

## Adult Foster Care

**Many people who need long-term services and supports (LTSS) would like more options for receiving services in small residential settings. Adult foster care offers a more intimate, homelike alternative to institutional care. As states attempt to “balance” LTSS to offer consumers a broader array of services, they need to consider how to develop, regulate, and fund an array of home and community-based services, including adult foster care.**

### Introduction

In the United States, roughly 11 million older adults require help performing everyday activities.<sup>1</sup> Demand for services to assist older adults with their daily activities will increase precipitously in the coming years, as the number of Americans over age 65 is expected to more than double from 40 million to 81 million by 2040.<sup>2</sup>

Recent studies suggest that the vast majority of older adults would choose to age in place if it were a viable option.<sup>3</sup> For those who cannot remain in their own home but would prefer a homelike environment to a nursing facility, adult foster care (AFC) can be an appealing alternative.

### Adult Foster Care Defined

There is no standard definition for AFC, but generally, an AFC home is one in which several older adults who can no longer live independently reside with a homeowner who provides the services they need. Services commonly include assistance with the activities of daily living (e.g., eating, bathing, and dressing), household chores, and meal preparation.<sup>4</sup> Other services—such as arranging for transportation or providing social or recreational programming—are also common and can be specified in a resident

agreement that providers and residents sign.<sup>5</sup> States often limit the number of individuals who can reside in an AFC home, typically from one to six persons.<sup>6</sup>

Like the definition, the terminology for small, service-enriched, homelike settings for older adults also varies. AFC homes may be called adult family homes, family care homes, homes plus, or supportive care homes.<sup>7</sup>

AFC homes are typically licensed and regulated by state or county-based agencies, and these smaller operations are sometimes subject to the same regulations that are applied to larger assisted living facilities. However, some states do not license or certify AFC homes at all, and others have exemptions for those that serve only one or two persons.<sup>8</sup>

A recent review of state policies and practices related to adult foster care concluded that there are nearly 19,000 licensed and certified AFC homes nationwide with room to accommodate just over 64,000 residents. These figures likely underestimate the actual supply, however, because they do not include homes licensed as assisted living facilities.<sup>9</sup>

## Advantages of Adult Foster Care

For older adults who wish to live in a more independent, homelike environment, an adult foster care home can be attractive. One study finds that “moving to an adult foster care home—at least in contrast to moving to a nursing home—can be an experience that allows many older adults to see themselves in control and that such perceived control is associated with higher satisfaction and activity following the transition.”<sup>10</sup>

Relative to institutional care, AFC homes are also a cost-effective way to age in the community. Because AFC homes are often housed in existing single-family units, caregivers shoulder most capital costs (e.g., mortgage payments, modifications, and repairs), and public sector costs are limited to providing financial assistance to those who qualify (see below). AFC caregivers also typically provide lower level—and thus less expensive—services than those available in a nursing facility.<sup>11</sup>

In addition to their cost-effectiveness, foster care homes have the advantage of being more integrated into their surrounding residential communities than larger institutional facilities. In combination with more formal regulation, the eyes and ears of neighbors can add an informal layer of community oversight that can help ensure the provision of quality care.<sup>12</sup>

## Funding for Adult Foster Care

An older adult with sufficient financial resources typically pays out-of-pocket for AFC services, room, and board. In Oregon in particular, this “private pay” segment is known to represent a significant share of the AFC population, but the lack of data makes it difficult to know how common this arrangement is nationally.<sup>13</sup>

For adults with incomes low enough to qualify for Medicaid, AFC homes are

considered a “residential care” living arrangement that can be eligible for funding through Medicaid Home and Community-Based services (HCBS) waivers. Under the HCBS waiver option, states may develop waiver programs that, if approved by the Centers for Medicare & Medicaid Services, use Medicaid funding to provide services for older adults in a variety of settings, including AFC homes. Waiver program costs cannot be higher than the costs that participants would have otherwise incurred in a nursing facility. Not all states offer HCBS waiver programs for residential care, however.

To participate in an approved AFC waiver program, individuals must meet the state’s criteria for needing institutional (e.g., nursing home) care.<sup>14</sup> Unlike nursing home services to which qualified Medicaid beneficiaries are entitled, states can restrict the number of eligible participants, cap spending, and create waiting lists for HCBS waiver programs.<sup>15</sup> This feature gives states more control over these programs but may also lead to long waiting lists when demand exceeds supply.

Services provided in AFC homes can be covered by Medicaid for those who qualify, but expenses related to room and board cannot. Low-income older adults who receive Supplemental Security Income (SSI) typically apply these funds to room and board costs.<sup>16</sup> Where costs are higher, states can supplement the federal SSI payment to cover room and board costs in residential care settings such as AFC.

Adult foster care can be less costly than nursing home care for states and the federal government alike. Overall costs for nursing home care run significantly higher than costs for AFC, and states are often on the hook for a share of the higher nursing home costs—a share that can greatly exceed the state SSI supplement that they

would provide to someone in adult foster care.<sup>17</sup>

### **Barriers to Expanding Adult Foster Care**

Insufficient allocation of Medicaid dollars to HCBS programs like adult foster care can limit the number of older adults able to receive services in such settings. In an effort to contain costs in a difficult funding environment by extending services to fewer people, some HCBS waiver programs used more restrictive income/asset qualification criteria than were in place for Medicaid institutional care in 2007.<sup>18</sup> In some states, HCBS participants had to demonstrate a greater need for assistance with daily activities than did individuals deemed eligible for institutional care. Partly as a result of these practices, HCBS waiver program waiting lists increased 18 percent between 2006 and 2007.<sup>19</sup>

AFC's role in providing long-term care can also be limited by some state laws or regulations that prohibit staff from administering nursing care services. For residents who need assistance managing medication, for example, providers often must contract with nurses to provide these services. In addition to increasing operating costs significantly, arranging for these services can be difficult wherever there is a shortage of nurses.<sup>20</sup>

Identifying individuals willing to provide AFC services in their homes can also be problematic. Officials in Oregon, for example, have had difficulty replacing current caregivers, some of whom are becoming unable to care for residents as they age. Officials attribute a lack of interest from prospective caregivers to both the rise in the number and popularity of corporate assisted living facilities in the state and the relatively higher compensation provided to caregivers serving persons with developmental disabilities.<sup>21</sup>

### **Increasing Supply, Improving Services in Adult Foster Care**

To make adult foster care affordable for more low-income older adults, AARP recommends that states allocate a greater share of Medicaid funding to HCBS waiver programs.<sup>22</sup> Additionally, changes to federal law that would allow states to loosen the financial and functional eligibility requirements on existing HCBS programs should be explored.<sup>23</sup>

AARP also encourages states to allow nurses to delegate specific tasks like medication management to AFC staff after assessing patient needs and verifying the ability of the provider to administer the service. Extending legal and civil protection to nurses who choose to delegate certain tasks is recommended to encourage cooperation. Where nurse delegation is not commonly practiced, adult foster care may not be an affordable option for residents requiring a higher level of medical services.<sup>24</sup>

It is also important for states to recruit, cultivate, and retain AFC caregivers. Ensuring that caregivers are adequately compensated for the level of care that their patients require, providing technical assistance and training to improve quality of care, and actively recruiting new caregivers to replace those who leave the profession are important steps to ensuring a strong and stable AFC system.<sup>25</sup>

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