



**OHIO ASSISTED  
LIVING ASSOCIATION**

**Testimony to the Senate Finance and Appropriations Committee**

**Jean B. Thompson, OALA Executive Director  
May 30, 2017**

**Chairman Oelslager, Vice-Chair Manning, Ranking Member Skindell, and members of the Committee**

My name is Jean Thompson, Director of the Ohio Assisted Living Association, representing over 475 licensed residential care facilities or Assisted Living communities as they are commonly called. Thank you for this opportunity to testify on Sub. HB 49.

First, we are appreciative of some of the changes the House made in the budget bill; *removal of the unnecessary and expensive new proposed fines by ODH, and maintenance of the Residential Care Facility licensure in the Assisted Living Medicaid Waiver.* ODH already has the ability to fine Assisted Living communities; adding new fines will increase business costs for providers and ultimately residents. Maintaining the RCF licensure in the Assisted Living Waiver is important to preserve quality and safety, as well as public understanding of what Assisted Living is. We ask that other waiver programs, not called Assisted Living, be used to serve individuals in other unlicensed settings.

**We strongly support these changes and hope they will be maintained by the Senate. There is more detailed information on these changes and reasons for them attached.**

**Our major concern now is new language added in the Sub HB 49 that would prohibit an increase in the Assisted Living Waiver (ALW) during the course of the biennium.** The ALW, a program currently serving 5,000 Ohioans, saves Ohio taxpayers money by caring for these nursing home eligible individuals in a lower cost setting. These individuals, who for varied reasons cannot continue to be cared for at home; either because their needs cannot be scheduled or there is no support person for them, would otherwise be served in nursing homes. Unfortunately, Assisted Living providers cannot afford to participate or to increase their participation in this valuable cost saving program, as the program has not received an increase in reimbursement since its inception in 2006. *All costs have risen since 2006.* The program will not be possible without an increase soon. The current language in the budget prohibiting an increase during the biennium, offers no hope of relief to providers, ultimately asking them to continue to participate in a program for 13 years without increase.

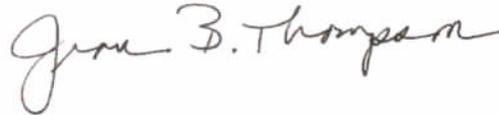
On the **attached chart** we have highlighted the disparity in our reimbursement rate compared to other Medicaid programs. We are not suggesting that these other programs are receiving too

much, but rather that we are not receiving enough. **We ask that the prohibition on an increase in the Assisted Living Medicaid Waiver rates be removed from the budget.** In the *as introduced* budget bill, the Ohio Departments of Medicaid and Aging, indicated that ALW rates would be increased during the biennium, allocating approximately 13 million dollars state funds or approximately 34 million dollars all funds. **When this prohibition was put in place, those funds were removed. We ask that those funds be reinstated.** We have also attached, **information on the cost of living increase over the last ten years.**

Designing Ohio's budget is a complex and difficult task. As you proceed, however, we ask, you on behalf of Ohio's rapidly aging population and Ohio's taxpayers, to review our requests; **1) to remove the prohibition on an increase in the ALW during the biennium and 2) to reinstate monies for an increase during the course of the biennium.** Assisted Living is a Home and Community Based service, along with others, that can help Ohio deal with our aging population's needs in a cost effective manner.

We are regularly asked by Aging, Medicaid, the Area Agencies on Aging and the public why more Assisted Living providers do not participate in this important program or increase their participation. We surveyed all Assisted Living providers in Ohio and resoundingly heard, *we cannot afford to. The program is being reimbursed at 2006 levels. If rates were increased, 78% said they would either become providers or expand access to the program.*

**We ask you to make an investment in the AL waiver program in this budget.**



Jean B. Thompson  
Executive Director  
**Ohio Assisted Living Association**  
1335 Dublin Road, Suite 206A  
Columbus, OH 43215  
614-481-1950  
[jthompson@ohioassistedliving.org](mailto:jthompson@ohioassistedliving.org)



## OHIO ASSISTED LIVING ASSOCIATION

### OALA's Response to Budget Issues Impacting Assisted Living

The Ohio Assisted Living Association would like to thank the House for removing two items from the Budget Bill that would strongly impact Assisted Living communities. We ask that the Senate maintains these changes.

#### ***ODH Proposed Civil Monetary Fines Removed***

ODH already has the authority to issue fines for violations of Residents' Rights ORC 3721.17 (F) and for licensure violations ORC 3721.99. The new proposed language in the initial House bill expanded when fines could be assessed, including for lower level no harm citations, and significantly increased fine amounts (up to 10 times as much). The 680 Assisted Living communities in Ohio have a very positive track record (571 deficiency free surveys in the last 2 years and 92.3% resident satisfaction). The initial broad budget bill language would have been punitive, permissive, and open to possible misuse. *All RCFs would have needed to prepare for this new fine potential, increasing their business cost and subsequently the cost of Assisted Living for all residents, reducing their funds, which would result in more residents needing Medicaid assistance earlier.* It would have also been a further disincentive (beyond low reimbursement rates) for providers to participate in the Assisted Living Waiver. If there are a few poor performing communities that refuse to comply with ODH directives, it is appropriate for their licenses' to be revoked. **OALA asks for these new, unneeded fines for RCF that were removed from the House bill, to not be reintroduced in the Senate bill.**

#### ***RCF Licensure Retained in the Assisted Living Waiver***

The Residential Care Facility licensure was required by the state to ensure the health, safety, and quality of this setting for Medicaid recipients. The cost of licensure is in the safety standards and monitoring its rules mandate, not its annual fees. **OALA is supportive of the initiation of other waivers in senior housing or other settings, or changes to the existing Enhanced Community Living PASSPORT waiver service to increase its utilization, but is opposed to diluting the RCF licensure standard for the Assisted Living Waiver.** It would discourage providers of Assisted Living services from being licensed, a move backwards in terms of monitoring and quality and confuse the public. OALA thanks the House for maintaining the Residential Care Facility licensure requirement to provide the Assisted Living Medicaid Waiver, and **ask that this requirement also be maintained in the Senate bill.**



## OHIO ASSISTED LIVING ASSOCIATION

*A cost comparison of Medicaid programs providing similar services to the Assisted Living Waiver program.*

MEDICAID Reimbursement		
Assisted Living Waiver Service	<b>24 hours per day</b> service package	Tier 1 <b>\$49.98/day*</b> Tier 2 <b>\$60.00/day</b> Tier 3 <b>\$69.98/day</b>
Certified Adult Day Services	<b>4-8 hours</b> (Transportation & additional services billed separately)	<b>Enhanced \$49.39**</b> <b>Intensive \$64.84</b>
PASSPORT Personal Care Service	<b>4 hours</b>	<b>\$71.84</b> (\$17.96/hr)**
Shared Living	<b>Occasional</b> <b>Continuous</b>	Level I: <b>\$77.20/day***</b> Level II: <b>\$113.90/day</b>
Nursing Home	<b>24 hours per day</b>	<b>\$ 177.31/day ****</b>

Source: \*OAC 5101:3-1-06.5 Appendix A

\*\*ODM proposed rate – effective January 2017

\*\*\*Ohio waiver application to CMS

\*\*\*\* Ohio Department of Medicaid-(July 2016 rate increase not included)

OALA has prepared this comparison to highlight the Medicaid reimbursement rates for programs with similar services to the Assisted Living Waiver (ALW), being provided to older adults in Ohio. The other programs are not “overpaid”, but this chart shows that ***the reimbursement for the ALW falls way below that for comparable programs.*** It is also important to note that both PASSPORT and Adult Day services are *scheduled* services, and in the Assisted Living setting, a complete package of services are provided as needed, 24 hours per day.

## MEDICAID WAIVER ANALYSIS

The Ohio Assisted Living Association has proposed a 20% increase to the State of Ohio Medicaid Assisted Living Waiver.

The reimbursement amount for the Medicaid Assisted Living Waiver has not changed since the program was established in 2006; the proposed increase is based on the increase in operating expenses in the 10-years since the Medicaid Waiver has been in existence.

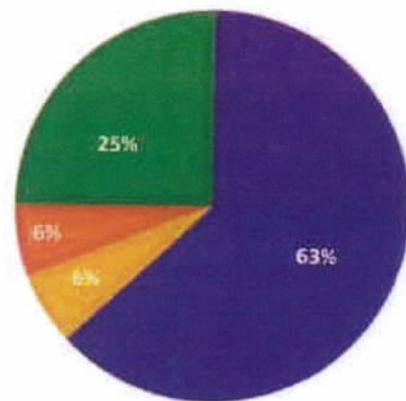
There are 4 key operating expenses that directly impact the overall efficiencies of the operations of an Assisted Living community:

### OPERATING EXPENSE DISTRIBUTION

Expense Category	% of Operating Cost
1 Payroll & Benefits	63%
2 Food	6%
3 Utilities	6%
4 Other*	25%
	<b>100%</b>

### OPERATING EXPENSE DISTRIBUTION

■ Payroll ■ Food ■ Utilities ■ Other



\*Other Expenses include Real Estate Taxes, Insurance, Administrative/Activity Expenses, Maintenance, Landscaping, Housekeeping

### 10- YEAR OPERATING EXPENSE ANALYSIS (2006-2016)

(percent)

EXPENSE CATEGORY	INCREASE (CPI, EPI and COLA)	WEIGHTED (Based on Expense Distribution)
Payroll & Benefits	21.7	13.7
Food	25.4	1.5
Utilities	21.0	1.3
Other*	19.3	4.8
<b>Operating Expenses (Weighted 10-year Increase)</b>		<b>21.3</b>
<b>CPI Total Expenditures (10-year Increase)</b>		<b>19.3</b>
<b>COLA (10-year Increase)</b>		<b>24.0</b>