



COMMONWEALTH OF VIRGINIA
DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES

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MEMORANDUM

TO: The Honorable Janet D. Howell
Co-Chairwoman, Senate Finance and Appropriations Committee

The Honorable George L. Barker
Co-Chairman, Senate Finance and Appropriations Committee

The Honorable Barry D. Knight
Chairman, House Appropriations Committee

Michael Maul
Director, Department of Planning and Budget

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

SUBJECT: Annual Report on Auxiliary Grant (AG) Program

As Commissioner of the Virginia Department for Aging and Rehabilitative Services (DARS), I am pleased to present the AG Program annual report in response to the 2022 Appropriations Act, Item 335 C. The report highlights AG Program statistics, including information about AG supportive housing (AGSH) and the number of individuals residing in this setting. The report also provides a summary of AG Program oversight and monitoring activities.

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

KH/pm

Enclosure



Auxiliary Grant Program

Report to

**Chairman of the House Appropriations Committee
Co-Chairwoman and Co-Chairman of the Senate
Finance and Appropriations Committee
Director of the Department of Planning and Budget**

**Virginia Department for Aging
and Rehabilitative Services**

**Commonwealth of Virginia
Richmond
September 1, 2022**

EXECUTIVE SUMMARY

The 2022 Virginia Acts of Assembly directed the Department for Aging and Rehabilitative Services (DARS) to develop an annual report on the Auxiliary Grant (AG) Program. (Item 335 C of the 2022 Appropriations Act.)

This report shall include an overview of the program as well as a summary of oversight activities and findings. In addition, the report shall include for each month of the previous fiscal year, the number of Auxiliary Grant recipients living in a supportive housing setting as well as the number of individuals receiving an AG supportive housing slot that were discharged from a state behavioral health facility in the prior 12 months.

The following report highlights AG Program statistics, including information about AG supportive housing (AGSH). The AG Program Consultant monitored ten local departments of social services (LDSS) during the year, conducted special request reviews of Henrico and Norton County Departments of Social Services (DSS), and provided supplemental training to LDSS and AG providers. As of June 30, 2022, 75 individuals resided in AGSH and six individuals were discharged from a state behavioral health facility to AGSH.

2022 AUXILIARY GRANT PROGRAM ANNUAL REPORT

Program 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). AG payments are 80% state and 20% locally funded. Two DARS staff, the AG Program Manager and the AG Program Consultant, are responsible for statewide management of the AG Program. Eligibility workers in 120 local departments of social services (LDSS) determine individuals' eligibility for assistance.

The AG provider is required to accept the AG rate as payment in full for services rendered. Since January 2017, the AG rate has increased eight times in response to the federal cost of living adjustment (COLA) and Virginia General Assembly budget action. However, the average AG rate increase of \$50 since January 2017 has not substantially improved providers' ability to operate. One hundred and fourteen (114) ALFs closed in the past eight years and approximately 19 have stopped taking AG residents, severely limiting the number of available AG beds and reducing the number of individuals the program can serve. Inflation and state minimum wage increases, may result in more closures as many providers have informed DARS they are struggling to keep up with rising costs of operations. **Table 1** lists the AG rates from 2017 to 2022 for most planning districts and the higher rate for Planning District 8 (Arlington, Alexandria, Fairfax City and County, Falls Church, Loudoun County, Prince William County, Manassas City and Manassas Park).

Table 1: Auxiliary Grant Rates: 2017-2022

Mon/Year	Standard Rate	Planning District 8 Rate
1/2017	\$1,221	\$1,404
1/2018	\$1,236	\$1,421
7/2019	\$1,317	\$1,515
1/2020	\$1,329	\$1,528
7/2020	\$1,409	\$1,620
1/2021	\$1,420	\$1,633
7/2021	\$1,562	\$1,796
1/2022	\$1,609	\$1,850

Program Statistics

DARS compiles AG statistical data to identify program trends. **Table 2** provides information on statewide caseload, expenditures, and average monthly payments. **Table 3** lists SFY 2022 AG recipients' demographics.

Year	Average Monthly Cases	Total Payments (in millions)	Average Payment
2017	4,084	\$24.7	\$504
2018	3,799	\$23.1	\$508
2019	3,901	\$22.6	\$483
2020	3,254	\$22.4	\$576
2021	3,013	\$24.2	\$669
2022	3,033	\$28.2	\$773

Gender	Race	Aid Category
Female 46%	White 66%	Aged 43%
Male 54%	African American 31%	Disabled 57%
	Other 3%	

Number of Auxiliary Grant Supportive Housing (AGSH) recipients in SFY 2022 by month

The AGSH Program, which was authorized in 2016, enables individuals to receive AG payments in designated supportive housing settings in Virginia. With approval from the Social Security Administration (SSA), DARS increased the program cap from 90 to 120 individuals effective November 1, 2020. As of June 1, 2022, there were 75 individuals residing in AGSH. This represents a 15.38% increase in AGSH recipients compared to June 2021. Ninety-one individuals have received AGSH since the program's inception.

7/21	8/21	9/21	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22
69	70	70	71	74	75	76	76	75	74	74	75

¹ Source: Virginia Department of Social Services Laser Local Fund and Count Summary

The entities that provide AGSH are:

- Blue Ridge Behavioral Healthcare (40 slots);
- Mount Rogers Community Services Board (40 slots);
- Piedmont Community Services (7 slots);
- Southside Community Services (5 slots);
- Highland Community Services (15 slots); and
- New River Valley Community Services (5 slots)

AGSH census by provider as of June 2022

- Blue Ridge Behavioral Healthcare (23 housed);
- Mount Rogers Community Services Board (40 housed);
- Piedmont Community Services (7 housed);
- Southside Community Services (4 housed);
- Highland Community Services (1 housed); and
- New River Valley Community Services (0 housed)

During SFY 2022, six individuals were discharged from a state behavioral health facility to AGSH, bringing the total to eleven discharges to AGSH since the program's inception. Effective July 1, 2021, two additional AGSH providers were added to the program. Highland Community Services Board serving Washington County and Bristol City (15 slots); and New River Valley Community Services Board serving the counties of Floyd, Giles, Montgomery and Pulaski and the City of Radford (5 slots). Mount Rogers Community Services Board received 10 additional slots.

AG Program Monitoring Program: LDSS Quality Reviews and Findings

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

In SFY 2022, the AG Program Consultant initiated quality reviews, which included assessment of hard copy and electronic AG records, on the following LDSS.

Amelia	Page	Hanover	Brunswick
Dinwiddie	Charlotte	Mecklenburg	Warren
Buchanan	Grayson		

The AG Program Consultant identified the following major errors during case monitoring activities:

- Lack of annual assessment documentation to support the level of care for admission and continued placement in the ALF.
- The failure to verify the clients’ residence in the facility or the improper verification of the clients’ residence in the ALF.
- Untimely completion of annual renewals.
- Eligibility determinations were not written on the evaluation form or documented properly to show evidence of meeting all AG criteria.
- Missing the documents used to verify certain areas of eligibility criteria, such as proof of income to support passing the income screening test.
- Failure to confirm that the ALF the recipient resides in is an AG approved facility.
- Improper use of forms; using Medicaid applications and notices to address AG renewals and notifications. Also sending incomplete AG renewal application packets used to obtain necessary information to determine AG eligibility.
- Sending the Notice of Action for AG to the client and/or authorized representative without sufficient information to advise how much money is due to the 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 the cities of Newport News and Norfolk. The Consultant conducted these reviews in response to a request from the LDSS. During the fiscal year, the AG Consultant and Program Manager conducted two AG coordinators meetings for more than 200 LDSS eligibility workers. One LDSS refresher training was also provided to reinforce policy requirements and discuss program updates.

Provider Oversight

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

residents' personal funds if the residents have requested this assistance. SFY 2021² annual certification forms indicate that 250 ALFs accepted AG recipients. Annual certification report data indicated the following:

- Two hundred forty-seven facilities submitted certifications.³
- Twenty facilities received third party payments on behalf of their residents.
- Over 1,426 residents' personal needs allowances were managed by the facilities.

Joint Commission on Health Care (JCHC) Study

In late 2021, JCHC initiated a study on the accessibility and affordability of Virginia's ALFs. The study will (i) identify challenges ALFs face in offering the AG program and assess key factors contributing to auxiliary grant bed availability, (ii) assess whether residents may potentially be more appropriately served in other supportive housing or congregate care settings, (iii) understand the different ways that other states structure and finance their assisted living programs and the feasibility of implementing those models in Virginia, and (iv) recommend changes to Virginia's current structure, financing, and regulation of ALF to further the state's goals. DARS staff is assisting with the JCHC study. The JCHC will vote on the final study recommendations at their December 2022 meeting.

State Local Fiscal Recovery Funds (SLFRF)

The Virginia General Assembly allocated American Rescue Plan Act (ARPA) funding to DARS to assist ALFs who serve a disproportionate number of AG residents. Up to \$22,000 was made available through SLFRF for ALFs to improve the facility's air quality and environmental structure. Between SFY 2019 and 2020, DSS Licensing data indicated there were 264 violations of licensure standards that involved physical plant issues such as the presence of bed bugs, water leaks, inoperable air conditioners, and exposed wiring. SLFRF will provide critical support to ALFs who often struggle to find the funding to make these necessary facility improvements. During the initial application period, 46 ALFs applied for SLFRF funding and these application are currently being evaluated.

Conclusion

The AG program provides critical housing and support to vulnerable Virginians and aligns with the DARS mission to improve the employment, quality of life, security, and independence of older Virginians, Virginians with disabilities, and their families. AG Program staff will continue to raise awareness of AGSH in Virginia and collaborate with state partners on the goal of increasing the number of individuals who may benefit by residing in a supportive housing

² SFY 2022 certification forms are not due until October 1, 2022

³ Three facilities did not submit forms.

setting. The AG Program Consultant will also continue to support LDSS efforts to improve case determination actions through monitoring and education, ensuring individuals in need can promptly access AG benefits.