



**Senate Finance Committee  
Interested Party Testimony  
May 28, 2019**

Chairman Dolan, Vice Chairman Burke, Ranking Member Sykes, and Members of the Finance Committee, my name is Sharon Shaffer and I am 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 the Columbus, Toledo, and Cincinnati metro areas. Our Senior Housing Group has introduced an expanded product line, *The Ashford Communities*, including most recently, The Ashford at Sturbridge in Hilliard. These communities provide outstanding care for seniors at an affordable price point in an Assisted Living setting. 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.

Access to the Assisted Living Waiver (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. We are here today asking for an increase because the current price point of \$69.98 per day for the ALW is not sustainable.

While we are appreciative of the \$1.88 per day increase included in the House Passed Version of H.B. 166, we are here today to request a more appropriate level of reimbursement. Simply put, without a more sustainable reimbursement rate, the trend of increasing the private pay percentage of individuals and decreasing the ALW percentage of individuals in Assisted Living communities will continue until those providers utilizing the ALW become non-existent.

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. The time to enact fiscally sound initiatives in the state Medicaid budget is now.

We have included a chart entitled "Medicaid Waiver Analysis" at the end of this testimony that helps illustrate how costs have increased while our reimbursement has remained stagnant. 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 the \$69.98 per day to \$87 per day, which would adequately raise the reimburse rate to a sustainable level.

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.

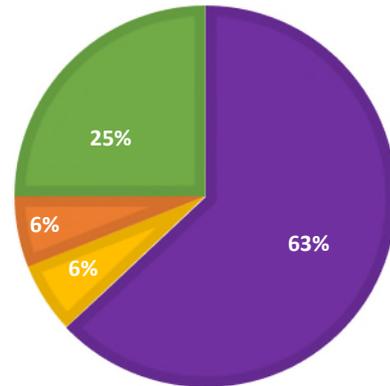
The reimbursement amount for the ALW has not changed since the program was established in 2006; **the program continues to operate at 2006 rates.**

The proposed increase is based on the increase in operating expenses over the period the ALW 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%
	<b>100%</b>

### 12- YEAR OPERATING EXPENSE ANALYSIS (2006-2018)

(percentage increase)

EXPENSE CATEGORY	INCREASE	WEIGHTED
	(CPI, EPI and COLA)	(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
<b>Operating Expenses (Weighted 12-year Increase)</b>		<b>27.2</b>

### 12- YEAR NATIONAL EXPENSE TRENDS (2006-2018)

(percentage increase)

<b>CPI Total Expenditures</b>	<b>24.4</b>
<b>COLA</b>	<b>26.3</b>

\*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
<b>Percent Change (2006-2018)</b>		<b>27.9</b>		<b>29.5</b>		<b>25.9</b>		<b>25.1</b>	<b>26.3</b>

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

"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