



Testimony to the Full Senate Finance Committee on Amended HB 110 – May 13, 2021
Jean Thompson, Ohio Assisted Living Executive Director

Chairman Dolan, Vice Chair Gavarone, Ranking Minority Member Sykes and Members of the Committee,

Thank you for this opportunity to address you on Assisted Living and the state's upcoming budget. My name is Jean Thompson, and I am the Executive Director of The Ohio Assisted Living Association (OALA) representing 589 licensed Assisted Living communities. Our members represent the diversity of Assisted Living in Ohio; for-profit, not for profit, corporate entities, and single owner properties. While Assisted Living is primarily private pay, there is a small Medicaid Waiver program serving about 6638 people. This program would be larger were it not for the program's low reimbursement history. This would be good for Ohio as all individuals in it are nursing home eligible and without the Waiver would likely receive more expensive services in nursing homes. There are individuals waiting for placement in the Assisted Living Waiver program.

Since its inception in 2006, it has only experienced one increase and that came following the last budget. It was an increase of 3.25%. **Current rates are \$51.60, \$61.95, and \$72.26 per day dependent on Tier Level.** There are 3 Tier Levels with most residents in the program in Tier III. It is the only HCBS service program that provides 24-hour care availability as do skilled care facilities. It provides care when services at home are not enough, cannot be scheduled or require 24-hour oversight. Often it is prompted by the loss of additional support at home, for instance, the death of a spouse. The increasing need for dementia care and secure memory care unit placement is a need that will only grow and that can be uniquely met in the Assisted Living environment, but not without more supportive funding. The whole ALW program needs more funding to meet needs too.

Currently there are funds in the budget for a 4% increase in reimbursement for the program and we are grateful to the Administration for this proposed increase. While we appreciate the Administration's suggestion of the 4% increase, moving the reimbursement to **\$53.66, \$64.43, and \$75.15. It is not enough to cover costs.** Even before COVID it was not enough, and costs have significantly increased during COVID – for staffing, PPE, and disinfectant products. Additionally, Assisted Living communities have received very little financial or other supports such as PPE from Ohio or the federal government during the COVID crisis and are reeling from its effects combined with a decrease in occupancy during the state of emergency. The workforce shortage in all areas, especially healthcare, is very real and increasing. We need increased reimbursement in the Assisted Living Waiver to attract and keep staff, along with a more global state plan to address the workforce shortage.

Following testimony given in the House, leaders of the HCBS associations decided to unite and ask for a 5% increase across the board in each year of the budget. In reality, it is only a 1% increase in the first year of the budget in state share and a 5% increase in the second year. The amendment being offered in the Senate is SC2291 sponsored by Senator Romanchuk and others. We ask for your support of this amendment to ensure a **5% increase across the board in each year of the budget for Assisted Living** and the other HCBS services outlined in the amendment. Attached to my testimony today is a document showing the **5% increase in each year for the Assisted Living Waiver program, what the increases do to rates and cost to the State.** (Att. 1) Also attached is a document highlighting how reimbursement for this program has not kept pace with the cost to provide it, creating a disincentive for providers to serve ALW clients. (Att. 2)

The Assisted Living Waiver provides a private apartment, meals, snacks, activities, housekeeping and 24-hour access to help along with basic Activities of Daily Living (ADL) services and medication administration by a nurse dependent on an individual's Tier Level within the program. At the highest level currently, **the reimbursement is only \$72.26 per day plus \$24/day for room and board (this amount is set by the State but paid by participants)**. This reimbursement has not kept pace with the costs of providing care and cost of daily living. Imagine a nurse providing your medications 3 or more times a day to you, aides assisting you with dressing, bathing and personal hygiene, transferring/mobility issues or providing consistent cueing and redirection for memory impairment for just \$72 dollars per day. Or Imagine only \$24/day for a private apartment, all meals, snacks, utilities, housekeeping, and laundry services. Given these numbers, providers have simply not been able to expand this program to meet rising need based on the reimbursement. ***Please see attached materials providing the services in the Assisted Living Waiver.*** (Att. 3)

This is why we respectfully ask the Senate Finance Committee to ultimately approve more funding for the program than the State offered 4%, **in the hopes of increasing the program's availability to meet needs**. There are 791 licensed assisted living communities in Ohio now serving roughly 42,000 Ohioans. Many more apartments are available in the ALW program than providers can afford to fill with ALW residents. All elements of the LTC continuum are important and serve varying needs. Assisted Living is an important and large piece of the Ohio LTC landscape. The ALW is an important program and needs to be supported. It makes good sense to place individuals in programs that meet their needs and are also cost effective. **Attached is a document showing the potential savings of the ALW program.** (Att. 4)

I ask you to support a **5% increase in each year of the budget for the Assisted Living Waiver** and the other HCBS programs listed in the amendment. The Assisted Living Waiver is a money saving program for Ohio. All individuals on it are Nursing Home eligible and would likely or could go to a nursing home **except for the availability of the lower cost ALW placement**.

Thank you for your time and I would be glad to answer any questions I can.

Jean Thompson | Executive Director, jthompson@ohioassistedliving.org

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ASSISTED LIVING WAIVER PROPOSAL

Move from 4% in biennium to 5% increase in 2022 and 5% increase in 2023

What will this cost the State?

<u>TIER I</u>	<u>TIER II</u>	<u>TIER III</u>
<u>Proposed Reimbursement Rate</u>	<u>Proposed Reimbursement Rate</u>	<u>Proposed Reimbursement Rate</u>
1st Yr \$54.18/day 2nd Yr \$56.89/day	1st Yr \$65.05/day 2nd Yr \$68.30/day	1st Yr \$75.87/day 2nd Yr \$79.66/day

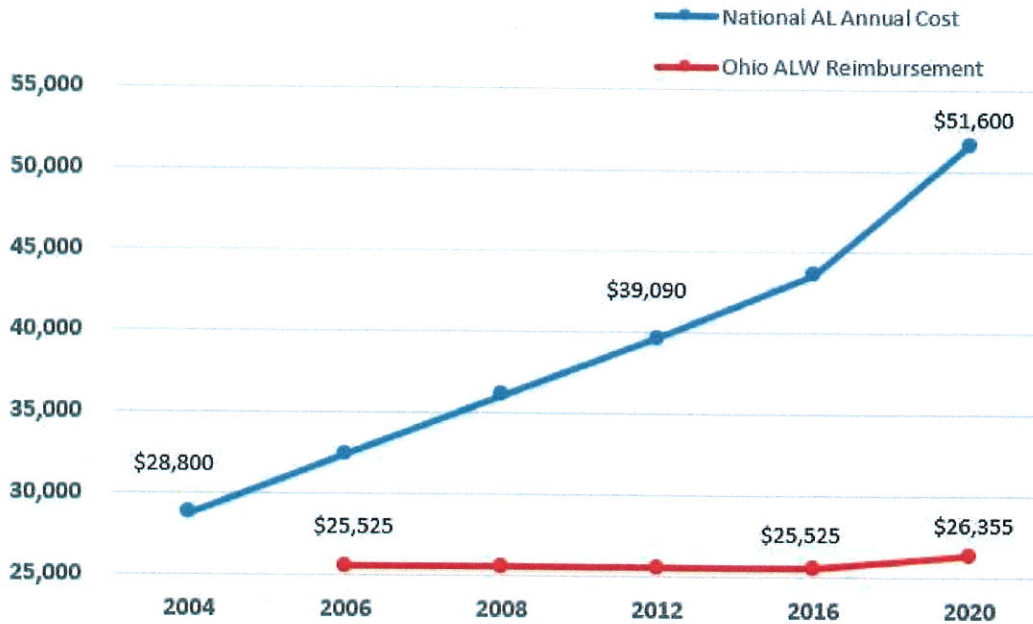
***In going from 4% to 5% in 2022, additional State cost
in the budget is \$323,125***

2022 State Share	\$34,042,746
2023 State Share	\$70,903,900

*2022 data used 184 days assuming increase would impact July 1st through end of December .
Average Daily Census (ADC) 6,638 based on 3,098 traditional as of 11/2020 and 3,540 MyCare as
of 2/28/2019. The numbers in ADC for each tier represent a mirrored percentage increase based
on prior year data.*



COST VS. REIMBURSEMENT



*Represents average cost through 2008, switched to median in 2009. Genworth Cost of Care Survey August 2020, Conducted by CareScout®.

*Ohio ALW Reimbursement is based on Service Tier 3 (the highest level) reimbursement.

Why Cost of Care is Increasing*

In response to this year's price escalations, we conducted a follow-up study to understand how COVID-19 is impacting the cost of care. Our research suggests that the following factors are contributing to rate increases:

- Wage pressures
- Regulatory changes (including updated CDC guidelines)
- Supply & demand
- Personal Protective Equipment (PPE) costs
- Employee recruitment & retention challenges
- Labor shortages

To view full Cost of Care 2020 Genworth Survey, visit: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

To view more on OH AL Waiver: <https://ohio.gov/wps/portal/gov/site/residents/resources/assisted-living-waiver-program>

*According to Genworth



ASSISTED LIVING OVERVIEW

Assisted Living (AL) is a combination of housing, personal care & nursing services designed to respond to an individual's needs. The needs can range from socialization to activities of daily living to medication administration, special diets & other nursing needs. AL combines care with dignity in a residential, home-like setting.

	Assisted Living	Assisted Living Waiver
Private or Shared Living accommodations	•	Private Only
3 Meals a day & snacks	•	•
24-hour staff availability	•	•
Maintenance	•	•
Security	•	•
Activities or Daily Programming	•	•
Medication Administration	•	•
Assistance with various activities of daily living: eating, bathing, dressing, mobility, transfers, grooming, personal hygiene	•	•
Laundry	•	•
Additional nursing services – intermittent	•	•
Transportation	•	•
Average Cost:	\$4,300/month*	\$2168/month** \$744 room & board/month***

*The average cost to a resident paying privately (\$141.00/day) in an OH Assisted Living Community per Genworth.com 2020 survey results

**The cost to the State of Ohio for the current ALW Tier III (\$72.26/day)

***As a federal waiver participant, individuals are required to pay the AL facility \$24.43/day for room and board at the state set reimbursement equal to the federal SSI payment amount

Today many needs can be met in the AL environment, especially care of chronic, though not acute, conditions including:

- Stroke/Heart Attack
- Parkinson's
- Cancer
- Diabetes
- Arthritis
- Alzheimer's & Other Dementias

Assisted Living meets the need when scheduled care or support at home is not enough, but 24-hour skilled nursing home care is too much.



AL MEDICAID WAIVER ACCESS

Access to the Assisted Living Medicaid Waiver (ALW) Program is currently limited due to the **low reimbursement** to provide a significant 24/7 service package.

Assisted Living is a cost-effective alternative to nursing home care...

Medicaid **cost savings** for 10 people served by the Assisted Living Waiver, instead of in a Nursing Home, ...is **\$510,051/year**

Medicaid cost for 10 people

Nursing Home: \$773,800

Assisted Living Waiver: \$263,749

2.9 people can be served by the ALW, for one person served in a nursing home



The Assisted Living Waiver is good for Ohio!

Older Ohioans and taxpayers need access increased to the Assisted Living Waiver.

This will only be possible if the program is reimbursed more equitably for the services provided. The current service rates are only \$51.60/day (Tier I), \$61.95/day (Tier II) and \$72.26/day (Tier III) for these 24/7 service packages. This reflects the minimal increase of 3.25% in FY2020-21 which was the first increase since the programs inception.

OALA is recommending an increase in reimbursement!