

GAO Highlights

Highlights of [GAO-18-179](#), a report to congressional requesters

Why GAO Did This Study

The number of individuals receiving long term care services from Medicaid in community residential settings is expected to grow. These settings, which include assisted living facilities, provide a range of services that allow aged and disabled beneficiaries, who might otherwise require nursing home care, to remain in the community.

State Medicaid programs and CMS, the federal agency responsible for overseeing the state programs, share responsibility for ensuring that beneficiaries' health and welfare is protected. GAO was asked to examine state and federal oversight of assisted living services in Medicaid. This report (1) describes state spending on and coverage of these services, (2) describes how state Medicaid agencies oversee the health and welfare of beneficiaries in these settings, and (3) examines the extent that CMS oversees state Medicaid agency monitoring of assisted living services.

GAO surveyed all state Medicaid agencies and interviewed officials in a nongeneralizable sample of three states with varied oversight processes for their assisted living programs. GAO reviewed regulations and guidance, and interviewed CMS officials.

What GAO Recommends

GAO recommendations to CMS include clarifying state requirements for reporting program deficiencies and requiring annual reporting of critical incidents. HHS concurred with GAO's recommendations to clarify deficiency reporting and stated that it would consider annual reporting requirements for critical incidents after completing an ongoing review.

View [GAO-18-179](#). For more information, contact Katherine Iritani at (202) 512-7114 or iritanik@gao.gov.

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MEDICAID ASSISTED LIVING SERVICES

Improved Federal Oversight of Beneficiary Health and Welfare Is Needed

What GAO Found

State Medicaid agencies in 48 states that covered assisted living services reported spending more than \$10 billion (federal and state) on assisted living services in 2014. These 48 states reported covering these services for more than 330,000 beneficiaries through more than 130 different programs. Most programs were operated under Medicaid waivers that allow states to target certain populations, limit enrollment, or restrict services to certain geographic areas.

With respect to oversight of their largest assisted living programs, state Medicaid agencies reported varied approaches to overseeing beneficiary health and welfare, particularly in how they monitored critical incidents involving beneficiaries receiving assisted living services. State Medicaid agencies are required to protect beneficiary health and welfare and operate systems to monitor for critical incidents—cases of potential or actual harm to beneficiaries such as abuse, neglect, or exploitation.

- Twenty-six state Medicaid agencies could not report to GAO the number of critical incidents that occurred in assisted living facilities, citing reasons including the inability to track incidents by provider type (9 states), lack of a system to collect critical incidents (9 states), and lack of a system that could identify Medicaid beneficiaries (5 states).
- State Medicaid agencies varied in what types of critical incidents they monitored. All states identified physical, emotional, or sexual abuse as a critical incident. A number of states did not identify other incidents that may indicate potential harm or neglect such as medication errors (7 states) and unexplained death (3 states).
- State Medicaid agencies varied in whether they made information on critical incidents and other key information available to the public. Thirty-four states made critical incident information available to the public by phone, website, or in person, while another 14 states did not have such information available at all.

Oversight of state monitoring of assisted living services by the Centers for Medicare & Medicaid Services (CMS), an agency within the Department of Health and Human Services (HHS), is limited by gaps in state reporting. States are required to annually report to CMS information on deficiencies affecting beneficiary health and welfare for the most common program used to provide assisted living services. However, states have latitude in what they consider a deficiency. States also must describe their systems for monitoring critical incidents, but CMS does not require states to annually report data from their systems. Under federal internal control standards, agencies should have processes to identify information needed to achieve objectives and address risk. Without clear guidance on reportable deficiencies and no requirement to report critical incidents, CMS may be unaware of problems. For example, CMS found, after an in-depth review in one selected state seeking to renew its program, that the state lacked an effective system for assuring beneficiary health and welfare, including reporting insufficient information on the number of unexpected or suspicious beneficiary deaths. The state had not reported any deficiencies in annual reports submitted to CMS in 5 prior years.