



**Testimony on Ohio House Bill 572**  
**Megan Kelley, Ohio Assisted Living Association (OALA)**  
**House Families, Aging & Human Services Committee**  
**December 1, 2022**

Chair Manchester, Vice Chair Cutrona, Ranking Member Denson, and members of the Committee, thank you for the opportunity to provide testimony as an interested party on HB 572, which requires the Departments of Aging and Medicaid to establish programs to provide payment to residential care facilities (RCFs) that have a certain proportion of residents who are Assisted Living waiver (ALW) recipients. I am Megan Kelley, the Executive Director of the Ohio Assisted Living Association (OALA), a professional trade association representing over 600 of Ohio's 798 licensed assisted living facilities.

Prior to joining OALA as Executive Director earlier this year, I spent nearly a decade in service with a nonprofit provider of senior living, including assisted living and affordable housing, that focuses predominantly on serving our most vulnerable, low-income older adults. Much of my work over that time focused on developing and advocating for programs and policies to not only stabilize the entire ALW program, but to advance a sustainable affordable assisted living model as well.

For purposes of your consideration of HB 572, it is important to keep in mind that, when it comes to serving Medicaid recipients, Ohio's assisted living communities generally fall into one of three categories:

1. Communities that are predominantly "private pay," with a small handful of ALW spots available for existing residents that "spend down" their resources over a period time, thereby becoming eligible for Medicaid. These communities have had to drastically scale back the number of waivers they can accept over the years due to inadequate reimbursement. Not only that, but these providers have had to increase prices for private pay residents to subsidize losses on waiver residents.
2. Communities that are exclusively private pay, meaning that residents typically must relocate once their private resources are exhausted. OALA has many members who successfully serve Medicaid waiver residents in other states but cannot do so in Ohio at all because of the reimbursement.
3. "Affordable" assisted living communities, which serve a larger percentage of or exclusively serve Medicaid residents. These communities will accept a waiver

resident from Day 1, meaning that no spend down is required. Inadequate and stagnant Medicaid reimbursement has made it virtually impossible to sustainably develop and operate this type of community in Ohio.

Most Ohio's licensed assisted living communities fall into the first two categories. In fact, I can think of fewer than a dozen communities across the state that will consistently accept a waiver resident from Day 1.

The Sponsor and Proponent Testimony offered a few weeks ago very eloquently articulated two of the critical, and yet distinct, problems caused by the way this system is structured and impacted by very low reimbursement.<sup>1</sup> The first issue arises when a private pay resident spends down his/her resources and faces the unfortunate likelihood that their community may not accept the waiver at all or may not have any spots available. That resident is faced with the prospect of having to leave his or her home and robbed of the ability to age in place. This leads to our second problem, which is that the market offers very few options for individuals that need a Medicaid waiver placement upon admission, instead of after a period of private pay. So that resident who is now Medicaid eligible will have a hard time finding a new placement. This second problem means that *both* "spend down" waiver recipients, *and* members of the greater community who are already waiver eligible, have very limited access to assisted living.

While these issues are related, they require slightly different solutions to stabilize the entirety of the ALW program in a way that preserves resident choice and creates more care options for resource-constricted Ohioans. HB 572, in its current form, will largely help to address the issues faced by that third category of assisted living communities by creating a reimbursement structure that will incentivize the development and operation of more "affordable" communities that serve higher proportions of waiver residents and do not necessarily require a spend down. While this, in and of itself, is a necessary part of the solution, it alone is not enough and may drive unintended consequences.

The New Jersey program on which HB 572 is modeled addresses both problems. It includes the tiered reimbursement structure for communities that accept higher proportions of waivers, thereby promoting more affordable assisted living. However, it also includes a base increase of \$20/day/waiver for *all* waiver providers, regardless of how many waivers a community accepts. This provision would make it more feasible for more private pay providers to accept more waivers in their communities, though perhaps never to the higher thresholds of the proposed tier structure. This creates more space for their own "spend down" residents to remain in their communities and age in place once their resources are exhausted, while also creating more affordable options immediately accessible to waiver recipients coming straight from the community.

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<sup>1</sup> In Ohio, the cost of care in assisted living increased by 6.55% from 2020 to 2021, now averaging **\$152 per day**, or **\$55,620 per year**, and the reimbursement at Tier III is roughly half that (<https://www.genworth.com/aging-and-you/finances/cost-of-care.html>).

Without the base increase for all providers alongside the tiered incentive for affordable assisted living, we will inevitably see segregation of waiver buildings versus private pay buildings, over time eroding resident choice and overall integration of the system. It's also important to point out that the mounting losses assisted living providers experience with each Medicaid waiver client end up driving up costs for private pay residents – thereby accelerating the rate of spend down for other residents as well, and prematurely growing the Medicaid rolls.

OALA very much appreciates that the Bill sponsors have shone a light on this issue, and it is our earnest hope that an expanded version of the legislation will help to stabilize the entirety of the ALW program and better prepare Ohio to address the needs of our rapidly aging population, effectively and efficiently. Thank you for your time, and I would be happy to answer any questions.

Respectfully submitted,

Megan Kelley, Executive Director  
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