



Significant Changes in the Choices Group 3 Program

The CHOICES Group 3 program was created to help qualifying individuals remain in their homes longer by financing help from caregivers through TennCare. Recently, due to a budget cut, the program is now limited to a very small group of Tennesseans. This change is detrimental to many Tennesseans who need the benefits of CHOICES Group 3.

Unfortunately, the benefits of additional in-home caregivers or payment toward assisted living care are no longer available for most Tennesseans who need Group 3 benefits in order to avoid or delay nursing home care.

In general, CHOICES provides Medicaid benefits for nursing home care as well as care outside of an institution, such as in the home or in an assisted living facility. There are three groups of CHOICES. The financial qualifications for each group are the same; however, the medical qualification criteria are not as stringent for Group 3 beneficiaries.

What is CHOICES Group 1?

This is a benefit for qualified individuals in a nursing home. There is no cap on the number of beneficiaries who may receive nursing home Medicaid. The resident must meet the financial and medical qualifications to receive Medicaid.

What is CHOICES Group 2?

Group 2 provides up to about 40 hours of in-home care, if the applicant is financially and medically qualified for nursing home care. The expenditure cap for Group 2 beneficiaries is that the cost of care at home may not exceed the “cost neutrality cap.” In other words, if the cost of in-home care exceeds the cost of nursing home care, then the managed care organization (MCO) will transition the CHOICES beneficiary to a nursing home. TennCare policy provides that the average cost of nursing home care in Tennessee is \$5,472 per month. If that amount is lowered to account for the nursing home resident’s contribution from his income, then one can estimate that

TennCare’s payment will be in the neighborhood \$55,000 per year.

Group 2 also provides a benefit for assisted living care. TennCare will pay \$1,089 per month toward assisted living care to an assisted living facility that accepts CHOICES. The TennCare funds may only be used for the care provided. The assisted living resident’s room and board are not covered. The resident’s co-pay to the assisted living for room and board may not exceed \$1,759.20 (2015).

Thus, by providing the assisted living benefit to people who qualify financially and medically for nursing home care, the state’s cost of care decreases from approximately \$55,000 to \$13,068 annually. This is a savings of \$41,932 per “would-be” nursing home resident!

What is CHOICES Group 3?

In order to qualify for Group 3 CHOICES, the applicant must meet the same financial requirements as Groups 1 and 2. However, the medical test for Group 3 applicants is not as stringent as it is for Groups 1 and 2. As a general rule, people who qualify medically for Group 3 benefits need assistance with some activities of daily living, medication management or need help with their activities of daily living and require around the clock supervision because of safety concerns related to dementia.

Group 3 benefits include up to about¹ 15 hours of in-home care and other benefits. The cost of Group 3

benefits is capped at \$15,000 per year per beneficiary. There is a cap on the number of beneficiaries who may participate in the program.

TennCare recently expanded Group 3 so that beneficiaries may choose to receive assisted living care in an assisted living facility that accepts CHOICES. This is an extremely important and beneficial change for our most vulnerable population. Unfortunately, the benefits of additional in-home caregivers or payment toward assisted living care are no longer available for most Tennesseans who need Group 3 benefits in order to avoid or delay nursing home care.

Why are Group 3 benefits no longer available to the majority of Tennesseans?

Tragically, when the 2015-2016 budget went into effect on July 1, 2015, Group 3 benefits were reduced so that only people who are “SSI eligible” may receive Group 3 benefits. (People who were in Group 3 prior to July 1, 2015, regardless of their income source, may continue to receive Group 3 benefits.)

What is SSI?

Supplemental Security Income (SSI) is a benefit paid by the Social Security Administration to qualifying individuals. Supplemental Security Income is paid to people who are disabled, have less than \$2,000 in countable assets, and less than \$721 monthly income. Because of their disabilities, these folks have been unable to work long enough, if at all, to earn Social Security Disability Income (SSDI) or Social Security retirement income.

The Social Security Administration (SSA) rules about “income” are complex as they relate to SSI. The SSI payment of \$721 per month is for food, shelter and clothing. If another person pays toward

an SSI recipient’s shelter and food, the SSA classifies that payment as “in kind support and maintenance.” The Group 3 co-payment for room and board in assisted living is \$1,759.20. Assuming that the family is able to pay that co-payment, then the SSI beneficiary’s income of \$721 is reduced by one-third plus \$20.


This means that the SSI recipient’s monthly income of \$721 would be reduced to \$501. The person with the disability would have to rely on family members, if there are any, to pay the balance of \$1,258.20 every month to the assisted living facility. There are many family members who would not be able to afford this co-payment. Thus, as a practical matter the Group 3 assisted living benefit, now limited only to people receiving SSI, will be too expensive for many families to afford. Simply stated: For people over the age of 65 who receive SSI, the door to assisted living is essentially closed because their income is too low.

Reducing Group 3 benefits to a very small population is unfair to people who have worked all of their lives and earned Social Security retirement benefits.

In Tennessee, there are 915,988 Tennesseans over the age of 65 who receive Social Security retirement income. Yet, there are only 32,096 people over age 65 who receive Supplemental Security Income.² While some Tennesseans over the age of 65 will be able to afford to pay for long-term care, many Tennesseans will need to access Medicaid/TennCare. Sadly, it appears that there will be quite a substantial number of people over the age of 65 now unable to access Group 3 benefits, including access to assisted living care.

Tennesseans who receive Social Security retirement or disability income should not be deprived access to Group

3 benefits just because they worked all their lives and paid into the Social Security system. Created to delay or avoid nursing home care at a cost to the state of only \$13,085 – \$15,000 annually, the availability of Group 3 benefits to these elders certainly makes fiscal sense. The profound impact on the quality of their lives? Priceless.

For the next year, the TBA’s Elder Law section will be focused on joining with other stakeholders, including TennCare, to advocate for the funding of Group 3 benefits for all qualifying individuals regardless of their source of income. 

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Notes

1. Although 12-15 hours is the general rule, I had a client who qualified for 35 hours of care in Group 3.

2. Congressional Statistics for Tennessee December 2014; www.socialsecurity.gov/policy.