COSTS OF RESIDENTIAL CARE FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES

SOCIAL SERVICES
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ISSUE BRIEF

SUMMARY
This brief is provided solely for informational purposes. State provided residential services for individuals with intellectual disabilities are made available in three different settings at an annual cost of $174,742,700. The three settings include: 1) nursing facilities called ICFs/ID operating under the Department of Health, 2) community group homes, and 3) the Utah State Developmental Center (USDC) in American Fork. Both community group homes and the USDC operate under the Department of Human Services. There is always difficulty in comparing costs across the three residential settings. This has to do with the way costs are reimbursed and accumulated. As a result, costs should be compared using caution. Costs vary between the three settings. For FY 2010 average costs were: ICFs/ID at $60,571 per year, community group homes at $81,235 per year, and the USDC at $177,825 per year. USDC's average costs have increased as its population has decreased from 666 to 206 between 1986 and 2011. This is primarily due to fixed costs associated with USDC and increased acuity and complexity of its residents. Residential care as a category is the most expensive service among the range of services provided by the state for individuals with intellectual disabilities. There is also a long list of individuals waiting for services. Prior to the 2011 General Session of the Legislature there were 1,953 individuals with severe disabilities waiting for services at a total calculated cost of $44,650,000 ($12,826,200 in state General Fund). A 1998 Legislative Auditor General review of this topic stated, "Unless better ways to control costs are found, the state either needs to significantly increase . . . funding or accept the continuing existence of a lengthy waiting list of individuals who need services" (*A Review of the Costs and Services for Individuals with Developmental Disabilities*, Utah Office of the Legislative Auditor General, Report No. 98-07, p. 3). While eligibility is the same for each of the three settings, admittance differs significantly for ICFs/ID. ICF/ID services are considered an entitlement Under the Medicaid State Plan. As an entitlement, if eligible individuals or their guardians on their behalf wanted to pursue admittance, ICF/ID services would have to be provided regardless of any predetermined budget. In practice, this rarely happens. In contrast, the two settings operated under the Department of Human Services provide services within a predetermined budget.

THREE SETTINGS ASSOCIATED WITH RESIDENTIAL SERVICES IN UTAH
Individuals with varied levels and types of intellectual disabilities are provided residential services in three general program settings:

Residential Services as Part of DSPD Home and Community Based Services (HCBS) Programs
The Medicaid home and community based waiver programs include a range of services for individuals with intellectual disabilities and their families throughout the state. In administering the HCBS waiver programs, the Division of Services for People with Disabilities (DSPD) contracts with over 270 private providers for services in recipients' homes, in day service programs, or in 24-hour residential settings outside of the family home. Residential options include group homes where five or fewer individuals reside, supervised apartments with three or fewer residents, professional parent homes, supported living arrangements, and host homes. In FY 2010, 2,215 individuals received residential services from DSPD either in community group homes or other residential arrangements.

Intermediate Care Facilities for People with Intellectual Disabilities (ICFs/ID)

An ICF/ID is a privately owned facility located in the community and administered by the Division of Medicaid and Health Financing in the Department of Health. Approximately 557 people presently reside in 14 ICFs/ID which range in size from 12 to 85 beds. By state statute, future licenses will be for small facilities that serve 15 or fewer individuals. There is currently a moratorium on ICF/ID beds with the exceptions found in UCA 26-18-503(5)(a) when there is "insufficient bed capacity with current certified programs in a service area" where there must be "current nursing care facility occupancy levels of 90%" or "no other nursing care facility within a 35-mile radius of the nursing care facility requesting the additional certification". This exception has made it possible to add several additional facilities.

Utah State Developmental Center (USDC)

The USDC is a state-owned facility operated by DSPD in the Department of Human Services. The USDC is certified as an ICF/ID. It provides residential and specialized services to individuals with multiple, severe intellectual disabilities who require either continuous medical care or interventions for behaviors that present a danger to themselves or to others. For approximately 20 percent of USDC residents, services are considered temporary and transitional and are designed to help individuals return to home or community based services. The USDC resident population has declined from 666 to 206 between 1986 and 2011.

FINANCING OF RESIDENTIAL SERVICES AND THE SIZE OF THE RESIDENTIAL SERVICES BUDGET

Residential services for individuals with intellectual disabilities in all three settings are almost completely financed by the joint federal and state Medicaid program. The financing arrangement for state Fiscal Year 2011 was approximately 71 percent federal participation and 29 percent state. For state Fiscal Year 2010, the combined residential expenditure was $174,742,700: 1) ICF/ID comprising $31,531,000 (18%), 2) USDC comprising $28,215,900 (16%), and 3) community residential options comprising $114,995,800 (66%).

LEGISLATIVE AUDITOR'S 1998 REVIEW OF COSTS AND SERVICES

In October of 1998 the Office of the Legislative Auditor General issued *A Review of the Costs and Services for Individuals with Developmental Disabilities* (Report No. 98-07). The report's stated purpose was to compare "costs and services for individuals with mental retardation and developmental disabilities (MR/DD) who require a high level of care in three programs: 1) Home and Community Based Services (HCBS) group homes and apartments, 2) Utah State Developmental Center (USDC), and 3) Private Intermediate Care Facilities for the Mentally Retarded (ICF/MR)" (p. i). An ICF/MR is now referred to as an Intermediate Care Facility for People with Intellectual Disabilities (ICF/ID).

Key findings of the Auditor's Review

The Legislative Auditor's Review included the following eight key findings.

1. *Resources are limited and needs are great, difficult decisions must be made about how to best balance costs incurred with services provided* (p. i).
2. *Excessive costs deny services to others* (p. i)
3. *The average cost of high need individuals is greatest at the USDC and least at ICFs/MR. While the cost in the HCBS program is between the other two, average cost comparisons need careful analysis*. (p. i.)
4. *However, average cost data should be interpreted with caution so that erroneous conclusions are not reached* (pp. i-ii).
5. *DSPD has a long list of individuals waiting for services that it cannot afford to supply. Unless better ways to control costs are found, the state either needs to significantly increase MR/DD funding or accept the continuing existence of a lengthy waiting list of individuals who need services*. (p. i).
6. *Service differences may affect the comparability of costs* (p. ii).
7. *Because of fixed and transitional costs, USDC's average costs have increased as the institution's population has decreased* (p. ii).

8. *While we compared service delivery to requirements, it was beyond our audit scope to assess the relative quality of life experienced by residents in each setting* (p. ii).

CONCERNS WITH COMPARING COSTS

The 1998 Legislative Auditor's review stated "We were cautioned that it would be difficult to compare the cost of serving consumers in the HCBS program with those of the USDC and ICFs/MR. Some people felt any comparison of costs between programs would be akin to comparing "apples to oranges." (p. 10) The Auditor's review went on to outline that: 1) individual cost information for USDC and ICF/ID residents was not available given that these facilities were reimbursed on average daily rates, 2) the USDC incurred costs for services that the home and community based residential options and the ICF/ID programs did not track, 3) costs relevant to disability intensity was unknown for USDC and ICF/MR individuals, and 4) philosophical differences made program services fundamentally different.

Room and food costs handled differently between ICFs/ID and community group homes

Federal regulations prohibit Medicaid reimbursement for room and board (food) under a home and community based waiver (community residential options). Medicaid rates do reimburse for room and board for private ICFs/ID and the Utah State Developmental Center. Table 1 shows a comparison of the differences in room and food costs between the three residential settings.

Room and Food Cost Arrangement Comparison

State Alternatives for Residential Care for Individuals with Intellectual Disabilities

Residential Option	Room	Food
Utah State Developmental Center (American Fork)	The State provides buildings through appropriations or bonding. The Medicaid rate reimburses over time. If a person has an SSI benefit or any other income, they give all of that as a contribution (with exception of $45 personal needs allowance) to their own care.	Food costs are reimbursed in the Medicaid rate. If a person has an SSI benefit or any other income, they give all of that as a contribution (with exception of $45 personal needs allowance) towards their own care.
Private Intermediate Care Facilities for People with Intellectual Disabilities (ICFs/ID)	The Medicaid rate includes a component to reimburse for facility costs. If a person has an SSI benefit, they give all of that as a contribution (with exception of $45 personal needs allowance) as a contribution to their own care.	Food costs are reimbursed in the Medicaid rate. If a person has an SSI benefit or any other income, they give all of that as a contribution (with exception of $45 personal needs allowance) towards their own care.
Home and Community Based Waiver Residential Services - Community Group Homes	Federal 1915(c) waiver regulations prohibit Medicaid reimbursement for room and board. Rent or housing reimbursement is paid for using a resident's federal SSI benefit or any other income. In some instances, federal housing assistance and some state housing assistance through DSPD is also used to supplement the SSI amount.	Food is paid for by using a resident's federal SSI benefit or any other income.

Table 1

Ancillary medical costs paid using a Medicaid card are not included in residential rates
Each individual eligible for Medicaid is issued a Medicaid card. This card is used like any other medical insurance card when interacting with medical providers in the community. For all three residential options, Medicaid eligible individuals use their Medicaid card when seeing other medical providers outside of the normal residential arrangement. Table 2 shows average Medicaid card expenditures for individuals residing in the three different options (information provided by the Utah Department of Health, June 2011).

FY 2010 Medicaid Card Expenditure Comparison

State Alternatives for Residential Care for Individuals with Intellectual Disabilities

Residential Option	FY 2010 Avg. Medicaid Card Expenditure
Utah State Developmental Center (American Fork)	4,223
Private Intermediate Care Facilities for People with Intellectual Disabilities (ICFs/ID)	4,084
Community Group Homes	6,226

Table 2

COST COMPARISONS FOR 1998 AND 2010

Although actual costs have increased significantly since 1998, the relationship of highest to lowest cost residential setting is the same as described in the 1998 Legislative Auditor's review. In 1998 the review stated, "The average cost of high need individuals is greatest at the USDC and least at [*ICFs/ID*]. While the cost in the HCBS program is between the other two, average cost comparisons need careful analysis." (p. i.) The information shown in Table 3 for the *Community Options* columns is based upon a select number of individuals who had previously resided in the Utah State Developmental Center but had subsequently moved to a community residential living option. This was the method used in the 1998 review done by the Office of the Legislative Auditor General. For comparability purposes, the same method was used here for Table 3. The FY 2010 average community group home cost for all individuals using this option, not just those shown in Table 3, was $81,235 per year (information provided by the Department of Human Services, July 2011).

Residential Option Cost Comparisons for Individuals with Intellectual Disabilities

Cost of Services - 1997 and 2010

	1997 Avg. Annual Cost (a)			2010 Avg. Annual Cost		
Service Component	**Private ICFs/ID**	**USDC**	**Community Options (b)**	**Private ICFs/ID**	**USDC**	**Community Options (b)**
Average ICF/ID per Person Rate	39,055	-	-	56,487	-	-
Residential Habilitation	-	-	57,853	-	87,937	66,754
Day Services	-	-	10,939	-	27,005	15,054
Transportation	-	-	1,113	-	854	1,474
Housing Assistance	-	-	91	-	5,110	103
Medical	7,300	-	7,052	-	24,189	-
Case Management/Administrative	-	-	2,037	-	11,761	2,857
Rent & Food	-	-	4,701	-	16,746	6,389
State Plan Services (Medicaid Card) *	-	-	-	4,084	4,223	6,226
Total	**46,355**	**92,766**	**83,786**	**60,571**	**177,825**	**98,857**

NOTES:

(a) Information taken from Figure III, IV, and VI on pp. 12, 14, and 17 of *A Review of the Costs and Services for Individuals with Developmental Disabilities* (Oct. 1998), Utah Office of Legislative Auditor.

(b) The 1997 average cost figures shown are for 51 USDC residents who moved from USDC into community-based group homes prior to 1998. The 2010 average cost figures are for 87 people who moved from USDC into group homes. In 2011, the cost of case management dropped by $1.29 a day and $270 a year to an average of $6.54 a day and $2,388 a year.

* FY 2010 State Plan Services provided through a Medicaid card provided by the Department of Health, June, 2011.

Table 3

WHILE ELIGIBILITY CRITERIA IS THE SAME, ADMITTANCE DIFFERS FOR EACH OF THE THREE RESIDENTIAL SETTINGS

All three residential settings discussed above require the same eligibility criteria to qualify if, as is the case in most instances, the Medicaid program will finance the services. Admittance, however, to the three settings is different.

Admittance to a private Intermediate Care Facility for People with Intellectual Disabilities (ICF/ID)

The ICF/ID service is part of the Medicaid State Plan and as such is an entitlement if an individual meets the necessary eligibility criteria. ICFs/ID currently do their own intake. Individual ICFs/ID may have a waiting list. However, as an entitlement there is theoretically no waiting list. While there are a limited number of ICF/ID beds, if eligible individuals or their guardians wanted to pursue admittance, they would have to be provided ICF/ID services regardless of any predetermined budget. In practice, this rarely happens. In contrast, the two settings operated under the Department of Human Services provide services within a predetermined budget.

Admittance to community residential settings

For eligible individuals needing a community residential option (group home, supported living services, host home, or a professional parent), they are initially placed on a waiting list. These individuals may be taken off of the waiting list when waiting list funding becomes available. As they are taken off of the waiting list, DSPD always reviews various family supports as a first option in an attempt to maintain individuals in their own homes. If it is then determined that the family is unable to keep an individual at home with extended family supports, the individual would then be placed in one of the community residential settings.

Admittance to the Utah State Developmental Center (USDC)

The USDC has two separate populations: 1) temporary residents and 2) permanent residents. Temporary residents are typically admitted when an individual residing in a community residential option has a crisis. The individual will be placed at the USDC for a temporary, short-term stay to address the crisis-related issues. This temporary resident will then be moved back to a community setting as any crisis issues are addressed. S.B. 160, *Utah State Developmental Center Amendments* (Dayton) passed during the 2010 General Session amended the admittance process for permanent residents. As required by S.B. 160, if an individual with intellectual disabilities or the individual's legal representative or guardian choose the USDC as a placement instead of receiving services in a home or community based setting, the individual is to be admitted at the USDC (after being informed of any reasonable alternatives available) if the cost of placing the person is equal to or less than the cost of placing the person in a private ICF/ID. If the cost of placing the person in the USDC exceeds the cost of placing the person in a private ICF/ID, DSPD is required to "strongly consider the person's preference".

NATIONAL AND LOCAL TRENDS AWAY FROM LARGE FACILITIES

The University of Minnesota does a regular review of *Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2007*. Two themes emerging from the information regarding national patterns of change in residential service systems include:

1. The nation moved from large facility-centered options to community residential services and
2. The role of states as residential service providers dramatically declined.

Trends in Utah have followed a similar pattern.

Movement Away from Large Facilities

National Trends Compared to Utah

Size of Facility	United States		Utah	
	1977	2007	1977	2007
Residents of Large Facilities (16 or more beds)	83.7%	14.3%	88.2%	24.9%
Residents of Small Facilities (15 or fewer beds)	16.3%	85.7%	11.8%	75.1%

Source: *Residential Services for Persons With Developmental Disabilities: Status and Trends Through 2007* , College of Education & Human Development, University of Minnesota (August 2008)

Table 4