

The National Long-Term Care Ombudsman Resource Center

www.ltombudsman.org

March 31, 2009

Personal Needs Allowances for Residents Long-Term Care Facilities: A State by State Analysis



NCCNHR
1828 L Street, NW, Suite 801
Washington, DC 20036
Tel: (202) 332-2275 Fax: (202) 332-2949
ombudcenter@nccnhr.org

About the Author

Héctor L. Ortiz is a Ph.D. candidate in Political Science at the Maxwell School of Citizenship and Public Affairs at Syracuse University. Mr. Ortiz has been an intern at the Congressional Research Service and a Visiting Scholar at the National Academy of Social Insurance.

About the Report

This report was supported, in part, by a grant, No. 90AM2690, from the Administration on Aging, Department of Health and Human Services. Grantees undertaking projects under government sponsorship are encouraged to express freely their findings and conclusions. Points of view or opinions do not therefore necessarily represent official Administration on Aging policy.

Table of Contents

Introduction	4
Brief History of PNAs in Long-Term Care	4
Uses of PNA	5
PNA in Nursing Homes	5
PNA in Assisted Living Facilities	8
PNA for Veterans	10
Current Legislation	11
Conclusion	11
Appendixes	13
Notes	16

List of Tables

Table 1: Personal Needs Allowance, 2001-2009	6
Table 2: States' Optional Supplementation, 2001-2009	7
Table 3: Personal Needs Allowance in Nursing Homes and Assisted Living Facilities, 2007	9
Map 1: Comparison of Assisted Living Facilities PNAs and Nursing Homes PNAs by State, 2007	10

Introduction

The Personal Needs Allowance is the monthly sum of money that residents who receive Medicaid may retain from their personal income. Any income above the allowance is applied toward the cost of their care. This allowance is intended for residents to spend at their discretion on items such as telephone expenses, cigarettes, a meal out with friends, cards to send to family, reading materials, or hobbies. Federal regulations prohibit long-term care facilities from charging residents' PNA for services that are included in Medicaid payments such as toothpaste, tissues, shampoo, and incontinence products, among others.

The topic of PNA is important to residents, ombudsmen, and other advocates in their efforts to maintain a higher standard for quality of life in long-term care facilities. The Personal Needs Allowance provides residents the opportunity to participate in activities beyond those provided by the facility, to remain connected with family and friends and to obtain basic items such as clothing and shoes. These activities and items have a significant positive impact on the residents' quality of life, and are a valuable compliment to the services provided by the facility.

This report is an update to previous reports about Personal Needs Allowance. It also provides the most recent data on PNA by state and compares it with previous years. In addition, it compares the PNAs for residents of nursing homes with PNAs for residents of assisted living facilities under the Medicaid Home and Community-Based Services waivers. Lastly, this paper summarizes some state and national efforts to increase the PNA for residents of long-term care facilities.

Brief History of PNAs in Long-Term Care

The history of PNAs is closely linked to the development of the Supplemental Security Income. The Personal Needs Allowance was first authorized in 1972, through the Social Security Act Amendments of 1972. These amendments created the Supplemental Security Income (SSI) program, a federal program that provides cash assistance for the needy aged and disabled. The 1972 Amendments placed a cap on SSI payments to individuals for which Medicaid was paying more than 50% of the costs of their long-term care. According to the Congressional Record, a limit on SSI payments to individuals in these facilities is justified, because most of their needs are covered (room, board and medical services) by their nursing homes. This cap was originally set at \$300 a year (\$25 a month). This amount represents the maximum federal contribution to the PNA that the federal government provides for an individual living in a nursing home.

Since SSI made its first payments in 1974, there have been several changes related to PNAs. Public Law 93-368 of 1974 established an automatic cost-of-living adjustment for SSI payments; however, this automatic COLA was not applied to the monthly PNA for individuals living in long-term care facilities. In 1985, Public Law 99-272 allowed states to supplement the \$25 federal payment. Lastly, the Omnibus Budget Reconciliation Act of 1987 increased the PNA from \$25 to \$30 for all states. This increase became effective on July 1, 1988.

For many years, the debates about PNAs have centered on the needs of residents of nursing homes. Since 1981, the number of states providing home and community-based services under Medicaid has increased dramatically. In these settings PNAs have a different meaning and relevance, because residents of these facilities have a higher level of independence. Although federal regulations do not make a distinction in the uses and purposes of PNAs in home and community settings, they recognize that PNAs in these settings need to be quantitatively different.¹

Uses of PNA

Personal Needs Allowance is a personal fund. Residents have the right to use this fund at their discretion, and they cannot be required to deposit it with the facility.² Federal regulations ban nursing homes from charging a resident's PNA for items and services that are covered and paid for by Medicaid or Medicare. Covered services include: nursing services, dietary services; certain activities programs; room/bed; maintenance services; routine personal hygiene items and services; and medically-related social services, among others. However, facilities can charge the residents' PNA if the resident requests a service or item that is more expensive or not covered by Medicaid or Medicare. Federal regulations state that such charges can only take place if the resident has requested the service and if the resident has been informed of the costs.³

Regulations of the use of PNAs are not exclusively established by the federal government, states also have regulations about PNAs included in their statutes. Because some states provide supplementary payments for PNAs, many states have instituted mechanisms to protect residents' PNAs from abuse or misuse by other individuals. For instance, the State of Minnesota requires an audit every four years to determine misuses or abuses of the PNAs by facilities and guardians.⁴

PNA in Nursing Homes

Current debates about PNAs are centered on their differences across states and their changes over time. Table 1 provides the mean, median, and standard deviation of PNAs for 2001, 2004, 2006 and 2009.

TABLE 1: Personal Needs Allowance, 2001-2009¹

	PNA 2001	PNA 2004	PNA 2006	PNA 2009
Mean	\$43.29	\$45.42	\$47.56	\$49.69
Median	\$40.00	\$45.00	\$49.00	\$50.00
Std. Dev.	\$12.61	\$12.80	\$13.39	\$14.85
Max.	\$79.50	\$82.00	\$90.45	\$101.10
Range	\$49.50	\$52.00	\$60.45	\$71.10
# States with Federal Minimum ²	14	11	8	6
% FBR ³	8.2%	8.1%	7.8%	7.3%

Sources: Calculations by the author based on information provided by the states through their websites or by phone. Data for 2001, 2004 and 2006 was obtained from previous reports.

Notes: ¹All calculations exclude Puerto Rico where Medicaid does not provide coverage for long-term care and SSI benefits are not available. ²Federal Minimum is \$30.00

³Federal Benefits Rate: for 2001- \$531; for 2004- \$564; for 2006 - \$603; for 2009 - \$674.

As of February 28, 2009, the average monthly Personal Needs Allowance for nursing home residents was \$49.69, with a range from \$30 to \$110. Residents of nursing homes in the state of Arizona received the maximum PNA (\$101.10), while residents of six states (Alabama, Missouri, South Carolina, North Carolina, Illinois and Oregon) received the federal minimum amount of \$30. In 2009, the most common PNA amount is \$50.00, 12 states (23.5%) use this amount as their PNA.

The total net increase in PNAs for all states between 2001 and 2009 was \$326.03 (average of \$6.40). This increase has been driven by a combination of automatic increases in PNAs and one-time increases through legislation. Roughly 55% of the increase in the average state PNA was the result of automatic changes in PNAs in 7 of the 14 states.⁵ Not surprisingly, states with protocols to automatically increase PNAs have higher average PNA than states without automatic protocols.

Since 2001, the number of states in which residents received the minimum PNA has decreased from 14 to 6, which suggests an increasing role of states in providing financial support to residents of nursing homes. Table 2 shows the states with the highest and lowest amount of supplementation. Advocates see this increasing state participation as a positive step to bring adequacy to the PNAs. On the other hand, the increasing state participation has resulted in greater differences across states over time. As seen in Table 1, the range (maximum to minimum) and standard deviation have steadily increased over time. These variations among states raise questions about potential inequalities, and about the proper role of the federal government in helping to reduce these disparities.

PNAs have lost their ability to meet the needs of residents of nursing homes, as their purchasing power has declined over time. The average state PNA for 2009 (\$49.69) represents 7.3% of the maximum monthly federal SSI payment for an eligible individual (Federal Benefit Rate). In contrast, the average PNA in 2001 (\$43.29) represented 8.2% of the Federal Benefit Rate. Furthermore, the average PNA in 2009 is comparatively lower than the original \$25 PNA enacted in 1974. The \$25 PNA represented 17% of the Federal Benefit Rate in 1974. This shows that even when the states have increased their contributions to the PNAs in recent years, the relative purchasing power of the current PNAs has declined over time. If the \$25 had been subject to COLA beginning in 1975, as regular SSI benefits were, the current federal minimum PNA would be \$115.30 in 2009. This amount is \$5.20 higher than the highest state PNA in 2009, which is \$110.10, and almost 400% higher than the current federal minimum PNA.⁶

TABLE 2: States' Optional Supplementation, 2001-2009 (in dollars)¹

Highest Supplementation							
2001	2004		2006		2009		
Arizona	49.50	Arizona	52.00	Arizona	60.45	Arizona	70.10
Alaska	45.00	Alaska	45.00	Minnesota	49.00	Minnesota	59.00
District of Columbia	40.00	Minnesota	44.00	Alaska	45.00	Alaska	45.00
Lowest Supplementation							
2001	2004		2006		2009		
Florida	5.00	Florida	5.00	Florida	5.00	Florida	5.00
Nevada	5.00	Nevada	5.00	Nevada	5.00	Nevada	5.00
New Jersey	5.00	New Jersey	5.00	New Jersey	5.00	New Jersey	5.00
California	5.00	Louisiana	5.00	Louisiana	8.00	Louisiana	8.00
No Supplementation							
2001	2004		2006		2009		
(14 states) AL, IL, MO, NC OR, SC, VA, HI GA, IA, KS, TN PA, SD	(11 states) AL, IL, MO, NC, OR, SC, VA, HI, GA, IA, KS		(8 states) AL, IL, MO, NC, OR, SC, VA, HI		(6 states) AL, IL, MO, NC, OR, SC		

Sources: Calculations by the author based on information provided by the states through their websites or by phone. Data for 2001, 2004 and 2006 was obtained from previous reports.

Notes: ¹Supplements are the difference between the total state PNA and the federal minimum (\$30).

In the past 9 years there has been only one instance in which the state PNA supplementation has been decreased. In 2003, the state of Texas decreased its total personal needs allowance from \$60 to \$45, but increased it again to \$60 in 2006. Although Texas is the only state where the PNA has been successfully decreased, in there have been bills and executive proposals to reduce PNAs in other states.

PNA in Assisted Living Facilities

In 2001, the National Long-Term Care Ombudsman Resource Center collected data on the Personal Needs Allowance for residents of Assisted Living and Board and Care facilities. The data was collected through a survey of long-term care ombudsmen and members of the American Bar Association. Based on the data reported by 28 states, the average PNA for residents of Board and Care facilities was \$56.55, with a range from \$25 (Missouri, Oklahoma) to \$109 (New York).

In contrast to the 2001 report, this section focuses on the PNA of residents of assisted living facilities only.⁷ The data was obtained from the Department of Health and Human Services' *Residential Care and Assisted Living Compendium: 2007*. The compendium provides information about each state's use of Medicaid waivers for assisted living and the Personal Needs Allowance for residents of assisted living facilities.⁸ This data allows us to compare the PNA of residents on nursing homes with the PNA of residents on assisted living facilities.

For many years, debates about PNAs have focused on residents of nursing homes and their needs, mainly because Medicaid did not pay for long-term care services in other settings. However, states have expanded their Medicaid coverage for long-term care services to other settings, thus allowing Medicaid beneficiaries to receive long-term care services in assisted living facilities.⁹ The role of Medicaid in these settings is to cover the medical needs of individuals, not the costs of room and board. Because of this difference between Medicaid coverage between nursing homes and community settings, the PNAs for assisted living facilities are strongly related to the state's policy regarding the costs of room and board.

Under some waivers, the state or the county negotiates the costs of room and board for assisted living care. Eight states have established fees and rates for assisted living that include the costs of room and board, and 29 states have set limits on their payments for room and board. In these 37 states, the negotiated costs of room and board are designed to protect a certain amount of the individual SSI benefit as a PNA.¹⁰ In most of these states the PNA amounts are also higher than the federal minimum and their respective nursing home PNA.

There are four states (Kansas, New Mexico, Wyoming and Utah) where individuals are responsible for negotiating the costs of room and board in assisted living facilities. The policies to determine the PNAs in these states vary significantly. In Kansas and New Mexico the PNA is the federal minimum. In Wyoming and Utah, there are no specific policies regarding PNAs. In these

states the PNA is the amount of money that the individuals are able to “save” after paying the costs of room and board.

Variations in states’ policies regarding the costs of room and board are reflected in the differences in the PNA for assisted living facilities. Table 3 presents the PNA for assisted living facilities and nursing homes in 2007. As seen, the state average PNA in assisted living facilities was \$63.62. This amount was higher than the PNA for nursing homes. Although PNAs for residents of assisted living facilities were slightly higher than PNAs for residents of nursing homes, they are both very similar in that they represent a small percentage of the federal maximum SSI benefit for 2007 (Federal Benefit Rate). As expected, the differences in PNAs across states were much larger for assisted living facilities than for nursing homes.

TABLE 3: Personal Needs Allowance in Nursing Homes and Assisted Living Facilities, 2007¹

	Nursing Home PNA 2007	Assisted Living PNA 2007
Mean	\$48.88	\$63.62
Median	\$50.00	\$60.00
Std. Dev.	\$13.39	\$42.23
Max.	\$110.10	\$200.00
Range	\$93.00	\$200.00
% FBR ²	7.8	10.2%

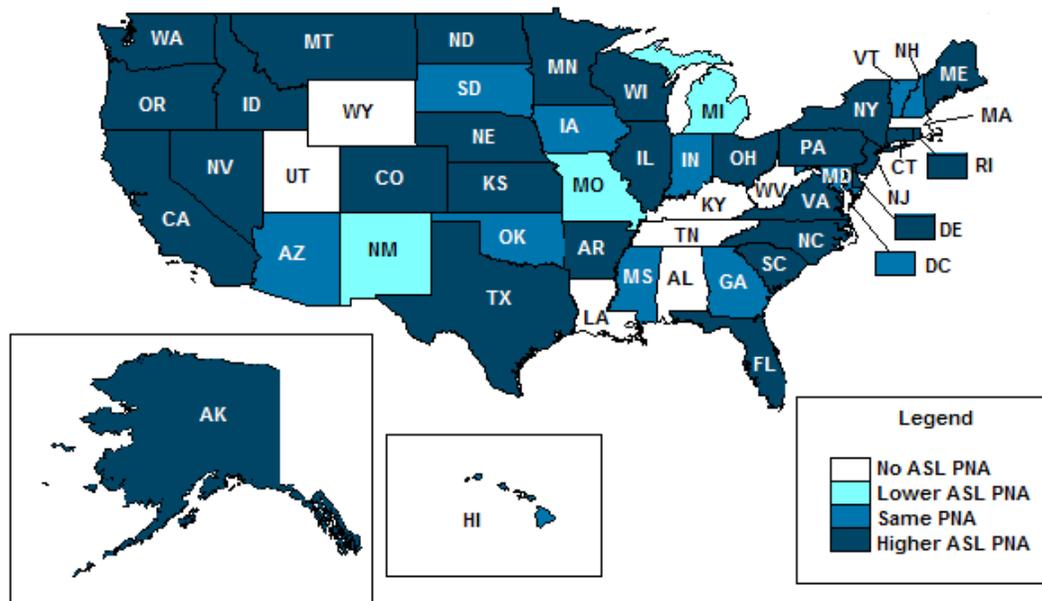
Sources: Calculations by the author based on information provided by the states through their websites or by phone. Information about Assisted Living Facilities was obtained from the Department of Health and Human Services’ *Residential Care and Assisted Living Compendium: 2007*

Notes: ¹All calculations exclude Puerto Rico where Medicaid does not provide coverage for long-term care and SSI benefits are not available.

²Federal Benefits Rate: for 2007- \$623

Map 1 provides a comparison between PNAs for residents of nursing homes and residents of assisted living facilities. In 28 states the PNA for assisted living facilities was higher than the PNA for nursing homes. PNAs for assisted living facilities and nursing homes were similar in Arizona, Georgia, Indiana, Iowa, Maryland, Mississippi, New Hampshire, Oklahoma, South Dakota, Vermont and the District of Columbia. Only in the states of Missouri, Michigan and New Mexico was the PNA for assisted living facilities lower than the PNA for nursing homes. A comparison of PNAs was not possible for the remaining 8 states. These are the states where HCBS waivers do not cover assisted living or no amount was specified.

MAP 1: Comparison of Assisted Living Facilities PNAs and Nursing Homes PNAs by State, 2007



Sources: Calculations by the author based on information provided by the states through their websites or by phone. Information about Assisted Living Facilities was obtained from the Department of Health and Human Services' *Residential Care and Assisted Living Compendium: 2007*

PNAs for Veterans

Many veterans receive their long-term care services through the Department of Veterans Affairs health system. The availability and costs of these services are determined by a ranking system based on service and to a lesser extent by income. In this ranking system, veterans with service-related disabilities receive higher priority.¹¹ For individuals who are eligible to receive care, the first 21 days of long-term care are free. After this period, individuals are required to make co-payments based on their income.¹² In certain cases, long-term care services are provided without any cost, even for the veterans that exceed the income thresholds.¹³

In addition to medical coverage, the Department of Veterans Affairs provides cash assistance for disabled veterans under two different programs. The *Disability Compensation* program provides income support for veterans with service-connected disabilities. The benefit amount depends on the level of disability and the number of dependents. The second program is the *Disability Pension*. This program provides support for veterans who served during wartime and have a non-service related disability. The benefit amount depends on the veteran's income.

Only veterans who receive a *disability pension* and medical services through Veterans Affairs are subject to a reduction in their pension. Similar to the rules for SSI benefits, federal regulations require a reduction in the monthly pension for any veteran who resides in long-term care facility (institution or domiciliary) at the expense of the Department of Veterans Affairs. This reduction only applies if the veteran does not have a spouse, child, dependent parent, or Hansen's disease. According to regulations, "no pension in excess of \$90 monthly shall be paid to or for the veteran for any period after the end of the third full calendar month following the month of admission for such care."¹⁴ This reduced pension is often referred to as the PNA for veterans.

Some states provide supplementary payments for veterans whose pensions are lower than \$90 a month. By CMS directive, veterans' \$90 PNA must be excluded from their counted income.¹⁵ In addition, if the veteran is eligible for Medicaid and SSI, the federal PNA (\$30) and its respective state supplement must be added to the \$90 PNA.

Current Legislation

There has not been any recent national legislation dealing with the issue of PNAs. The most recent legislation was submitted in 2003 by Representative Jan D. Schakowsky (D-IL). H.R. 1757 would have amended Title XIX of the Social Security Act to increase the Personal Needs Allowance from \$30 to \$50 for an individual, and from \$60 to \$100 for a couple. In contrast, at the state level, there has been significant action on this issue in the past 12 months. In 2008, several bills to increase PNAs were presented in the states of Iowa (H.F. 2056, H.F. 2274), Florida (H.B. 751, S.B. 1520), Washington (S.B.5515), Pennsylvania (H.B. 2253), and Oklahoma (H.B. 2756). The 2009 legislative session in some states, despite their emphasis on budget cuts, has also begun with action on this issue. In the State of Washington, Rep. Gelber and Sen. Jean Berkey introduced H 0455 and S 1632, respectively. These identical bills would increase the personal needs allowance based on changes in the cost-of-living. In Texas, Rep. Chavez introduced H.B. 158. This bill would increase PNAs in nursing homes from \$60 to \$75 per month.

Conclusion

This paper provides an overview of the history of Personal Needs Allowance and its purpose. It also examines differences in PNAs across states and the changes in the amounts over time. The findings about the inadequacies and inequalities in PNAs across states should not be surprising for residents and advocates. The data shows that the federal PNA of \$30 has lost its purchasing power over time. Simultaneously, residents' needs have increased. The data also shows that the federal minimum is inadequate to meet the basic personal needs of residents of nursing homes. The federal minimum PNA, which continues to be

used in 6 states and amounts to an annual total of \$360.00, is \$87 lower than what a consumer unit of one individual (75 and older) spends in personal services and reading products.¹⁶

The lack of federal action to increase PNAs has resulted in greater responsibilities for the states. In recent years, states have played an important role in improving the adequacy of the PNAs by supplementing the federal minimum. However, even with the highest supplementation, today's residents of nursing homes receive a relatively lower PNA than residents of nursing homes did in 1974. Higher state participation on this issue also underscores the inequalities in our long-term care system. While residents of some states are fortunate to live in a state that has adopted protocols to adjust PNAs based on cost-of-living increases, residents of many states have never seen a supplement to their PNA.

The problems with current PNA amounts are defined and clear. In contrast, the challenges for advocates are not. As Medicaid beneficiaries move from nursing homes to home and community based settings, the fight to bring adequacy and fairness to current PNAs becomes more complicated. Advocates must not forget the needs of residents of nursing homes when fighting for higher PNAs for residents of board and care, and vice-versa. It is important to keep in mind that the debates about fairness and adequacy are relevant to residents of all long-term care facilities and all states.

Appendixes

Appendix 1: Personal Needs Allowance by State and Year¹

State	PNA 2001	PNA 2004	PNA 2006	PNA 2009
Alabama	30.00	30.00	30.00	30.00
Alaska	75.00	75.00	75.00	75.00
Arizona	79.50	82.00	90.45	101.10
Arkansas	40.00	40.00	40.00	40.00
California	35.00	49.00	49.00	49.00
Colorado	50.00	50.00	50.00	50.00
Connecticut	54.00	57.00	61.00	68.00
Delaware	42.00	44.00	44.00	44.00
District of Columbia	70.00	70.00	70.00	70.00
Florida	35.00	35.00	35.00	35.00
Georgia	30.00	30.00	50.00	50.00
Hawaii	30.00	30.00	30.00	50.00
Idaho	40.00	40.00	40.00	40.00
Illinois	30.00	30.00	30.00	30.00
Indiana	50.00	52.00	52.00	52.00
Iowa	30.00	30.00	50.00	50.00
Kansas ²	30.00	30.00	50.00	62.00
Kentucky	40.00	40.00	40.00	40.00
Louisiana	38.00	38.00	38.00	38.00
Maine	40.00	40.00	40.00	40.00
Maryland	40.00	60.00	64.00	68.00
Massachusetts	60.00	60.00	60.00	72.80
Michigan	60.00	60.00	60.00	60.00
Minnesota	69.00	74.00	79.00	89.00
Mississippi	44.00	44.00	44.00	44.00
Missouri	30.00	30.00	30.00	30.00
Montana	40.00	40.00	40.00	50.00
Nebraska	50.00	50.00	50.00	50.00
Nevada	35.00	35.00	35.00	35.00
New Hampshire	50.00	50.00	56.00	56.00
New Jersey	35.00	35.00	35.00	35.00
New Mexico	47.00	52.00	57.00	60.00
New York	50.00	50.00	50.00	50.00
North Carolina	30.00	30.00	30.00	30.00
North Dakota	40.00	50.00	50.00	50.00
Ohio	40.00	40.00	40.00	40.00
Oklahoma	50.00	50.00	50.00	50.00
Oregon	30.00	30.00	30.00	30.00
Pennsylvania	30.00	40.00	40.00	45.00
Rhode Island	50.00	50.00	50.00	50.00
South Carolina	30.00	30.00	30.00	30.00
South Dakota	30.00	60.00	60.00	60.00
Tennessee	30.00	40.00	40.00	40.00

Appendix 2: Distribution of Personal Needs Allowance by Range and Year¹

Range:	PNA 2001	%	PNA 2004	%	PNA 2006	%	PNA 2009	%
\$30-\$39	19	37.3	15	29.4	12	23.5	10	19.6
\$40-\$49	15	29.4	15	29.4	14	27.5	14	27.5
\$50-\$59	10	19.6	13	25.5	15	29.4	15	29.4
\$60-\$69	4	7.8	4	7.8	6	11.8	7	13.7
\$70-\$79	3	5.9	3	5.9	3	5.9	3	5.9
\$80-\$89	0	0	1	1.9	0	0	1	1.9
\$90-\$99	0	0	0	0	1	1.9	0	0
100+	0	0	0	0	0	0	1	1.9

Sources: Calculations by the author based on information provided by the states through their websites or by phone. Data for 2001, 2004 and 2006 was obtained from previous reports.

Notes: ¹Excludes Puerto Rico where Medicaid does not provide coverage for long-term care and SSI benefits are not available.

Appendix 1 (Continuation): Personal Needs Allowance by State and Year¹

State	PNA 2001	PNA 2004	PNA 2006	PNA 2009
Texas	60.00	45.00	60.00	60.00
Utah	45.00	45.00	45.00	45.00
Vermont	47.66	47.66	47.66	47.66
Virginia	30.00	30.00	30.00	40.00
Washington	41.65	51.62	53.68	57.28
West Virginia	50.00	50.00	50.00	50.00
Wisconsin	45.00	45.00	45.00	45.00
Wyoming	50.00	50.00	50.00	50.00

Sources: Calculations by the author based on information provided by the states through their websites or by phone. Data for 2001, 2004 and 2006 was obtained from previous reports.

Notes: ¹Excludes Puerto Rico where Medicaid does not provide coverage for long-term care and SSI benefits are not available. ²Currently 60, but set to increase to 62 in July.

Notes:

1 The Centers for Medicare and Medicaid Services states in the Application for 1916(c) waivers: “The spousal protection rules also provide for protecting a personal needs allowance (PNA) described in 1902(q)(1) for the needs of the institutionalized individual. “This is an allowance which is reasonable in amount for clothing and other personal needs of the individual . . . while in an institution.’ For institutionalized individuals this amount could be as low as \$30 per month. Unlike institutionalized individuals whose room and board are covered by Medicaid, the personal needs of the home and community-based services recipient must include a reasonable amount for food and shelter as well as for clothing. The \$30 PNA is not a sufficient amount for these needs when the individual is living in the community.”

2 See 42CFR 483.10 (c) Protection of resident funds.

³ See 42 CFR 489.32 Allowable charges: Non-covered and partially covered services.

4 See Minnesota Statute 256 B.35

5 The protocols for automatic annual increases vary by state. For instance, Arizona bases its increases on 15% of the Federal Benefit Rate (FBR), so as the FBR increases so does the PNA. In Minnesota and Connecticut, increases in their PNAs are based on the COLA used by the Social Security Administration. In New Mexico, increases are based on the Consumer Price Index (CPI). In Wisconsin, increases are based on a review of the PNA rates every two years as part of the budget process.

6 This amount was obtained by applying the COLA as provided by the Social Security Administration on its website: <http://www.ssa.gov/OACT/COLA/SSIamts.html>

7 The definition of an assisted living facility varies by state. According to the Department of Health and Human Services, an assisted living facility is a “group living arrangement that provides help with activities of daily living such as eating, bathing, and using the bathroom for people. Residents often live in their own room or apartment within a building or group of buildings and have some or all of their meals together. Social and recreational activities are usually provided. Some assisted living facilities have health services on site.” For other definitions see: <http://www.medicare.gov/LongTermCare/static/AssistedLiving.asp>

⁸ The compendium can be found at: <http://aspe.hhs.gov/daltcp/reports/2007/07alcom3.htm#statenotes>

9 It is extremely important to clarify that waivers in many states have very limited scope. They differ in their eligibility requirements, targeted populations and areas, and covered services. For instance, the waiver for Virginia only provides coverage for individuals with Alzheimer’s disease. The states without a waiver for assisted living are: Alabama, Louisiana, Kentucky, Tennessee and West Virginia. For a list of the waivers and their scope, see: <http://www.cms.hhs.gov/MedicaidStWaivProgDemoPGI/MWDL/list.asp>.

¹⁰ These fees and rates are presented in Residential Care and Assisted Living Compendium: 2007. The compendium can be found at: <http://aspe.hhs.gov/daltcp/reports/2007/07alcom3.htm#statenotes>

11 38 CFR 17.36 (c) Federal Register notification of eligible enrollees.

12 38 CFR 17.111 (b) Co-payments for extended care services.

13 38 CFR 17.111 (f) Veterans and care that are not subject to the co-payment requirements.

14 38 CFR 3.551 Reduction because of hospitalization.

15 See CMS Program Memorandum (CMS-PM-02-1) Title XIX of the Social Security Act, Post-Eligibility Treatment of Income. Available at: <http://www.cms.hhs.gov/Transmittals/downloads/SA0201.pdf>

16 The average expenditure was obtained from Consumer Expenditure Survey, 2006-2007: Table 3600. Consumer units of one person by age of reference person: Average annual expenditures and characteristics. The Consumer Expenditure Survey in its glossary defines personal care products and services as “products for the hair, oral hygiene products, shaving

needs, cosmetics and bath products, electric personal care appliances, other personal care products, and personal care services for males and females.” Reading products are defined as “subscriptions for newspapers and magazines; books through book clubs; and the purchase of single-copy newspapers, magazines, newsletters, books, and encyclopedias and other reference books.” See website for definitions: <http://www.bls.gov/cex/csxgloss.htm#otherx>