



Testimony on HB 572

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House Families, Aging & Human Services Committee

November 17, 2022

Chair Manchester, Vice Chair Cutrona, Ranking Member Denson, and members of the committee, thank you for the opportunity to provide testimony as an interested party on HB 572, which requires the Departments of Aging and Medicaid to establish programs to provide payment to residential care facilities that have residents who are Assisted Living waiver recipients.

LeadingAge Ohio advocated for increased reimbursement to the Assisted Living Waiver throughout both the SFY 22-23 and SFY 20-21 budget processes to correct years of flat-funding in this program and to expand access to this cost-saving alternative to nursing facility care. Pre-pandemic studies showed that 54% of middle-income seniors would not be able to afford annual costs of \$60,000 for assisted living, independent living or other housing related costs even if they allocated all of their annual resources to such housing. Given the rise of inflation and pandemic challenges, the need for affordable care models continues to grow.

Currently, Ohio assisted living providers severely limit their participation in the assisted living waiver program because the low reimbursement leaves them underwater for each day of care provided. Very few providers in Ohio accept waiver-eligible individuals directly from the community. Rather, the Assisted Living Waiver is used only for those residents who have outlived their assets as a way to keep them in their homes, even though it is at a cost to the provider. Still other providers are unwilling to participate in the program at all, forcing those individuals to relocate. This reinforces inequities already at play in our healthcare sector. It means that affordable assisted living is only available to individuals with sufficient assets to gain entry to an assisted living facility by private pay in the first place. Individuals who earned lower wages during their lifetimes that compromised their ability to save, individuals who have had costly medical conditions that erode their savings, and individuals that have had the luck to live long lives are all less likely to have sufficient assets when their care needs increase.

Raising waiver reimbursement will also provide a valuable tool to Ohio's Medicaid program. Currently, low-asset, low-income Ohioans have few options when their care needs increase. Ohio's other waivers designed to avert costly nursing facility care are similarly underfunded, which may preemptively force older Ohioans into nursing facilities, driving up the Medicaid spend.

In past years, the Ohio General Assembly has increased assisted living waiver rates incrementally—by under 3 percent in 2019 and 6 percent in 2021. While these increases are

welcome, they followed over a decade of flat-fundings so barely moved the needle on access to AL waiver. While we need to address the adequacy of reimbursement rates as a whole, HB572 offers an alternative to incentivize greater provider participation in the program.

A small number of providers have been successful in coupling housing tax credits with other funding sources here in Ohio. Other states have seen success coupling their assisted living waivers with low-income housing tax credits (LIHTC). LeadingAge Ohio supported mirroring this financing structure here in Ohio but was also concerned about those facilities that already serve a high Medicaid waiver population. The tier structure laid out in the -12 version of this bill allows any provider, regardless of how they have been financed, to participate in the program. A similar tier structure was accepted by the Centers for Medicare & Medicaid Services through a recently passed proposal in the state of New Jersey. We believe HB572 will help more providers offer or continue to offer Assisted Living waiver.

At \$73 per day at its highest tier, Ohio's current Assisted Living waiver payment is at such a low level that it does not cover the cost of care. The AL waiver provides an important support for older Ohioans, allowing them to remain in assisted living once they've exhausted their personal resources. Without AL waiver, Ohioans who could safely reside in assisted living will move into higher cost care settings such as skilled nursing. HB 572 provides makes good financial sense for the state of Ohio and delivers on the care needs and desires of older Ohioans and their families who want to remain in community rather than institutional settings.

On behalf of its 400-plus members who are committed to promoting quality of life for the older Ohioans they serve, LeadingAge Ohio appreciates the work undertaken by the bill sponsors and the Ohio House of Representatives to move Ohio's community-based programs towards a more sustainable future. HB572 will offer a payment structure that better reflects the important value of professional caregivers in supporting aging Ohioans in the place they call home. We would welcome any questions the members of this committee may have.