

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 two critical areas for the adult care facilities (ACFs) that care for our low-income seniors and disabled individuals on Supplemental Security Income (SSI):

- the urgent need for an increase in the SSI rate which is currently only \$41 per resident per day; and
- the equally important need to reject the Governor's proposed elimination of the EQUAL program and fully restore the program at \$6.5M for the coming year.

ESAAL is a not-for-profit organization that has been dedicated to strengthening New York State's assisted living network and promoting the best interests of assisted living providers and residents since 1979. ESAAL is the only association that exclusively represents the assisted living provider network, serving more than 275 licensed Assisted Living Residences, Adult Homes and Enriched Housing Programs throughout New York State. These member residences are home to more than 23,000 seniors.

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 recipients.

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

Currently, ACFs are paid \$41 per day to provide housing and a wide array of care and services to SSI recipients, 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 recipient ... and that is around the clock, 24 hours per day.

I have to believe everyone would agree that \$41 per day is grossly insufficient to adequately house and properly care for a needy individual. I doubt if anyone could find a decent hotel room for \$41 a day. And very sadly, the SSI rate of \$41 per day that we spend on housing and caring for our most vulnerable SSI recipients is comparable to the daily cost of boarding a dog in a kennel.

The last time the State increased its share of the SSI rate was 7 years ago in 2007, and the last increase before that was 17 years earlier. That is one rate increase in approximately 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.

Since the last SSI rate increase in 2007, facility costs have continued to climb every year. Over the past 7 years, health insurance costs are up 42%, the minimum wage has increased by 26% and workers' compensation costs are up 15%. With these rising facility costs, it is becoming increasingly difficult to meet costs and deliver all the State-mandated care and services to SSI recipients.

In 2013, there were approximately 260 ACFs that housed and cared for SSI recipients. Many of these ACFs only accept a certain number of SSI recipients at a time, because it is impossible to meet facility costs solely on the SSI rate. Indeed, a significant number of ACFs that cater solely to this low-income population have been forced to close their doors and move their residents out of their homes. Approximately 7 facilities voluntarily closed in 2014, mostly because of financial hardship and a total of 20 facilities have closed over the last 5 years.

And I can speak from experience here as well as anyone. Our company is a family-owned business that started in the early 1970s, and at our peak, we had 14 SSI facilities across Upstate New York serving 511 low-income residents. Over the past few years, we have closed 6 of our 14 SSI facilities due to financial losses, so that we now have 8 SSI facilities remaining serving 359 residents. Over the past year and a half, we closed 3 SSI facilities, resulting in 88 low-income SSI recipients having to leave their homes with us and move to other settings, including far more costly nursing homes.

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 recipient 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. And in some parts of the State the nursing home rate is even higher.

I will cite just the most recent example which occurred just 5 weeks ago in Onondaga County at an SSI facility that had been caring for frail, low-income seniors since 1979. When that SSI facility closed 5 weeks ago, 5 out of the remaining 13 residents were moved into nursing homes because there was nowhere else for them to go. The difference in daily cost to the State for those 5 residents will now be as follows:

	<u>Daily cost at the SSI facility</u>	<u>Daily cost at nursing home</u>
Resident#1	\$40.83	\$202.56 (Loretto)
Resident #2	\$40.83	\$205.82 (Van Duyn Center)
Resident #3	\$40.83	\$205.82 (Van Duyn Center)
Resident#4	\$40.83	\$160.79 (Sunnyside Nursing Home)
Resident#5	\$40.83	\$160.79 (Sunnyside Nursing Home)

As a result of this SSI facility closure, the increased annual cost to the State for these 5 residents alone in 2015 will be \$267,044.95.

The simple reality is that SSI beds are, by far, the best bargain the State has to care for low-income seniors and disabled individuals. Nursing home beds are the most dramatic cost comparison, generally costing 4 to 5 times the \$40 per day for an SSI bed. But 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 from those other programs in a safe manner.

And yet, the State is allowing this bargain to slip away just as the State's senior population is going to increase dramatically. More and more ACFs that cater only to this low-income population are closing. And many ACFs that have reserved some capacity for SSI recipients in the past are setting aside fewer and fewer slots for this low-income population. Absent an increase in the SSI rate, there will eventually be no SSI beds in this State ... and nowhere for these low-income seniors and disabled individuals to live.

In my view, it is imperative that the State increase the SSI rate this year. ESAAL is respectfully asking the Legislature to increase the SSI rate by \$15 per day over a 3 year period to \$55 per day. And of course, on behalf of our residents, ESAAL likewise respectfully requests a commensurate 25% increase over a 3-year period in the personal needs allowance provided directly to SSI recipients in ACFs.

The Legislature Should Fully Restore the EQUAL Program and Reject the Governor's Unjustifiable Cut of this Important Program

To further assist in the operations of those facilities serving primarily the needy, Legislature created a program years ago to help SSI facilities make modest quality improvements each year. The program was originally called the Quality Incentive Payment Program, and many of you will remember it by its acronym QUIP. The Legislatively championed QUIP program had been in existence since the early 1990s and, while relatively modest, has become a vital necessity for enhancing care and services at our homes. Just a few years ago, the Executive renamed the program to the Enhancing the Quality of Adult Living program, or EQUAL.

Over the past few years, the Governor has recommended – and the Legislature has accepted – funding the EQUAL program at approximately \$6-7M per year. ACFs receive a per-person amount based on the number of SSI and safety net residents in their facility, with an additional supplement for smaller facilities with 100 beds or less. Importantly, these monies are only allocated with the approval of the ACFs resident council—thus the residents themselves approve of the important use of these funds.

This past year, \$5.7M was distributed to 261 ACFs. The awards this year ranged from a low of approximately \$700 to a high of approximately \$70,000.

This EQUAL program provides critically important funding to ACFs to make real quality improvements that we would otherwise be unable to make for our residents.

In the past, this funding has helped facilities:

- purchase air conditioners, backup generators, computers, new furniture and amenities, and other upgrades to improve the physical environment for the residents; and also

- make programmatic improvements to improve residents' quality of life and help them live more independently, such as wellness and nutrition programs, independent living skills training, and fall prevention programs

It is shocking that the Governor proposed the complete elimination of this critically important program in the Executive Budget. According to the budget materials, the Executive is proposing to take last year's appropriation of \$6.5M for EQUAL and, this year: (1) achieve of State savings of \$3.3M; and (2) spend the remaining \$3.2M on the transition of individuals with severe mental illness currently residing in ACFs into supported housing (despite the fact that there is another appropriation of \$38M proposed in the OMH budget for this same purpose).

In our view, this is a draconian cut and shocking elimination of a beneficial program that has long-delivered quality improvements to the homes of low-income seniors and disabled individuals.

We respectfully request that the Legislature reject the Governor's proposed elimination of the EQUAL program and fully restore the program at \$6.5M for the coming fiscal year.

Thank you again for the opportunity to testify today. I would be happy to answer any questions you may have on our testimony.