



**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES**

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September 1, 2023

**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  
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 Special Session I, 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/md

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, 2023**

## EXECUTIVE SUMMARY

The 2022 Special Session I 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 Chapter 2 of the Acts of Assembly further states:

*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 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, 2023, 79 individuals resided in AGSH, and six individuals were discharged from a state behavioral health facility to AGSH. This brings the total number of discharges to AGSH since the program's inception to 17.

## 2023 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 2018, the AG rate has increased nine times in response to the federal cost of living adjustment (COLA) and Virginia General Assembly budget action. However, these AG rate increases have not substantially improved providers' ability to operate. One hundred and twenty-three (123) ALFs closed in the past nine years. Additionally, approximately 20 have stopped taking AG residents. These factors have severely limited the number of available AG beds and reduced 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 2018 to 2023 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: 2018-2023**

Mon/Year	Standard Rate	Planning District 8 Rate
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
1/2023	\$1,682	\$1,934

## 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 2023 AG recipients' demographics.

Year	Average Monthly Cases	Total Payments (in millions)	Average Payment
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
2023	2,749	\$26.3	\$789

Gender	Race	Aid Category
Female 46%	White 68%	Aged 43%
Male 55%	African American 30%	Disabled 57%
	Other 2%	

## Number of Auxiliary Grant Supportive Housing (AGSH) recipients in SFY 2023 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, 2023, there were 79 individuals residing in AGSH. This represents a 4% increase in AGSH recipients compared to June 2022. Ninety-two individuals have received AGSH since the program's inception.

7/22	8/22	9/22	10/22	11/22	12/22	1/23	2/23	3/23	4/23	5/23	6/23
72	74	76	74	74	74	74	75	66	74	77	79

<sup>1</sup> 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 (45 slots);
- Piedmont Community Services (8 slots);
- Southside Community Services (7 slots);
- Highland Community Services (15 slots); and
- New River Valley Community Services (5 slots)

### **AGSH census by provider as of June 2023**

- Blue Ridge Behavioral Healthcare (23 housed);
- Mount Rogers Community Services Board (38 housed);
- Piedmont Community Services (6 housed);
- Southside Community Services (7 housed);
- Highland Community Services (4 housed); and
- New River Valley Community Services (1 housed)

During SFY 2023, six individuals were discharged from a state behavioral health facility to AGSH, bringing the total to seventeen 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). Both programs have continued to build their programs, including addressing staffing challenges due to the pandemic. Both programs are building and strengthening referral sources, and helping clients maintain housing and connect to other supports. Staffing and retention issues have continued to be a challenge for many PSH/AGSH providers this fiscal year, but there are signs of improvement heading into SFY24.

### **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 2023, the AG Program Consultant initiated quality reviews, which included assessment of hard copy and electronic AG records, on the following LDSS.

Carroll	Russell	Albemarle	Roanoke Co.
Frederick	Spotsylvania	Chesapeake	Gloucester
Nottoway			

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 document used to verify certain areas of eligibility criteria, such as proof of income to support passing the income screening test.
- Failure to confirm 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. 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 provided as a supplement to the Department of Social Services (DSS) training to reinforce policy and 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 2022<sup>i</sup> annual

certification forms indicate that 245 ALFs accepted AG recipients. Annual certification report data indicated the following:

- Two hundred forty-three facilities submitted certifications.
- Twenty-nine facilities received third party payments on behalf of their residents.
- Over 1,335 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. On October 5, 2022, JCHC staff presented the study’s results before the full commission. The findings included:

- The AG rate does not cover the typical cost of assisted living in Virginia, resulting in fewer AG beds.
- Increasing the AG rate is the most direct way to increase access to ALFs for low-income Virginians.
- Other community settings could be more cost-effective for some individuals seeking AG payments in ALFs.
- Improved coordination and increased personal funds can improve quality services for current AG recipients.

Based on the findings there were seven policy recommendations. The Commission considered three of the options presented.

- Increase the AG rate to \$2,500.
- Expand the list of eligible living arrangements to allow recipients to receive AG in an independent community setting.
- Increase the personal needs allowance (PNA), and tie future increases to the Social Security Administration (SSA) Cost of Living Adjustment (COLA).

During the 2023 Session of the Virginia General Assembly, legislation to add a fourth setting, community living, was introduced but did not pass. Budget proposals were introduced in both chambers to increase the AG rate and raise the PNA, but budget negotiations have not been completed.

**State Local Fiscal Recovery Funds (SLFRF)**

The Virginia General Assembly allocated American Rescue Plan Act (ARPA) funding to DARS to support ALFs who serve a disproportionate number of AG residents. Up to \$22,000 was made available via the State Local Fiscal Recovery Funds (SLFRF) to ALFs to improve each facility’s air quality and environmental structure to better support AG residents. The initial grant cycle launched in April 2022. The following charts show the project’s progress through June 1, 2023. The project has provided welcomed relief to ALF providers.

<b>DARS ARPA Grant Progress Snapshot</b>	<b>6/1/2023</b>
Initial Applications Active	



	69
# Applicants Negotiating Work	27
# Construction applications pending approval	9
# Construction Projects in Progress	9
# Construction Projects Completed	24
# Construction applications approved (In Progress + Completed)	33
\$ Total Funding Committed (\$ in Applications Approved)	<b>\$ 702,649.92</b>
\$ Total Funding Expended (\$ Sent to ALF, Partial &/or Final)	<b>\$ 626,511.76</b>

<b>DARS ARPA Grant Projects by Region</b>		
Region	# of Participants	Total \$ Committed
Central	25	\$271,228.09
Valley	10	\$153,409.80
Western	9	\$108,980.00
Eastern	9	\$105,634.40
Fairfax	3	\$41,938.00
Peninsula	1	0.00
Piedmont	7	\$21,459.63
<b>Total</b>	<b>64</b>	<b>\$70, 649.92</b>

The top three requested projects by dollar amount are:

1. HVAC: \$228,108.60
2. Flooring: \$219,051.80
3. Windows: \$74,250

The project's grant period ends June 30, 2024.

### **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 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.

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<sup>i</sup> SFY 2023 certification forms are not due until October 1, 2023.