Did you know...

In 2010, residential care costs for Medicaid beneficiaries were 32% lower on average than costs for private-pay residents?

About the data:

Data on residential care facilities in 2010 is based on the National Survey of Residential Care Facilities (NSRCF), published by the National Center for Health Statistics. The NSRCF collects information on the most recent monthly charges paid by each resident, and whether or not Medicaid paid any of their charges in the last 30 days. To be included in the NSRCF, facilities had to provide at least 24-hour supervision of residents, 2 meals a day and help with ADLs, and have 4 or more beds. The data are restricted to residents age 65 or over.

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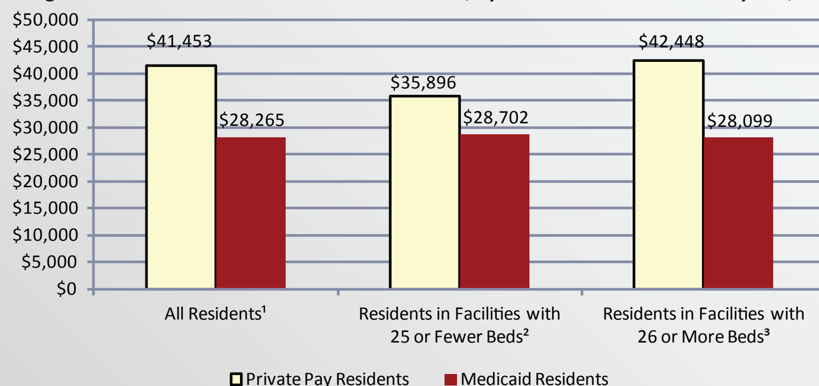
- "Residential care" is an umbrella term for facilities that provide apartment-style housing and support services such as managing medications and assistance with activities of daily living (ADLs) like bathing and dressing for persons who cannot live independently but generally do not require the skilled level of care provided in nursing homes. Residential care facilities include assisted living facilities, board and care homes, and other settings.
- Some Medicaid beneficiaries have functional limitations and may not be able to remain at home, but could be supported in residential care facilities. However, not all facilities accept Medicaid residents.
- Medicaid cannot pay for room and board in community settings, but it can pay the portion of residential care charges attributable to long-term services and supports. The resident must pay the rest from Social Security, Supplemental Security Income, help from family, or other income.[1]
- Residents with Medicaid make up 14% of all residential care consumers. Their residential care costs are approximately one-third lower than those for private-pay consumers.
  - Unlike private-pay consumers' costs, average costs for Medicaid residents did not vary much by facility size in 2010.[2]
- Smaller residential care facilities (25 beds or fewer) are more likely to house larger proportions of residents with Medicaid.
  - 23% of residents in smaller facilities were Medicaid enrollees, compared to 13% of residents in larger facilities (26 beds or more).
  - 27% of smaller facilities reported that 50% or more of their residents were Medicaid beneficiaries, compared to 13% of larger facilities.

Residential Care Costs For Medicaid Enrollees Are Significantly Lower Than Private Pay



[1] N = 561,940 private pay residents age 65 or over and 94,151 residents with Medicaid as a payer age 65 or over
[2] N = 85,484 private pay residents age 65 or over and 25,677 residents with Medicaid as a payer age 65 or over in facilities with 25 or fewer beds
[3] N = 476,456 private pay residents age 65 or over and 68,474 residents with Medicaid as a payer age 65 or over facilities with 26 or more beds

A Clear Policy Connection

Residential care is an attractive option for many seniors with functional limitations, but the costs can be prohibitive for low-income seniors. However, Medicaid can partially cover the costs of residential care.

The Centers for Medicare and Medicaid Services (CMS) is currently considering how it will define a home- and community-based (HCBS) setting to create alignment across its different programs and funding authorities. This will have implications for how residential care facilities are treated for the purposes of Medicaid reimbursement. While CMS intends to ensure that facilities genuinely retain the character of a community residence,[3] some smaller facilities that house a large proportion of Medicaid enrollees may not qualify as HCBS settings under new privacy standards such as whether rooms have lockable doors. Strict definitions of HCBS could limit Medicaid residents' access to some smaller residential care facilities, despite the fact that these facilities are more likely accept Medicaid residents and charge lower rates on average.

As policymakers define HCBS for Medicaid purposes, they should attempt to balance protecting residents' privacy with maintaining a range of care options to allow individuals to live in the community.

[1] Mollica, Robert. "State Medicaid Reimbursement Policies and Practices in Assisted Living." 2009, National Center for Assisted Living.
[2] Avalere Health, LLC. Analysis of the 2010 National Survey of Residential Care Facilities.
[3] National Senior Citizens Law Center. "Comments Due July 2 for Proposed Medicaid Regulations Defining 'Community Based'." May 17, 2012. http://www.nsclc.org/index.php/comments-due-july-2-for-proposed-medicaid-regulations-defining-community-based/