

May 2011

Strengthening the Aging Network Issue Brief

Older Americans Act Cost Sharing

Older Americans Act Cost Sharing

Cost sharing is an option for states administering the Older Americans Act (OAA). However, there are a number of statutory and procedural steps states must take before implementing. See Table 1 for a list of services for which the OAA allows or prohibits cost sharing.

Table 1. Cost Sharing Parameters

OAA Services that allow Cost Sharing	OAA Services that Prohibit Cost Sharing
Long-term care financial planning	Information and assistance
Home care	Short-term case management
Adult day services	Benefits counseling
Respite care	Title VII services
Health promotion/disease prevention programs	Nutrition
Transportation	Services delivered through tribal organizations
Transportation	Older individual whose income is at or below the Federal poverty line

Under the OAA, clients unable to pay the cost share must be provided the service. Also, when establishing individuals exempt from cost sharing, a state is prohibited from considering any assets, savings, or other property owned by the older individual; accordingly, the state must establish a sliding scale for the cost sharing, based solely on individual income and the cost of delivering services. Also, in assessing an individual's eligibility for cost sharing, it must be based solely on a confidential declaration of income and with no requirement for verification.

Prior to implementation of cost sharing, each state and AAA shall develop plans that are designed to ensure that the participation of low-income older individuals receiving services will not decrease with the implementation of the cost sharing. As part of this process, states and AAAs (during public hearings on state and area plans) are required to solicit the views of older individuals, providers and other stakeholders on implementation of cost sharing in the service area or in the state.

If a state implements cost sharing it must ensure that AAAs protect privacy and confidentiality, safeguard payments, and use collected cost share to expand the service it was given. Also, a state must distribute materials in appropriate languages describing the criteria for cost sharing, the state's sliding scale, and the no denial of service mandate.

Unofficial Compilation of Older Americans Act Cost Sharing Provisions

Section. 315. CONSUMER CONTRIBUTIONS.

(a) COST SHARING. –

(1) IN GENERAL. – Except as provided in paragraphs (2) and (3), a State is permitted to implement cost sharing for all services funded by this Act by recipients of the services.

(2) EXCEPTION. – The State is not permitted to implement the cost sharing described in paragraph (1) for the following services:

(A) Information and assistance, outreach, benefits counseling, or case management services.

(B) Ombudsman, elder abuse prevention, legal assistance, or other consumer protection services.

(C) Congregate and home delivered meals.

(D) Any services delivered through tribal organizations.

(3) PROHIBITIONS. – A State or tribal organization shall not permit the cost sharing described in paragraph (1) for any services delivered through tribal organizations. A State shall not permit cost sharing by a low-income older individual if the income of such individual is at or below the Federal poverty line. A State may exclude from cost sharing low-income individuals whose incomes are above the Federal poverty line. A State shall not consider any assets, savings, or other property owned by older individuals when defining low-income individuals who are exempt from cost sharing, when creating a sliding scale for the cost sharing, or when seeking contributions from any older individual.

(4) PAYMENT RATES. – If a State permits the cost sharing described in paragraph (1), such State shall establish a sliding scale, based solely on individual income and the cost of delivering services.

(5) REQUIREMENTS. – If a State permits the cost sharing described in paragraph (1), such State shall require each area agency on aging in the State to ensure that each service provider involved, and the area agency on aging, will –

(A) protect the privacy and confidentiality of each older individual with respect to the declaration or nondeclaration 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 in determining whether cost sharing is permitted;
 - (E) not deny any service for which funds are received under this 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; and
 - (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 scale, and the mandate described under subparagraph (E).
- (6) WAIVER. – An area agency on aging may request a waiver to the State's cost sharing policies, and the State shall approve such a waiver if the area agency on aging 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.
- (b) VOLUNTARY CONTRIBUTIONS. –
- (1) IN GENERAL. – Voluntary contributions shall be allowed and may be solicited for all services for which funds are received under this Act if the method of solicitation is non-coercive. Such contributions shall be encouraged for individuals whose self-declared income is at or above 185 percent of the poverty line, at contribution levels based on the actual cost of services.
 - (2) LOCAL DECISION. – The area agency on aging shall consult with the relevant service providers and older individuals in agency's planning and service area in a State to determine the best method for accepting voluntary contributions under this

subsection.

(3) PROHIBITED ACTS. – The area agency on aging and service providers shall not means test for any service for which contributions are accepted or deny services to any individual who does not contribute to the cost of the service.

(4) REQUIRED ACTS. – The area agency on aging shall ensure that each service provider will –

(A) provide each recipient with an opportunity to voluntarily contribute to the cost of the service;

(B) clearly inform each recipient that there is no obligation to contribute and that the contribution is purely voluntary;

(C) protect the privacy and confidentiality of each recipient with respect to the recipient's contribution or lack of contribution;

(D) establish appropriate procedures to safeguard and account for all contributions; and

(E) use all collected contributions to expand the service for which the contributions were given and to supplement (not supplant) funds received under this Act.

(c) PARTICIPATION. –

(1) IN GENERAL. – The State and area agencies on aging, in conducting public hearings on State and area plans, shall solicit the views of older individuals, providers, and other stakeholders on implementation of cost-sharing in the service area or the State.

(2) PLANS. – Prior to the implementation of cost sharing under subsection (a), each State and area agency on aging shall develop plans that are designed 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 English proficiency, and older individuals residing in rural areas) receiving services will not decrease with the implementation of the cost sharing under such subsection.

(d) EVALUATION. – Not later than 1 year after the date of the enactment of the Older Americans Act Amendments of 2000, and annually thereafter, the Assistant Secretary shall conduct a comprehensive evaluation of practices for cost sharing to determine its impact on participation rates (with particular attention to low-income

older individuals, including low-income minority older individuals, older individuals with limited English proficiency, and older individuals residing in rural areas). If the Assistant Secretary finds that there is a disparate impact upon low-income or minority older individuals or older individuals residing in rural areas in any State or region within the State regarding the provision of services, the Assistant Secretary shall take corrective action to assure that such services are provided to all older individuals without regard to the cost sharing criteria.

(42 U.S.C. 3030c-2)

Table 2, below provides a state-by-state overview of cost sharing plans. Information in Table 2 is based on NASUAD's 2009 State of Aging survey.



National Association of States
United for Aging and Disabilities
1201 15th Street NW, Suite 350
Washington, DC 20005
Phone: 202-898-2578
www.nasuad.org