

MEMORANDUM

A.9807 (Davila)/S.8767 (Persaud)

AN ACT to amend the social services law, in relation to increasing the amount certain individuals are eligible for when receiving enhanced residential care.

Adult care facilities (ACFs) that serve low-income seniors are struggling to keep their doors open. Approximately 12,000 ACF residents statewide rely on Supplemental Security Income and the Supplemental State Program (SSP) benefit. These individuals are generally eligible for Medicaid as well. While the federal SSI benefit has a cost of living adjustment each year, the corresponding state benefit, SSP, has not been increased since 2007. The federal and state benefits together pay ACFs \$45.50 per day for enhanced residential care. This rate is entirely inadequate to provide ACF residents with regulatorily required services including housing, meals, personal care, assistance with medications, case management, and more.

LeadingAge New York's analysis of 2019 pre-pandemic ACF Financial Report data demonstrated that it costs ACFs twice the daily reimbursement per resident to provide their services – and the gap between costs and reimbursement has grown significantly since then. With this level of inadequate funding, there is no way to increase wages to compete for staff or address the rapid increase in operational costs. Since 2017, there have been 59 ACFs that have closed voluntarily, and others are in the process. When low-income seniors cannot access ACFs in their communities, they often go to nursing homes at a significantly higher cost to the State.

It is for these reasons that we support A.9807 (Davila)/S.8767 (Persaud) as an important *first step* in improving the inadequate ACF reimbursement rate. Further increases, and an annual cost of living adjustment must also be built in, however, to approach the cost of providing care in an ACF and to fulfill the *State's Constitutional requirement* to aid, care for and support the needy. If the State fails to adequately address this issue, ACFs that serve low-income seniors will continue to close. This loss of ACF capacity, in turn, promotes nursing home placement for SSP/Medicaid-eligible seniors, counter to the central principle of the *Olmstead decision* to serve individuals in the most integrated setting appropriate to their needs.

Providing adequate rate increases would benefit low-income ACF residents while simultaneously offering State Medicaid savings. LeadingAge New York estimates that for every 45 low-income ACF residents who can remain in their ACF, or are diverted from nursing home placement, the State saves at least \$1M in Medicaid spending annually.

For these reasons, LeadingAge New York supports A.9807 (Davila)/S.8767 (Persaud), and urges that it be adopted.

Contact: Sarah Daly, sdaly@leadinageny.org