

Florida Assisted Living Facilities Cost of Providing Care

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Executive Summary

As the elderly population in Florida has increased, long-term care needs have also expanded, and more Floridians are receiving assistance at home, in assisted living facilities (ALFs), or in nursing homes. However, as the population receiving these services increased, the cost and challenges faced by the providers have increased as well. Commissioned by the Florida Assisted Living Association (FALA), the University of Florida Bureau of Economic and Business Research (BEER) developed and administered an online survey to assess these challenges. In addition, a phone survey was conducted to obtain information about Floridians' financial preparation for living in an ALF. The main findings are the following.

- During 2018, 72.5% of ALFs in Florida had trouble finding skilled workers to fill vacancies. In most cases, facilities raised wages or increased benefits to attract/retain good employees, particularly, direct care employees.
- A quarter of facilities reduced the number of Medicaid residents they were willing to accept. The most cited reason for this was the financial concerns of accepting Medicaid residents. Roughly 86% did so due to low payments from Medicaid and 42% due to the bureaucratic difficulty of collecting claims from Medicaid.
- All of the ALFs with residents who needed services meeting Medicaid's definition of Assistive Care Services (ACS), and who were not on the Long Term Care Program, said the amount paid by Medicaid was insufficient to cover the cost of care of those residents.
- More than half of the facilities reported having experienced a loss of revenue due to bureaucratic processes with Medicaid health plans.
- More than one third of the facilities were not able to collect revenue because the administrative costs involved were too high. The main sources of revenue loss reported were Medicaid Long Term Care (LTC) Program health plans and Medicaid Management Medical Assistance (MMA) Program.
- More than 30 percent of the facilities reported revenue losses when a person on Medicaid is transferred from a nursing home to an ALF.
- Summing up, total revenue losses accounts for 4 percent of the total expected revenue, which correspond to a decrease in profits of 22 percent.
- The cost of liability insurance, property taxes and utilities increased between fiscal years 2016 and 2017. Property taxes paid increased by 140 percent, and liability insurance premiums and utility costs increased by 27.6 and 14.1 percent respectively.
- Nearly three-fourths of the survey respondents obtained a loan in the last two years. Although more than half had multiple reasons for obtaining a loan, the most common reason was to comply with the new power generator rule.
- Although ALFs owners seem optimistic about the future of their business, around 18.6% of the survey respondents expressed pessimistic views of the likelihood they would be in business in the next five years.
- Based on a general population statewide phone survey, only 42.7% of the respondents said they have a plan to pay for living in an ALF if needed in the future, and the plan consisted of paying with personal savings, long term care insurance, or both.
- Finally, 76% of the respondents agreed that the State of Florida should increase the budget for the Medicaid Long Term Care Program when more money is needed to pay for ALF care of low income seniors.

Introduction

Florida has been perceived as an attractive place to live for many decades by people of all ages, especially retirees. Florida's population has grown from 6.8 million people in 1970 to 20.8 million in 2018, and the state's population of those aged 65 and older has risen from 3.3 million in 2010 to 4 million in 2017. By 2045, this age group is projected to be 6.9 million people. As the population of older adults has increased, long-term care needs have expanded, and more Floridians are receiving assistance at home, in assisted living facilities (ALFs), or in nursing homes. However, as the population receiving these services increased, the cost and challenges faced by the providers also increased.

Florida currently has over 3,000 ALFs scattered around the state to provide care and assistance to the increasing elderly population in Florida. As an advocate for ALFs in Florida, the Florida Assisted Living Association (FALA) commissioned the University of Florida Bureau of Economic and Business Research (BEBR) to conduct a study examining the cost Florida's ALFs incur to provide care, the challenges they face when collecting revenue, and to gather opinions from the general population about long term health. To complete the study, BEBR developed and administered both an online and a phone survey.

First, with assistance of experts working in hospitals, ALFs' managers, the Florida Agency for Healthcare Administration (AHCA), and an elder law attorney, BEBR developed an online survey to collect relevant information about the costs incurred as well as information about other financial challenges faced by the facilities in Florida. Second, a general population phone survey was conducted in Florida to assess Floridians' financial preparation for living in an ALF, as well as their views toward the state's expenditures to help low income seniors with this kind of care.

This report summarizes the results of these two surveys. Sections I through VIII contain the main results followed by the conclusions and three appendices. Specifically, section I provides an overview of the main characteristics of Florida Assisted Living Facilities, such as geographic location, license type, profit status, occupancy rates, and the existence and composition of patient waiting lists. Section II looks into the ALF labor market in Florida, and documents the challenges ALFs face in finding and retaining skilled employees. Section III describes the difficulties Florida ALFs encounter with the cost of caring for Medicaid residents. Section IV focuses on the challenges faced by the facilities when collecting revenue and the costs incurred in running an ALF. Section V looks into the costs of the new emergency power rule adopted in 2018. Section VI covers the demand for loans. Section VII reports on the business climate in the long-run. Section VIII reports the findings from the general population phone survey. The appendices detail the data collection methods and contain the online and phone survey questionnaires.