

DAN WILLIAMS, MEMBER  
74TH LEGISLATIVE DISTRICT  
36 EAST WING  
P.O. BOX 202074  
HARRISBURG, PENNSYLVANIA 17120-2074  
(717) 783-4103  
FAX: (717) 772-9910

3496 EAST LINCOLN HIGHWAY  
THORNDALE, PENNSYLVANIA 19372  
(484) 200-8256  
TOLL-FREE: (833) 787-5135  
FAX: (484) 200-8257  
EMAIL: RepWilliams@pahouse.net  
f x @ RepDanWilliams



House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

COMMITTEES

HUMAN SERVICES, CHAIR

CAUCUSES

PENNSYLVANIA BLACK LEGISLATIVE CAUCUS  
PENNSYLVANIA BLACK MATERNAL HEALTH CAUCUS  
SOUTHEAST DELEGATION

MEMORANDUM

**TO:** Members of the House Human Services Committee  
**FROM:** Representative Dan Williams, Majority Chair, House Human Services Committee  
**DATE:** June 11th, 2026  
**RE:** House Human Services Committee Informational Meeting

The House Human Services Committee will hold an Informational Meeting on Wednesday, June 17th, at 9:00 AM in room G-50 Irvis Office Building. The topic is the Department of Human Services' In Lieu of Services Program.

Please contact Dylan Lindberg (dlindberg@pahouse.net) with any questions. If you are unable to attend this meeting, please submit a Leave Request Form to the appropriate Chair's office prior to the start of the meeting. Thank you.

DW/dl



**House Aging & Older Adult Services Committee and House Human Services Committee  
Informational Meeting  
Agenda**

Wednesday, June 17, 2026  
9 AM  
G-50 Irvis Office Building

**I. Call to Order**

**II. Attendance**

**III. Panels**

- Panel #1
  - Deputy Secretary of Long-Term Living Juliet Marsala
    - Department of Human Services
- Panel #2
  - Joseph Elliott, Director of Care Management for Long-Term Services & Supports
    - Pennsylvania Health & Wellness
  - Heather Hallman, Vice President of Managed Long-Term Services and Supports
    - UPMC Health Plan
- Panel #3
  - Susan Saxinger, Executive Director
    - Pennsylvania Assisted Living Association

**IV. Any other business that may come before the committee**

**V. Adjourn**



Pennsylvania  
**Department of Human Services**

**In Lieu of Services**

Deputy Secretary Juliet Marsala

Office of Long-Term Living (OLTL)

House Aging & Older Adult Services and House Human Services Committee Joint Hearing

June 17, 2026

Chair Madden, Chair Mentzer, Chair Williams, Chair Heffley, and members of the House Aging and Older Adults and Human Services committees, I am Juliet Marsala and I serve as the Deputy Secretary for the Office of Long-Term Living (OLTL) in the Pennsylvania Department of Human Services (Department or PA DHS). I would like to thank you for the opportunity to testify today regarding In Lieu of Services (ILOS), specifically, the Department's Assisted Living In Lieu of Service (AL-ILOS) option available under the Community HealthChoices (CHC) managed long-term services and supports program, which is overseen by OLTL. I am pleased to have the opportunity to talk about this innovative option in the CHC program aimed at providing another high-quality service option to eligible participants in the program.

## **Background**

Assisted living is not regulated by the federal government. As such, there is no single definition for "assisted living" in the United States. Assisted living is a term often applied to community-based residential settings that provide housing and meals (i.e., room and board), as well as various activities of daily living or long-term services and supports to assist a resident being served. Across the nation there are a wide variety of settings that may be referred to as assisted living with a myriad of service requirement levels. It is critical to keep this in mind when speaking about assisted living and especially when comparisons are provided using other state definitions for assisted living. For the purposes of today's testimony, I will be speaking about assisted living and assisted living residences as those concepts are regulated under Title 55, Chapter 2800 of the Pennsylvania Code. I have shared a one-page handout highlighting the key differences between Personal Care Homes, Assisted Living Residences, and Skilled Nursing Facility settings in Pennsylvania for your reference. The differences in requirements, particularly

in Licensed Staff and Staffing, address the different level of care needs of residents served in each setting.

In 2016, the Centers for Medicare and Medicaid Services (CMS) finalized regulations that formally recognized states' and managed care plans' abilities to provide services or settings that are substitutes for services or settings covered under the state plan ---this is what we term "in lieu of services." Prior to this, managed care plans could cover alternative services or services in alternative settings under risk-based contracts. Community HealthChoices managed care organizations (CHC-MCOs) can identify and pursue ILOS for health-related social needs or alternatives to current state plan covered services. By promulgating regulations, CMS's goal was to bring consistency to plans' use of these alternatives, as well as ensuring adequate enrollee protections. Under federal regulations, the following requirements must be met:

- ILOS must be a cost-effective, medically necessary service or setting that is offered to a participant as a substitute for a State Plan covered service or setting;
- Participants cannot be required to use the ILOS;
- ILOS must be provided at the option of the Managed Care Organization; (OLTL does not direct the CHC-MCOs on what ILOS options a CHC-MCO should develop.);
- ILOSs must not violate any applicable federal requirements, including 42 CFR § 438.3(e)(2); and,
- General prohibitions on payment for room and board costs under Title XIX of the Social Security Act still apply.

### **CHC AL-ILOS**

As of June 1, 2026, there were 64 assisted living residences (ALRs) across the Commonwealth representing 5,384 licensed slots and approximately 69%, or 3700 slots, are

filled with Pennsylvanians who privately pay for room and board and personal care tasks. An assisted living residence offers all of the care provided in personal care homes but may be able to serve individuals with higher care needs as they have different staffing level, training, and building requirements. ALRs provide opportunity for residents to age in place and are licensed by PA DHS and must adhere to Title 55, Chapter 2800 of the Pennsylvania Code. An assisted living ILOS option in the CHC program allows Medicaid to assist with covering the costs for the personal care tasks. As I mentioned earlier, covering the cost of room and board is not permissible because an ILOS cannot violate any current rules that govern the Medicaid program.

An assisted living option was pursued by all three CHC-MCOs as an alternative for nursing facility placement. Nursing facility services are a covered state plan service, and assisted living is anticipated to provide a less restrictive and less costly option. The target group for AL-ILOS are Nursing Facility Clinically Eligible (NFCE) individuals enrolled in CHC who are in a nursing facility but are interested in transitioning to a less restrictive setting or individuals at risk of nursing facility placement who are interested in diversion from placement in a nursing facility. Individuals residing in a long-term care (LTC) facility or receiving home and community-based services (HCBS) can transition into an AL-ILOS and receive the ILOS services in place of their facility or HCBS services if all other eligibility criteria are met.

OLTL is supporting the AL-ILOS effort by enrolling assisted living residences (ALRs) as Medicaid providers for the specific purpose of ILOS tracking. As of May 1, 2026, OLTL has supported and enrolled 18 ALRs so they can continue the contracting process with each of the respective CHC-MCOs. These 18 ALRs represent over 28% of all licensed ALRs. The department continues to encourage more ALRs to join and to educate personal care home

operators that may be able to convert their license to become an ALR to consider this path to expand and strengthen network adequacy across the Commonwealth.

OLTL developed policies to outline the requirements for CHC-MCOs to provide AL-ILOS. In addition, OLTL developed a guidelines document outlining the enrollment process for all providers interested in offering the AL-ILOS option.

OLTL developed an operations report to track the utilization of AL-ILOS and outcomes for participants. In calendar year 2025, 15 individuals selected the AL-ILOS option. In the first quarter of 2026, 13 additional individuals selected the AL-ILOS option, almost doubling the total number of participants utilizing this option. Out of the 28 participants currently participating in the AL-ILOS, 12 individuals transitioned from a nursing facility to an ALR, and 16 individuals were diverted from nursing facility admission.

OLTL continues to monitor the utilization and outcomes of the AL-ILOS option under the CHC program. We engaged the University of Pittsburgh's Medicaid Research Center (MRC) to assist in completing an independent satisfaction survey of AL-ILOS participants and providers. We continue to collaborate with the CHC-MCOs and ALRs to ensure this remains an innovative option for CHC participants.

### **ILOS Eligibility**

The department also implemented new eligibility procedures to ensure County Assistance Offices are correctly reviewing and processing eligibility for those seeking to reside in AL-ILOS. Individuals residing in the AL-ILOS who are NFCE are reviewed for Medical Assistance eligibility using the same rules used to determine eligibility for people eligible for Medical Assistance due to their need for care in a long-term care facility. Like Long-Term Care Medical Assistance, recipients may be responsible for making a monthly payment for their care to the

ALR. As part of the eligibility process, the CAO determines this amount which is often referred to as patient pay

### **Summary**

As we continue to see growth in the use of the AL-ILOS, we will increase our ability to evaluate the impact of the AL-ILOS option and inclusion in the CHC program. We will evaluate the success of the program's compliance with the required parameters previously mentioned that are put forth by CMS and more importantly will assess the impact for Pennsylvanians receiving care. The implementation of the AR-ILOS option has been very beneficial and we are eager for more providers to enroll as a Medical Assistance provider and with the CHC MCOs. Building a strong and robust network across the Commonwealth will be critical for any additional expansion or adoption of assisted living residence as a permanent service. Including AL-ILOS as an option in the CHC program has provided a measured approach to understanding how it can meet the needs of eligible Pennsylvanians. From this AL-ILOS implementation approach we are able to carefully evaluate needed capacity building, provider education, and policy and operational workflow development. We are excited about the progress made with AR-ILOS implementation and look forward to continued growth and success in the years to come.

## Testimony for House Aging & Older Adult Service Committee: Assisted Living as a Community-Based Care Option

**Presenter: Joseph Elliott, Director Care Management-LTSS Services  
PA Health & Wellness**

Good morning, Chairs Madden and Mentzer as well as members of the House Aging & Older Adult Services Committee. My name is Joe Elliot, and I am the Director of Care Management for PA Health & Wellness (PHW).

Thank you for the opportunity to speak today about the critical role Assisted Living Facilities play in supporting older adults and individuals with disabilities in our communities.

At the core of Pennsylvania's Long-Term Services and Supports system is a simple but powerful principle: individuals should have the opportunity to receive care in the least restrictive, most appropriate setting, consistent with their needs and preferences. Assisted living is a key component of achieving that goal.

**Assisted living provides a person-centered, community-based alternative to institutional care.** For many individuals who meet a nursing facility level of care, but do not require 24-hour skilled medical oversight, assisted living offers a balanced model of support—combining personal care, medication management, supervision, and access to services, all within a more home-like environment.

This model is particularly important because it **expands meaningful choice**. Participants can transition out of nursing facilities, avoid institutional placement altogether, or select assisted living as their long-term residence based on their needs and preferences.

In practice, assisted living supports several key populations:

- Individuals stepping down from nursing facilities who are ready for a less restrictive setting
- Individuals in the community whose needs exceed what can safely be provided at home
- Individuals with cognitive conditions, such as dementia, who benefit from specialized environments

These use cases demonstrate how assisted living can meet individuals across the continuum of care.

**The outcomes are clear and compelling.** Assisted living supports increased socialization and community integration amongst our older Pennsylvanians, improved participant satisfaction and enhanced quality of life, all through the delivery of care that is most closely aligned with individual preferences and goals. Make no mistake, these are meaningful impacts—helping individuals maintain independence, remain connected to their communities, and live in environments that promote dignity and autonomy.

Assisted living also plays an important role within the broader care delivery system. It integrates with existing services such as physician care, therapy, and behavioral health supports, while service coordination ensures ongoing monitoring of participant needs, satisfaction, and quality.

At the same time, it is important to acknowledge a key implementation challenge: **assisted living providers have been relatively slow to enroll in Medicaid payment models, including In Lieu of Services options.**

This slow uptake limits access for eligible participants who could benefit from this setting and creates variation in availability across regions. While the model is well-aligned with participant needs and system goals, broader provider participation will be necessary to fully realize its potential as a community-based option.

Within PA Health & Wellness, progress is being made to expand access—PHW attempted to contract with all 18 assisted living residences, successfully contracting with 15, and has supported 22 participants currently residing in assisted living settings.

One notable example was that of a 57 year old participant with a history of bipolar disorder and multiple unsuccessful living arrangements. She faced increasing challenges maintaining independence, ultimately requiring nursing facility care. During her time in the nursing home — particularly throughout the COVID-19 pandemic — she experienced significant isolation and felt the setting did not meet her needs. Despite financial barriers and prior traumatic transitions, she expressed interest in assisted living and actively advocated for herself. The Nursing Home Transition team partnered with assisted living admissions and coordinated with her peer specialist to ensure continuity of behavioral health supports and appropriate service alignment. Following her transition to assisted living in May 2026, she reports improved well-being, greater stability, renewed independence, and sustained community living without the need for readmission to a higher level of care.

Ultimately, assisted living is not a replacement for nursing facility care—but it is a **critical option within the continuum**. It allows us to better match individuals to the right level of care, at the right time, in the right setting, based on their clinical needs and personal preferences.

In closing, assisted living facilities represent a proven, person-centered approach to care that strengthens the alignment between someone’s care needs and care settings. It promotes their independence and dignity. It expands their access to community-based options. And, most importantly, it contributes to and can improve their overall quality of life.

Thank you for your time and your commitment to supporting individuals who rely on long-term services and supports.



# The Assisted Living (AL) In Lieu of Services (ILOS) Option in Community HealthChoices (CHC)

House Aging & Older Adult Services Committee  
and Human Services Committee  
Joint Informational Meeting

June 17, 2026

Presented by: Heather Hallman, Vice President,  
Managed Long-Term Services and Supports

**UPMC**  
LIFE CHANGING MEDICINE

# What's covered?

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- Assisted Living (AL) is offered as in Lieu of Services (ILOS) as an alternative to a nursing facility placement.
- Enhanced Core Package services include:
  - personal care
  - emergency alert response
  - non-medical transportation
  - basic cognitive support
  - supportive services (homemaker and chore)
  - 24-hour on-site response capability
  - social and recreational programming
  - coordination of 3 meals a day and snacks
- Monthly room and board payments are the responsibility of Participants. The room and board rate maximum monthly rate is the current SSI benefit minus the current personal needs allowance (PNA) for SSI recipients.

# Population Focus

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- UPMC Community HealthChoices utilizes AL ILOS to support Participants we serve who cannot maintain health or safety independently and require significant supervision
- AL ILOS may be appropriate for Nursing Facility Participants **or** may also be an option for Home and Community-Based Services Participants in place of Long-Term Care in a Nursing Facility
- AL ILOS may be considered to help when there are:
  - Barriers securing housing while needing Activities of Daily Living support
  - Lack of informal supports or a reliable back-up safety plan
  - Need for assistance with medication administration

# Determining Appropriateness for AL ILOS

## **As per Department of Human Services (DHS) guidance and program charter:**

AL ILOS referrals and criteria are determined by the Managed Care Organization and include but are not limited to:

- Imminent risk of Long-Term Care in Nursing Facility
- Participants in Long-Term Care in Nursing Facility with barriers such as lack of housing and informal supports

# Sources of AL ILOS

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- It is important to note that the Community HealthChoices (CHC) Managed Care Organizations are the lead in all AL ILOS activities. As such, the CHC MCO initiates the transition of the Participant from either the Home and Community-Based Services or Nursing Facility settings into the ILOS option.
- Requests for consideration of AL ILOS may come from any of the following sources:
  - Participant, Power of Attorney, or Legal Guardian
  - NF social worker
  - Assisted Living Residence
- If you believe you or one of your patients could be appropriate for Assisted Living, please reach out to your Service Coordinator or Network Manager

# Participant Informed Choice

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- Once an AL ILOS request is approved, the Service Coordinator:
  - Informs the Participant of the option to move to an Assisted Living Residence (ALR)
  - Reviews the anticipated financial responsibility for room and board with the Participant (comparable to Nursing Facility Patient Liability, including a Personal Needs allowance deduction)
  - The AL ILOS approval and the Participant discussion is recorded in the Participant's record
  
- If the Participant wishes to pursue the AL ILOS option, the SC:
  - Assists the Participant in identifying a contracted ALR within their preferred geographic area
  - Reviews ALR resources with the Participant, including websites that offer virtual tours, to facilitate informed decision-making

# Move in Assistance Funds

In the event a Participant requires household items to support their independence in the community UPMC can help with some one-time move in funds

Example items these funds can include:

- Kitchen Essentials:**

Microwave/toaster oven, coffee pot, oven mitts, dish towels, dishes, groceries

- Bathroom Essentials:**

Towel set, shower curtain, floor mat, shower caddy, hamper, trash can, toothbrush, toothpaste, shampoo and conditioner, hand soap

- Bedroom Essentials:**

Mattress cover, pillow, bed in the bag set, alarm clock, power strip, hangers

- Miscellaneous Essentials:**

Phone or phone card, lock box, dressing aids, clothing

# First Successful Placement

Our first successful transition to an Assisted Living Residence was with Ms. ST. She resided in a Nursing Facility custodial setting for approximately 1.5 years before successfully transitioning to an ALR in August 2025



\*Ms. ST gave consent for these pictures to be shared during this presentation and beyond.\*

# AL ILOS at UPMC

## Fostering Independence with Support

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- Since 2025, UPMC CHC has successfully transitioned twenty-two Participants to ALRs, with an additional fifteen Participants in the queue preparing to move.
- To date, one Participant has returned to a Nursing Facility, following an unexpected illness that required a higher level of care and two additional Participants discharged home with family under hospice care.
- All Participants currently living in an ALR report they are satisfied with their new home.
- If a Participant expresses dissatisfaction with the ALR, the Service Coordinator will discuss further with the Participant to identify and address the issue. If the Participant prefers to leave the ALR for a different setting, the SC will assist.



Thank You!!





**TESTIMONY OF  
SUSAN SAXINGER  
EXECUTIVE DIRECTOR  
PENNSYLVANIA ASSISTED LIVING ASSOCIATION (PALA)**

**BEFORE THE  
HOUSE AGING & OLDER ADULT SERVICES COMMITTEE  
AND THE  
HOUSE HUMAN SERVICES COMMITTEE  
COMMONWEALTH OF PENNSYLVANIA  
JUNE 17, 2026**

**Joint Public Hearing: Medicaid In Lieu of Services in Assisted Living**

Harrisburg, Pennsylvania

Chairwoman Madden, Chairman Mentzer, Chairman Williams, Chairman Heffley, and members of the House Aging & Older Adult Services Committee and House Human Services Committee, thank you for the opportunity to testify today regarding Pennsylvania's use of Medicaid In Lieu of Services, or ILOS.

My name is Susan Saxinger, and I serve as Executive Director of the Pennsylvania Assisted Living Association, commonly known as PALA.

PALA is the statewide trade association representing Pennsylvania's licensed Assisted Living Residences and Personal Care Homes. Across the Commonwealth, these communities provide housing, assistance with activities of daily living, medication administration and management, meals, transportation, social and recreational opportunities, health-related supervision, and other supportive services to more than 40,000 older adults and individuals with disabilities. Together, they play a vital role in Pennsylvania's long-term care continuum by helping individuals remain engaged, supported, and safe while receiving needed services in a home-like setting.

Our mission is to strengthen the capability of Pennsylvania's licensed personal care homes and assisted living residences to provide affordable, community-based, person-centered care and services. Central to that mission is ensuring that older adults have access to high-quality care options that promote dignity, independence, and choice, allowing them to receive needed supports in the least restrictive setting appropriate to their needs.

I would like to thank the Pennsylvania Department of Human Services, the Community HealthChoices managed care organizations, and members of the General Assembly for their leadership in exploring and implementing In Lieu of Services opportunities. PALA appreciates the willingness of policymakers and stakeholders to think creatively about how Medicaid can better support older adults and individuals with disabilities in community-based settings.

ILOS represents an important step forward. It expands access to care, increases choice, and provides more opportunities for older adults to receive services in settings that align with their needs and preferences.

The implementation of ILOS has created new pathways for eligible individuals to access assisted living services that were previously unavailable through Pennsylvania's Medicaid program. As a result, more older adults who meet nursing facility clinical eligibility criteria now have the opportunity to receive care in an Assisted Living Residence when that setting is appropriate to their needs. This progress demonstrates the value of providing a broader range of care options within the long-term services and supports system and highlights the important role assisted living can play in serving Medicaid beneficiaries.

The results of the ILOS program are encouraging. Although utilization was modest during the initial rollout, participation has grown steadily over time. One PALA member organization is now serving 17 individuals through the program, and the number of participants transitioning from skilled nursing facilities to Assisted Living Residences continues to increase. This growing participation reflects both the demand for and success of ILOS in helping older adults access appropriate care in a less restrictive setting.

To illustrate the impact of ILOS, we would like to share the story of Sylvia, a resident of Tapestry Senior Living whose life was positively changed by the opportunity to transition from a skilled nursing facility to assisted living through the program.

#### PLAY VIDEO

Sylvia's story illustrates the real-world impact of ILOS. It demonstrates how access to assisted living services can help eligible older adults receive the care they need in a setting that supports their independence, well-being, and quality of life.

As policymakers evaluate the future of long-term services and supports in Pennsylvania, PALA believes ILOS provides an important foundation upon which to build. While the program has expanded access to assisted living for some eligible individuals, Pennsylvania has an opportunity to further strengthen its system by making assisted living services a covered benefit under the Community HealthChoices waiver. Most states utilize Medicaid programs to help eligible older adults access assisted living services, providing greater choice and flexibility in how care is delivered.

The success of ILOS also highlights the value of assisted living within Pennsylvania's long-term care continuum. Assisted Living Residences provide housing, personal care, medication management, and

other supportive services that enable individuals to remain in a community-based setting while receiving the assistance they need. As Pennsylvania's population continues to age and demand for long-term services and supports grows, assisted living can be an important part of a person-centered, cost-effective system of care.

Today, a low-income older adult who meets Nursing Facility Clinically Eligible (NFCE) criteria can receive Medicaid-covered services in a skilled nursing facility. Through ILOS, some of these individuals now have the opportunity to receive appropriate care in an Assisted Living Residence. Because assisted living services are not currently identified as a covered service under the Community HealthChoices waiver, ILOS serves as the primary pathway to access these services. The program's demonstrated success provides a strong basis for continued evaluation of how assisted living can support consumer choice, quality outcomes, and cost-effective care.

That is why PALA supports a long-term strategy that builds upon the promise of ILOS. We encourage the continued development and evaluation of ILOS initiatives through Community HealthChoices while also considering ways to make assisted living services more broadly available to eligible Medicaid beneficiaries.

These approaches are complementary. ILOS provides flexibility and innovation today, while broader access to assisted living services would help ensure that older adults can receive care in the setting that best meets their needs.

PALA is committed to working with the Department of Human Services, Community HealthChoices managed care organizations, legislators, advocates, and other stakeholders to advance these shared goals and strengthen Pennsylvania's long-term care system.

Most importantly, we hope to create opportunities for more Pennsylvanians to experience the kind of positive outcome we heard from Sylvia today. Her story demonstrates the impact that access, choice, and appropriate care can have on an individual's quality of life. By building on the success of ILOS, Pennsylvania can help more older adults receive the care they need in the setting that best meets their needs.

Thank you again for the opportunity to testify. I would be pleased to answer any questions.