

**Senate Finance Health & Medicaid Subcommittee
National Church Residences Testimony re: Sub HB 49
Tuesday, May 16, 2017**

INTRODUCTION:

Chairman Hackett, Vice Chair Tavares, and members of the Senate Finance Health & Medicaid Subcommittee, thank you for the opportunity to testify today on behalf of National Church Residences and LeadingAge Ohio regarding Ohio's operating budget for the next biennium. I am Terry Allton, Senior Vice President of National Church Residences' Home and Community Services Division. National Church Residences is 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 home health care, adult day health, assisted living, skilled nursing, rehabilitation, outpatient therapy, and hospice. We employ roughly 3,500 people nationwide.

Today I am here to share our experience as a provider of many of the Medicaid services included in this budget, and to talk with you about the importance of appropriately funding vital home & community-based services (HCBS) for Ohio seniors that, consistent with Ohio's stated policy goal, helps keep them in their homes and out of more expensive levels of care, including PASSPORT waiver aide services, adult day, and Assisted Living Waiver services. Funding for these programs not only impacts the vulnerable seniors that we serve, but also has far-reaching workforce implications for the providers of these services.

PASSPORT WAIVER

Perhaps the most important home care waiver to Ohio's aging population is PASSPORT. Eligible PASSPORT recipients are age 60 or older; financially eligible for Medicaid institutional care; frail enough to require a nursing home level of care; and able to remain safely at home with the consent of their physician.

National Church Residences provides PASSPORT services to the low-income seniors who live in our affordable senior housing communities. These services include, for example, assistance with bathing, grooming, dressing, eating or feeding, mobility, and toileting. Our Aides are part of a team of home and community-based staff who are typically the first line of defense in identifying whether clients have additional needs, such as skilled home care services, or an immediate nurse visit in order to prevent a trip to the Emergency Room or hospitalization. Because we are an organization who provides all of these services, we can surround our residents with the direct care they need at the time they need it, keeping them in their homes aging in place longer rather than in more costly settings, and helping to avoid unnecessary utilization of costly medical services.

We see firsthand the difference that PASSPORT services make in the lives of our clients and the corresponding savings realized by the healthcare system by caring for seniors in their homes; however, our largest obstacles as a provider are severe underfunding and inadequate reimbursement rates. There is a stark disparity between the cost of providing these services and the current reimbursement rates. **National Church Residences loses \$4 per hour of PASSPORT services provided.** We essentially pay to provide these critical services to vulnerable Ohioans. As a result, quality, non-profit providers across the state are discontinuing these services because they simply can't sustain the losses. We frequently turn down potential clients outside our affordable housing communities, even when the referring agency calls about the same client up to three times, because we simply can't afford to expand our service reach. The need for these services far outpaces resources and providers able to meet it, and this gap is only going to continue to grow along with Ohio's exploding senior demographic.

When Ohio's low-income seniors don't have access to these services, they inevitably end up in more costly care settings simply because they have nowhere else to go to receive the care they need. For these reasons, we respectfully urge you to restore the additional investments in PASSPORT nurse aide rates included in the Administration's proposed budget.

ASSISTED LIVING WAIVER

Turning to another home & community-based service, the Assisted Living (AL) Waiver is another tool helping older Ohioans to age with dignity in their homes. The AL Waiver allows Medicaid-eligible seniors who need a nursing home level of care to stay in the community and receive around-the-clock AL Waiver services, instead of having to move to a Skilled Nursing Facility (SNF). **There is no doubt that the AL Waiver is a great investment for the State of Ohio: for 10 Ohioans, nursing home care would cost Medicaid \$516,000, while the AL Waiver would only cost \$193,000, saving \$323,000.** Put another way, the AL Waiver can serve 2.7 Ohioans for every 1 served in a nursing home.

However, underfunding plagues this program as well, and the cost of providing the service far exceeds the current reimbursement rate, which has remained stagnant in recent years. For example, at just one of our facilities, National Church Residences loses \$30 per day per AL Waiver client served. This disparity only grows greater as overhead continually increases. As a result, even mission-driven, non-profit providers such as National Church Residences are forced to accept fewer and fewer AL Waiver clients. At the current trajectory, we project that at least one of our AL facilities with 70% waiver clients will be unable to continue operating in 3 – 5 years. Fewer providers means more vulnerable Ohioans forced into more expensive care settings prematurely.

However, investment in AL Waiver now will yield long term Medicaid savings and help to curb overall Medicaid growth, which is why we respectfully urge you to restore the increases to the AL Waiver rates included in the Administration's proposed budget.

WORKFORCE IMPACT

The rates established in this Medicaid budget will most certainly affect National Church Residences' ability to continue doing this necessary 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. We, along with our fellow providers, are plagued with caregiver shortages and high turnover rates. 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 Walmart and McDonalds for staff. And, as we all know, this critical shortage will only get more acute as the elder demographic continues to grow exponentially in the coming years.

In response to this dynamic, and in addition to a conviction that **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**, National Church Residences recently embarked on a five-year initiative to provide a living wage to all employees. This is a central 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.

More than half of our workforce have or 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.

CONCLUSION

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. Additional investments now in home & community-based services like the PASSPORT and Assisted Living Waiver programs will yield long term healthcare savings, in addition to giving our seniors the care they need, where they most want to receive it. Such investments are also necessary in order to allow quality, nonprofit providers to continue operating and to attract, retain, and fairly compensate the workforce required to do this work. For these reasons, I urge you to pass a budget that makes the additional investments in Medicaid home and community-based services included in the Governor's proposed budget.

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

Terry Allton
Senior Vice President, Home & Community Services