



**Testimony to the Senate Finance Committee  
The Ohio Assisted Living Association, May 2019**

**Jean Thompson, OALA Director**

*Chairman Dolan, Vice-Chairman Burke, Ranking Member Sykes and Members of the Senate Finance Committee:*

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.

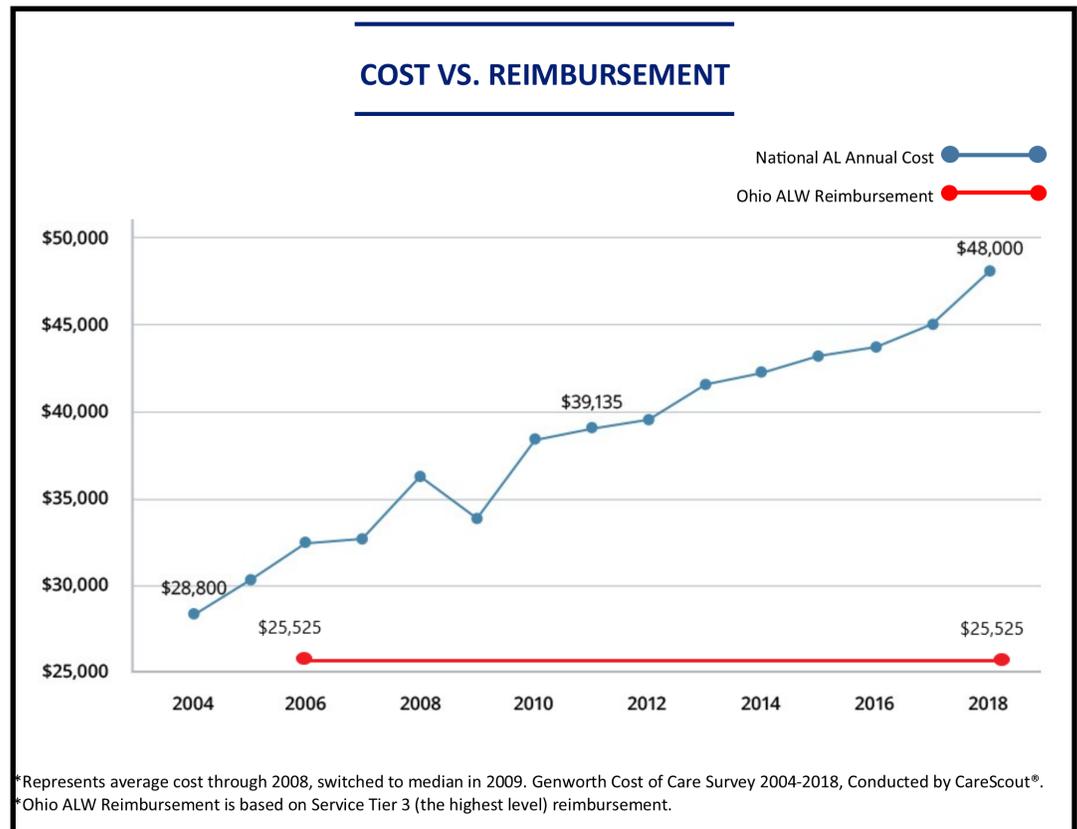
I would like to discuss the need for a greater increase in reimbursement for the Assisted Living Medicaid Waiver (ALW). While we appreciate the 2.7% increase per tier, in the current substitute House Bill 166, ...it is simply not enough. As I told the Senate Subcommittee on Health & Medicaid, it amounts to an additional \$1.35 to \$1.88 per day depending on tier level.

**This valuable program has never had an increase in reimbursement since its inception in 2006.** \$1.35 to \$1.88 does not come anywhere close to covering the increased costs of providing this service over the last 13 years.

We are grateful to Chairman Hackett of the Senate Finance Subcommittee on Health & Medicaid who agreed to sponsor an amendment to build upon the small increase provided by the House. This new amendment proposal increases the state share for the Assisted Living Medicaid Waiver program over the biennium by 12.7 million with the greater increase in the second year. This increase would bring reimbursement to a point where **it would encourage providers to remain in the program, to accept more residents and provide service in underserved areas of the state.** *Has anything only increased in cost by 2.7% over the last 13 years?*

**How do we justify this increase? Why is it needed?**

Below is a chart from Genworth Financial showing the increased cost to providers to offer the assisted living service over the last 13 years based on increases in staffing, food and utilities. It is graph that moves significantly upward while the Ohio Assisted Living Medicaid Waiver reimbursement stayed stagnant.



**Additionally, the Consumer Price Index shows a 26% to 29% increase in costs to provide this service measuring staffing, food and utilities.** A 2.7% increase will not encourage provider participation given the much larger CPI increases.

Year	Employment Cost Index (EPI)		Consumer Price Index (CPI)				COLA!
	Payroll & Benefits		Food		Utilities		
	IP <sup>^</sup>	% Change	IP <sup>+</sup>	% Change	IP <sup>+</sup>	% Change	
<b>2006</b>	100.9		196.5		190.9		4.1
<b>2018</b>	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/>

**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, etc.) and other services such as laundry, housekeeping, maintenance, activity programming, scheduled transportation and redirection as needed. Additionally, medication management and administration along with intermittent nursing services are 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. An additional \$1.35—\$1.88 will not make a significant enough difference. 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. **All individuals on the ALW are medically and financially qualified for nursing home placement. Nursing home reimbursement averages a \$196/ per day.**

**PROGRAM COST COMPARISONS**

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

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 Medicaid Waiver is an answer that can meet their needs and save Ohio taxpayers money.**

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. If this program is not reimbursed more equitably providers will leave the program. The additional Medicaid cost for the 5,526 people enrolled as of January 2019 would be **\$255,187,268**. **There is real danger that providers will choose to drop the ALW program due to low reimbursement rates and increased operating expenses.**

### Potential Impact if Providers Drop the ALW Program

OLD Tiers	ADC	Days	Current Rates	Annual Cost for ALW
I	55	365	49.98	\$1,003,349
II	166	365	60.00	\$3,635,400
III	5305	365	69.98	\$135,504,024
<b>Total Annual Cost</b>				<b>\$140,142,772</b>
<b>Nursing Home Cost</b>	5526	365	196.00	<b>\$395,330,040</b>
<b>Added Cost to Medicaid</b>				<b>\$255,187,268</b>



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

We hope the Senate Finance Committee will support the amendment providing an increased reimbursement to the ALW sponsored by Senator Hackett. This important program offers needed services between home with some services and a skilled nursing facility.

I would be happy to try and answer any questions you have.

Thank you for your time.



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