



**Dave Cocagne, Chairman
Silver Birch Living
Expansion of Ohio Affordable Assisted Living
Written Testimony
House Finance Committee
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Chairman Roemer, Ranking Member West and members of the House Health and Human Services Sub-Committee, my name is Dave Cocagne and I am the Chairman of Silver Birch Living. Silver Birch has developed an innovative business model that makes quality assisted living affordable for everyone. Residents of all means—including those who qualify for financial support—can enjoy a lifestyle of unmatched quality and personalized service.

Silver Birch Living wants to partner with the State of Ohio to address housing the elderly and underserved residents of Ohio in home and community-based settings by developing affordable assisted living communities statewide. This will save the state's Medicaid program tens of millions of dollars annually, generate \$500 million of investment, create hundreds of jobs, and provide better quality of life for elderly Ohioans.

According to the US Census, the number of people aged 65 and older in Ohio is projected to rise 33% over the next 15 years to more than 2.3M people. This stems from average life expectancy increasing from 68 years in 1950 to 78.9 years this year. Demographics alone will place enormous burdens on the healthcare system and state Medicaid budgets. Increasing rates of obesity and Alzheimer's disease will only amplify this trend. As a result, states and MCO's desire to shift seniors out of high-cost settings while still addressing social determinants of health as they age.

Public Policy Benefits

Low- and moderate-income seniors that qualify for nursing home care currently have few, if any, options outside an institutional setting (i.e., skilled nursing facility). This population seeks a better quality of life with greater independence in a less institutional setting. Many are forced into nursing homes even when they do not require that level of costly care. If affordable assisted living is expanded, it will create an additional housing choice while creating economic development benefits in the local communities. Each 120-unit AAL community creates 35-40 full time jobs with nearly \$2M in annual payroll and benefits along with an investment of approximately \$25M per community.

Benefit to Ohio's Veterans

Due to the unique nature of the structure of Silver Birch Living facilities, we have been able to reach many populations that would not have otherwise had access to a stable living environment. This includes Ohio veterans. According to census data, Ohio has the sixth largest population of veterans in the United States and has over 43,000 low-income veterans that have one or more disabilities. Silver Birch has a team of experts committed to helping veterans navigate the process for receiving needed financial assistance. Programs include prescreening and financial consulting. We also partner with Veterans Financial to answer specific questions regarding veterans benefits and the application process. We currently serve 72 veterans in our 9 assisted living communities in Indiana.

Expansion into Ohio Communities

A third-party market analyst has identified over 20 cities and towns within the state of Ohio that have significant populations of seniors over the age of 75 with two or more physical disabilities earning incomes that would qualify them for more affordable housing options. Typically, 60-65% of seniors over age 75 qualify for such housing. Providing assisted living services to this underserved population would create more than 700 jobs and have the potential to reduce Medicaid spending in Ohio by \$80M annually when compared to the more costly setting of skilled nursing homes (each senior that opts for AL housing instead of SN saves Ohio Medicaid approximately \$33,500 per year, multiplied by 20 communities with 120 residents each). Such a program would support the Center for Medicare and Medicaid Services' stated goal to help rebalance Medicaid expenditures.

In partnership with the Indiana executive and legislative branches, including the sister agencies to the Ohio Departments of Medicaid and Aging, Vermilion Development and Silver Birch Living deployed a similar strategy in Indiana. There the statewide population is roughly half of the population of Ohio. In Indiana, Vermilion was able to identify and develop nine assisted living communities in which a similar demand for affordable assisted living existed. These communities, all constructed and open, now serve over 900 residents, employing over 450 people, while representing more than \$200M invested throughout the state. Indiana's willingness to expand its housing choices for seniors in an effort to rebalance its Medicaid spending was predicated on a rate increase for assisted living waiver providers.

Affordable Assisted Living Features

Silver Birch Living communities provide for the three social determinants of health for seniors: food, shelter, and support services. Assisted living communities provide support in all activities of daily living including medication management, bathing, meal preparation, and dressing. Our communities are designed to provide each resident with his/her own apartment. Included in each apartment are a full bathroom, kitchenette, bedroom and living area. Beyond the resident rooms, the communities are rich in amenity space. Residents have access to small and large gathering areas, communal dining rooms, libraries, exercise facilities, and outdoor walking paths.

We develop these communities with a financing structure that includes 4% low-income housing tax credits (LIHTC) and tax exempt, unrated municipal bonds. These two sources require

coordination with the Ohio Housing Finance Agency (OHFA) and municipal bond issuers. These financing sources enable every senior, irrespective of resources, to afford assisted living. In particular, residents often utilize Supplemental Security Income to pay for room and board; once their financial resources are exhausted (and assuming they are nursing facility level of care qualified), Medicaid pays for their services. This Medicaid waiver is key to the program's success. However, the waiver rate that Ohio Medicaid pays for these services did not increase from the waiver's inception in 2006 through 2018 (with a modest increase in 2019). The current top rate of \$73 per day, much lower than the equivalent rates in Indiana and Illinois, is too low to support ground-up construction of new facilities and is preventing the expansion of affordable assisted living in Ohio. Over this same time period that the waiver rate stagnated in Ohio, the Midwest consumer price index and the Ohio wage rates for assisted living and nursing homes have all increased by more than 20%.

The Path Forward

We respectfully request the State of Ohio increase the daily reimbursement rate for assisted living services for physically disabled seniors over the age of 65 in LIHTC financed communities by \$23 per day. This increase would trigger large-scale investment in affordable assisted living communities in Ohio, providing greater choice, independence and autonomy to low- and moderate-income Ohio seniors in a less institutional setting. It would have a direct impact on 20+ communities in Ohio where jobs will be created, and payroll and benefits spent locally. All of this while saving the state tens of millions of dollars and reducing the burden on Medicaid.

Thank you for the opportunity to provide written testimony. We look forward to continuing our work with you and the State of Ohio as we advance these important discussions.