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HB 2056 Testimony
House Revenue Committee
April 5, 2013

Chair Barnhart and members of the Committee, thank you for the opportunity to testify before you today on HB 2056. I am Ruth Gulyas, CEO of LeadingAge Oregon – the statewide association of not-for-profit and other mission-directed organizations dedicated to providing quality housing and services to the elderly. Our members include nursing homes, residential care, assisted living, home care agencies, continuing care retirement facilities known as CCRCs and federally subsidized housing for low-income seniors.

We often say, our members are in it for the long haul, some meeting community need through their mission for as much as 100 years. They may have started out as a nursing home and then expanded their services as community needs were identified.

First, I want to comment on the part of the bill that would reduce nursing facility (NF) beds statewide by 1,500 by incentivizing NFs to "buy and close" other NFs. Second, I want to speak to reauthorization of the provider tax and elimination of the existing CCRC exemption.

We believe that NF providers should also be incentivized through enhanced payments to take their own beds permanently offline in order expand their provision of home and community based services and/or upgrade their physical plant that may include offering private rooms.

Because the potential for providers to be able to purchase another NF will depend largely on access to capital, it may be that only large multi-facility organizations will be in a position to purchase facilities. This could result in market domination by a few providers and less consumer choice. Quality is generally enhanced through expanded consumer choice.

Next, I will speak to why we do not support HB 2056 in its current form. I will be brief as there several here wanting to testify on this issue.

We continue to support the provider tax and urge its reauthorization, because it brings in additional dollars to help support critical services to Oregon's most vulnerable seniors and people with disabilities. We do not support elimination of the existing provider tax exemptions for CCRCs. Page 4 includes a listing of the CCRCs in Oregon, where they are located and whether they are impacted by elimination of the CCRC exemption.

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Our fundamental issue with eliminating the exemptions which have been in place since the provider tax was implemented is that it places a tax on seniors who have saved and finance their own services and care. If the exemptions are eliminated, CCRCs would be required to begin paying the provider tax of $21.42 beginning 1/1/2014 and $24.01 beginning July 1, 2014, with no returned benefit if they don't take Medicaid.

This impacts about 2,800 seniors in our member CCRCs. We believe this to be unfair and believe that that the cost should be borne by the general public rather than by a small subset of the population that chose to live in a CCRC.

Our initial analysis of the impact of eliminating the exemptions assumed a nursing home occupancy rate of 95%. Since then, we have surveyed our CCRC members and recalculated the impact based on their actual occupancy rate. Of our nine CCRC members impacted by eliminating the exemptions, five have occupancy rates of between 90 to 95%. The recalculated cost of eliminating the CCRC exemption is $5 million versus our initial analysis of $5.4 million.

The way the provider tax works, nursing facilities are taxed based on their occupied days in the nursing home. For the vast majority who take Medicaid, they recoup many more dollars back through the Medicaid reimbursement rate than what they pay in the form of a tax. For the eight CCRCs who don't take Medicaid, they pay the tax with no returned benefit.

Like Oregon, most states that implemented a provider tax after 2003, sought a waiver to mitigate the harm to the no to low-Medicaid providers. According to a survey conducted by our national office, there are 38 states with provider taxes and 19 have different type waivers to mitigate the harm to providers that don't take Medicaid and/or have a low Medicaid occupancy.

The exemptions were created to protect such seniors and to preserve the CCRC model of care that provides an array of services most often including independent living, assisted living and/or residential and nursing. As a resident needs change they are able to receive the care they need within the CCRC community. A resident pays a fee upon moving in and pays a monthly fee that depends on the level of services/amenities they want to purchase. Should a resident outlive their life savings, most CCRCs have resident assistance funds used to support such residents, thereby preventing them having to become a Medicaid recipient.

Because the CCRC operates as a community, resident service fees go to support all levels of care in the community, often subsidizing higher levels of care such as nursing. If costs go up, such as the case of a new tax, the cost is borne by the full community. Thus, should the exemption be eliminated, the cost of the tax would be shared by all residents with no returned benefit.

Up to now, and in more difficult budget times, Oregon's been able to protect the most vulnerable **and** those that live in CCRCs who saved all their lives and are able to finance their own care. Now, in an improved economy over recent years, the private pay residents in CCRCs are being asked to balance the DHS budget. We believe this cost should be borne by society as a whole, not a relatively small number of seniors that have chosen to live in a CCRC. We are asking that those funds be found outside DHS budget and that the existing exemptions be continued.

Thank you for the opportunity to share our position.

Oregon Continuing Care Retirement Communities
April 4, 2013

A continuing care retirement community (CCRC) in Oregon must comply with [Oregon Administrative Rules, Chapter 411, Division 67]() and register with the state. CCRCs are required to file a disclosure statement with detailed program information prescribed by rule that must be made available for review by prospective residents and current residents and filed with the state on prescribed forms. Rules also require a CCRC to maintain a defined level of reserves.

Per rule, a CCRC is defined as provider that agrees to furnish continuing care to a resident under a residency agreement. Continuing care means directly furnishing or indirectly making available, upon payment of an entrance fee and under a residency agreement, housing and health-related services for a period greater than one year…. whether the care is provided in the CCRC or in another setting designated by the residency agreement. Health-related services (nursing, assistance with activities of daily living, long-term care and rehabilitative services) may be provided at a location that is not a part of the CCRC.

Per DHS[1,] there are 16 CCRCs registered with the state. Eleven (11) have nursing beds and will be impacted by elimination of the provider tax exemption. Eight (8) do not take Medicaid. Five (5) do not have nursing beds as part of the CCRC so they are not impacted by elimination of the CCRC exemption. Twelve (12) are LeadingAge Oregon members of which 9 will be impacted by elimination of the CCRC exemption from the provider tax.

1	Baycrest – Bend - Nursing not part of CCRC	6	Cascade Manor - Eugene	11	Mirabella - Portland
2	Capital Manor – Salem - No nursing beds, no PTax impact	7	Friendsview Manor – Newberg	12	Rogue Valley Manor - Medford
3	Terwilliger Plaza – Portland - No nursing beds, no PTax impact	8	Holladay Park Plaza – Portland	13	Rose Villa - Portland
4	Linus Oakes – Roseburg - No nursing beds, no PTax impact	9	Mary's Woods – Lake Oswego	14	Town Center Rehab - Portland
5	Pioneer Village – Jacksonville - No nursing beds, no PTax impact	10	Mennonite Village – Albany	15	Village at Hillside - McMinnville
				16	Willamette View - Portland

[1] CCRC Advisory Council Meeting, March 2013