



**Affordable Assisted Living – Heron Manor Nursing Facility Transition Tenants  
Medicaid Cost Comparison Results - Fiscal Years 2009, 2010, 2011, 2012, 2013, 2014**

10/2/2014

From 4/09 through 9/14, Heron Manor provided private apartments for 31 nursing facility residents that were enrolled in Medicaid during their nursing facility stay. Upon discharge, these consumers were served by the Medicaid funded MI Choice home and community based waiver program. Attachment I is a report that details each consumer’s number of days served in the MI Choice program and the cost of services including:

- Ongoing or recurring services such as personal care, meals, nursing, therapies and a number of other services designed to support each tenant’s ability to remain in the AAL residence and avoid a move to another long term care setting.
- One time or short term special transition services for assisting transitioning tenants to move into the AAL setting such as furniture, cooking supplies and other items and services.

The following provides an analysis of AAL Medicaid MI Choice service cost and other information by fiscal year (Table 1) and a comparison of the estimated Medicaid cost that would have been incurred if tenants would not have transitioned from a nursing facility into this AAL residence (Table 2). The estimate is based upon applying the number of days that tenants received AAL MI Choice services in the AAL setting to the Medicaid cost per day for nursing home residents across a 66 month period.

Table 1 **AAL MI Choice Costs**

Total Period	Service Days	Service Cost	Services Coordinators & Operations Cost*	MI Choice Total Cost	Service & Coordination/Admin. Cost per Day
FY 09 (6 mo.)	404	\$38,284	\$4,040 (\$10 per day)	\$42,324	\$104.76
FY 10 (12 mo.)	3,745	\$242,850	\$41,195 (\$11 per day)	\$284,045	\$75.85
FY 11 (12 mo.)	4,383	\$247,241	\$68,278*	\$315,933	\$72.08
FY 12 (12 mo.)	4,446	\$238,146	\$65,657*	\$303,803	\$68.33
FY 13 (12 mo.)	4,087	\$252,857	\$69,713*	\$322,570	\$78.93
FY 14 (12 mo.)	4,259	\$237,955	\$53,540*	\$291,495	\$68.44
Total (66 mo.)	17,065	\$1,257,333	\$303,523	\$1,560,170	\$74.58

\*Note: MDCH is now using a methodology to set rates with each MI Choice agent for these items based upon a percentage of service costs that include financial incentives for caseload acuity, quality performance, the volume of NFTs and other factors. Used the factor 27.57% of service cost for FY2011 through FY2013, and the 22.5% used for Capitation calculations in FY2014.

Table 2 **AAL MI Choice & Nursing Facility Medicaid Cost Comparison**

AAL MI Choice Days	NF Cost Per Day	Estimated Medicaid NF Cost if No Transition	MI Choice Total Cost	Variance
FY 09 = 404	\$167.39	\$67,626	\$43,548	\$24,078
FY 10 = 3,745	\$172	\$644,140	\$286,874	\$357,266
FY 11 = 4,383	\$183	\$802,089	\$315,933	\$486,156
FY 12 = 4,446	\$186.25	\$828,068	\$303,803	\$524,265
FY 13 = 4,087	\$188.95	\$772,239	\$322,570	\$449,669
FY14 = 4,259	\$186.74	\$795,326	\$291,495	\$503,831
Total = 17,065	NA	\$3,909,488	\$1,564,223	\$2,345,265

The information above indicates that substantial savings are evident in state and federal Medicaid resources for those who transitioned to the AAL residence. If these tenants would not have transitioned and these service days continued to be covered by Medicaid in a nursing facility, more than \$2.3 million of additional Medicaid expense would have been incurred. The primary reason is the consistent lower cost per day paid by Medicaid in the AAL setting, which is well over \$100 per day less than the 2014 Medicaid nursing facility daily rate.

This variance in Medicaid spending equates to:

- Medicaid savings of \$35,543 per mo in the initial 66 month AAL service period and
- Medicaid savings of \$75,654 per consumer transitioned to the AAL site during the service period.

Attachment II is a report of actual MI Choice cost for each of the 31 AAL consumers that transitioned to the program from a nursing facility projected over 688 days and compared with Medicaid funded nursing facility cost over the same period. The average length of stay is 688 days for each of these long term care settings. Average length of stay is calculated by subtracting the enrollment date from the close date or the end of the reporting period, whichever is earlier. Table 3 shows a summary of results:

Table 3 **AAL MI Choice & Nursing Facility Medicaid Cost Comparison Based upon Average Length of Stay**

Average Length of Stay	Projected Total MI CHOICE Cost	Projected Nursing Facility Cost	Projected Medicaid Savings with AAL
688 Days	\$1,477,060	\$3,982,791	\$2,505,731

This equates to a savings in Medicaid of:

- Over \$2.5 million for the average length of stay period for the 31 AAL tenants that transitioned
- \$80,830 per consumer that transitioned to the AAL setting.

Affordable Assisted Living Participants in AAA Western Michigan  
 Days and Bills for AAL Project: FY2009 thru FY2014: Nursing Facility Transitioned Participants ONLY

10/3/2014

Participant	AAL Days	Without Special Transition Services		One-Time Transition Services	Total Costs with Special Transition Services	With Special Transition Services Cost/Day
		Bills	Cost/Day			
B	199	\$18,040	\$90.65	\$5,352	\$23,392	\$117.55
C	329	\$17,202	\$52.29	\$4,279	\$21,481	\$65.29
F	1865	\$60,619	\$32.50	\$5,245	\$65,864	\$35.32
G	518	\$34,441	\$66.49	\$4,543	\$38,984	\$75.26
H	1754	\$80,482	\$45.88	\$3,411	\$83,893	\$47.83
I	1900	\$134,609	\$70.85	\$7,385	\$141,994	\$74.73
K	664	\$43,769	\$65.92	\$4,611	\$48,380	\$72.86
L	1626	\$88,883	\$54.66	\$3,417	\$92,300	\$56.77
M	1018	\$46,086	\$45.27	\$6,910	\$52,996	\$52.06
N	152	\$7,947	\$52.28	\$1,000	\$8,947	\$58.86
O	171	\$8,919	\$52.16	\$5,835	\$14,754	\$86.28
Q	97	\$2,565	\$26.44	\$6,439	\$9,004	\$92.83
S	1162	\$68,510	\$58.96	\$500	\$69,010	\$59.39
T	831	\$34,926	\$42.03	\$5,891	\$40,817	\$49.12
V	1352	\$101,335	\$74.95	\$1,300	\$102,635	\$75.91
W	52	\$2,169	\$41.70	\$4,285	\$6,454	\$124.11
X	662	\$30,842	\$46.59	\$4,306	\$35,148	\$53.09
Y	101	\$9,060	\$89.71	\$5,556	\$14,617	\$144.72
Z	1462	\$40,160	\$27.47	\$5,100	\$45,261	\$30.96
AA	1019	\$46,147	\$45.29	\$2,971	\$49,117	\$48.20
BB	1159	\$62,208	\$53.67	\$4,609	\$66,817	\$57.65
CC	22	\$736	\$33.46	\$0	\$736	\$33.46
DD	16	\$1,074	\$67.15	\$4,667	\$5,741	\$358.81
EE	886	\$37,338	\$42.14	\$4,747	\$42,085	\$47.50
FF	651	\$58,882	\$90.45	\$4,202	\$63,083	\$96.90
GG	480	\$22,018	\$45.87	\$4,854	\$26,873	\$55.98
HH	706	\$61,105	\$86.55	\$0	\$61,105	\$86.55
II	89	\$2,571	\$28.89	\$2,061	\$4,632	\$52.04
JJ	241	\$11,631	\$48.26	\$3,663	\$15,293	\$63.46
KK	85	\$2,256	\$26.55	\$2,776	\$5,032	\$59.20
LL	55	\$286	\$5.20	\$0	\$286	\$5.20
<b>FY2009 to 2014</b>	<b>21324</b>	<b>\$1,136,819</b>	<b>\$53.31</b>	<b>\$119,914</b>	<b>\$1,256,733</b>	<b>\$58.94</b>
FY2009 Only	404	\$14,910	<b>\$36.91</b>	\$22,774	\$37,684	<b>\$93.28</b>
FY2010 Only	3745	\$194,406	<b>\$51.91</b>	\$48,443	\$242,850	<b>\$64.85</b>
FY2011 Only	4383	\$225,513	<b>\$51.45</b>	\$21,727	\$247,240	<b>\$56.41</b>
FY2012 Only	4446	\$228,733	<b>\$51.45</b>	\$9,414	\$238,147	<b>\$53.56</b>
FY2013 Only	4087	\$243,801	<b>\$59.65</b>	\$9,056	\$252,857	<b>\$61.87</b>
FY2014 Only	4259	\$229,456	<b>\$53.88</b>	\$8,499	\$237,955	<b>\$55.87</b>

## Attachment II

Affordable Assisted Living (AAL) Participants in AAA Western Michigan  
 AAL Service, Service Coordination and Operations Cost  
 Comparison of Projected Cost for Average 688 day Length of Stay (AAL and NH)

10/3/2014

Participant	AAL Days	Without Special Transition Services		One-Time Transition Services	Total Costs with Special Transition Services	Transition Services Cost/Day	Projected Service & Admin* AAL Costs LOS = 688 d	Projected AAL Total Cost incl. Trans. Svcs.	Projected NH Costs** LOS = 688 d	Projected Savings between NH and AAL
		Bills	Cost/Day							
B	199	\$18,040	\$90.65	\$5,352	\$23,392	\$117.55	\$76,403	\$81,755	\$128,477	\$46,722
C	329	\$17,202	\$52.29	\$4,279	\$21,481	\$65.29	\$44,066	\$48,346	\$128,477	\$80,132
F	1865	\$60,619	\$32.50	\$5,245	\$65,864	\$35.32	\$27,394	\$32,639	\$128,477	\$95,838
G	518	\$34,441	\$66.49	\$4,543	\$38,984	\$75.26	\$56,037	\$60,580	\$128,477	\$67,897
H	1754	\$80,482	\$45.88	\$3,411	\$83,893	\$47.83	\$38,672	\$42,082	\$128,477	\$86,395
I	1900	\$134,609	\$70.85	\$7,385	\$141,994	\$74.73	\$59,710	\$67,094	\$128,477	\$61,383
K	664	\$43,769	\$65.92	\$4,611	\$48,380	\$72.86	\$55,555	\$60,166	\$128,477	\$68,311
L	1626	\$88,883	\$54.66	\$3,417	\$92,300	\$56.77	\$46,071	\$49,488	\$128,477	\$78,989
M	1018	\$46,086	\$45.27	\$6,910	\$52,996	\$52.06	\$38,155	\$45,065	\$128,477	\$83,413
N	152	\$7,947	\$52.28	\$1,000	\$8,947	\$58.86	\$4,064	\$45,064	\$128,477	\$83,413
O	171	\$8,919	\$52.16	\$5,835	\$14,754	\$86.28	\$43,961	\$49,795	\$128,477	\$78,682
Q	97	\$2,565	\$26.44	\$6,439	\$9,004	\$92.83	\$22,287	\$28,726	\$128,477	\$99,751
S	1162	\$68,510	\$58.96	\$500	\$69,010	\$59.39	\$49,690	\$50,190	\$128,477	\$78,287
T	831	\$34,926	\$42.03	\$5,891	\$40,817	\$49.12	\$35,422	\$41,313	\$128,477	\$87,164
V	1352	\$101,335	\$74.95	\$1,300	\$102,635	\$75.91	\$63,170	\$64,470	\$128,477	\$64,007
W	52	\$2,169	\$41.70	\$4,285	\$6,454	\$124.11	\$35,148	\$39,434	\$128,477	\$89,043
X	662	\$30,842	\$46.59	\$4,306	\$35,148	\$53.09	\$39,265	\$43,572	\$128,477	\$84,905
Y	101	\$9,060	\$89.71	\$5,556	\$14,617	\$144.72	\$75,604	\$81,160	\$128,477	\$47,317
Z	1462	\$40,160	\$27.47	\$5,100	\$45,261	\$30.96	\$23,151	\$28,252	\$128,477	\$100,226
AA	1019	\$46,147	\$45.29	\$2,971	\$49,117	\$48.20	\$38,167	\$41,138	\$128,477	\$87,339
BB	1159	\$62,208	\$53.67	\$4,609	\$66,817	\$57.65	\$45,236	\$49,845	\$128,477	\$78,632
CC	22	\$736	\$33.46	\$0	\$736	\$33.46	\$28,197	\$28,197	\$128,477	\$100,280
DD	16	\$1,074	\$67.15	\$4,667	\$5,741	\$358.81	\$56,593	\$61,260	\$128,477	\$67,218
EE	886	\$37,338	\$42.14	\$4,747	\$42,085	\$47.50	\$35,518	\$40,265	\$128,477	\$88,212
FF	651	\$58,882	\$90.45	\$4,202	\$63,083	\$96.90	\$76,230	\$80,431	\$128,477	\$48,046
GG	480	\$22,018	\$45.87	\$4,854	\$26,873	\$55.98	\$38,661	\$43,515	\$128,477	\$84,962
HH	706	\$61,105	\$86.55	\$0	\$61,105	\$86.55	\$72,946	\$72,946	\$128,477	\$55,531
II	89	\$2,571	\$28.89	\$2,061	\$4,632	\$52.04	\$24,346	\$26,406	\$128,477	\$102,071
JJ	241	\$11,631	\$48.26	\$3,663	\$15,293	\$63.46	\$40,673	\$44,336	\$128,477	\$84,141
KK	85	\$2,256	\$26.55	\$2,776	\$5,032	\$59.20	\$22,373	\$25,149	\$128,477	\$103,328
LL	55	\$286	\$5.20	\$0	\$286	\$5.20	\$4,383	\$4,383	\$128,477	\$124,095
<b>Totals</b>	<b>21324</b>	<b>\$1,136,819</b>	<b>\$53.31</b>	<b>\$119,914</b>	<b>\$1,256,733</b>	<b>\$58.94</b>	<b>\$1,357,146</b>	<b>\$1,477,060</b>	<b>\$3,982,791</b>	<b>\$2,505,731</b>
<b>Average per Person</b>	<b>688</b>	<b>\$36,672</b>	<b>\$53.31</b>	<b>\$3,868</b>	<b>\$40,540</b>	<b>\$58.94</b>	<b>\$43,779</b>	<b>\$47,647</b>	<b>\$128,477</b>	<b>\$80,830</b>

\* Service Coordination and Operations cost projected at 22.5% of service cost (2013 capitation rate)

\$53,540

\*\* NH Costs projected at \$186.74 per day (MI Nursing Facility 2014 rate)