

# Low Medicaid rates limit beneficiaries' access to assisted living facilities

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More than 700,000 elderly and disabled Americans receive health care in residential care communities, such as assisted living facilities. As the population ages, this number will grow. A new study by RTI International found that low Medicaid payment rates for services in assisted living and similar settings discourage residential care providers from serving Medicaid beneficiaries, which limits their access to community-based residential care.

The study found that some [residential care](#) settings limit the number of Medicaid residents they serve or decrease operating expenses in ways that may also reduce quality of care.

"Medicaid payment rates only cover services in residential care settings; they do not cover room and board," said Michael Lepore, Ph.D., senior health policy and health services researcher at RTI and lead author of the study. "One of the access barriers is the difficulty that Medicaid beneficiaries have paying for room and board in residential care settings because of their low incomes. This situation dissuades residential care providers from serving Medicaid beneficiaries."

Residential care settings are community-based homes or facilities that offer room, board and care services, the most popular being assisted living. Compared to nursing homes, these settings often are less institutional and are often the preferred setting. If Medicaid beneficiaries with long-term service and support needs cannot access residential care settings, then nursing homes may be their only option,

ultimately costing taxpayers more money because Medicaid payment rates for nursing homes are higher.

The study, published in the *Journal of Housing for the Elderly*, found barriers that influence Medicaid beneficiaries' access to state-licensed residential care include Medicaid reimbursement rates for services, the supply of Medicaid-certified residential care settings and beds, and policies that affect room and board costs for Medicaid beneficiaries.

Researchers examined Medicaid policies in all 50 states and the District of Columbia, interviewed subject-matter experts, and conducted four state case studies informed by reviews of state policies and stakeholder interviews.

"States need to ensure their Medicaid rates for residential care services are sufficient to maintain an adequate supply of these settings and beds available to Medicaid beneficiaries, while also safeguarding quality of care and taxpayer resources," Lepore said. "Higher Medicaid rates may encourage more residential care settings to serve Medicaid beneficiaries, which may help reduce nursing home use by older adults and people with disabilities and potentially reduce Medicaid spending on long-term services and supports."

**More information:** Michael Lepore et al, Medicaid Beneficiaries' Access to Residential Care Settings, *Journal of Housing For the Elderly* (2017). [DOI: 10.1080/02763893.2017.1335669](https://doi.org/10.1080/02763893.2017.1335669)

Provided by RTI International

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