

LeadingAge Maryland - 2022 - SB 743 - Affordable A

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Position: FAV



576 Johnsville Road
Sykesville, MD 21784

TO: Finance Committee
FROM: LeadingAge Maryland
SUBJECT: Senate Bill 743, Maryland Medical Assistance Program - Affordable Assisted Living Enhanced Care Pilot Program
DATE: March 8, 2022
POSITION: **Favorable**

LeadingAge Maryland supports Senate Bill 743, Maryland Medical Assistance Program - Affordable Assisted Living Enhanced Care Pilot Program.

LeadingAge Maryland is a community of more than 135 not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Our mission is to expand the world of possibilities for aging in Maryland. We partner with consumers, caregivers, researchers, public agencies, faith communities and others who care about aging in Maryland.

This bill establishes an innovative Affordable Assisted Living Enhanced Care Pilot Program in the Maryland Department of Health. This program provides affordable assisted living enhanced care residences for enhanced care to eligible adults who are at least 60 years old. Four sites will be selected. Priority is given to jurisdictions within the State with the highest percentage of low-income 60+ individuals, per the Maryland Department of Aging, State Plan on Aging, 2017-2020. To ensure geographic diversity, at least one site should be in an urban area and one site should be located in a rural area of the State.

These pilot sites provide the aging population with new opportunities for an enhanced quality of life. Home to residents whose incomes do not exceed 60 percent of local median earnings, these properties will provide high-quality housing, assisted living care services, dining services to low and moderate-income residents.

The purpose of this program is to address the shortage of high quality, affordable assisted living communities for Maryland's low-income seniors. These sites will have the potential to reduce social isolation, improve health outcomes and help older adults remain independent and

healthier longer. Receiving necessary supports and care in this type of setting could help some older adults delay or even avoid moving to a nursing home.

LeadingAge Maryland applauds this effort to research new and better ways of providing affordable, appropriate care and living options for older Marylanders. We also acknowledge the financial and operational challenges of offering affordable assisted living services. Other organizations in Maryland have endeavored to operate affordable assisted living, but were challenged by the increasingly burdensome regulations, low Medicaid reimbursement rates, and the increasing costs of providing quality services and care. This bill addresses some of these challenges by identifying mechanisms for increasing reimbursement and SSI to cover costs of room and board and care. Current Medicaid rates and SSI would not be sufficient to support a viable operation. Additionally, this pilot will need to examine Maryland assisted living regulations carefully to ensure that the model that is being proposed will comply with existing requirements.

For these reasons, LeadingAge Maryland respectfully requests a favorable report for Senate Bill 743.

For additional information, please contact Aaron J. Greenfield, 410.446.1992

claudia schlosberg testimony sb743.pdf

Uploaded by: Claudia Schlosberg

Position: FAV

Testimony of Claudia Schlosberg, JD
Principal, Castle Hill Consulting, LLC
Before the
Senate Finance Committee
March 8, 2022

SUPPORT – Senate Bill 743 – Maryland Medical Assistance Program – Affordable Assisted
Living Enhanced Care Pilot Program

Good afternoon, Chairperson Kelley and Members of the Finance Committee. My name is Claudia Schlosberg. I am the founder of Castle Hill Consulting, LLC, which is based in Washington, DC. I provide technical assistance and expertise to public and private entities seeking to leverage the Medicaid program to meet the needs of vulnerable populations with a particular focus on the needs of seniors and individuals with disabilities. I have over 35 years of experience in this field including serving as a senior policy advisory within the Department of Health and Human Services to guide the Department's response of the US Supreme Court's decision in *Olmstead vs L.C.* mandating that states provide services to people with qualified disabilities in the most integrated setting and serving in senior leadership position, including 4.5 years as State Medicaid Director, within the Department of Health Care Finance, the Medicaid state agency for the District of Columbia.

Maryland, like virtually every other State in the Nation, is faced with the challenge of meeting the needs of a growing population of seniors. According to the Maryland State Plan on Aging, 2022-2025, demographic trends show that between 2020 and 2040, Maryland's 60+ population is anticipated to increase by 27% from 1.37 million to 1.79 million. Individuals 85 and over are the fastest growing segment of the population. This cohort will grow in number, statewide, from 122,092 in 2020 to 314,961 by the year 2045, a 158% increase. In 2017, 91,630 older Marylanders (7.56% of the total state 60+ population) lived in poverty as defined by the federal poverty guidelines. If we assume the rate of poverty does not change, this means that in 2040 More than 135,000 seniors in Maryland will be both poor and old. Yet, today, the waiting list for home and community-based services offered through the Medicaid waiver is estimated already to be more than 26,000.

While there are several measures being taken, including legislation to try to manage the Medicaid waiting list, my experience is that the only way to truly reduce the number of people waiting for services is to expand service capacity.

The Affordable Assisted Living Enhanced Care Pilot Program that this bill would establish is designed to do just that. The bill leverages Medicaid funding that is available to pay for services to attract developers and investors to build Class A assisted living communities for low-income seniors using private equity and low-income housing tax credit financing. These communities are between 80 to 150 beds units and offer private studio and one-bedroom apartments, 24-hour staffing and enhanced services such as medication management and care coordination designed to mitigate breakdowns in care delivery and continuity that can lead to emergency room use and avoidable hospital admissions. All services are developed through a person-

centered approach to care that maximizes the resident's autonomy, independence and opportunity for community integration. These communities also address seniors' nutritional needs, and mitigate the serious harms caused by social isolation, which the National Academy of Sciences found to be one of the greatest predictors of early mortality in senior, while other studies link social isolation and loneliness to poor physical and mental health, loss of cognitive function and chronic illness.

This legislation also ties reimbursement for services to a percent of the average cost of nursing home care to ensure that the program is cost effective.

- In Illinois, which has the largest Medicaid funding Assisted Living program in the country, with over 154 operating sites and 12,755 apartments, the Illinois Affordable Assisted Living Coalition calculates that the State saves from \$104 to \$150 million annually by keeping people out of costly nursing homes.
- In Washington, DC, Medicaid support for LIHTC -financed Affordable Assisted Living Communities has resulted in significant expansion of housing options for seniors who need assistance. It is also making it possible for DC Medicaid to transition more people from nursing homes to the community and to house seniors who are unstably housed or have histories of chronic homelessness.

Finally, This program is not designed to replace current waiver services but to offer a cost-effective additional option for those in need of care and support.

Thank you for the opportunity to testify. I am happy to answer any questions.

SB 743 Commission on Aging Testimony.pdf

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Position: FAV



COMMISSION ON AGING

SB 743

March 8, 2022

TO: Members of the Senate Finance Committee

FROM: James Campbell, Co-Chair
Olivia Farrow, Co-Chair
Baltimore City Commission on Aging and Retirement Education

RE: Senate Bill 743 – Maryland Medical Assistance Program -
Affordable Assisted Living Enhanced Care Pilot Program

POSITION: SUPPORT

Chair Kelley, Vice Chair Feldman, and Members of the Committee, please be advised that the Baltimore City Commission on Aging and Retirement Education **supports** Senate Bill (SB) 743.

SB 743 creates a pilot program in Maryland assisted living facilities, providing enhanced services for residents of those facilities, including care management, health and wellness programs, and activities to reduce social isolation. It also supports the use of electronic medical records to improve care monitoring. SB 743 instructs Maryland Department of Health to apply to the federal Center for Medicare and Medical Services for authority to implement the pilot program.

Increasingly, long term care is shifting out of nursing homes into community settings, including assisted living facilities. There are 402 assisted living facilities with 2,784 beds in Baltimore City. In many cases, care in assisted living sites is little more than daily supervision of frail older adults and persons with disabilities. SB 743 will introduce more robust services and activities into assisted living, to enable these residents to live healthier, more fulfilling lives, and to avoid costly and deleterious transitions to hospitals and nursing homes.

The Commission respectfully requests a **favorable** report on SB 743.

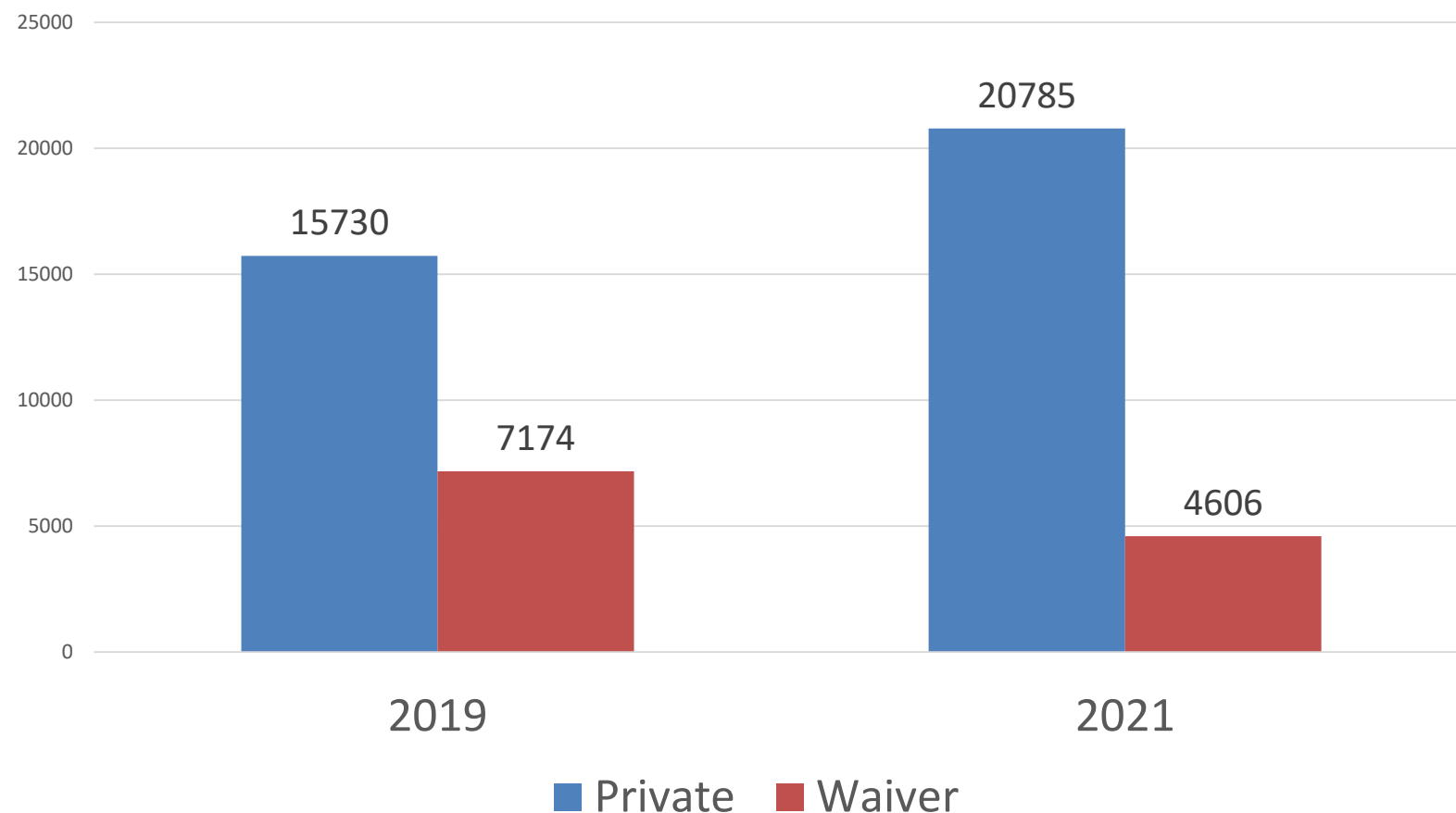
Affordable Assisted Living Communities (AALC) Pres

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Position: FAV

Assisted Living Landscape In Maryland

Comparison of Private Pay to Medicaid
Assisted Living Beds 2019 - 2022



- In 2022, of 25,3919 Assisted Living Beds in Maryland, only 4,506 are Medicaid certified. In 2019, *only 1,060 Medicaid certified beds were occupied by older adults* enrolled in the Medicaid waiver.
- The number of Medicaid certified Assisted Living beds has decreased by 2,568 (35.8%) in three years.
- The vast majority of Assisted Living residences that are eligible to serve Medicaid Waiver clients are small, adult foster homes serving ten or fewer clients.

Source: Maryland Department of Health and Mental Hygiene, Office of Health Care Quality, Assisted Living Programs as of October 1, 2018, accessed at:

[Maryland Department of Health, Office of Health Care Quality, Assisted Living Programs as of December 31, 2021, accessed at: https://app.smartsheet.com/b/publish?EQBCT=08adff96ac8c4d18a97bf909162a2250.](https://app.smartsheet.com/b/publish?EQBCT=08adff96ac8c4d18a97bf909162a2250)

The Maryland State Plan on Aging Projects

Significant Increase in Demand for Services

- Between 2015 and 2030, Maryland's 60+ population is expected to increase from 1.2 to 1.7 million, a 40% increase.
- Individuals 80-84 are the fastest growing segment of the population.
- The largest number of older adults (60+) reside in Baltimore City and in Anne Arundel, Baltimore, Montgomery County and Prince George's Counties.
- The greatest number of low-income minority older adults live in Baltimore City.
- The geographic distribution of Maryland's senior population is shifting. By 2040, while Baltimore City, Anne Arundel, Baltimore, Montgomery and Prince George's Counties will still have the largest number of individuals over age 60; the largest percentage increases in older adults will be in Cecil, Charles, Frederick, Howard and Somerset Counties.

New Solutions are Needed to Provide Low-cost HCBS, Promote Health and Disease Prevention and Avoid Costly Nursing Home Care

- On average, in FY 2021, Maryland Medicaid paid \$282.50* per resident day for nursing home care.
- Assisted living can be provided at much lower cost.
- There are currently over 26,000 older adults on Maryland's registry who are waiting for HCBS services.

*Source: Maryland Nursing Facility Rates by Region for ALF FY 2022

The AALC Vision

- Low-income seniors deserve affordable Class A assisted living.
- AALC communities are designed to provide every individual or couple with their own studio or one bedroom apartment.
- Communities typically serve 80-150 residents and offer housing, supportive services, supervision, personalized assistance with ADLS, nutrition services, activities and opportunities for socialization and monitoring of health care including assistance with medications.
- Most importantly, no public funding is needed for construction. These communities are built and financed entirely with private funding through the sale of federal tax-exempt bonds and equity raised from the sale of 4% Low Income Housing Tax Credits.

AALC Communities Improve Health and Reduce Costs

- Illinois has the largest Medicaid funding Assisted Living program in the country. With over 154 operating sites and 12,755 apartments, the Illinois Affordable Assisted Living Coalition calculates that the State saves from \$104 to \$150 million annually by keeping people out of costly nursing homes.
- To increase access to AL and reduce reliance on nursing homes, the District of Columbia increased its Medicaid reimbursement rate to \$155/day in 2015. The rate today is \$199.28. The number of ALR Medicaid beds has grown from 33 to 271 with another 200 plus units in production. These new units of housing are making it possible for DC to move nursing home residents to community-based settings and to house seniors who are unstably housed or have histories of homelessness.
- The National Academy of Sciences found that one of the greatest predictors of early mortality in seniors is social isolation and loneliness. Other studies link social isolation and loneliness to poor physical and mental health, loss of cognitive function and chronic illness. Opportunities for socialization and activities are hallmarks of assisted living care.

AALC Benefits cont.

- AL Communities are purpose-built to meet the needs of frail seniors and promote their safety and independence. AI Communities address seniors' nutritional needs and monitor medications for optimal results.
- AL Communities provide 24-hour staffing and have contingency plans to mitigate breakdowns in care delivery and continuity that occur frequently in home settings.
- AL Communities pay for the cost of monitoring and oversight through licensure fees.

Community Benefits

- Construction Jobs and Contracts
- 60-80 Permanent Jobs – Entry Level and Professional Level Positions
- Community Space
- \$4 Million in annual service and employment related expenditures
- Affordable Housing
- World Class residential space for seniors:
 - Apartment-style housing
 - Personal care
 - Supportive services
 - Personal care
 - Homemaking
 - Laundry
 - Medication Supervision
 - Transportation
 - Social activities
 - Recreation
 - 24 hour staff

Challenges – Current Medicaid AL Payments Rates are Inadequate to Support High Quality AALC

- Today, there are two components to how assisted living providers are paid under the Medicaid Community Options Waiver:
 - Per Diem Rate for Services – Paid by Maryland Medicaid
 - Room and Board Allowance – Paid by Resident from SSI or other Income Source.
- A recent Hilltop Institute study (draft) concluded that current per diem rates were 31% to 44% below the estimated cost of providing services.*
- The current monthly room and board allowance is \$420 per month or \$14 per day. It has been stagnant for a very long time.
- Waiver enrollment is capped. Currently, over 26,000 are waiting for services.

* Source: The Hilltop Institute, Program 3 and Brain Injury Waiver, Rate Methodology Study (DRAFT), September 19, 2018.

Solution – Affordable Assisted Living Enhanced Care (AALEC) Pilot

- Through legislation, amend Maryland’s current 1115 Waiver to establish a pilot program designed to test the feasibility and cost-effectiveness of providing enhanced care to low-income seniors in an assisted living community that meets minimum standards:
 - Is built or renovated with Low-Income Housing Tax Credits;
 - Offers private, one-bedroom or studio apartments to individuals and couples;
 - Serves individuals or couples whose income, on average does not exceed 60 percent of the Area Medium Income (AMI).
 - Provides person-centered, individualized care, care management and regular, proactive monitoring of health status;
 - Uses electronic medical records to improve care monitoring, quality oversight and support tracking and reporting of quality indicators;
 - Offers assessment and referral to therapy and restorative nursing programs, medication management, dietary services, activities to reduce social isolation and helps seniors maintain an active lifestyle.

AALEC Would Provide Adequate Reimbursement While Maintaining Cost Neutrality

- Payment rate, expressed as a percentage of the nursing home rate for a resident care day in the region, must be adequate to support the program and to ensure provider participation. Using a rate expressed as a percentage of the average nursing home rate ensures that the program will be cost neutral and will keep pace with inflation.
- Increase Room and Board allowance from \$420 to *at least* the current SSI benefit amount (\$841 in 2022) but may be more in high-cost areas.
- Maintain Post-eligibility Resident Contribution Requirements for Medicaid eligible residents with incomes above SSI benefit amount to lower State and Federal expenditures for services and promote cost neutrality.
- Allow Private Pay residents who are below the LIHTC income eligibility threshold.
- Create employment opportunities in local communities.
- Provide for evaluation on key quality measures.

Sen Washington Testimony SB743.pdf

Uploaded by: Mary Washington

Position: FAV

MARY L. WASHINGTON, PH.D
Legislative District 43
Baltimore City

Education, Health, and
Environmental Affairs Committee

Chair
Joint Committee on Ending
Homelessness

Chair
Joint Committee on Children,
Youth, and Families



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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SUPPORT – SB 743

Maryland Medical Assistance Program – Affordable Assisted Living
Enhanced Care Pilot Program

Testimony Senator Mary Washington

Senate Finance Committee, March 8, 2022

Chair Kelley, Vice Chair Feldman, and Members of the Finance Committee,

Thank you for the opportunity to present **Senate Bill 743 – Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program**.

SB 743 establishes a new and innovative pilot program that leverages Medicaid funding to pay for services to attract developers and investors to build assisted living communities for our low income seniors. The goal of this pilot, which is consistent with the Home and Community Based Medicaid Waiver, is to serve our most vulnerable senior citizens by providing them assistance with activities of daily living in an affordable housing setting. Such a program, furthers the goals of the Home and Community Based Waiver, by avoiding or delaying prolonged hospitalizations or skilled nursing home stays, which dramatically add costs to the overall Medicaid program.

This model is currently being utilized right next door in Washington, DC. In light of DC's demonstration that this model is certainly achievable, and given the huge waiting list of over 26,000 seniors for the Home and Community Based Waiver Program, it is clear that Maryland must begin thinking outside of the box. This pilot would take an innovative approach to provide much needed support to seniors throughout the State by stimulating collaboration and partnership between the public and private sectors.

I ask that you support this innovative effort and move favorable on SB743.

In Partnership,

A handwritten signature in blue ink, appearing to read 'Mary Washington'.

Senator Mary Washington
Maryland 43rd District

oussama souadi testimony sb743.pdf

Uploaded by: Oussama Souadi

Position: FAV

Testimony of Oussama Souadi, RA
Partner, Gragg Cardona Partners, LLC
Before the
Senate Finance Committee
March 8, 2022

SUPPORT – Senate Bill 743 – Maryland Medical Assistance Program – Affordable Assisted
Living Enhanced Care Pilot Program

Good afternoon, Chair Kelley and Members of the Finance Committee. For the record, I am Oussama Souadi, partner at Gragg Cardona Partners, a purpose driven Real Estate and Community Investment organization here in support of Senate Bill 743.

Since 1999, the principals of Gragg Cardona Partners LLC have been at the center of efforts by the District of Columbia and community leaders to revitalize neighborhoods and generate broad based employment and business opportunities, by using public/private partnerships to bring about new investments in housing, commercial space, and community facilities.

For more than two decades Gragg Cardona Partners has been supporting and investing in the positive transformation of neighborhoods in the Greater Washington, D.C. metropolitan area. Our sense of purpose, energy, transparency and collaborative character underlay the creation of more than 1,100 units of rental/for sale housing, including nearly 400 affordable units, plus 71,500 square feet of new neighborhood oriented commercial space.

Many of these residential spaces are the result of partnerships with local governments and or agencies wanting to re-energize neighborhoods, stimulate economic development and empower residents.

Our work has won the support of institutional investors, and national/local lenders. We are comfortable and experienced partnering with local governments, negotiating win-win outcomes with community stakeholders, layering financial resources, and developing high quality places for people to live, work, and play.

We do this with respect for the communities we are a part of. We positively and innovatively engage in shaping and preserving the physical, social, and economic

context in which people live. And doing so by contributing our values and knowledge in a fashion that merits respect and considers community interests.

One of the great examples of this approach is our recent and ongoing successful collaboration with the District of Columbia government, both the legislative and administrative branches. This collaboration has enabled our team to establish a program that is delivering, in the year 2022, 157 apartments, brand new, high quality, affordable assisted living community that will serve the district's most vulnerable population, the elderly who earn the lowest of incomes. This programmatic approach will deliver over 600 additional apartments over the next 3 years. These communities will leverage private equity and debt capital of over \$350 Million, and most importantly, no public funding is needed for construction. These communities are built and financed entirely with private funding through the sale of federal tax-exempt bonds and equity raised from the sale of 4% Low Income Housing Tax Credits.

This innovative approach will not only yield world class and affordable assisted living communities that deliver services to the state's senior population, but the communities will individually contribute economically to their surrounding by providing:

- Construction Jobs and Contracts
- 60-80 Permanent Jobs – Entry Level and Professional Level Positions
- Community Space
- ~\$4 Million in annual service and employment related expenditures

This bill would take the innovative approach needed to create access for our seniors who are now being left behind. It would create a new Affordable Assisted Living Enhanced Care Pilot Program that leverages Medicaid funding to pay for services to attract developers and investors to build assisted living communities for our low and moderate income seniors.

As a resident of Montgomery County for the last eight years, I believe my adoptive state of Maryland can leverage our current approach and ongoing success in its neighboring Washington, DC to help deliver much needed support to the seniors throughout the state, and I believe strongly that it is through true collaboration and partnership between the public and private sectors that

innovations are achieved in the pursuit of serving the public, I urge you to support this important piece of legislation.

Thank you for the opportunity to testify. I am happy to answer any questions.

rev dr alvin hathaway testimony sb743.pdf

Uploaded by: Rev. Dr. Alvin Hathaway

Position: FAV

Testimony of Rev. Dr. Alvin Hathaway, Sr.
ACT NOW Baltimore
Before the
Senate Finance Committee
March 8, 2022

SUPPORT – Senate Bill 743 – Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program

Good afternoon, Chair Kelley and Members of the Finance Committee. For the record, I am the Rev. Dr. Alvin Hathaway here in support of Senate Bill 743. Now retired, I was the 10th Pastor in Union Baptist Church's 169-year history and the fourth longest serving Pastor. Among a number of other hats I wear currently, I am the founder of ACT NOW Baltimore, a faith-based community action network.

Our mission is to ensure our political leaders are accountable to the people they serve, and to facilitate community dialogue and direct action, bringing neighbors from all backgrounds together to move our City forward. We value measurable outcomes that improve the quality of life for City residents throughout all of Baltimore.

Baltimore's challenges are well-documented. From sky-high crime rates to a lack of access to quality education, jobs, housing and health care, far too many of our brothers and sisters in Baltimore are in despair and seek any sign that gives them a reason to hope and to dream of a better tomorrow. These challenges certainly aren't unique to Baltimore – they exist throughout other low-income communities through the State.

Among the most vulnerable of our residents are our seniors, so many of whom lack not only adequate health services, but basic services to assist them with daily living. We must work together to devise a plan to provide the desperately needed services to cater to this vulnerable population.

As we know, there is a significant waiting list for the Home and Community Based Waiver program – there are currently more than 26,000 seniors on that list.

What we are doing now clearly is not working. We need to start thinking differently and be innovative in our approach to make sure the housing and nutritional needs of our vulnerable seniors are met. The length of the wait list alone demonstrates the current inability of assisted living providers to take in the entirety of that population.

This bill would take the innovative approach needed to create access for our seniors who are now being left behind. It would create a new Affordable Assisted Living Enhanced Care Pilot Program that leverages Medicaid funding to pay for services to attract developers and investors to build assisted living communities for our low and moderate income seniors.

Our neighbor Washington, DC is doing this right now. Maryland can do the same – and we must. We need to think outside the box about new and innovative ways to serve and care for our vulnerable seniors. This bill presents a wonderful opportunity to do just that.

On behalf of ACT NOW Baltimore and in solidarity with our senior brothers and sisters, I urge you to support this important piece of legislation.

todd travis testimony sb743.pdf

Uploaded by: Todd Travis

Position: FAV



Testimony of Todd Travis
President and Chief Operating Officer, Foundation Housing
Before the Senate Finance Committee
March 8, 2022

**SUPPORT Senate Bill 743 - Maryland Medical Assistance Program – Affordable Assisted Living
Enhanced Care Pilot Program**

Dear Chair Kelley and Members of the Senate Finance Committee:

I write today to offer support for Senate Bill 743 – Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program.

Since the inception of our organization in 1990, Foundation Housing has been integrally involved in the recapitalization and preservation of more than 55,000 units of multifamily housing in the United States. Our goal is the creation of communities where residents can live affordably and with dignity. Foundation Housing reinforces its mission through the acquisition, redevelopment, and improved operations of affordable housing for low and moderate income Americans. Through our 509(a)(3) supporting organizations, we have acquired portfolios of properties in 20 states and Washington, DC with numerous projects pending nationwide.

This legislation establishes a new and innovative pilot program that leverages Medicaid funding to pay for services to attract developers and investors such as us to build assisted living communities for our low-income seniors. By stimulating collaboration and partnership between the public and private sectors, this bill would take an “out of the box” approach to tackling head on the enormous wait list Maryland is facing currently for those vulnerable seniors seeking care through the Home and Community Based Services Waiver – one that is over 26,000 people at this time and has been that way for the past decade-plus.

In essence, this bill establishes a pilot program by which we can offer a cost-effective additional option for those in need of care and support. It is being done in DC currently and there is no reason we cannot do the same in Maryland. It is time to start looking at a different approach to addressing the tremendous need evidenced by the current backlog.

On behalf of Foundation Housing and the individuals we serve, I ask that you support this innovative effort and move favorable on this important piece of legislation.

SB 743 Medicaid-Affordable Assisted Living Enhance

Uploaded by: Barbara Wilkins

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 743 Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program (Washington)

STATEMENT OF INFORMATION

DATE: March 8, 2022

COMMITTEE: Senate Finance

SUMMARY OF BILL: SB 743 mandates appropriations in the amounts of \$15.5 million in FY 2024 and \$31 million in FY 2025 and each fiscal year thereafter for the Maryland Department of Health (MDH) to develop a Pilot Program that provides affordable assisted living enhanced care residences for adults 60 years and older that meet the criteria for enrollment in the Community and Home-Based Options Waiver (Medicaid); and requires MDH to establish four sites throughout Maryland in five years.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$15.5 million mandated appropriation provision that impacts the FY 2024 budget and the \$31 million mandated appropriation that impacts the FY 2025 and subsequent budgets..

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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<http://dbm.maryland.gov>

**For additional information, contact Barbara Wilkins at (410) 260-6371
or barbara.wilkins1@maryland.gov**

SB0743_LOI_LifeSpan_Affordable AL Enhanced Care -

Uploaded by: Danna Kauffman

Position: INFO



*Keeping You Connected...Expanding Your Potential...
In Senior Care and Services*

TO: The Honorable Delores G. Kelley, Chair
Members, Senate Finance Committee
The Honorable Mary Washington

FROM: Danna L. Kauffman
Pamela Metz Kasemeyer

DATE: March 8, 2022

RE: **LETTER OF INFORMATION** – Senate Bill 743 – *Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program*

On behalf of the LifeSpan Network, the largest and most diverse senior care provider association in Maryland representing nursing facilities, assisted living providers, continuing care retirement communities, medical adult day care centers, senior housing communities and other home and community-based services, we submit a **letter of information** for Senate Bill 743.

Senate Bill 743 creates a pilot program of four sites for an Affordable Assisted Living Enhanced Care Pilot, which still requires licensure as an assisted living and applies to those that would qualify under Maryland's current Community Options Waiver. The funding would be 60% of nursing homes rates. The sites must be able to serve 80-150 units. There is also a contribution component for the residents in the pilot program.

LifeSpan supports the intent of Senate Bill 743. The State must ensure that Maryland has an adequate supply of affordable housing. However, rather than develop a new program, LifeSpan strongly recommends that the State make the needed changes to the Community Options Waiver. Issues with Maryland's current Community Options Waiver that must be addressed include:

- Fully utilizing the number of allocated slots. While the law provides 7500 slots, Maryland falls short of utilization. This is the reason why Maryland could not use the federal ARPA funds to increase slots – CMS denied the request because the State was not using its full allotment.
- Properly fund the Waiver. As indicated in the Hilltop Institute study from 2018, provider rates under the Waiver are woefully inadequate. As a result, providers seemly cannot participate. If rates were increased to cover the cost of care, more providers would be able to participate.

Therefore, while we again support the intent, we believe that the goals of Senate Bill 743 would be more readily achieved by addressing the shortfalls in the current Community Options Waiver.

For more information call:

Danna L. Kauffman
Pamela Metz Kasemeyer
410-244-7000

*7090 Samuel Morse Drive, Suite 400, Columbia, MD 21046
410-381-1176 Fax 410-381-0240 www.LifeSpan-Network.org*

7- SB 743 - FIN - MDH - LOI.docx.pdf

Uploaded by: Heather Shek

Position: INFO



Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Dennis R. Schrader, Secretary

March 8, 2022

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401-1991

RE: SB 743 – Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program

Dear Chair Kelley and Committee Members:

The Maryland Department of Health (MDH) respectfully submits this letter of information on SB 743 – Maryland Medical Assistance Program – Affordable Assisted Living Enhanced Care Pilot Program.

SB 743 requires the Maryland Medical Assistance Program (Medicaid) to establish a pilot program of up to four (4) Affordable Assisted Living Enhanced Care Residences of 80-150 units for elderly residents, including at least one urban and one rural site. The pilot would provide funding to the sites for a) recruitment and training of staff, b) to reimburse for “bundled payment rates” at a rate set at 60% of current Nursing Facility daily rates (\$175.64), and c) “for other purposes necessary.” Medicaid would be required to seek appropriate authority from the Centers for Medicare and Medicaid Services to operate the pilot. SB 743 also requires Medicaid to evaluate the effectiveness of the pilot and report to the Governor and Maryland General Assembly its findings and recommendations on or before Nov. 1, 2024.¹

MDH notes that the types of services covered through the pilot are similar to benefits available through the Community Options Waiver. The Community Options waiver allows eligible individuals who need nursing home-level care to receive care services in their home or a group living community facility rather than a nursing home. Demand for these services is high and there is currently a waitlist. The proposed pilot would have the unintended and inequitable result of allowing certain individuals to bypass the Community Options waiver waitlist entirely, disadvantaging those who have sought care for a longer period of time.

If you have any questions or would like to discuss this further, please contact Heather Shek, Director of Governmental Affairs, at heather.shek@maryland.gov or (443) 695-4218.

Sincerely,

A handwritten signature in black ink that reads "Dennis R. Schrader".

Dennis R. Schrader
Secretary

¹ The Department notes that there may be a drafting error regarding the timing of the reporting requirement based upon language beginning the phase-in of the Pilot in FY 2025.