



Auxiliary Grant Program Monitoring

Report to

**Chairman of the House Appropriations Committee
Chairmen of the Senate Finance Committee
Director of the Department of Planning and Budget**

**Virginia Department for Aging
and Rehabilitative Services**

**Commonwealth of Virginia
Richmond
October 1, 2019**



COMMONWEALTH OF VIRGINIA
DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES

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October 1, 2019

MEMORANDUM

TO: The Honorable Thomas K. Norment, Jr.
The Honorable Emmett W. Hanger, Jr.
Co-Chairmen, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Dan Timberlake
Director, Department of Planning and Budget

FROM: Kathryn A. Hayfield 
Commissioner, Department for Aging and Rehabilitative Services

SUBJECT: Annual Report on Auxiliary Grant (AG) Program Monitoring Activities

As Commissioner of the Virginia Department for Aging and Rehabilitative Services (DARS), I am pleased to present the AG Monitoring report in response to the 2019 Appropriations Act, Item 334 C. The report outlines identified issues with local department of social services' AG eligibility determination processes, actions taken to strengthen program integrity, and the critical role the AG Program Consultant is having in improving program quality.

If you have any questions about the report, please do not hesitate to contact me.

KH/pm

Enclosure

EXECUTIVE SUMMARY

The Virginia General Assembly appropriated funding in 2016 to the Department for Aging and Rehabilitative Services (DARS) for an Auxiliary Grant (AG) Program monitor position. The AG Program Consultant, hired in July 2016, is responsible for issuing a report on monitoring activities to the Director of the Department of Planning and Budget and Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year. The following report highlights the AG Program Consultant's state fiscal year (SFY) 2019 activities including monitoring of local departments of social services' (LDSS) actions on AG applications and case renewals, technical assistance and review of provider compliance with AG Program regulations. The report also provides an overview of the AG Program, including average caseload and expenditure information.

2019 AUXILIARY GRANT PROGRAM MONITORING ACTIVITIES

Background

Section 51.5-160 of the Code of Virginia establishes the Auxiliary Grant (AG) Program and instructs the Commissioner of the Department for Aging and Rehabilitative Services (DARS) to prepare and implement, a plan for a state and locally funded AG program to provide assistance to individuals ineligible for benefits under Title XVI of the Social Security Act and to other individuals for whom benefits provided under Title XVI of the Social Security Act are not sufficient to maintain the minimum standards of need.

The AG Program provides cash payments to Supplemental Security Income (SSI) recipients and other low-income aged, blind, or disabled adults who need assistance with activities of daily living and who reside in an assisted living facility (ALF), adult foster care (AFC) home or supportive housing (SH)¹. AG payments are 80% state and 20% locally funded.

Need for AG Program Monitoring

Virginia must adhere to AG Program Maintenance of Effort (MOE) requirements set forth in an agreement with the Social Security Administration (SSA). The MOE ensures that Virginia passes Federal cost of living adjustments (COLA) along to SSI eligible individuals through appropriate adjustments to the individual's monthly AG payment. Virginia must report successful compliance with the MOE requirements to SSA annually.

Since various factors, in addition to COLA, may cause an AG recipient's eligibility to change, DARS must ensure that the AG eligibility determination process is accurate and errors that could affect a person's access to an AG payment are rectified. Individuals who receive AG automatically receive Medicaid, further heightening the importance of ensuring precise eligibility determinations. Additionally, should the AG Program not meet MOE compliance, the federal government could withhold Virginia's Medicaid funding, thereby threatening Virginia's entire Medicaid Program.

SFY 2019 AG Program Quality Reviews and Findings

DARS initiated quality reviews, which included assessments of hard copy and electronic AG records, on the following local departments of social services (LDSS):

Allegheny	Covington	Craig	Dickenson
Hopewell	Lancaster	Norton	Orange
Southampton	Stafford	Surry	

¹ The SH setting was authorized in 2016 and is limited to 90 AG recipients.

The AG Program Consultant identified the following errors during case monitoring activities (AG cases may have had only one of the errors listed below, though some cases had multiple concerns needing attention):

- Accepting improper or partially completed renewal applications. Using AG renewal applications with missing pages or using Medicaid renewal applications to renew AG eligibility.
- Lack of assessment documentation to support initial or continued placement.
- Improper or no verification of client's residence in the ALF.
- Improper interpretation of AG policy regarding prorated month payments, suspension of month(s) and the agreement to sell property procedures in conditional benefits.
- Not reviewing COLA or AG rate increases and other changes reported by recipients in a timely manner to adjust AG payments properly.
- Processing new applications beyond the 45 days allowed by policy without an allowable, documented reason for the missed deadline.
- Improper or no verification of income.
- Not using the correct form or outdated versions of the notice of action form for AG. Some notices are missing information regarding the action(s) taken on the case.
- Not documenting eligibility determinations properly on the evaluation form.
- Lack of supporting evidence used to terminate or suspend payment on AG case.
- Misapplication of Long Term Care Medicaid policy, which permitted issuance of an AG payment without the client's admission to an ALF.

The AG Program Consultant provided each LDSS with a written summary identifying case errors and steps to fix them. In addition to the formal quality reviews, the Consultant performed targeted reviews of some cases in Bristol, Petersburg, Henrico and Richmond City in response to a request from the LDSS or AG providers. To supplement Department of Social Services (DSS) classroom training, the AG Consultant assisted the AG Program Manager in conducting AG workshops to reinforce basic policy and highlight updates.² The AG Program Manager and Consultant attended workshops for ALF providers to help educate the providers and their staff about AG policy and procedures.

Other AG Program Monitoring Efforts

Oversight of AG providers is a critical part of program monitoring. Providers who accept AG residents are required to submit an annual certification form to DARS by October 1. DARS reviews certification forms for completeness and accuracy, including the ALF's management of

² DSS is responsible for conducting AG training for LDSS. DARS provides DSS with course curriculum updates.

residents’ personal funds if the residents have requested this assistance. At the start of the SFY 2018, 279 ALFs accepted AG recipients. Annual certification report data indicated the following³:

- Two hundred seventy-three facilities submitted certifications.⁴
- Thirty-nine facilities received third party payments on behalf of their residents.
- Over 1,700 residents’ personal needs allowances were managed by the facilities.

DARS also compiles AG statistical data to identify program trends. The following chart provides information on statewide caseload, expenditures, and average monthly payments. SFY 2019 data indicated a 2.6% growth in AG cases, possibly due to the July 1, 2018 non-COLA rate increase of \$35. However, despite COLA and non-COLA rate increases, more than 80 facilities closed in the past six years, limiting the number of AG beds for eligible individuals.

Auxiliary Grant Expenditures and Monthly Case Counts*			
Year	Average Monthly Cases	Total Payments (in millions)	Average Payment
2014	4,610	\$27.7	\$500
2015	4,368	\$26.6	\$507
2016	4,190	\$25.7	\$513
2017	4,084	\$24.7	\$504
2018	3,799	\$23.1	\$508
2019	3,901	\$22.6	\$483

**Source: Virginia Department of Social Services Laser Local Fund and Count Summary.*

Conclusion

The AG Program Consultant’s ability to identify when LDSS did not follow AG Program policy during application processing and eligibility renewals, underscores the need for ongoing monitoring and reinforcement of correct procedures. The Consultant will continue LDSS monitoring in the coming year, selecting ten more LDSS for review and follow up with LDSS who have been reviewed to ensure that errors are corrected and do not reoccur.

Realizing that the AG rate remains low, the Virginia General Assembly approved a second non-COLA rate increase in 2019. The monthly AG rate of \$1,317 for most of Virginia and \$1,515 for Planning District 8 took effect July 1, 2019. Twelve new ALF providers have signed agreements to accept AG recipients. DARS will continue to call attention to and raise awareness of this critical program for vulnerable adults.

³ SFY 2019 certification forms are not due until October 1, 2019

⁴ Six facilities did not submit forms. Some ALFs closed prior to submitting forms.