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FACT SHEET

What Happens When the Money Runs Out?

CANHR is a private, nonprofit 501(c)(3) organization dedicated to improving the quality of care and the quality of life for long term care consumers in California.

An unfortunately common situation in long term care is depleting funds when living in a Residential Care Facility for the Elderly (RCFE), as all assisted living or board and care facilities in California are known. RCFEs are expensive, with even small board and care homes regularly costing more than $4,000 a month. For most residents, these costs exceed their monthly income, forcing them to rely on whatever savings they have until those savings are exhausted. While these situations can be grim, there are options that typically go unexplored.

A Way to Stay

The first group of options is focused on staying in the RCFE, minimizing disruption to the resident. Perhaps the best route in this regard is SSI (Supplemental Security Income). If an RCFE resident is out of savings and meets SSI income eligibility requirements, he or she will qualify for SSI at the board and care rate. Once an RCFE resident qualifies for SSI, the RCFE will be required to accept the SSI board and care rate, known as the Non-Medical Out-of-Home Care Rate (NMOHC), as payment in full for basic services.

The NMOHC rate is higher than the regular SSI rate for persons living independently in homes or apartments. The maximum NMOHC benefit as of 1/1/22 is $1,365.77 for an individual, and twice that amount for a couple living in the same RCFE ($2,731.54)

Of this amount, the RCFE facility will receive $1,211.77, which it must accept as payment in full for basic services, and the resident will receive $154, which he or she may use for personal needs. For more on SSI in RCFEs see CANHR's fact sheet at http://www.canhr.org/factsheets/rcfe_fs/html/rcfe_fs.ssi.htm.

For military veterans who have run out of money, another alternative for staying in place is using the Veterans' Aid and Attendance benefit. This gives qualifying veterans a modest monthly benefit to help pay for RCFE (or other types of) care. For more on the Aid and Attendance program, see https://www.va.gov/pension/aid-attendance-housebound/

If the RCFE participates in the Assisted Living Waiver (ALW) program, a resident who has run out of money and qualifies for Medi-Cal benefits should definitely apply. The ALW program is designed to keep RCFE residents out of more expensive nursing homes and pays the facility a range from approximately $50 to $200 per day. The problem is that not many RCFEs participate in the ALW program and there is currently a substantial waitlist to receive the benefit. For more on the ALW program, see CANHR's fact sheet at http://canhr.org/factsheets/rcfe_fs/html/rcfe_fs.alw.htm.

If there is no benefit or program that will enable the resident to stay in their RCFE, a final option is to negotiate with the management for a lower rate. Some facilities may have occupancy shortages and prefer the resident stay at a lower rate than leave altogether.

Moving On

Residents who cannot stay in an RCFE despite the foregoing options should consider moving to a less expensive RCFE. This may be a viable alternative for a resident of a high end assisted living facility with a healthy income.

Residents with lower incomes who don't qualify for SSI have few options. For some residents less dependent on care, they may be able to return to an independent living arrangement by cobbling their care together through family and friends, In-Home Supportive Services, adult day care, or another Medi- Cal-funded Home and Community Based Service (HCBS) program that offers long term services to individuals living at home. For more on eligibility for these programs, see CANHR's fact sheet at http://www.canhr.org/factsheets/medi-cal_fs/PDFs/FS_Spousal_Impoverishment_HCBS.pdf.

For residents who require a great deal of care and cannot go to an independent living arrangement, their only option may be a nursing home, paid for primarily through Medi-Cal. The big problem for these residents is that nursing homes are very reluctant to admit anyone when Medi-Cal is their primary payment source. Their chances of nursing home admission are much better if they can trigger Medicare coverage through a 3-day qualifying hospital stay - so the only option for an increasing number of RCFE residents is to try to get into a hospital. This is extremely unfortunate for residents and for public policy.

A Growing and Vexing Problem

The state and federal governments offer little in the way of benefits programs to RCFE residents who have run out of money. For generations, those governments have favored spending on institutional (nursing home) care. In 1999, the U.S. Supreme Court found the bias in favor of institutional spending violated disability discrimination law, which should have ushered a new era of community-based alternatives. While there have been efforts to expand home and community-based programs since then, they have not kept pace with the increased demand as the population continues to age. Public spending in California continues to shamefully favor institutional care.