



**Testimony to the House Finance Subcommittee on Health and Human Services**

**The Ohio Assisted Living Association, April 11, 2019**

**Jean Thompson, OALA Director**

*Chairman Romanchuk, Ranking Member West and Members of the House Finance Subcommittee on Health and Human Services*

My name is Jean Thompson. I am the Director of The Ohio Assisted Living Association (OALA); representing over 530 of the 745 licensed providers of Assisted Living in Ohio. Thank you for this opportunity to address you.

I would like to discuss the need for an increase in reimbursement for the Assisted Living Medicaid Waiver. **This valuable program has never had an increase in reimbursement since its inception in 2006.** The need for an increase in reimbursement has been studied numerous times by the Departments of Aging and Medicaid and Legislative Taskforces along with Scripps Gerontology Center. The general consensus has been that in order to maintain and expand access to this cost saving program, the reimbursement needed to be increased.

Overall, Assisted Living serves more than 42,000 older Ohioans; making it a very significant part of our long term care landscape. While Assisted Living is primarily paid for privately, as of January 2019, 5,526 were on the Assisted Living Medicaid Waiver (ALW). Of these individuals, 2,830 are served in the traditional ALW, while 2,696 are served in the ALW service through MyCare. Many of these individuals likely would otherwise be served in more expensive skilled care settings. These citizens, many of whom may be your constituents, live and are cared for in Assisted Living through this waiver program.

***What does the Assisted Living Medicaid Waiver Program Provide?***

The ALW provides, 24-hour staff availability, assistance with activities of daily living (bathing, dressing, mobility, transfers, grooming, ect.) and other services such as laundry, housekeeping, maintenance and activity programming, and scheduled transportation and redirection as needed. Additionally, medication management and administration along with intermittent nursing services are also provided. It is a very large, comprehensive service package. Currently, the reimbursement ranges from \$49.98-\$69.98/day to cover all of these services.

A private apartment, all meals and snacks are covered at the state set rate of \$24/day, paid by the participants as required by the federal waiver. The rate was purposefully set very low at the SSI amount to allow all to participate. This program combines personalized supportive services and housing. It is a setting that combats loneliness and isolation, major issues facing our older population. I'm sure many of you are personally familiar with Assisted Living and its benefits from your own life experiences.

**How does its current reimbursement compare to similar programs offering these services, although not on a 24-hour basis?**

The accompanying chart shows the current disparity in reimbursement for the ALW compared to other similar programs. These other programs are not overly compensated, but their reimbursement levels highlight the inadequacy of the ALW reimbursement. The only other program listed that provides a 24-hour service is skilled nursing care. Although not a Home and Community based program as the ALW and the others, it is provided to highlight potential savings to Ohio through the ALW. **Nursing home reimbursement averages a \$196/ per day, while the ALW reimbursement at the highest level currently, is only \$69.98/day.**

**PROGRAM COST COMPARISONS**

Medicaid Reimbursement		
Assisted Living Waiver (ALW)	24 hours per day (Service package)	Tier 1 \$49.98/day* Tier 2 \$60.00/day Tier 3 \$69.98/day
Nursing Home (SNF)	24 hours per day	\$196.00/day ***
Certified Adult Day Services	4-8 hours (Transportation & additional services billed separately)	Enhanced \$49.39** Intensive \$64.84
PASSPORT Personal Care Service	4 hours	\$71.84 (\$17.96/hr)**

Source: \*OAC 5101:3-1-06.5 Appendix A  
 \*\*OAC 5160-1-06.1 Appendix A  
 \*\*\* Ohio Department of Medicaid-01/2019

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.

As Ohio works to find appropriate, cost-effective ways to meet the growing number of older Ohioans needing services, who do not have an available or capable spouse or family support network and have limited to no financial resources, the Assisted Living Waiver is an answer that can meet their needs and saves Ohio taxpayers money. **Everyone on the ALW is financially and medically eligible for nursing home placement.**

The Medicaid cost savings for just 10 people served by the ALW instead of in a Nursing Home is \$459,900/year, that is just 10 people. Approximately 2.8 people can be served by the ALW, for every one person served in a nursing home. *Imagine if we could open up more access to the ALW, the savings that could be realized!*

## AL MEDICAID WAIVER ACCESS

Access to the Assisted Living Medicaid Waiver (ALW) Program is currently limited due to the **low reimbursement** to provide a significant 24/7 service package.

Assisted Living is a cost-effective alternative to nursing home care...

**Medicaid cost savings for 10 people**  
served by the Assisted Living Waiver,  
instead of in a Nursing Home,  
...is **\$459,900/year**

Medicaid cost for 10 people

**Nursing Home: \$715,400**

**Assisted Living Waiver: \$255,500**

**2.8 people can be served by the ALW,  
for one person served in a nursing home**



***The Assisted Living Waiver is good for Ohio!***

***Older Ohioans and taxpayers need access increased to the Assisted Living Waiver.***

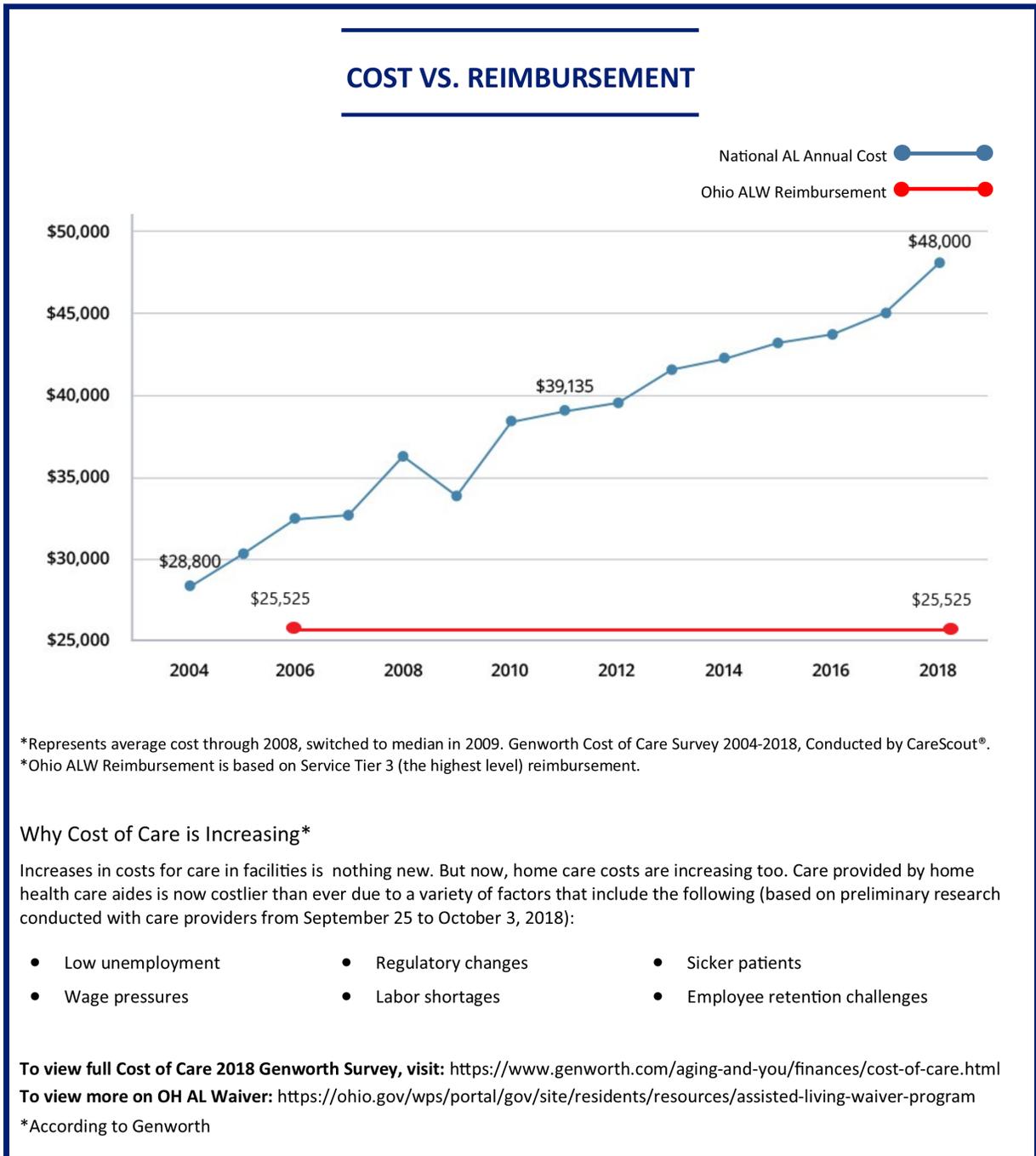
This will only be possible if the program is reimbursed more equitably for the services provided. The ALW hasn't had a rate increase since its inception in **2006!** The current service rates are only \$49.98/day (Tier I), \$60.00/day (Tier II) and \$69.98/day (Tier III) for these 24/7 service packages.

***OALA is recommending an increase in reimbursement for redefined tiers ...  
and to incorporate Memory Care at the highest tier.***

Traditionally, the costs to operate a designated memory care program are 25% higher than Assisted Living. Currently, there is little or no access to memory care for Assisted Living waiver residents.

Per a 2018 report by the ODA the ALW is under utilized. Only 17% of the ODA certified Assisted Living apartments are actually occupied by ALW enrollees. **Why?** Providers can not afford to serve more than a few individuals in the program due to low reimbursement. In a 2017 survey done by OALA, 86% of Assisted Living providers reported that the flat, significantly below cost reimbursement rate, was a challenge for participation in the program or accepting additional ALW residents.

Ohio Department of Aging Director, Ursel McElroy, in her testimony to your Committee talked about the importance and need of building an infrastructure to meet the current and future needs of older Ohioans. The Assisted Living Medicaid Waiver is an important part of that infrastructure which will be better utilized if it is more fairly reimbursed.



**How can access to this valuable program be maintained and increased?**

The Ohio Assisted Living Association (OALA) brought together the LTC associations to work on a coordinated structure and reimbursement rate plan proposal to ask for in this budget to maintain and increase provider participation; encouraging them to either become ALW providers, to serve more individuals in the program or to open up access in underserved areas of the state. The plan maintains the 3 Tiers already in existence, but restructures them to better serve current needs.

Old Tier 1 and 2 are combined in a new proposed Tier I at \$77/day

Old Tier 3 becomes Tier 2 (includes medication administration) at a proposed \$87/day

Tier 3 is a new proposed memory care Tier in a designated or secure unit at \$110/day

The increases are phased in over the 2-year budget with the first increase in October, 2019. Below is a detail of this amendment request.

<b>ASSISTED LIVING WAIVER PROPOSAL— Detail</b>							
<b>TIER I</b>		<b>TIER II</b>		<b>TIER III</b>			
<i>Combine current Tier I &amp; II</i>		<i>Current Tier III</i>		<i>Proposed Memory Care Tier</i> Separate distinct area/program and/or Secured Unit			
<u>ADL Services</u> <b>Med. Management / Supervision</b> Weekly/Monthly care by a licensed nurse		<u>ADL Services</u> <b>Med. Administration (qualified nurse)</b> Daily/Weekly care by a licensed nurse; intermittent skilled nursing care		<u>ADL Services</u> <b>Med. Administration (qualified nurse)</b> Daily/Weekly care by a licensed nurse; intermittent skilled nursing care			
<u>Proposed Reimbursement Rate</u> <b>\$77.00/day</b>		<u>Proposed Reimbursement Rate</u> <b>\$87.00/day</b>		<u>Proposed Reimbursement Rate</u> <b>\$110.00/day</b>			
<u>ADC*</u> <b>221</b> (55 + 166)		<u>ADC*</u> <b>4805</b>		<u>ADC*</u> <b>500</b>			

<b>PHASED-IN COST TO OHIO MEDICAID</b>							
<b>Assumptions:</b>							
*Avg. daily census (ADC) 5,526 as of Jan-19				*Effective date of SFY20 increase 10/1/19			
*ADC of 500 in memory care deducted from current Tier III ADC				*Effective date of SFY21 increase 7/1/20			
*ADC distribution per ODA							

OLD Tiers	NEW Tiers	Year	ADC	Days	PPD Increase	Total Increase	Effective Date
I	I	FY 2020	55	273.75	14	\$210,788	10/1/2019
II	I	FY 2020	166	273.75	9	\$408,983	10/1/2019
III	II	FY2020	4805	273.75	9	\$11,838,319	10/1/2019
N/A(III)	III	FY2020	500	273.75	20	\$2,737,500	Memory care-10/1/19
I	I	FY 2021	55	365	27	\$542,025	7/1/2020
II	I	FY 2021	166	365	17	\$1,030,030	7/1/2020
III	II	FY 2021	4805	365	17	\$29,815,025	7/1/2020
N/A(III)	III	FY 2021	500	365	40	\$7,300,000	Memory care-7/1/20
Biennium						\$53,882,669	
State Share						0.37	\$19,936,587

These recommendations were made by a committee of provider associations led by OALA in 2019 to find ways to encourage greater access to the Assisted Living Waiver program.							
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**Are these increases reasonable? How have costs risen over the last 13 years?**

**The Consumer Price Index shows a 26% to 29% increase in costs to provide this service measuring staffing, food and utilities.** Additionally, by the time the recommended increases are fully implemented 15 years will have elapsed. Nothing costs what it did 15 years ago. **The recommendation also provides a new, much needed service for memory care.** The General Assembly has discussed the enormous challenge facing Ohio to care for the growing number of Ohioans living with Alzheimer’s and other related dementias. *How can we meet their needs?* The ALW can be an important part of meeting their needs by serving many of these individuals, which it already does in the private market. However, since this care in a distinct, separate program or secured unit is more expensive (approximately 25% more in the private market), few of these individuals are cared for in the ALW given the low reimbursement rates. This new proposed Tier 3, would begin this process.

**MEDICAID WAIVER COSTS**

The Ohio Assisted Living Association proposes an increase to the State of Ohio Medicaid Assisted Living Waiver (ALW); from the current levels which range from approx. \$49-\$69/day.

**Reimbursement Tiers**

2006 - \$49-\$69/day

2019 - \$49-\$69/day

These rates **DO NOT** address the current costs of caring for Assisted Living Waiver residents and **DO NOT** address the growing number of Ohioans with Alzheimer’s & Dementia;

We propose an increase to the ALW **reflecting the 13 years without an increase in reimbursement** to \$77-\$110/day. Below are outlined the major expenditures for ALW Provider Communities and national statistics, based upon CPI increases, to substantiate raised reimbursement.

**NATIONAL EXPENDITURE ANALYSIS (2006-2018)**

Year	Employment Cost Index (EPI)		Consumer Price Index (CPI)				COLA!
	Payroll & Benefits		Food		Utilities		
	IP^	% Change	IP+	% Change	IP+	% Change	
2006	100.9		196.5		190.9		4.1
2018	129.1		253.8		240.7		2
<b>Percent Change (2006-2018)</b>		<b>27.9</b>		<b>29.2</b>		<b>26.1</b>	<b>26.3</b>

"IP" - Index Points:  
 1. CPI: Base - 100 from 1982-1984  
 2. ECI: Base - 100 from 2005  
 Source (+) - Consumer Price Index (CPI), U.S. Bureau of Labor Statistics, 2006-2016 & 2009-2019, Based on CPI-W (Urban Wage Earners and Clerical Workers  
 Source (\*) - Employment Cost Index (ECI) Historical Listing Volume III, January 2019, Based on "Nursing and Residential Care" wages and benefits  
 Source (!) - <https://www.ssa.gov/news/cola/>

**It is vital that this important program for Ohio seniors & taxpayers receive much needed reimbursement increases in this budget in order for providers to continue to be able to offer it.**

As Ohio ages, it is vital that we serve individuals in the most appropriate and cost-effective ways possible. We support all services available to older Ohioans along the long-term care continuum. However, the stagnant reimbursement for the ALW is strangling access to this program which is “in-between home with some services and a skilled nursing facility”.

We ask you to support an increase for the Assisted Living Medicaid Waiver program as outlined, so that providers can continue to offer it, serve more individuals, and reduce costs to Ohio Medicaid and taxpayers.

I would be happy to try and answer any questions you have. Thank you for your time.



Jean Thompson, Executive Director  
The Ohio Assisted Living Association  
1335 Dublin Road, Ste. 206A  
Columbus, Ohio 43215  
jthompson@ohioassistedliving.org  
614.481.1950