



Testimony on the 2019-20 Executive Budget Proposal: Housing

Provided by

LeadingAge New York

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Introduction

On behalf of the membership of LeadingAge New York, thank you for the opportunity to submit testimony on the SFY 2019-20 Executive Budget Proposal. LeadingAge New York represents over 400 not-for-profit and public providers of aging services and senior housing, long-term and post-acute care, as well as provider-sponsored managed long term care plans.

New York is home to approximately 3 million residents age 65 and older, representing 15 percent of the population. By 2025, 18 percent of New York's population is projected to be age 65 or older, up from 14 percent in 2010. Both the number and percentage of older New Yorkers is expected to continue to rise over the next 20 years. This growth will drive a corresponding increase in the number of New Yorkers with cognitive and functional limitations who require long-term supports and services. However, by 2025, the availability of younger New Yorkers to care for seniors both informally and in the formal care delivery system will be at its lowest point in a decade and declining. In addition, with one-third of today's older New Yorkers living at or near the poverty level, it is reasonable to expect that a significant portion of our growing senior population will continue to rely heavily on public programs – principally the Medicaid program – to cover their service needs.

Faced with current and future demographic challenges and their anticipated impact on the State budget, New York must take action now. It must invest in lower cost long-term services, supports, and technologies that enable individuals to remain in their communities, and it must modernize regulations and provide funding to permit providers to address consumer preferences, optimize efficiencies, improve quality, and effectively deploy an increasingly scarce workforce. One such option is the creation of an Affordable Independent Senior Housing Assistance Program to provide low to moderate-income seniors with affordable housing that includes a service component.

The following testimony outlines the Resident Assistant proposal, a program that would advance the goals of improving the overall health of the State's growing elderly population and providing them with better care at a lower cost, while enabling older New Yorkers to access services in the most integrated settings appropriate to their needs.

Affordable Independent Senior Housing Assistance Program

We are extremely pleased with New York State's historic commitment of \$125 million provided in the 2017-18 State Budget for the construction and rehabilitation of senior housing over the course of five years, and extend our gratitude to the Legislature for the role it played in securing this funding. Existing and newly-created development programs such as the "Senior Housing Program," designed by Homes and Community Renewal (HCR) to facilitate the disbursement of the \$125 million, provide an excellent opportunity to bring support services into affordable senior housing that can have a significant impact on seniors' ability to remain in their homes in an extremely cost-effective manner.

LeadingAge New York, along with a coalition of senior housing providers and associations, has called for the creation of the Affordable Independent Senior Housing Assistance Program to be administered by the Department of Health (DOH), and the addition of \$10 million to the 2019-2020 State budget to fund resident assistants in 140 senior housing properties around the state. We propose that grants of approximately \$70,000 per property be made available to congregate senior housing operators to work with seniors, and that those assistants specifically focus on linking residents to the services they need to

remain healthy in their communities. As you know, the State bears much of the cost of Medicaid-funded nursing homes, which can range from \$30,000 to upwards of \$50,000 per year in State expenditures. If a resident assistant can keep two people out of a nursing home for one year, the savings covers the cost of the grant. If a resident assistant works in a building with 70 to 100 people and emphasizes health education, wellness programming, more effective use of primary care, reduced use of emergency departments, and better management of chronic health conditions, the savings potential is enormous.

Evidence of these savings has been demonstrated in recent studies conducted in Oregon and New York. In 2016, the Center for Outcomes, Research & Education issued a report on a study conducted in Oregon that showed a decline in Medicaid costs by 16 percent one year after seniors moved into affordable housing with a resident assistant.¹ Their analysis included 1,625 individuals, 431 of whom lived in properties that serve older adults and individuals with disabilities. The statistic of 16 percent savings in Medicaid costs breaks down to a savings of \$84 per month for each individual in this subset, or \$434,000 over a 12-month period for the relatively low number of 431 individuals.

Additionally, a three-year research study that was recently conducted by Dr. Michael Gusmano of Rutgers University focused on the health care savings and service utilization of Selfhelp residents living in Queens compared to older adults from the same zip codes. Selfhelp's model for senior housing is affordable housing that is complemented by an array of senior services readily available in the community. The study, which was based on New York State Medicaid claims data, found that the average Medicaid payment per person, per hospitalization was \$1,778 for Selfhelp residents, versus \$5,715 for the comparison group. Additionally, the odds of Selfhelp residents being hospitalized were approximately 68 percent lower than that of the comparison group, and the odds of visiting the emergency room were 53 percent lower. These findings have huge implications for health care savings if more affordable housing for seniors can be developed in conjunction with a successful resident assistance model.

Security Deposit Limitations

The 2019-2020 Executive Budget includes a proposal that would significantly limit security deposits to an amount or value not more than two months' rent, including the first month's rent. This proposal may inadvertently impact senior retirement communities that offer all-inclusive, predictable monthly fees that cover all a resident's monthly expenses, including utilities, dining, security, internet, wi-fi, cable, transportation, community and home maintenance, and housekeeping services and on-site entertainment.

These communities allow seniors to utilize their assets to cover an entrance fee and relieve themselves from the hardships of being a homeowner. These communities remove many of the barriers that can make living independently challenging for seniors. It is important that we protect these models from the security deposit proposal advanced by the governor and ensure that seniors continue to have access to this active, stress-free lifestyle.

¹ Li, G., Vartanian, K., Weller, M., & Wright, B. (2016). *Health in Housing: Exploring the Intersection between Housing and Health Care*. Portland, OR: Center for Outcomes, Research & Education.

Conclusion

We are concerned about the State's readiness to address the needs of Baby Boomers as they grow older and struggle to maintain themselves in their own homes. The State must ensure that seniors have access to both market-rate and low-income senior housing and retirement living options to meet the growing demand. The Legislature must not limit access to market-rate retirement communities by holding them to the two-month security deposit proposal in the State Budget. In addition, a strategic investment of \$10 million to be administered by DOH over five years is an extremely low-cost way to ensure that New York's growing senior population is being taken care of while also saving money for the State. The Affordable Independent Senior Housing Assistance Program aligns directly with the goal of HCR's Senior Housing Plan to develop rental housing that has healthy aging programming that affords seniors with the option to age in their own homes and communities. Ultimately, the Affordable Independent Senior Housing Assistance Program represents a modest investment that will improve seniors' quality of life, save Medicaid dollars, and help the State implement its ambitious Olmstead Plan to serve people in the least restrictive settings appropriate to their needs.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven, and public continuing care including home and community-based services, adult day health care, nursing homes, senior housing, continuing care retirement communities, adult care facilities, assisted living programs, and Managed Long Term Care plans. LeadingAge New York's 400-plus members serve an estimated 500,000 New Yorkers of all ages annually.