



Testimony to the Senate Finance Subcommittee on Health and Medicaid

The Ohio Assisted Living Association, May 2019

Jean Thompson, OALA Director

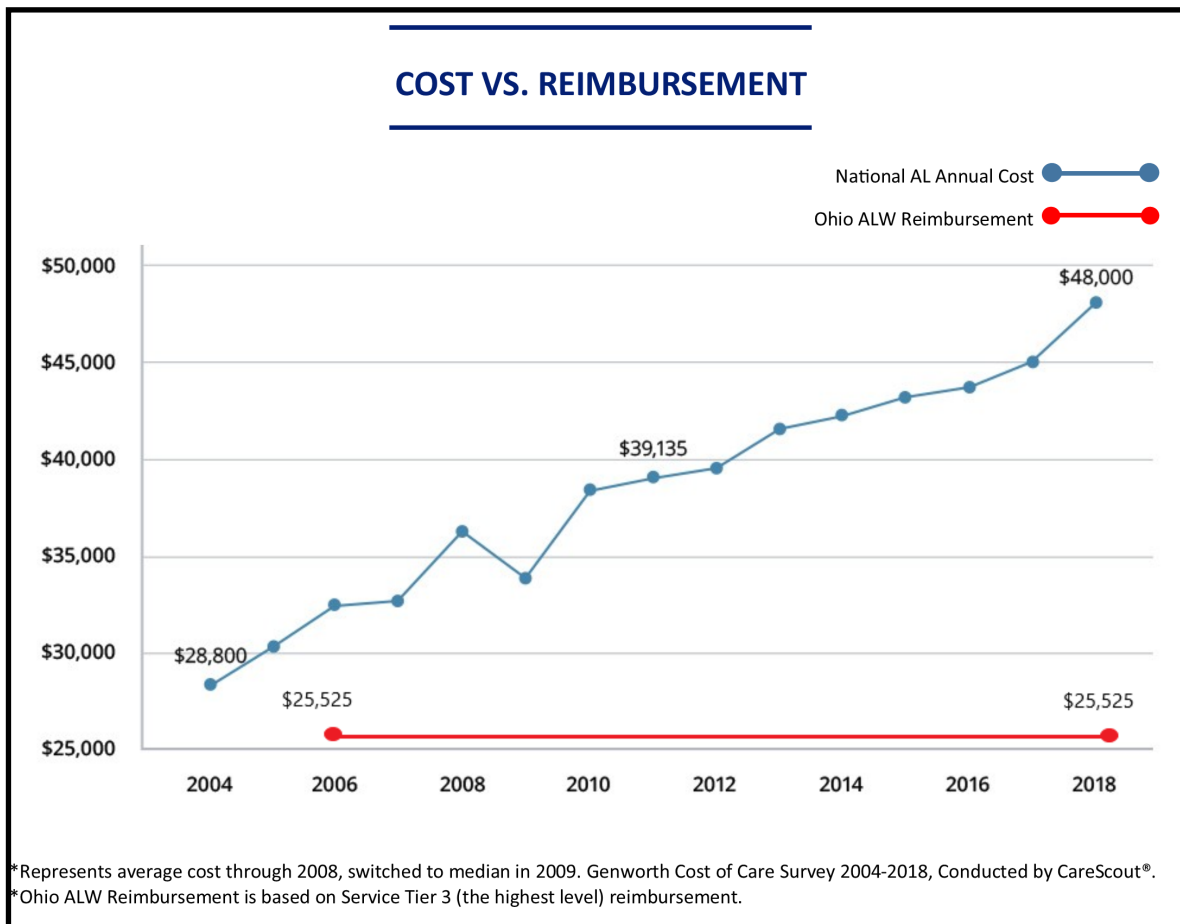
Chairman Hackett, Vice-Chairman Huffman, Ranking Member Thomas and Members of the Senate Finance Subcommittee on Health and Medicaid:

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. While we appreciate the 2.7% increase per tier, in the current substitute house bill 166, it is not enough. It amounts to an additional \$1.88 per day on the highest tier (level).

This valuable program has never had an increase in reimbursement since its inception in 2006. The range of reimbursement increase offered is \$1.35—\$1.88 per day. This does not come anywhere close to covering the increased costs over the last 13 years to providers.

Below is a chart from Genworth Financial showing the increased cost to providers to provide 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 stayed stagnant. **All individuals on the ALW are medically and financially qualified for nursing home care. The average daily cost of nursing home care is \$196.00 per day.**



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.

We need a more significant increase to 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?

Year	Employment Cost Index (EPI)		Consumer Price Index (CPI)				COLA!
	Payroll & Benefits		Food		Utilities		
	IP^	% Change	IP+	% Change	IP+	% Change	
2006	100.9		196.5		190.9		4.1
2018	129.1		253.8		240.7		2
Percent Change (2006-2018)		27.9		29.2		26.1	26.3

"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. **Nursing home reimbursement averages a \$196/ per day.**

PROGRAM COST COMPARISONS

Medicaid Reimbursement		
Assisted Living Waiver (ALW)	24 hours per day (Service package)	Tier 1 \$49.98/day * Tier 2 \$60.00/day Tier 3 \$69.98/day
Nursing Home (SNF)	24 hours per day	\$196.00/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)**

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

**OAC 5160-1-06.1 Appendix A

*** Ohio Department of Medicaid-01/2019

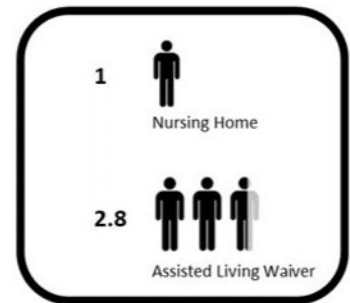
OALA has prepared this comparison to highlight the Medicaid reimbursement rates for programs with similar services to the Assisted Living Waiver (ALW), being provided to older adults in Ohio. The other programs are not “overpaid”, but this chart shows that **the reimbursement for the ALW falls way below 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
Total Annual Cost				\$140,142,772
Nursing Home Cost	5526	365	196.00	\$395,330,040
Added Cost to Medicaid				\$255,187,268



The Assisted Living Waiver is good for Ohio!

We want to work with your Committee on the start already made in substitute HB 166 in terms of an increase in the Assisted Living Medicaid Waiver, but petition you to make it a more realistic increase after 13 years without one. 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.



Jean Thompson, Executive Director
 The Ohio Assisted Living Association
 1335 Dublin Road, Ste. 206A
 Columbus, Ohio 43215
 jthompson@ohioassistedliving.org
 614.481.1950