

## **House Families, Aging, and Human Services Committee**

### **Proponent Testimony on House Bill 572**

**November 17, 2022**

**Pete Van Runkle**

Good morning, Chair Manchester, Vice Chair Cutrona, Ranking Member Denson, and members of the committee. It is my pleasure this morning to offer testimony in support of House Bill 572, pertaining to Ohio's Assisted Living Waiver program.

I am the Executive Director of the Ohio Health Care Association, which is the state's largest organization representing long-term services and supports providers and the people they serve. You may be more familiar with OHCA as representing skilled nursing facilities, but our members also include home care, hospice, ID/DD services, and of importance for this hearing, assisted living providers. We currently have 322 assisted living communities in membership and appear today on their behalf.

We are extremely grateful to Representative Ginter for introducing HB 572, which addresses the long-standing problem of inadequate reimbursement for assisted living in Ohio's Medicaid waiver program. Inadequate reimbursement over the years has led inevitably to lack of access to assisted living for Ohio seniors who do not have the means to pay for services privately.

Ohio is home to nearly 800 assisted living communities, of which only a little over half participate in the Assisted Living Waiver. This fact in itself limits access, but even more so, most waiver providers restrict their participation to only a few Medicaid beneficiaries because they simply can't afford to take more. It is this problem that HB 572 aims to solve.

We also appreciate Representative Ginter's patience in hearing the voices of stakeholders in painstakingly crafting HB 572, which is now in its 12<sup>th</sup> iteration, to respond to the need in the most effective way possible. The measure as it stands today builds upon the foundation of an innovative approach from New Jersey, creating a tiered reimbursement system that rewards providers for taking increasingly greater numbers of waiver beneficiaries.

Assisted living can be viewed as an intermediate level of service for seniors, offering an option between home care and skilled nursing care. Many older people cannot safely live at home, even

with in-home care, but do not need the more intensive level of care provided in a skilled nursing facility. The problem is that it is extremely difficult to get into assisted living if you do not have the ability to pay privately for an extended period of time before going on Medicaid.

My late mother is a good example. She lived in an apartment for 20 years before her advancing dementia made it unsafe. She did not have significant medical issues, but needed a supervised environment and a small amount of personal and nursing care. Assisted living was right for her, but she did not have the assets to pay for it for more than a few months. At the time, I was able to locate only one assisted living community in the area that would take a waiver beneficiary without a private-pay duration of stay of 18-24 months, and that community had a 6-month waiting list. Eventually, I was able to find another assisted living option, where my mother lived happily for the remaining 6 years of her life. Others searching for affordable assisted living often are not so fortunate.

While there are some assisted living communities in Ohio that serve large numbers of waiver beneficiaries, they are few and far between. Most communities that take the waiver at all only serve existing residents who run out of money after a fairly lengthy private-pay stay that most cannot afford. The end result for many seniors is to continue living at home, with potential negative health and safety consequences and high anxiety for their families, or to move into a SNF, which delivers a level of care that they do not need and is far more costly to the state. As an organization representing all stops on the continuum of care, we support Ohioans having access to the level of service they need, not forcing them to stay in a care setting inappropriate for their needs.

This unfortunate lack of access exists because Ohio's Assisted Living Waiver pays rates far below the cost of operating an assisted living community and providing care for residents. Communities that participate in the waiver may be able to subsidize a few waiver beneficiaries from private-pay revenue, but not nearly enough to meet the need. There are thousands of seniors across the state who cannot gain access to assisted living for this reason and this reason alone.

Ohio's Assisted Living Waiver currently has three tiers of reimbursement, supposedly based on the needs of the resident. Even at the highest tier, the rate is \$76.67 per day, or about \$2,300 per month. In addition, the waiver provider can charge the resident \$841 per month for room and board, for a total of \$3,141. Even back in 2015 when I was looking for assisted living for my mother, the monthly private-pay fee was over \$5,000, which generally reflected the costs that the provider incurred in operating the community and delivering care. Since then, as we all know, the COVID-19 pandemic and resulting economic factors have driven the cost of everything much higher, particularly the cost of labor. In today's environment, a persistent workforce shortage requires assisted living providers to pay higher wages in an effort to attract staff or to use expensive temporary staffing agencies.

In the meantime, Assisted Living Waiver rates, already far below the cost of care, have not kept up. The rates did not change at all for the first decade-plus of the program. More recently, we

are grateful for a couple of single-digit rate increases that at least brought the rates up to their current level. But it is far from enough to solve the access problem.

HB 572 brings a targeted solution by providing a direct incentive for waiver providers to increase the number of Medicaid beneficiaries they serve and, indirectly, to bring more providers into the fold. The bill accomplishes all of this while keeping the cost of Medicaid assisted living well below the SNF alternative.

HB 572 would authorize the Departments of Medicaid and Aging to create a new tiered system of reimbursement based on the proportion of Medicaid beneficiaries that a provider serves. The tiers would be reimbursed at increasing percentages of the average SNF rate, which is now approximately \$231 per day. Under the bill, if implemented by the state, waiver rates would look something like the following:

<b>Percentage of waiver beneficiaries</b>	<b>Percentage of SNF rate</b>	<b>Assisted living daily rate</b>
0-15%	N/A	\$76.67
15-30%	35%	\$80.85
30-50%	40%	\$92.40
50-70%	50%	\$115.50
> 70%	60%	\$138.60

Even using the highest tier and adding \$28 per day for room and board, the total of \$166 is still far below the average SNF rate of \$231 per day. On a monthly basis, though, the rate starts to approach the provider's cost of care in assisted living – which is also much less than the cost of care in a SNF – for those communities with the highest proportion of waiver beneficiaries. The increasing tiers of rates for taking more waiver beneficiaries creates an incentive for providers to expand their waiver participation at a time when it is desperately needed.

In addition to incentives for expanding access, the genius of HB 572's approach also lies in tying Assisted Living Waiver rates to SNF rates. This methodology makes the assisted living rates dynamic into the future – when SNF rates increase, reflecting higher costs of care, assisted living rates increase too.

In conclusion, we urge this committee's favorable consideration of HB 572 and hope that it can be incorporated into an omnibus measure that will ensure its passage during this legislative session.

I thank you for the opportunity to testify and am happy to answer any questions the committee may have.