degree of disability.

Medi-Cal Waivers: Medi-Cal waivers operate under the Medi-Cal program and provide specified groups of individuals a defined set of services that may not be available under the broader Medi-cal program. Under this waiver the Department of Health Care Services (DHCS) must obtain both legislative approval as well as approval from the federal government to administer it. The waivers must not cost the federal government more than the expected Medicaid costs for the traditional Medicaid population under the same time period.

Assisted Living Waiver: The Assisted Living Waiver (ALW), referred to as a Medi-Cal Home

and Community Based Waiver, allows counties to offer a variety of services to eligible individuals, including a combination of both traditional medical services as well as non-medical services. The ALW program serves older adults and persons with disabilities who meet requirements for Medicaid coverage of nursing facility care, but who prefer to reside in a community-based setting. The program is offered in two settings: Residential Care Facilities for the Elderly or publicly subsidized housing. Eligibility is limited to Medi-Cal beneficiaries over the age of 21. Services include, but are not limited to: assistance with activities of daily living; health-related services including skilled nursing; transportation; recreational activities; and housekeeping.

As part of the 2018-19 State Budget and renewal application, the ALW added 2,000 more participant slots, among other program changes, but this addition is far less than current demand for the program. The ALW was renewed by DHCS and federally approved with an effective date of March 1, 2019 for another five years.

As of February, 2019, the ALW program operates with a significant waitlist of 4,491 individuals across fifteen counties: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, and Sonoma.

The ALW is a proven a cost-saver for the state because it is designed as an alternative to long-term placement in a nursing facility. The 2018-19 Budget Act included \$14 million (\$7 million GF) savings for 5,744 slots, which accounts for an increase of 2,000 slots and requires that 60 percent or 1,200 slots are for the transition from a skilled nursing facility (SNF).

Currently, the ALW program faces a number of challenges that prevent the program from realizing its potential, including lack of available providers, lack of awareness of the program, low

reimbursement rates that hamper provider participation, and lack of statewide availability. According to the 2017 Long-Term Services and Supports Scorecard, almost eleven percent of California's 101,000 nursing home residents—or 11,000 individuals--- are identified as having low-care needs. These individuals could be cared for in a community based setting, or in assisted living settings, as an alternative to licensed health care facilities. But for many such individuals, the opportunities to transition either do not exist or they are unaware of the alternatives.

Additionally, many Medi-Cal eligible individuals reside at home without proper services and support, leaving them vulnerable to eventual placement in a nursing facility. Ultimately, these individuals could be better cared for, at less cost, in an assisted living setting.

SOLUTION

AB 50 is an important step forward in meeting the needs of California's older adults and people with disabilities who are either institutionalized or at-risk of institutionalization.

It is important that the ALW program continues and is able to expand to full capacity in the future, and DHCS should amend the ALW prior to the 2024 expiration date. AB 50 would increase the number of "slots" available under the ALW program by up to 18,500, expand geographic representation of the program on a regional basis, and outline requirements for the stakeholder process.

Expanding the ALW program will create a significant cost-savings to the state because the average annual cost in a skilled nursing facility is estimated to be around \$68,000 while the average annual cost of providing waiver services in a community setting are approximately \$27,108.

This legislation is in line with the state's efforts to realize its commitment to the *Olmstead* decision and provides an important alternative to institutionalization for our state's most vulnerable residents.

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