

VIRGINIA DEPARTMENT FOR THE AGING COST SHARING / FEE FOR SERVICE POLICY

Overview

The 1995 session of the Virginia General Assembly created the legislative intent that any new State General Fund revenues be used to implement sliding fees for services. In 2000 the Older Americans Act reauthorization permitted states to implement cost sharing. These methods are referred to as both cost sharing and fee for service.

Cost sharing / fee for service **is** permitted for **all services** funded by Federal Older Americans Act funds **except** information and referral assistance, outreach, benefits counseling, care coordination, ombudsman, elder abuse prevention, legal assistance or other consumer protection services and congregate and home delivered meals.¹

The Area Agency on Aging (AAA) must:

- (A) protect the privacy and confidentiality of each older individual with respect to the declaration or non-declaration of individual income and to any share of costs paid or unpaid by an individual;
- (B) establish appropriate procedures to safeguard and account for cost share payments;
- (C) use each collected cost share payment to expand the service for which such payment was given;
- (D) not consider assets, savings, or other property owned by an older individual to determine cost share;
- (E) not deny any service for which funds are received under the Older Americans Act for an older individual due to the income of such individual or such individual's failure to make a cost sharing payment;
- (F) determine the eligibility of older individuals to cost share solely by a confidential declaration of income and with no requirement for verification;
- (G) widely distribute State created written materials in languages reflecting the reading abilities of older individuals that describe the criteria for cost sharing, the State's sliding fee scale, and the mandate described under subparagraph (E);²
- (H) conduct public hearings on the Area Plan, that shall solicit the views of older individuals, providers, and other stakeholders on implementation of cost sharing in the service area;³
- (I) develop a plan to ensure that the participation of low-income older individuals (with particular attention to low-income older individuals, including low-income minority older individuals, older individuals with limited

¹ Older Americans Act of 1965, as amended, Section 315(a)(2)

² Older Americans Act of 1965, as amended, Section 315(a)(5)

³ Older Americans Act of 1965, as amended, Section 315(c)(1)

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- English proficiency, and older individuals residing in rural areas) receiving services will not decrease with the implementation of the cost sharing;⁴
- (J) use fees as they are collected. If fees are earned near the end of the fiscal year and the agency is unable to spend this income by then, it shall at least be spent before the expenditure of any Federal or State General Funds in the beginning of the next fiscal year;⁵ and
 - (K) adopt written policies and procedures, approved by the governing board, for cost sharing / fee for service.

Waiver

An AAA may request a waiver to the State's cost sharing / fee for service policies on Older Americans Act funds. The State shall approve such a waiver if the AAA can adequately demonstrate that--

- (A) a significant proportion of persons receiving services under this Act, subject to cost sharing in the planning and service area, have incomes below the threshold established in State policy; **or**
- (B) cost sharing would be an unreasonable administrative or financial burden upon the area agency on aging.⁶

It is the intent of the Virginia General Assembly that new State General Funds awarded for fiscal year 1996 and later be spent in a cost sharing / fee for service program. Therefore the Department for the Aging (Department) can not waive the requirement for cost sharing / fee for service of these State General Funds.

Cost sharing / fee for service conditions or fee scales prohibited by the Older Americans Act

AAAs may implement conditions or fee scales on State General Funds that are prohibited by the Older Americans Act provided the State General Funds are not used as match for Federal Older Americans Act dollars. AAAs that impose additional conditions or an alternative fee scale, must complete appropriate waiver in the Area Plan for approval by the Department. If an AAA wishes to implement additional conditions they must be listed in the AAA's policies and procedures on cost sharing / fee for service. Additional conditions may include:

- (1) a minimum payment
- (2) a flat fee
- (3) means testing
- (4) denial of services based on income
- (5) denial of services for non-payment
- (6) others

⁴ Older Americans Act of 1965, as amended, Section 315(c)(2)

⁵ 22VAC5-20-390, Grants To Area Agencies On Aging, Department for the Aging Regulations, Virginia Administrative Code

⁶ Older Americans Act of 1965, as amended, Section 315(a)(6)

Charge or Fee

The AAA shall develop and distribute a schedule of fees for services. Programs should establish a reasonable maximum fee based on the cost of the service delivered. The schedule shall clearly show the amount to be charged.

Charges shall be reasonably based on the cost of the service, recognizing that programs may need to estimate the costs of service delivery or round off fees to simplify their pricing strategy. Charges should be established to fully cover the cost of the service being provided. All costs, including administration and overhead, must be distributed fairly and equitably among programs. In-kind should be considered as a part of the cost of the service.

Sliding Fee Scale / Schedule

The “VDA Sliding Fee Scale”, revised annually, is the scale to be used as the basis for assessing fees. This scale is based on the most recent published Federal Poverty Guidelines. The Northern Virginia AAAs in Planning and Service Area 8 are to follow the “Northern Virginia VDA Sliding Fee Scale”.⁷ An AAA may request an alternative to the “VDA Sliding Fee Scale” for Older Americans Act funding by completing the appropriate waiver in the Area Plan.

The client’s family income is based on the “Number in Family” and the “Annual Gross Income.” The definition of family is the same as the one in the *User’s Manual: Virginia Uniform Assessment Instrument (UAI)*, as revised. For example, an elderly person(s) are considered a separate family unit even when they live in the home of their adult children or a relative.

A signed agreement, readily understood by the client, shall be required unless payment is collected at the time of service delivery. A service may be delivered on an infrequent or short-term basis such as transportation, which may be paid at the time of service delivery, so a written agreement is unnecessary. A copy of the fee schedule shall be attached to the written agreement whenever a client is to receive a bill or prepay for services in order to avoid misunderstandings.

Income

The AAA may adjust total income to take into account the expense of:

- (1) medical/dental services, including durable medical equipment and/or consumable medical supplies, which are prescribed by the patient’s physician and received by the patient but which are not covered by Medicaid, Medicare or other insurance,
- (2) modifications to the home for medical reasons,
- (3) medical insurance premiums, and

⁷ The VDA Sliding Fee Scale is based on the income levels for charges promulgated in the Virginia Department of Health’s Regulations Governing Eligibility Standards and Charges for Health Care Services to Individuals, 12VAC5-200-110.

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(4) the cost of home/community based services identified as a need according to the UAI and not available without cost to the client.

Additionally, AAAs may exclude excessive health care costs that are out-of-pocket expenses to the client for the following home and community based services. These costs shall be used to adjust gross income when the service is essential to keeping the client in the home:

- (1) adult day care,
- (2) companion/chore/homemaker services,
- (3) emergency alert systems,
- (4) home delivered meals,
- (5) personal care services,
- (6) respite services,
- (7) transportation to medical appointments and/or adult day care, and
- (8) non-medical home repairs essential for the health and safety of the client.

Adjustments to or exclusions from income are permitted provided they are clearly identified in the AAA's policies and procedures for cost sharing / fee for service.

Recertification

At least once a year or when the AAA becomes aware of a change in a client's income; the AAA shall review the client's income.

Client Statements

When a service is provided on an infrequent or short-term basis, such as transportation, which may be paid at the time of service delivery, a statement is unnecessary. Otherwise, clients should be given a statement of the fees for which they are responsible along with instructions on how to pay their share of the cost. The written statement shall contain at a minimum, balance forward, amount paid, value of service provided since last bill (if any), and balance due.

Collection

A reasonable effort shall be made to collect fees from clients or others who may choose to pay on the client's behalf. A reasonable effort shall include billing the client for fees on a regular basis, indicating their outstanding balance.

If a client does not pay their fees, the AAA **may not** discontinue Older Americans Act services. However, the AAA shall ensure that each service provider will provide an opportunity to voluntarily contribute to the cost of the service.⁸

⁸ Older Americans Act of 1965, as amended, Section 315(b)(4)(A)