



**Testimony on Ohio House Bill 33**  
**Megan Kelley, Ohio Assisted Living Association (OALA)**  
**House Finance Subcommittee on Health & Human Services**  
**February 23, 2023**

Chair Carruthers, Ranking Member Liston, and members of the Committee, thank you for the opportunity to provide testimony on House Bill 33. I am Megan Kelley, the Executive Director of the Ohio Assisted Living Association (OALA).

**About OALA**

Since its inception in 1993, OALA has served as a leading voice for the assisted living industry in the state, today representing approximately 72% of Ohio's Residential Care Facilities (RCFs). Our membership today is diverse, encompassing all the models of assisted living in Ohio – small to large; free-standing to part of a continuing care campus; individually owned to corporately owned and/or religiously affiliated; ALW recipients to private pay – all united by a commitment and belief in assisted living.

OALA's **MISSION** is to support an aging Ohio by promoting choice, accessibility, and quality of care in Ohio's assisted living communities. To support this mission, OALA works to advance innovation, excellence, and sustainability in the assisted living industry. OALA's **VISION** is a strengthened and versatile assisted living industry that innovates to meet the changing needs of a rapidly aging Ohio and the aging services workforce.

**Ohio's Assisted Living Waiver (ALW): The Challenge**

Even prior to COVID-19, Ohio's ALW program was struggling to survive amid the crushing convergence of demographic and economic pressures: inflating costs; growing need; a dwindling workforce; and, most critically, a relatively stagnant and deeply inadequate Medicaid reimbursement. While the population in greatest need of this waiver service has and is growing to historic levels, it has become impossible for many providers to sustain the ballooning losses associated with caring for ALW recipients (i.e., Medicaid *and* nursing home eligible). COVID-19 has accelerated these pressures dramatically, and today's assisted living industry is at a critical tipping point. This means that an increasing number of our elders will be left with no residential care options outside of far costlier nursing homes.

**Increasing Cost of Care**

In Ohio, the average cost of care in assisted living increased by 6.55% from 2020 to 2021, now averaging \$152 per day, or \$55,620 per year.<sup>1</sup> On average, the cost of providing memory care services within assisted living are 20%-30% higher than that. The core driver of increases in the costs of care remains the relationship between the supply of professional labor and the immense—and growing—

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<sup>1</sup> <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>. Based on 12 months of care in a private, one bedroom unit.



demands of an aging society that is both more medically frail and less affluent than preceding generations, while also having fewer unpaid family caregivers to fill the gaps and informal care needs. It's important to note that, even with increasing cost, assisted living remains the most cost-effective setting for fulltime care in a home-based setting, when compared with other long-term care options.

### **Impact of Ohio's Inadequate ALW Reimbursement**

In Ohio, the Medicaid provider rates for the ALW service are \$54.76/day at Tier 1, \$65.73/day at Tier 2, and \$76.67/day for Tier 3.2 Even at Tier 3, this equates to a loss of \$75.33 per day, per resident. These levels have remained largely stagnant since the inception of the ALW in 2006, with only modest increases in the last few budget cycles that, while appreciated, were inadequate to compensate for years of flatlined funding. Not only do these rates fail to provide the cost of care for the "average" assisted living resident, but they make any kind of enhanced or special care for residents with memory care needs all but impossible.

What does this mean, practically speaking? It means that many providers are faced with the difficult decision of not accepting any ALW recipients at all, which means that once a resident "spends down" his or her private resources, they may have to leave the place they consider home (an especially difficult outcome for a memory care resident). For providers who do accept ALW, they are having to scale back how many waivers they can sustainably take – again invoking very difficult decisions. And for those providers whose mission is to serve primarily our most vulnerable Medicaid clientele, they are facing dire economic forecasts involving potential closure in the very near future. The development of new "affordable" assisted living in Ohio is all but impossible, despite other available state and federal resources, because of the low reimbursement.

### **ALW Executive Budget Proposals**

For the reasons stated in testimony provided by Directors McElroy and Corcoran, and to better streamline the ALW program, OALA supports the proposed compression of the existing Tier structure into one base reimbursement. While we are very encouraged by ODA's reference to a 48% overall funding increase, we need further information as to how this would break down between base reimbursement and the proposed memory care add-on to definitively establish the position of our members. In addition, language creating some mechanism ensuring that the reimbursement will be adjusted at regular intervals would be beneficial to efforts seeking to develop more accessible and affordable assisted living leveraging investment via Ohio's Low Income Housing Tax Credit (LIHTC) program.

Furthermore, OALA is grateful that the Executive Budget proposal has, in theory, responded to the growing need to address memory care amongst our waiver population. However, clarity is needed as to what "workforce, performance, training, and other quality indicators" are anticipated, with the understanding that additional regulatory burden will impact a workforce system that is already strained to a breaking point. Additionally, the proposed statutory staff ratio causes concern given the nature of waiver recipients within an assisted living community – i.e., scattered and mixed amongst the private pay population. This is true even in the context of a separate memory care unit. In effect, having one resident in this waiver program



would impose the mandatory staffing ratio on an entire community. All additional requirements, above and beyond those required for RCF licensure and then ALW certification on top of that must be carefully calibrated to meet the goal of ensuring quality memory care standards while also avoiding any unintended consequences rendering the new program untenable in practice. As is the case with RCF and ALW standards, regulation over statute is likely the appropriate venue to house any such provisions.

### **Conclusion**

On behalf of OALA's members, we are grateful that this Executive budget proposal acknowledges assisted living as a solution to some of our state's most pressing policy concerns and takes bold action to invest in it accordingly. We look forward to working with our policymakers in both the executive and legislative branches to further define and advance an ALW proposal that will stabilize this critical program.

Respectfully submitted,

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Executive Director