



National Church Residences
EXCELLENCE THAT TRANSFORMS LIVES

House Bill 49 (Smith) Operating Budget
Ohio House Finance Subcommittee on Health and Human Services
Interested Party
Tuesday, March 14, 2017

Chairman Romanchuk and members of the House Health and Human Services Subcommittee, my name is Mark Ricketts and I am the President and CEO of National Church Residences. We are an Ohio-based, nonprofit leader in integrating housing, health care and supportive services, serving seniors of all income levels and their families. In addition to being the nation's largest nonprofit developer and manager of affordable senior housing, our model of person-centered care also includes health facilities throughout Ohio providing adult day health, assisted living, skilled nursing, rehabilitation, outpatient therapy, home health care and hospice. We also operate supportive housing for formerly homeless individuals in Ohio. (Attached is a map of our Ohio housing and health care footprint.)

On behalf of National Church Residences and LeadingAge Ohio, thank you for the opportunity to provide testimony on House Bill 49. I am here today to share our experience as a provider of many of the Medicaid services included in this budget, and the workforce issues implicated by the rates under consideration.

Effective January 1, 2016, National Church Residences embarked on a five-year initiative to provide a living wage to all employees, reflecting our effort to exemplify our core values of compassion and commitment to respecting all of our employees. More than half of our workforce, consisting of 1,423 employees, will receive an upward living wage adjustment in 2017. With just a few exceptions, these are all workers in the field.



These are the people on the front lines of our mission work, entering the homes and touching the daily lives of our most vulnerable neighbors, friends, and family. Despite the fact that we are challenged with inadequate reimbursements, a complex health care system, and dwindling resources to provide affordable housing, we determined that we simply could not, in good conscience, continue to pay our employees a wage that wasn't lifting them up and out of vulnerability too.

However, this wasn't just the right thing to do – we enacted the living wage increase as a part of our effort to become an employer of choice in both housing and health care, in order to attract and retain high-caliber talent in an increasingly competitive labor market for direct-care workers. We, along with our fellow providers, are plagued with caregiver shortages and high turnover rates in our assisted living, nursing home, and home care businesses. We struggle to find qualified applicants, and then struggle to keep them as they leave for other higher paying and less-demanding non-health care positions. Frankly, caring for vulnerable and frail elderly is hard and taxing work, and as an employer we are competing with the Walmarts and the McDonalds of the world for staff. And, as we all know, this critical shortage will only get more acute as the elder demographic continues to grow exponentially with the aging of the baby boomer generation.

In 2016, turnover in National Church Residences' skilled nursing facilities was an average of 46%. In our home and community-based services agencies, it was an average 53%, with some positions above 100%. Believe it or not, these numbers are actually better than industry averages. Even under the best of circumstances, high



turnover undermines the quality of care, and resident satisfaction consistently declines with increases in turnover. Data collected from our skilled nursing facilities shows a direct correlation between staff turnover and the quality of resident experience. Simply put, securing and maintaining a stable workforce of caregivers is essential to doing this work, and doing it well.

Caregiving is at the very heart of National Church Residences' mission – we have to put our money where our mouth is when it comes to showing how that work is actually valued in our company's culture and in our society at large. If we want our caregivers to show up every day prepared to provide excellent care for our vulnerable seniors, both in our skilled nursing facilities and in the home, we simply have to reward their work with competitive wages and benefits. We've made this commitment despite the fact that we operate at a loss in providing Medicaid services. For example, we lose approximately \$4 per hour of PASSPORT service provided. With respect to the assisted living waiver, our market-driven operational expenses continue to rise while our reimbursement has not, meaning that we typically care for waiver recipients at a loss. Given this dynamic, at least one of our buildings with 70% waiver recipients will no longer be able to operate in three to five years. Our skilled nursing facilities are already strained; the cuts proposed in the Governor's budget would be catastrophic, causing an estimated loss of approximately \$630,000 in FY 2018 alone. Without fair Medicaid reimbursement rates in both home and community-based services and skilled nursing, even mission-driven, nonprofit providers such as National Church Residences will be forced to scale back on the services it can provide under these programs.



National Church Residences is doing its part as an employer and a quality provider of the services needed to keep Ohio's seniors healthy and thriving in the lowest-cost setting possible. The rates established in this Medicaid budget will most certainly affect our ability to continue doing this work across the continuum of care, by either making or breaking our ability to secure and maintain the workforce we need to fulfill our mission. The people caring for our most vulnerable older Ohioans should not themselves have to live in poverty by virtue of their service to this noble mission. Given this, I urge you to pass a budget that includes the proposed additional investments in Medicaid home and community-based services, but that also restores the cuts that have been proposed to skilled nursing rates.

Thank you for your time today and I welcome any questions.

Mark Ricketts
President and CEO
National Church Residences

