

## Assisted Living Company Begins Purge of Residents on Medicaid

By Bernard A Krooks | 07/01/07

In April 2007, [Assisted Living Concepts, Inc.](#), which operates assisted living facilities in 17 states, began evicting Medicaid recipients living in its facilities and refusing entry to applicants who are on Medicaid. So far, the company has evicted about 40 residents from facilities in Nebraska and Texas.

Over the next five years, company officials say they plan on having their 1,800 remaining Medicaid recipients move out, either voluntarily as they choose to move into other assisted living facilities or nursing homes, or involuntarily through evictions. This would leave the company with facilities occupied only by more lucrative private-pay residents. On average, Medicaid pays \$24,812 a year, which is 31 percent less than the \$36,200-a-year average that assisted living facilities cost.

Recognizing that assisted living facilities are less expensive than nursing homes, some states now offer Medicaid long-term care coverage to assisted living residents. Assisted Living Concepts' actions have stirred debate about whether the state governments or the assisted living industry are responsible for the fate of residents suddenly threatened with eviction simply because Medicaid is paying their bills.

In an interview with ElderLawAnswers, Assisted Living Concepts' chief executive officer Laurie Bebo said the company filed for bankruptcy twice in the 1990s and is now moving toward serving only private-pay residents in part because it does not want to undergo a third bankruptcy.

"They [Assisted Living Concepts' former management] just didn't learn from the past that you can't make ends meet [on Medicaid]," said Bebo. "Now we are making the right decisions for the company."

Even with Medicaid residents in its facilities, Assisted Living Concepts made about 24 percent more in fourth-quarter earnings in 2007 than it did in 2006. In addition, the company plans to spend \$50 million to add 400 units to 20 existing centers.

Bebo sought to minimize the impact on existing residents on Medicaid. "As we lose people through attrition or they move out voluntarily, [on average] we will probably get down to one or two people [with whom we will] we have ended our Medicaid contracts," said Bebo.

Those "one or two people," which in Texas in May 2007 turned out to be a dozen, may be unprepared to move. Nevertheless, there are few legal options open to them.

Eric Carlson, Director of Long Term Care Projects at the Los Angeles office of the [National Senior Citizens Law Center](#), based in Washington, D.C., said that people who have been evicted may not have a strong case to stop their eviction through an injunction or filing a class action lawsuit.

"In most states there are some limitations on eviction or involuntary transfer. They [the limitations] are very weak," said Carlson. He recommends that evicted seniors consult with a local attorney about their options.

"You'd have to put some real effort into it," Carlson said. "There need to be some very fact-specific inquiries: what were the representations [made by the company] and what were the understandings [of the residents]."

Assisted Living Concepts, which recognizes the evictions come as a shock to some, says that it is attempting to make moving easier.

"In many cases, we have given additional notice. We are only required to give 30 days notice, but we have given 60-150 days notice," said Bebo. Bebo says Assisted Living Concepts is also working with states, residents, and the families of residents to relocate evicted residents to appropriate facilities.

"People in good faith moved into these facilities with the expectation that they would get to stay," said Carlson. "[The evictions] are an indication that there needs to be more oversight. Beyond that, it raises public policy issues as to the standards imposed upon assisted living facilities."

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