

Dave Cocagne, Chairman | Silver Birch Living
Senate Finance Committee | Interested Party, HB 33 | May 24, 2023

Chairman Dolan, Ranking Member Sykes, and Members of the Senate Finance Committee. **Thank you for the opportunity to provide testimony on HB 33 and for addressing reimbursement rates for assisted living waiver providers.** Silver Birch develops, owns and operates affordable assisted living communities that help seniors live an inspired life irrespective of their financial situation. 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 begin with a resident story that highlights the need for this important change. **Joe** began his career working in grocery when he was in high school. He worked his entire life managing produce departments in several grocery stores. In 2016, at the age of 63, **Joe** had to have an artery replaced in his leg. His leg became infected and, unfortunately, he ultimately had to undergo an above knee amputation. Once discharged from the hospital, **Joe** was sent to a local skilled nursing facility. Not being a candidate for a prosthetic and unable to live alone in an apartment, this was the only option available to him. This is where **Joe** lived for the next three years, in a shared companion room with no privacy. **Joe** had 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. Since moving in, he 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.

There is an 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, I ask you to preserve the language that the House incorporated into House Bill 33 related to assisted living rates. That language

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

In order for anyone to make a long-term investment in the bricks and mortar of \$1 billion in assisted living communities, that investor needs to know that reimbursement rates will keep pace with cost increases. Since

the AL waiver program's inception, the reimbursement rate has increased by 10%; inflation has increased by 43%, a 33% loss in purchasing power.

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 transform 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 that was added to the House version of the budget will provide for these two important elements, and 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 preserve the House's language relating to assisted living waiver rates so that residents like **Joe** here in Ohio can have real choices for living out their golden years. Thank you for your consideration.