

Introduction

My name is Jim Kane and I am the past-President and current Treasurer of the Empire State Association of Assisted Living (ESAAL). Thank you for the opportunity to testify today. I will limit my testimony to one critical area for our low-income seniors and disabled individuals on Supplemental Security Income (SSI) -- the urgent need for an immediate increase in the SSI rate which is currently only \$41 per resident per day.

ESAAL is the only association that exclusively represents the assisted living provider network, serving more than 275 licensed facilities and more than 23,000 seniors and disabled individuals throughout New York State. While ESAAL represents the entire assisted living industry, I am focusing my testimony today on those facilities that provide housing and care for our low-income SSI seniors and disabled individuals.

The SSI Rate Must Be Increased so that ACFs can Continue Delivering Quality Housing, Care & Services to Low-Income SSI Residents

Currently, adult care facilities (ACFs) are paid \$41 per day to provide housing and a wide array of care and services to low-income seniors and disabled individuals on SSI, including three meals per day, housekeeping, activities, supervision, case management, medication assistance and hands-on personal care. Let me repeat that, \$41 per day to provide housing, care and services to each SSI resident ... and that is around the clock, 24 hours per day. As I have said in the past, the SSI rate of \$41 day that is allocated for housing and caring for our most vulnerable seniors and disabled individuals is comparable to the daily cost of boarding a dog in a kennel. That's probably no longer true, as the cost to board a dog has likely gone up.

The last time the State increased its share of the SSI rate was a decade ago in 2007, and the last increase before that was 17 years earlier. That is one rate increase in 25 years! With one rate increase in 2 decades – and no State COLA – the SSI rate has fallen far behind the costs of providing care and services to our low-income seniors and disabled individuals.

The *current* average cost per resident for ACFs is approximately \$70 per day. That is nearly twice the reimbursed rate. To repeat, our average costs of care are nearly twice our reimbursement. As a result, many of our members have been forced to close, and I expect more will soon follow. And I can speak from experience here as well as anyone. Our company is a family-owned business that started in the early 1970s. At our peak, we had 14 SSI facilities across Upstate New York serving approximately 500 low-income seniors and disabled individuals. Over the past few years, we have closed 6 of our 14 SSI facilities due to financial hardship. Many, if not most of the residents that I once served now live in Nursing Homes at significant cost increases to the State of New York. We are now trying to stay afloat to serve the approximately 350 remaining residents in our remaining facilities.

And while it has been painful to have to close our facilities and move our residents, the part that is so unbelievably frustrating is that last part – watching our residents moving into nursing home beds prematurely at a far greater cost to the State. For every displaced SSI resident Upstate who ends up in a nursing home, the daily cost of housing and caring for the State increases

dramatically from \$41/day to approximately \$150/day to \$250/day in a nursing home under Medicaid. We are here to ask that you invest in maintaining a quality, cost effective option of SSI facilities to save the State significant dollars, if for no other reason.

SSI providers are facing enormous new fiscal pressures as a result of mandates by the State. The \$15 minimum wage passed in last year's budget has devastated SSI providers. ESAAL estimates that the cost of minimum wage alone to our industry is approximately \$170 million annually. Without any additional funding, many of our members have been forced to close and many more will soon follow. Our residents, as low income New Yorkers, either face homelessness or more institutional care, such as a nursing home. For our 8 facilities in Upstate New York, the direct impact of the minimum wage increase for 2017 is estimated at \$500,000. And the total impact to our 8 facilities of the proposed increase to \$15/hour would be \$1.7 million annually. Without substantial funding from the State to offset these higher costs, I will be forced to close at a minimum of 2 to 3 additional facilities this year, displacing another 70 to 100 residents. And the same is true of many of assisted living facilities across the State. In fact, we have already seen the effects that rising health care costs and wages have had on our industry, as approximately 10 facilities voluntarily closed over the past two years, mostly because of financial hardship.

Simply put, without a very overdue increase in funding, more facilities will close. As a result, many of our low income and high need residents will either face homelessness or more expensive, more institutional care, such as a nursing home.

The simple reality is that SSI beds are, by far, the most affordable option the State has to care for low-income seniors and disabled individuals. Even home care agencies and adult day programs charge the State far more than \$40 per day ... and that is for just a few hours of services each day, as opposed to the 24 hours of housing and care that comes with an SSI-funded adult home bed. And it is important to note that most of the residents that we are talking about must live in a 24-hour supervised environment like an ACF. They cannot live alone and receive services sporadically from those other programs in a safe manner.

With this in mind, we are asking for your support to raise the state supplement of the SSI payment \$20 to \$61 per day. While the budgetary impact will be high, it will be far less than the closure of ACFs to low income individuals. To be clear, without an immediate and meaningful increase to the SSI rate, Adult Care Facilities across the State will close, leading to higher costs of care to the State and the loss of hundreds, if not thousands of jobs.

Thank you, Jim.

My name is Jacob Reckess and I am a newly elected board member of the Empire State Association of Assisted Living (ESAAL). I am proud to share that, like Jim, I am a second generation member of a family owned organization. We operate 3 facilities in the Hudson Valley, including one in Westchester and two in Dutchess County. I followed my parents into this field based on the coaching of my father, who shared that if you can earn a living while helping others, you have hit the jackpot. Ours is a labor of love, and many of us love what we do.

However, the reality on the ground is that our revenue is not keeping pace with our costs. The very existence of our industry is being challenged (or at least the part of the industry that wants to serve low income adults). We can only help others if the funding is in place to pay for staff and services. For this reason, I am here today to also request that the SSI funding be increased.

For most private businesses in the United States, when expenses go up, the business has the right to increase their prices in an attempt to collect more revenue. We are not one of those businesses. If we want to serve low income adults, which we do, then the amount that we can charge is restricted by New York State law. We can only be paid the "SSI rate" for a collection of services that include rent, utilities, 3 meals per day, 24 hour staff support with minimum levels of staffing, and more. We are paid by a combination of State and Federal funds, The Federal portion has increased by a nominal COLA each year. However, as Jim shared, the State portion has been increased once in 25 years. The result is that we are currently being paid ~\$41/day, a rate that is shamefully low and literally infeasible.

As a result of the failure to increase the SSI rate, it is my conclusion that the market has responded in two ways: first, the fortunate providers in neighborhoods with affluent populations who can afford the cost of private Adult Care Facility services have stopped serving SSI only clients and in their place started only serving privately funded clients, and second, providers who are not in those neighborhoods have been closing. The result of both scenarios is the same: the State of New York is losing one of the most cost effective service options that has a proven track record of serving low income adults. This service option is being frequently replaced by more expensive service options, such as long term nursing homes.

My organization has multiple lifelong employees who have dedicated themselves to the care of low income, indigent adults when they know they could earn more money elsewhere. We are fortunate to stay in business with facilities that have been able to capitalize, at least in part, by private pay clients and other unique State Funding grants. However, we turn away SSI only applicants frequently. At one point, I was even personally called by one of your Assembly colleagues asking if we could accept one of his constituents into our facility. A family member of the applicant had reached out to the Assemblyman. I was forced to painfully decline the applicant, despite the well intentioned request by the respected Assemblymember. It is simply not feasible to serve SSI only clients, with the current rates, against the current operating expenses.

Based on the above, I respectfully, but urgently, ask for your support to increase funding to support the daily rate paid to Adult Care Facility's in New York State. Your support will lead to multiple positive benefits, including saving significant state funds, maintaining jobs, and ensuring that all New Yorkers, including low income adults, and not just to the well-to-do, have access to quality community based housing and care when 24 hour supervision is required.

It is time to preserve the place of Adult Care Facilities in the long-term care continuum, and to fund them so that they can continue to be the cost-saving housing with services model that is so greatly needed. The state has provided better and more funding for virtually every other level of care—from nursing homes, to senior housing. We encourage the Legislature to gain a clear understanding of how much that has cost, and what it has yielded. We believe that the ACF will

stand as a stark, cost-effective, model of care. Please be a champion for an SSI increase in this budget before it is too late.

Thank you for the opportunity to testify today. I would be happy to answer any questions you may have on our testimony, and I also invite every member of this committee to come visit one of our locations, meet our residents and staff. Once you do, you will clearly see the value in this proposition.