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## LEGISLATION COULD PROVIDE MORE FUNDING TO ADULT HOME CARE PROVIDERS IN EXCHANGE FOR QUALITY OF CARE IMPROVEMENTS

BY DAN ROSENBLUM | OCT 19, 2017 |

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Adult home care providers are urging Gov. Andrew Cuomo to sign a bill that would increase subsidies for those who house and care for seniors and adults with disabilities. Advocates for residents say any subsidy boost should be tied to additional oversight measures to guard against excessive salaries for facility managers, poor quality programs and fiscal mismanagement.

“One message that I hope the industry will absorb is that one of the major obstacles to appropriate funding for adult homes is concern about quality of care at many of them,” Assemblyman Richard Gottfried, who chairs the health committee, told New York Nonprofit Media. “I think the higher quality adult homes need to understand that the problems with many of the other adult homes is holding back their own viability.”

Adult home care providers say that, with few exceptions, they are managing a chronic existential financial burden resulting from a federal Supplemental Security Income subsidy that has not increased in line with overhead expenses, leading to the closure of some facilities and reduced services at others.

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Rick Mills is the executive director of housing at [Loretto](#), a nonprofit elder care services provider that serves roughly 9,000 seniors in central New York. His program provides community residences, nursing homes and other programs to a population whose average age is in the early 80s. The cost per patient for their services is about \$66 per day, and by his estimation the organization loses about \$780 per month per resident.

"You want to do the best for everybody, but on the purely SSI model, it's just unsustainable," he said, adding that facilities are increasingly offering beds for enhanced assisted living or housing residents that can pay market rates of up to \$7,000 per month to help make up the difference.

Loretto closed one of its SSI-funded facilities in 2002, and since then, the problem has only gotten worse despite advocacy efforts. Providers' concerns reached a peak with the [minimum wage increase](#) scheduled to be phased in through 2021.

"It just really was kind of a wake-up call that ... these programs will not continue," Mills said. "You can't pay people more if you're operating at a loss."

Many adult homes receive SSI's Congregate Care Level 3 subsidies for at least some residents, amounting to \$1,429 for each resident per month – \$694 paid by the state and \$735 from the federal government, according to the state Office of Temporary and Disability Assistance.

While the federal government's portion has had small cost-of-living increases tied to inflation, the rate the state has paid has had only one phased-in increase during the past 25 years, according to [LeadingAge New York](#), a group representing many nonprofit providers. That's even as workers' compensation costs, minimum wage increases and health insurance premiums have continued to put pressure on providers' overhead.

The subsidy applies to about 13,000 seniors and others with complex medical or mental health needs across the state's nearly 550 adult homes, many of which are nonprofits, in residential settings that offer more independence and fewer supports than nursing homes. Many residents' expenses are covered by a mix of federal and state money – namely the federal SSI subsidy and the state-funded State Supplemental Program – though some pay market-rate prices for care.

The \$1,235 monthly subsidy – the total minus \$194 for each resident's personal needs allowance – goes directly to adult homes for care, and the payments amount to about \$40.60 per day per resident. Diane Darbyshire, a senior policy analyst at [LeadingAge New York](#), said that rate is \$30 less per resident per day than the average cost of care, and is insufficient to cover meals, personal care, medication assistance, monitoring, housekeepers and other services.

*"The higher quality adult homes need to understand that the problems with many of the other adult homes is holding back their own viability." – Assemblyman Richard Gottfried*

About 37 adult care facilities have closed in the past seven years, Darbyshire said, though there's little data to suggest whether that's due purely to the financial duress. However, fewer adult home slots mean more residents end up in nursing homes where care is more expensive, leading to higher Medicaid costs for the state, she said.

Legislation that was passed by the state Senate and Assembly in June would [phase in a subsidy increase](#) to \$1,547, effective April 1, 2018, and to \$2,027 after 2022.

"We will continue to advocate for the issue, but I think we'll have to explore with the Legislature and the governor some sort of alternative financial relief because otherwise I think you're going to see facilities close this year," Darbyshire said.

Others argue that simply adding more money will not solve all of the problems with adult home care facilities, particularly at facilities that seem to be financially viable.

On Sept. 19, at the first of two Assembly hearings, [Coalition of Institutionalized Aged and Disabled](#) Executive Director Geoff Lieberman asked, "How will (a rate increase) improve staffing, food and case management services, so sorely needed by residents?"

Lieberman, whose organization advocates for residents at homes in the New York City area, added that recent closures of facilities in New York City had more to do with extenuating circumstances, rather than fiscal instability. Of three homes that closed in recent years, two were due to damage from Superstorm Sandy, and another was ordered to be closed by the state Department of Health, he said.

At the same hearing Daniel Ross, an attorney who advocates for nursing home residents at Mobilization for Justice (formerly MFY Legal Services), referred to a study of 18 proposed facility budgets submitted to the state Department of Health to apply for Assisted Living Program beds. He said some executive salaries were excessive and cited senior executives at two homes in Queens and Brooklyn who earned at least \$400,000, while earmarking less than \$250,000 for meals.

He also noted that “even with high rent, and high compensation, 10 of the 18 homes we looked at expected profits of more than \$1 million.”

“What level of waste in the state’s social safety net is acceptable?” Ross asked. “Is it a penny per dollar of government funding? A dime? A quarter?”

New York’s adult home industry – originally conceived as a better alternative than institutionalization in a psychiatric hospital – was the subject of scandal and litigation about 15 years ago as a New York Times series detailed abuses that found some homes were “little more than psychiatric flophouses.”

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While conditions have improved, there are still poor conditions at some facilities. In its most recent set of quarterly inspections, the state Department of Health cited three-quarters of the 298 homes it inspected with violations, though many of them were (appeared to be) minor. Four citations were for “endangerment.”

Strengthened state oversight measures could include the ability to audit more records, require independent assessments of residents’ needs and establish standards for administrative costs and profit margins. Other measures might involve matching any subsidy increase with a corresponding rise in the personal needs allowance, and giving more of an increase to small homes or those with a history of spending effectively, advocates said. Some of those measures were addressed in an Assembly bill that was backed by several lawmakers, but it stalled before the end of this year’s legislative session.

Advocates also recommended the development of supportive housing to allow more older and disabled adults to live independently and reduce the need for older adults to seek residential home care.

“We don’t believe that the concerns raised at the hearings are reflective of the quality of care in the 544 adult care facilities statewide,” Darbyshire said in an email. “Rather, they are more isolated issues that require a more targeted approach to resolve.”

While Cuomo eyes the bill, Gottfried assessed its chance for approval.

“I think there would be good prospects for a comprehensive adult home package, particularly if it has the active support of the health department and the governor,” Gottfried said.

Gottfried also said, based on precedent, Cuomo could veto it with a message urging legislators to include the measure within the state budgetary process, when many unrelated bills are often packaged together.

He hopes the recent dialogue will pave the way for a solution that could appease adult home providers and advocates for residents.

“Apart from approving the current bill, which I would urge, I think more needs to be done on the SSI level – both for the amount that goes to the adult home, and the personal needs allowance that goes to the individual,” Gottfried said. “It would make sense for a further increase package like that to be connected with measures about quality, including perhaps having the future SSI increase tied to quality guarantees.”

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