



House Finance Subcommittee on Health and Human Services

Interested Party Testimony

April 10, 2019

Good morning Chairman Romanchuk, Ranking Member West, and Members of the subcommittee, my name is Sharon Shaffer and I am a Senior Consultant at Wallick Communities. We appreciate the opportunity to testify in front of this committee regarding the Assisted Living Medicaid Waiver reimbursement rate.

Over the past 30 years we have developed, owned, and operated Assisted Living communities for seniors. We presently have communities in Columbus, Toledo, and Cincinnati. Our Senior Housing Group has introduced an expanded product line, *The Ashford Communities* with a continued focus on Assisted Living to provide a quality community and outstanding care for seniors at an affordable price point. Wallick Communities is also a member of the Ohio Assisted Living Association (OALA).

In a broader context, Wallick Communities is one of the largest developers, owners, and managers of affordable housing in Ohio and the Midwest. Our home office is located in New Albany, Ohio and we employ 569 Ohioans throughout the state. We own/manage over 9,800 units in 148 apartment communities, making us the largest owner/manager of affordable housing statewide.

As you have heard others testify in front of this committee and as you are aware, Ohio's population is aging rapidly. In 2000, there were 1.5 million Ohioans over age 65 and that number is projected to grow to 2.1 million by 2020. The time to enact fiscally sound initiatives in the state Medicaid budget is now. Ohio needs diverse and cost effective programs and options to ensure that we are using public dollars as efficiently as possible. One of these options is the Assisted Living Medicaid Waiver Program.

Access to the Assisted Living Wavier (ALW) is currently limited due to the low reimbursement rate that Assisted Living communities like Wallick receive for providing one of the more cost efficient service packages for a significant portion of Ohio's aging population.

The reimbursement amount for the ALW has not changed since the program was established in 2006. The program continues to operate at the 2006 rate of \$69 per day. We are here today asking for an increase because the current price point of \$69 per day for the ALW is not sustainable. Increased access to the ALW will benefit both older Ohioans and Ohio taxpayers.

Further, the reimbursement rate for the ALW is not appropriately priced in comparison to other programs that provide similar services. There are different levels of cares necessary for our aging population and we are merely asking to be funded at an appropriate level so that our business and industry can continue to be a cost- effective option in the continuum of care.

We have included a chart entitled "Medicaid Waiver Analysis" at the end of this testimony that helps illustrate how we arrived at our requested increase. The proposed increase is based on the increase in operating

expenses in the twelve years since the ALW has been in existence. Since 2006 COLA has increased by 26.3 percent and CPI Total Expenditures has increased by 24.4 percent. Thus, we are asking for a reasonable increase from \$69 per day to \$87 per day, which would adequately raise the rate to account for the percentage increases in operating expenses.

Thank you for the opportunity to testify and share our perspective as a provider of Assisted Living services and I would be happy to answer any questions you may have for me.



MEDICAID WAIVER ANALYSIS

The reimbursement amount for the Medicaid Assisted Living Waiver has not changed since the program was established in 2006; **the program continues to operate at 2006 rates.**

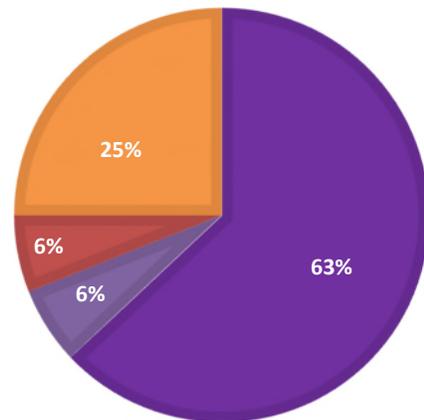
The Ohio Assisted Living Association has proposed a 26% increase to the State of Ohio Medicaid Assisted Living Waiver; from the current level of \$69/day to \$87/day.

The proposed increase is based on the increase in operating expenses in the 12-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 our Assisted Living communities:

OPERATING EXPENSE DISTRIBUTION

■ Payroll ■ Food ■ Utilities ■ Other



OPERATING EXPENSE DISTRIBUTION

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

12- YEAR OPERATING EXPENSE ANALYSIS (2006-2018)

(percentage increase)

EXPENSE CATEGORY	INCREASE (CPI, EPI and COLA)	WEIGHTED (Based on Expense Distribution)
Payroll & Benefits	27.9	17.6
Food	29.5	1.7
Utilities	25.9	1.6
Other*	25.1	6.2
Operating Expenses (Weighted 12-year Increase)		27.2

12- YEAR NATIONAL EXPENSE TRENDS (2006-2018)

(percentage increase)

CPI Total Expenditures	24.4
COLA	26.3

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

NATIONAL EXPENDITURE ANALYSIS (2006-2018)

Year	Employment Cost Index (EPI)		Consumer Price Index (CPI)						COLA
	Payroll & Benefits		Food		Utilities		Other		
	IP ^	% Change	IP+	% Change	IP+	% Change	IP	% Change	
2006	100.9	3.6	196.2	2.2	193.4	0.4	205.9	1.0	4.1
2007	104.5	3.6	206.1	5.0	203.4	5.2	210.7	2.3	3.3
2008	107.3	2.7	218.5	6.0	216.8	6.6	215.6	2.3	2.3
2009	110.3	2.8	217.0	-0.7	210.5	-2.9	219.2	1.7	5.8
2010	111.9	1.5	220.4	1.6	214.2	1.8	221.3	1.0	0.0
2011	113.3	1.3	231.0	4.8	219.4	2.4	225.0	1.7	0.0
2012	115.0	1.5	235.0	1.7	220.1	0.3	229.8	2.1	3.6
2013	116.4	1.2	237.3	1.0	225.9	2.6	233.8	1.8	1.7
2014	117.9	1.3	245.6	3.5	233.2	3.2	237.9	1.7	1.5
2015	120.1	1.9	247.2	0.7	225.7	-3.2	242.2	1.8	1.7
2016	122.8	2.2	246.4	-0.3	230.9	2.3	247.6	2.2	0.0
2017	125.7	2.4	250.3	1.6	238.5	3.3	252.2	1.8	0.3
2018	129.1	2.7	254.1	1.5	243.5	2.1	257.6	2.1	2.0
Percent Change (2006-2018)		27.9		29.5		25.9		25.1	26.3

Note: Semiannual average indexes (January-June, 2016) for CPI/EPI

"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, Based on CPI-W (Urban Wage Earners and Clerical Workers)

Source (^) - Employment Cost Index (ECI), Bureau of Labor Statistics, ECI Historical Listing Volume III, June 2016, Based on 'Nursing and Residential Care' wages and benefits

Source (I) - <https://www.ssa.gov/news/cola/>

