



Medicaid Assisted Living Residence Stabilization & Capacity Enhancement Initiative -- Competitive Grant Guidance

October 9, 2020

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1 Executive Summary

On July 2, 2020, Governor Gina Raimondo announced a State initiative to expand home-based care options in Rhode Island in response to the spread of COVID-19 in congregate care living facilities. Before COVID-19, sixty-one percent (61%) of the State's long-term care recipients lived in nursing facilities, which have struggled to contain the spread and impact of COVID-19 on residents and staff.

Assisted living residences (ALRs) are a state-licensed, community-based supportive living option that offer a range of long-term services and supports in a residential setting that affords people the opportunity to retain their independence while also obtaining the care they need. ALRs have played a crucial role in assisting people in need of long term care during the ongoing COVID-19 pandemic, especially those who need a 24/7 supportive living environment but do not require the level of skilled care provided by nursing facilities.

The COVID-19 public health emergency has had a significant second order impact on ALR revenues and occupancy. When the high rate of spread of COVID-19 in congregate care facilities like ALRs became more apparent, many people began seeking alternative care settings, including some existing residents. Many individuals also delayed their decision to move into ALRs. In addition, ALRs have incurred significant additional costs to address COVID-19 risks, including increased cleaning costs, increased PPE costs, and higher staffing levels (including more overtime) to provide meals in residents' rooms and to provide programming in smaller groups. The result was a decrease in the number of residents in ALRs and a simultaneous increase in costs. As a result, many ALRs are in financial distress and have fewer of the resources required to prevent and mitigate infection and maintain business operations.

ALRs can be an effective method of mitigating the risk of providing long term care to vulnerable populations in institutional settings like nursing facilities. ALRs - as an alternative to institutional settings - provide more independent living arrangements that reduce the likelihood of exposure and the rapid and uncontrollable spread of infection. However, access to assisted living is limited for many low-income Rhode Islanders in need of LTSS, as many providers either do not participate in the Medicaid program or severely restrict the number of placements available for Medicaid LTSS beneficiaries. One of the most deleterious secondary effects of the COVID-19 pandemic is that the growing number of Rhode Islanders who could be safely served in an ALR are unable to gain admission to these types of LTSS settings, and are left in higher risk settings.

To address the business interruption and increased costs faced by ALRs and to mitigate the risk of placing low-income individuals in higher risk settings unnecessarily, the State is establishing the Medicaid Assisted Living Residence (ALR) Stabilization & Capacity Enhancement Initiative. This initiative provides funding to ALRs to help them address the costs of business interruption in connection with COVID-19, help the address the added costs of addressing COVID-19, and to increase access for low-income Rhode Islanders who need LTSS and are recovering from or seeking to reduce the risk of COVID-19 infection in a safe, supportive environment. Through this initiative, the State will buttress ALRs as an alternative to the use of higher risk, more restrictive institutional care settings where mitigating potential exposure to COVID-19 is more challenging for ambulatory residents who, although not requiring around the clock skilled care, do need a supportive living environment to thrive safely during the pandemic.



2 Grant Initiative Overview

2.1 Description

Eligible ALRs for this Initiative include ALRs that are not currently Medicaid LTSS certified or those that are certified with an average census of no more than three (3) Medicaid LTSS beneficiaries over the last two (2) twelve-month periods since August 1, 2018.

The Initiative will distribute a total of up to \$800,000 of funding via a two-tiered competitive grant process to interested ALRs in Rhode Island. The grants will address the costs of business interruption and increased COVID costs. The two (2) available grant tiers, titled Silver and Gold, designed to increase ALR access for low-income Rhode Islanders are defined below:

- **Gold Grants** are designed to increase the number of Medicaid LTSS certified ALRs that offer specialized or enhanced services, such as:
 - Structural modifications or service delivery reforms that mitigate COVID-19 infection risk. For the purpose of this initiative, such reforms include but are not limited to the reorganization of living arrangements into apartment-like or single rooms organized in a community or neighborhood and similar structural modifications that promote community integration, smaller service cohorts, and personal independence. The purpose of such reforms is to both create a more home-like environment that reduces the risk of community infection while ensuring residents are able to attain services and maintain a safe level of social interaction.
 - Serving residents who, based on an assessment, have increased needs and have been determined to require an enhanced level of services (known as Category F)¹
 - Partnerships with providers of skilled care that will assist beneficiaries in transitioning from institutional settings to ALRs. By arranging to bring skilled services to the resident, the ALR will be able to reduce the risk of COVID infection associated with multiple transitions – e.g., hospital to skilled rehab to ALR setting – and the spread to staff and other residents.

- **Silver Grants** are available to ALRs seeking to attain initial Medicaid LTSS certification so as to expand access for Medicaid LTSS beneficiaries, or those ALRs already certified but not typically serving Medicaid beneficiaries..

¹ Category F is an increased State-funded optional supplemental payment for Medicaid beneficiaries who meet certain financial eligibility requirements and have been determined by EOHHS to have an enhanced level of need for the services certain ALRs have the capacity to provide. The supplemental payment is to be used by the beneficiary to pay toward room and board, which is priced higher in ALRs that offer enhanced services.



2.2 Medicaid ALR Certification Standards

Any ALR may seek certification to participate in the Medicaid LTSS program. ALRs that provide specialized services may also qualify for the designation as “enhanced” if they have the capacity to serve higher need Medicaid LTSS beneficiaries receiving the State-only Supplemental Payment (SSP) known as Category F. The certification standards used by EOHHS focus on the scope of Medicaid covered services an ALR has the capacity to provide and the safety and security of the living environment. Accordingly, ALRs with the Category F certification designation are not limited to admitting SSP beneficiaries only. However, it is necessary for an ALR to attain this certification status to qualify to charge a beneficiary the higher rate for room and board associated with providing enhanced or specialized care.

Medicaid LTSS certification standards and additional information on Category F enhanced payments are available at: <http://www.eohhs.ri.gov/ProvidersPartners/CertificationStandards.aspx>.

The State will expedite Medicaid certification decisions associated with this Initiative to ensure they are made within thirty (30) days.

2.3 Funding Distribution Methodology

EOHHS intends to award six (6) Silver Grants not to exceed \$65,000 each and four (4) Gold not to exceed \$100,000 each. In all cases, grant funding will be limited based on the need demonstrated in the application. Applicants will have to demonstrate need by documenting revenue loss resulting from the pandemic, increased costs resulting from the pandemic, and subtracting for that amount any amounts received or to be received from any federal or state sources of pandemic relief, including the federal Provider Relief Fund, a PPP loan, any state-COVID based relief (including Restore RI grants and any other LTSS grants).

Grant funding will be distributed upon approval of the grant application. Award recipients will need to maintain award funds in a separate general ledger account and keep documentation of the uses of funds in accordance with the statutory requirements of the Coronavirus Relief Fund (“CRF”) and the guidance and FAQs issued by the U.S. Department of Treasury applicable to that fund.² This is a competitive grant and funds will be awarded according to the evaluation criteria described herein.

² Guidance on the use of the CRF is available at <https://home.treasury.gov/policy-issues/cares/state-and-local-governments>. This guidance includes, but is not limited to, the Coronavirus Relief Fund Guidance for State, Territorial, Local and Tribal Governments (available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>) and the Coronavirus Relief Fund Frequently Asked Questions (available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>), each of which are updated by the U.S. Treasury from time to time.



3 Grant Initiative Details

3.1 Funding and Application Dates

Key dates for this Enhancement Initiative are as follows:

- **October 9, 2020:** Applications available online at EOHHS website.
- **October 30, 2020:** Applications due to the State.
- **November 2020:** Award recipients notified of selection

3.2 Eligible Applicants

The grant process is open to state licensed ALRs that meet the following criteria:

- The state licensure of the ALR and administrator must be in good-standing and free of restraint and sanctions at the time of the grant application.
- ALR certification for Medicaid LTSS falls in one of the three (3) categories below:
 1. ALRs that are **not** certified to participate in the Medicaid LTSS program on or before August 1, 2020; or
 2. ALRs that **are** certified, but have had an average census of no more than three (3) Medicaid LTSS beneficiaries over the last two (2) twelve-month periods since August 1, 2018; or
 3. (for Gold Grants only) ALRs that are currently certified for Medicaid LTSS and are proposing to establish a new specialized or enhanced service, as defined below in Table 1.

Only ALRs determined to meet the above base criteria will be eligible to receive grant funding.

3.3 Grant Application Requirements

ALRs that meet the eligibility criteria may apply for either a Silver Grant or a Gold Grant in accordance with the following specific requirements:

All Applicants must include the following:

- Documented loss of revenue in March - September 2020 as compared to March -September 2019.
- COVID-related increased costs incurred between March 1 – December 30, 2020
- Minus the amount of COVID-related assistance from any federal or state sources received beginning March 2020 through submission of the relief fund application.
- **Attestations to the following:**
 - **Implement Financial Controls:** Applicants must agree to retain and track funds and expenditures in a separate general ledger account, provide periodic status and financial reports in a format approved by EOHHS, and respond to state auditing requests as needed.
 - **Infection Control:** Applicants must attest that minimum required infection control standards and staffing levels have and will continue to be maintained and that residents and their families receive timely notification of infection outbreaks within the ALR



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- **Social Distancing:** Applicant must attest that the ALR will provide single rooms or make adjustments to existing living arrangements that assure social distancing standards for congregate care settings set forth by the CDC and/or RI Department of Health (RIDOH) are met.
- **Medicaid Financing Infrastructure:** Applicants must attest that they have the proper financing structures in place for Medicaid billing and reimbursement.
- **Staffing Requirements:** Applicants must attest to meeting or exceeding the minimum staffing requirements for licensure, including for specialized licensure

Applications for a Silver Grant must include the following:

- Applicants must submit proof of Medicaid LTSS Certification, or commit to applying for certification
 - If not currently certified, applicants must submit a completed application for Medicaid LTSS certification within fifteen (15) days from the date of the grant award.
 - Silver Grant applicants may seek certification as Enhanced ALR providers but are not required to do so.
 - *No grant funds will be distributed until the request for certification is received.*
- Applicants must provide an Business Plan for admitting **at least six (6) new** Medicaid LTSS beneficiaries for stays of thirty (30) days or more within one (1) year of the grant award. Admissions may come from the community or acute, subacute, or post-acute care transitions. The Business Plan should include the following elements:
 - Timeline, including milestones, for meeting Medicaid LTSS certification standards;
 - Approaches for expanding access to Medicaid LTSS beneficiaries, including from the community and through care transitions;
 - Demonstration of organizational commitment to the Medicaid program; and

Applications for a Gold Grant must include the following:

- Applicants must submit proof of Medicaid LTSS Certification, or commit to applying for certification
 - If not currently certified, applicants must submit a complete application for Medicaid LTSS certification within fifteen (15) days from the date of the grant award.
 - *No grant funds will be distributed until the request for certification is received.*
- Applicants must commit to being able to meet the requirements for Medicaid LTSS certification as an enhanced provider (also known as Category F certification) prior to December 30, 2020.
- Applicants must provide a Business Plan for admitting and providing enhanced/specialized services in one of the categories listed below in Table 1 to **at least four (4) new** Medicaid LTSS beneficiaries for stays of thirty (30) days or more within one (1) year of the grant award. Admissions may come from the community or acute, subacute, or post-acute care transitions. The Business Plan should include the following elements:
 - Timeline, including milestones, for meeting Medicaid LTSS certification standards;
 - Approaches for expanding access to Medicaid LTSS beneficiaries, including from the community and through care transitions;
 - Demonstration of organizational commitment to the Medicaid program;



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- Evidence of capacity – or a formal plan and timeline to develop capacity or partnerships - to provide Medicare/Medicaid-covered stabilization/transition services for beneficiaries admitted from acute/subacute settings (e.g., hospitals, nursing facilities, residential treatment, etc).³
- Evidence of capacity – or a formal plan and timeline to develop capacity or partnerships - to offer either (1) Skilled nursing or dementia/memory care services, or (2) Behavioral health or habilitative care, (3) services targeted to Medicaid LTSS underserved priority populations⁴, or (4) other innovative services that are not listed but align with the goals of the Initiative.

All questions regarding application requirements should be directed to: OHHS.LTSSResiliency@ohhs.ri.gov. Answers to all questions received will be posted on a rolling basis to the LTSS Resiliency website at <http://www.eohhs.ri.gov/Initiatives/LTSSResiliencyPrograms.aspx>.

3.4 Grant Evaluation Criteria

An ALR Stabilization & Capacity Enhancement Initiative Evaluation Committee shall be established by the Secretary of EOHHS. The Committee’s objective is to review applications in order to determine whether entities submitting applications (Applicants) meet the eligibility criteria set forth by EOHHS, evaluate each application according to a set of criteria, and make recommendations to the Secretary as to grant awardees.

Applications will be evaluated based on the following criteria:

1. Alignment with state stabilization and capacity needs, priorities and goals (25%)
2. Organizational commitment, readiness (25%)
3. Scope of proposal, impact on ALR stabilization and capacity (15%)
4. Quality of Business Plan, sufficiency to accomplish program goals (35%)

Grant funds will be disbursed to recipients upon approval of their application by the evaluation committee. For purposes of grant funding, the Proposal and Business Plan submitted with the grant application is considered as the required deliverable⁵ for the Initiative.

3.5 Eligible Uses of Funds

This is a deliverables based grant – as such, funds shall be earned based on EOHHS’ approval of the Proposal and Business Plan submitted with the application. Funding must be used to cover costs resulting from the COVID-19 pandemic during the period March 1, 2020 to December 30, 2020 for the following eligible expenses:

³ Examples of stabilization/transition services include but are not limited to: occupational, speech and/or physical therapy and/or intermittent skilled nursing.

⁴ Medicaid LTSS underserved priority populations include persons at risk for homelessness, veterans, formerly justice involved Medicaid beneficiaries, generational households with aging and/or disabled parent and adult child, and persons with behavioral health needs.

⁵ Consistent with Federal Guidance, for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.



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- Costs to prevent, prepare for, or respond to coronavirus, including supplies and equipment used to provide care to possible or actual COVID-19 patients, workforce training, reporting COVID-19 test results; and undertaking COVID-19 infection control procedures.
- Costs resulting from the business interruption resulting from COVID-19 that enable the applicant to continue to deliver care during the pandemic, including typical payroll and benefits, rent or mortgage payments, equipment lease payments, and other standard operating expenses.

The available grant funds are intended to cover costs resulting from the COVID-19 pandemic from March 1, 2020 to December 30, 2020. Award recipients will be required to document and demonstrate that funds received are spent on costs as described above.

Once funds are disbursed, successful Applicant award recipients are instructed to keep financial records demonstrating that funds received through this grant are spent in accordance with these requirements, as recipients of these funds will be subject to audit. In the event of an audit, if the award recipient is found to have used funds for ineligible expenses, the award recipient will be considered in violation of the award agreement at which point RI EOHHS may begin the process of recouping all or a portion of the funds awarded.

4 In Closing

The COVID-19 public health emergency has posed an array of obstacles for providing care to Rhode Islanders who need long-term services and supports. This initiative is one of several included in the LTSS Resiliency Program established by Governor Raimondo that provides stabilization funding to key providers in the LTSS system and invests in expanding HCBS capacity so that all Rhode Islanders are able to obtain the LTSS they need in the most appropriate and least restrictive setting that best mitigates the risk of infection. Expanding the capacity of ALRs to serve Medicaid LTSS beneficiaries will not only increase the range of LTSS options for people who need or want support 24/7, but it will also assist in mitigating the risk of infection spread in nursing facilities by reducing the number of care transitions and offering greater independence and living space to Medicaid beneficiaries who can thrive in a less restrictive setting. In short, of the many secondary effects of COVID-19, the lack of access to affordable community-based alternatives has created an especially difficult hardship for low-income Rhode Islanders that are at high risk for COVID-19 infection. This initiative is designed to provide critical financial support to key providers in the LTSS system, while at the same time mitigating the risk of infection by increasing the availability of affordable community-based alternatives for LTSS services.

The State of Rhode Island looks forward to working with critically important ALRs and stakeholders to establish and carry out this Initiative.