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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 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.

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 day that we spend on housing and caring for our most vulnerable seniors and disabled individuals 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 9 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 to our low-income seniors and disabled individuals.

Currently, there are approximately 250 ACFs that house and care for seniors and disabled individuals on SSI. Many of these ACFs only accept a certain number of SSI residents 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 10 facilities voluntarily closed over the past two years, mostly because of financial hardship.

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 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 losses, so that we now have 8 SSI facilities remaining serving approximately 350 residents. Over the past two years, we

closed 3 SSI facilities, resulting in 88 low-income residents 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 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. Indeed, in December 2014, an SSI facility closed in Syracuse and 8 of the remaining 14 SSI residents moved into higher levels of care, resulting in the State paying approximately \$325,000 more annually to house and care for these 8 low-income seniors.

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 sporadically 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 residents 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 absolutely imperative that the State increase the SSI rate this year. ESAAL is respectfully asking the Legislature to increase the SSI rate by \$7.50 per day in this year's State Budget. This modest increase of \$7.50 per day will help make up for the fact that our rate has been frozen for the last 9 years, and help stem the financial losses that many SSI facilities are incurring right now.

However, I need to be crystal-clear that this modest rate increase will not do anything to offset the proposed minimum wage increase to \$15/hour the Governor recently proposed in his Executive Budget. Like so many other small businesses, the proposed minimum wage hike to \$15/hour would simply devastate our SSI facilities, and we would need a dramatically higher rate increase to avoid closure of our SSI facilities if the minimum wage goes up to \$15/hour. For our 8 facilities in Upstate New York, the direct impact of the minimum wage increase to \$10.75/hour would be \$495,000 next year in 2017. 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, there is no doubt that I will have to close all 8 of my facilities as a direct result of the Governor's minimum wage proposal. And the same is true of many of assisted living facilities across the State. ESAAL is currently studying the impact of the

proposed minimum wage increase for the assisted living industry and preliminary estimates indicate that the total impact to our industry alone would be over \$170 million per year.

In addition, I must point out two additional funding requests the Governor made in his Executive Budget that I believe further justify an SSI rate increase as a matter of basic fairness.

- First, the Governor has proposed \$38 million in the OMH budget for ongoing compliance with a federal court settlement (called the O'Toole settlement) in which he voluntarily agreed to attempt to move a few thousand SSI residents out of 23 adult homes in New York City and into supported housing. Over the past 3 years, the Governor has requested -- and received -- over \$84 million in appropriations from the Legislature for compliance with this federal court settlement. However, according a recent report to the federal judge, the Executive has moved only 110 SSI residents into supported housing to date. I will repeat those numbers -- \$84 million appropriated over the past 3 years and only 110 SSI residents have moved into supported housing so far. And just like last year, the Governor is now asking you for an additional \$38 million for this initiative, on top of the \$84 million you have already appropriated the past 3 years.

Our modest SSI rate increase of \$7.50 per day would also cost approximately \$38 million annually, but unlike the O'Toole appropriation, it would impact approximately 13,000 SSI residents Statewide, not just a few hundred in New York City. In addition, our modest rate increase would actually help save Medicaid dollars by helping avoid costly nursing home placements. By contrast, the O'Toole appropriation drives additional Medicaid spending because once the SSI residents are moved out of their adult home into supported housing they need extensive "wraparound services" to replace the 24/7 care, services and assistance they currently receive in the adult home.

- Second, the Governor has proposed approximately \$640 million in spending to help combat the homeless problem in the State. Of course, we do not take any issue with the State increasing funding to help the homeless, but if the State is going to spend \$640 million to develop new housing for the homeless, we respectfully ask for a fraction of that amount -- approximately 6% -- to help save the existing SSI homes and beds of our low-income seniors and disabled individuals.

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