

# AGING AND LONG TERM SUPPORT ADMINISTRATION



## Increase AFH License Fee

### 2015-17 BIENNIAL BUDGET

Reduction Option	FY16	FY17	15-17
FTE	0	0	0
GF-State	(\$791,000)	(\$567,000)	(\$1,358,000)
<b>Total</b>	<b>\$1,759,000</b>	<b>\$1,969,000</b>	<b>\$3,728,000</b>

#### REDUCTION OPTION SUMMARY

As required by 2015-17 Biennial Budget Instructions, the Aging and Long Term Support Administration (AL TSA) is submitting the following reduction option that would increase the annual license fee per bed for Adult Family Homes (AFH) from \$225 to \$325 in Fiscal Years 2016 and 2017. Fee revenue increases would reduce the amount of GF-State used to pay for the licensing and provider practice investigations.

#### REDUCTION OPTION DETAIL

Adult Family Homes are a type of residential care setting licensed by AL TSA to provide services to six or fewer residents. In Fiscal Year 2014, about 7,085 AL TSA clients received services in an AFH but these homes also have some private pay individuals as well. The homes are private businesses that provide residents with a room, meals, laundry, supervision, and personal care and assume responsibility for the general safety and well-being of the resident. Some homes provide nursing or other special care services as well.

Assisted Living Facility (ALF) and Nursing Home (NH) providers currently pay an annual license fee that covers the entire cost of RCS oversight as required by statute for each setting. Adult Family Homes also pay an annual license fee per bed and a one-time initial processing fee. However, the revenue generated from AFH providers does not cover this setting's licensing and provider investigations costs. (For all three facility types, the laws governing licensing fees are the same. The fees "may not exceed the department's annual licensing and oversight activity costs . . .")

To move another incremental step forward to the fee covering the entire cost of oversight, the annual AFH license fee per bed would increase from \$225 to \$325 in Fiscal Years 2016 and 2017. The current one-time initial processing fee remains at \$2,750. All fee revenues would offset GF-State funding and are eligible for federal Medicaid matching dollars. Providers would receive reimbursement for the full fee amount for Medicaid clients through their daily rate. However, the fees paid for beds occupied by private pay individuals would not be reimbursable by Medicaid.

#### STAKEHOLDER IMPACT

The Washington State Residential Care Council, the organization that collectively bargains AFH rates with the Governor, would likely oppose the fee increase. Although AFHs would be refunded for the portion that applies to Medicaid clients in their daily Medicaid rate, they would not be reimbursed for the portion of the fee that covers private pay clients, which is approximately 13 percent of the total beds.



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