



**Dave Cocagne, Chairman
Silver Birch Living
Expansion of Ohio Affordable Assisted Living
Senate Finance Committee
May 13, 2021**

Chairman Dolan, Vice Chair Gavarone, Ranking Member Sykes and members of the Senate Finance Committee, my name is Dave Cocagne, and I am the Chairman of Silver Birch Living. Silver Birch has developed an innovative program that makes quality assisted living affordable for everyone.

We want 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.

Affordable Assisted Living Features

We develop communities with a financing structure that includes 4% low-income housing tax credits (LIHTC) and tax exempt, and unrated municipal bonds. These two sources require coordination with the Ohio Housing Finance Agency (OHFA) and municipal bond issuers. This financing model enables every senior, irrespective of resources, to afford assisted living. Our 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.

Public Policy Benefits

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. Demographics alone will place enormous burdens on the healthcare system and state Medicaid budgets. 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.

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 that is half the cost of skilled care, 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.

This Program Works!

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. 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 to rebalance its Medicaid spending was predicated on a rate increase for assisted living waiver providers.

Expansion into Ohio Communities

Ohio's population is roughly twice the size of Indiana. A third-party market analyst has identified over 20 cities and towns throughout 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 this more affordable housing options. 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 also support the Center for Medicare and Medicaid Services' stated goal to help rebalance Medicaid expenditures.

The Path Forward

Silver Birch focuses almost exclusively on the low-income population, with over 90% of our Indiana residents utilizing Medicaid waiver to pay for their services. The current top Assisted Living rate in Ohio of \$73 per day is much lower than the equivalent rates in Indiana and Illinois. It is too low to support ground-up construction of new facilities and is preventing the expansion of affordable assisted living in Ohio. Therefore, an increase in the rate is vital to the success of this program.

We respectfully request the State of Ohio increase the daily reimbursement rate for this limited population by \$23 per day. We are aware of one facility with 28 low-income waiver eligible individuals currently in Ohio that would be impacted by this program this biennium. This modest investment (around \$235,000 all funds and \$78,000 state share each year of this budget) by the state will trigger large-scale investment in affordable assisted living communities. This is a win-win-win for Ohio. Low-income Older Ohioans will see greater choice, independence, and autonomy in a less institutional setting. 20+ communities in Ohio will see new jobs, significant construction, payroll, and benefits spent locally. All of this while saving the state tens of millions of dollars and reducing the burden on Ohio Medicaid as these facilities are privately financed, built, and populated over the next three years.

Mr. Chairman, thank you for the opportunity to provide this testimony. We look forward to continuing our work with you and the State of Ohio to implement this vital program. I am happy to answer any question you may have.