

**Senate Finance - Health and Medicaid Subcommittee****Interested Party Testimony****May 24, 2017**

Good morning Chairman Hackett, Vice Chair Tavares and Members of the subcommittee, my name is Sharon Shaffer and I am Senior Vice President of Senior Living Development 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.

In a broader context, Wallick Communities owns/manages over 9,800 units in 148 apartment communities, making us the largest owner/manager of affordable housing statewide. Our home office is located in Reynoldsburg, Ohio and we employ 569 Ohioans throughout the state.

As you have heard others testify in front of this committee and as you are aware, Ohio's population is aging rapidly. 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.

Wallick Communities is a member of the Ohio Assisted Living Association (OALA) and this committee heard testimony from Executive Director Jean Thompson last week. We wanted to make you aware of an escalating problem from a provider's view. Access to the Assisted Living Waiver (ALW) is currently limited and opportunities will become scarcer due to the low reimbursement rate that Assisted Living communities like Wallick receive for ALW residents. Our current mix of private pay versus ALW is approximately 80% (private pay residents) to 20% (ALW residents). The percentage for ALW residents will continue to decrease if the reimbursement rates remain stagnant.

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 approximately \$69 per day. We are requesting a rate adjustment because the current price point is not sustainable even for the leanest of business models. Increased access to the ALW will benefit both older Ohioans and Ohio taxpayers alike.

We have attached a chart entitled "Medicaid Waiver Analysis" that helps illustrate how we arrived at our initial request. The proposed increase is based on the increase in operating expenses in the ten years since the ALW has been in existence. Since 2006 COLA has increased

by 24 percent and CPI Total Expenditures has increased by 19.3 percent. Thus, in our initial request, we were asking for a reasonable 20 percent increase, which approximately equates to an increase from \$69 per day to \$84 per day.

Of course we would welcome that increase by the Senate, but understand that full amount may not be possible given current budget dynamics. Thus, we are requesting the Senate to remove the language prohibiting any increase to the Assisted Living Medicaid Waiver rates. We are also respectfully asking the Senate to restore at a minimum, the funding allocated in the Executive Version of the budget bill. This equates to 13 million dollars in state funds and approximately 34 million dollars in all funds. Ideally, this rate adjustment would occur in both years of the biennium.

Further, the reimbursement rate for the ALW is not appropriately priced in comparison to other programs that provide similar services illustrated by the chart prepared by the Ohio Assisted Living Association. 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 attached this chart to our testimony.

Thank you for the opportunity to testify and share our perspective as a provider of Assisted Living services. Joe Gulling, Senior Vice President of Living Operations has accompanied me today and we would be happy to answer any questions you may have for us.

MEDICAID WAIVER ANALYSIS

The Ohio Assisted Living Association has proposed a 20% increase to the State of Ohio Medicaid Assisted Living Waiver.

The reimbursement amount for the Medicaid Assisted Living Waiver has not changed since the program was established in 2006; the proposed increase is based on the increase in operating expenses in the 10-years since the Medicaid Waiver has been in existence.

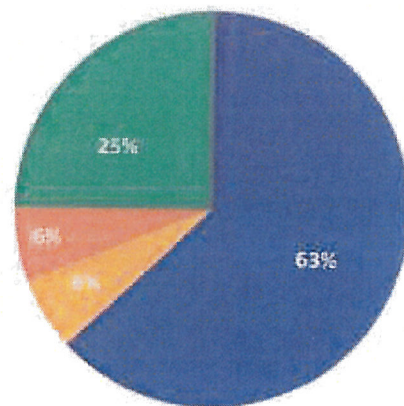
There are 4 key operating expenses that directly impact the overall efficiencies of the operations of an Assisted Living community:

OPERATING EXPENSE DISTRIBUTION

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

OPERATING EXPENSE DISTRIBUTION

■ Payroll ■ Food ■ Utilities ■ Other



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

10- YEAR OPERATING EXPENSE ANALYSIS (2006-2016)

(percent)

EXPENSE CATEGORY	INCREASE (CPI, EPI and COLA)	WEIGHTED (Based on Expense Distribution)
Payroll & Benefits	21.7	13.7
Food	25.4	1.5
Utilities	21.0	1.3
Other*	19.3	4.8
Operating Expenses (Weighted 10-year Increase)		21.3
CPI Total Expenditures (10-year Increase)		19.3
COLA (10-year Increase)		24.0



OHIO ASSISTED LIVING ASSOCIATION

*A cost comparison of Medicaid programs
providing similar services to the Assisted Living Waiver program.*

MEDICAID Reimbursement		
Assisted Living Waiver Service	24 hours per day service package	Tier 1 \$49.98/day* Tier 2 \$60.00/day Tier 3 \$69.98/day
Certified Adult Day Services	4-8 hours (Transportation & additional services billed separately)	Enhanced \$49.39** Intensive \$64.84
PASSPORT Personal Care Service	4 hours	\$71.84 (\$17.96/hr)**
Shared Living	Occasional Continuous	Level I: \$77.20/day*** Level II: \$113.90/day
Nursing Home	24 hours per day	\$ 177.31/day ****

Source: *OAC 5101:3-1-06.5 Appendix A

**ODM proposed rate – effective January 2017

***Ohio waiver application to CMS

**** Ohio Department of Medicaid-(July 2016 rate increase not included)

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.