

Dave Cocagne, Chairman
Silver Birch Living
House Finance Committee on Health and Human Services
Interested Party, HB 33
March 22, 2023

Chairperson Carruthers, Ranking Member Liston, and Members of the House Finance Subcommittee on Health and Human Services, Thank you for the opportunity to provide testimony on HB 33. My name is Dave Cocagne and I am the Chairman of Silver Birch Living. We develop, own and operate affordable assisted living facilities that help seniors live an inspired life no matter their financial situation and have designed a community that makes quality assisted living affordable for everyone. We currently have 9 facilities that are providing these essential services to seniors in the state of Indiana and have been working for many years to provide affordable assisted living options to the state of Ohio. The time is now to modernize and transform the services that are provided in Ohio to allow older Ohioans the ability to receive services and assistance at the right setting, at the right time for the appropriate cost.

I would like to start the heart of my testimony with a true resident story that highlights the need for this important change. Joe began his career working in grocery when he was in high school. His entire working life centered around working in and managing produce departments in several grocery stores. In 2016, at the age of 63, Joe had to go to the hospital to have an artery replaced in his leg. His leg became infected and, unfortunately, he ultimately had to undergo an above knee amputation. Prior to this life changing event, Joe was living life like most 63-year-olds, working, driving, and living independently, all the things we take for granted. Once discharged from the hospital, Joe was sent to a local skilled nursing facility. This is where Joe lived for the next three years, in a shared companion room with no privacy. Not being a candidate for a prosthetic and unable to live alone in an apartment, this was the only option available to him. Joe said none of his families' homes are wheelchair accessible so living with anyone of them was not possible. This was a grim reality for someone who worked hard his entire life, raised a family, and then was struck by an unforeseen medical situation in the prime of his life. Joe moved into Silver Birch in 2019, able to afford his own private apartment and assisted living services thanks in part to the waiver program. He is again a productive member of society, living life as independently as possible. Since moving in Joe has taken an active role, becoming a Resident Council President and Head of our Garden Club.

Residents like Joe have assisted living as an option to skilled care, as do seniors all across the state of Indiana. If Joe lived in Ohio, however, he wouldn't. That is evident by the fact that in Indiana, twice the number of seniors utilize assisted living waiver as Ohio, even though Ohio is twice the size population wise. For every 19 folks in Medicaid-funded nursing homes, only 1 is in Medicaid funded assisted living in Ohio. That ratio is 4 to 1 in Indiana.

I applaud the Governor's office, Department of Aging, and Department of Medicaid for the proposed increase in assisted living rates. That will certainly help sustain existing providers. It won't, however, bring wide scale investment in affordable assisted living that Indiana, Illinois, and other states have experienced. Simply put, it will not provide real options to seniors and transform the HCBS landscape in Ohio. Folks like Joe won't have a lower cost option that provides more independence.

Let me share with you the alternative. If we extrapolate the experience of other states, over \$1 billion could be invested across the entire state, generating 3,000 to 4,000 full-time, permanent jobs. That investment would save the State's Medicaid program hundreds of millions of dollars annually and provide more independence to seniors in a less institutional setting. Every resident who participates in

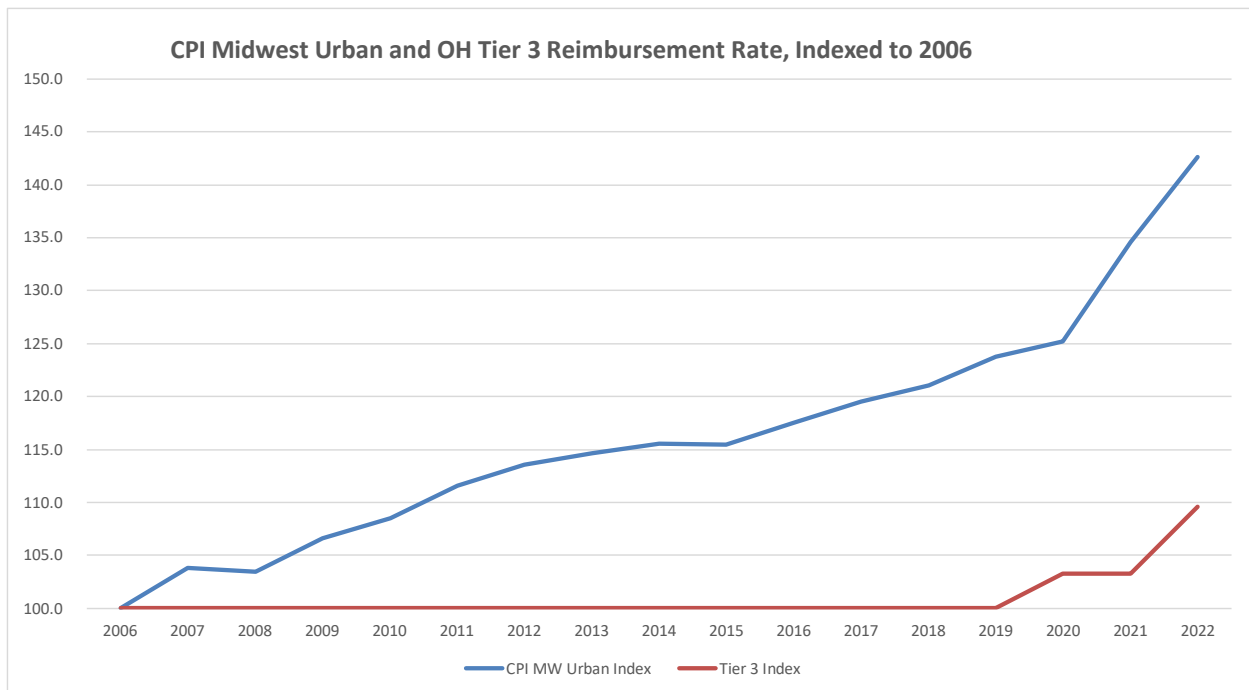
AL waiver is nursing facility level of care qualified. In our setting, they can cook in their apartments, lock their doors, and host overnight guests. To do that, Ohio needs to adopt legislation that accomplish two elements:

1. Provides a critical access rate add-on that compensates providers who focus predominantly on Medicaid waiver residents.

If the assisted living rate were \$130/day, that rate add on would need to be around \$15/day for a total of \$145/day. That's 40% less than what nursing homes are paid to care for the same resident. Thousands of residents just like Joe will benefit from that, and you'll save hundreds of millions of dollars by allowing people to choose a lower cost setting.

2. Provide for an annual adjustment in the rate to reflect changes in cost.

Let me explain the importance of this latter element. There's an old definition of insanity as doing the same thing and expecting different results. If Ohio continues to do the same thing, it won't get the transformative results that you and elder Ohioans deserve. In order for anyone to make a long-term investment in the bricks and mortar of \$1 billion in an assisted living communities, that investor needs to know that reimbursement rates will keep pace with cost increases. The chart below shows the fiscal challenges that are holding back the success of assisted living waiver providers.



In addition to operating expenses, and unlike many other HCBS providers, there's a substantial mortgage to pay on the building. Yet, providers who focus predominantly on Medicaid can't raise prices - you set the price. They can't cut services, because when residents need insulin, they need insulin. They can't respond like normal business do to cost increases. The solution is to provide for annual adjustment. Yes, this is different from what you've done before. But it's also essential to transforming Medicaid for seniors in this state.

Other Midwestern states, either by statute or rule, have adopted mechanisms that provide for annual adjustments, and the Center for Medicare and Medicaid Services, which pays 2/3 the cost of any increase, has approved these mechanisms. This element is absolutely essential.

The language we are supporting will provide for these two important elements, in doing so will engender wide-scale investment in Ohio. The language we have proposed will provide more autonomy for thousands of elderly Ohioans, save the state millions of dollars, generate 3,000 to 4,000 jobs all across the state and produce over \$1 billion of investment throughout the state.

I urge you to support this amendment so that residents like Joe can have real choices for living out their golden years.

Chair Carruthers and members of the committee, I am happy to answer any questions that you may have.