Testimony Submitted to 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.

My name is George Wheeler and I serve as the Executive Director of Holladay Park Plaza, a not-for-profit Continuing Care Retirement Community (CCRC) in Portland's Lloyd District. I have been with Holladay Park Plaza for a little over 5 years. Why I am here today, is to appeal to you as the decision makers, that removal of the Tax Exemption in HB 2056 is a bad idea for seniors that live in CCRC's, and plan to live in CCRC's in the future. As the Executive Director of Holladay Park Plaza, I speak as the representative leader for our community, and generally, I am also speaking for the other CCRC's not present today.

I have been charged by our residents and our Board of Directors to run a fiscally sound community, a community that has the financial ability to grow programs, provide choices, and provide a quality of life for seniors that can't be met by living alone. We must also be attractive to a future clientele 5, 10, 25 years down road, building upon our long term sustainable advantage, so that we have the ability to fund and fulfill our future obligations to the residents who call Holladay Park Plaza home. We have a contractual obligation to our residents, in that we provide life care. Similar to an insurance company, we must maintain thresholds to meet the unknown demands facing our community.

Holladay Park Plaza is 46 year old community, with an aging infrastructure. Within our community we have a 51 bed skilled nursing floor; a 35 unit Residential Care floor; and 149 Independent Units under one roof in a 16 story midrise building. We work hard to maximize our cash position to keep up our physical infrastructure and make capital improvements to our campus. Our residents demand it, and our neighbors expect it. The pending "Provider Tax", year over year, would place a huge financial burden our community. As a non-profit, our residents are the stakeholders. Every year when we budget the coming year we grapple with the cost of inflation, long term debt, higher utilities, increasing health care cost, and of course the normal cost of doing business. If our community were to actually receive a benefit from provider tax, (like receiving a higher reimbursement to offset the tax) we would gladly and graciously pay for the tax. But since Holladay Park does not accept Medicaid, and does not stand to benefit from a Medicaid reimbursement bump in the overall daily rate, we feel our community and the residents who live there should not be targeted to pay a tax in which there is no upside, only a dramatic increase to their cost of living.

I know many numbers and percentages have been passed around regarding the financial impact to CCRC's and many of you feel the financial impact is relatively small, or some say, fair. I respectfully disagree. Last year, Holladay Park Plaza had a net operating margin of 400k. 400k may seem like a lot, but it is not, especially with an aging physical plant. The proposed elimination of the tax in HB 2056 would cost our community 419k the second year it's in place. This is a proposed tax in perpetuity, and as history has validated, the bed tax has only increased since its inception in 2003. The tax will increase another 3 dollars per bed/per day in the second year alone.

As I understand it, the state will get about $1.60 in Federal match for every dollar they get from our community or from every other "CCRC". The state wins as the beneficiary, and those nursing facilities that accept Medicaid win also; but our residents and community suffer and are left footing the bill. I would like all of you to realize some important facts should the exemption go away:

- If this tax is spread to our residents as a WHOLE community, the impact is a $1,800.00 per/apartment increase annually. In percentages, this is a 4% increase, set to come due year after year. (again, this tax is in perpetuity and with strong indication it will only increase in the future).
- If this tax is only given to the residents living in our Skilled Nursing section, the increase is 12%.
- This does not take into consideration our next year increases or considerations, such as merit increases for staff, health benefit increases at (10-18%), utility expenses, CPI, etc. So a 12% provider tax increase to our Skilled Nursing floor, would become a 15-17% increase overall. This is dramatic and may financially crush some who live permanently in our health center.
- Most if not all of our residents are on fixed incomes.
- We may look to eliminate staff to off-set this cost.

Since Holladay Park Plaza does not accept Medicaid, the residents have contributed generously over the 46 years toward a Fund that provides financial assistance for those who have run out of money through no fault of their own. The fund is like our own Medicaid program. Last year this fund paid roughly 225k toward financial benevolence. Our community in-fact keeps our residents off of Medicaid program. This I believe was one of the main reasons for the original exemptions in the first place.

All of you here must grapple with many hard decisions as you look to fund program growth and advancement in the State initiatives, but I'd strongly discourage you from looking toward CCRC's and the residents who chose to call our communities home as a conduit for increased funding.

Sincerely,

George Wheeler
Executive Director, Holladay Park Plaza