

**PA SENATE DEMOCRATS POLICY COMMITTEE**

**Improving Pennsylvania's Nursing Homes**

Hearing – June 2, 2021

Testimony of Deborah Winn-Horvitz

President & CEO of the Jewish Association on Aging

Thank you for inviting me to speak today on behalf of the survival of smaller nursing homes. I have spent the last 29 years working in the field of healthcare, including the past 10 years where I have been President & CEO of a non-profit, faith-based senior care organization called the Jewish Association on Aging, or JAA.

The JAA has been in existence since 1906, (that's 115 years ago), originally incorporated as the Jewish Home & Hospital for the Aged in Pittsburgh. From these roots, our organization grew, always with the nursing home at the very heart of our business. In the 1950's, our nursing home had expanded to a 500-bed facility on the same campus we sit on today. 30 years ago, through a grass-roots community planning and fundraising process, we replaced the old 500 bed nursing home with a new 159-bed state of the art nursing home called the Charles Morris Skilled Nursing & Rehab Facility.

Since our inception, we have served tens of thousands of older adults from all backgrounds and all faiths, and in the last 30 years alone, at Charles Morris we have provided \$46 Million in free care and services to the Pittsburgh community. Our story is important not only because we are one of many such faith-based organizations who have carried the financial burdens of providing care to those in need, but more importantly, because on January 15<sup>th</sup> of this year, my board of directors and I made the very painful, but very necessary decision to close to our cherished nursing home. At the time of our closure, we were a five-star facility, and as we recently found out, we performed within the top 6% of all nursing homes in the country with regards to COVID.

So why does a high-quality, long-standing community organization make the decision to close their nursing home? The answer is quite simple: because we could not afford to remain open. We were not paid nearly enough to cover the cost of care before COVID, and with COVID, the losses were exponential with no end in sight.

My organization still has 10 other lines of business who service more than 2,000 individuals per year; keeping the nursing home open would have meant bankrupting the entire organization, which is something we could not do to our community.

There are many lessons to be learned from the experience of our organization, which I am honored to be able to share with you today.

**IF NOTHING CHANGES, SMALL, FREE-STANDING NURSING HOMES WILL NOT SURVIVE. They will either close, sell, or if affiliate with a like-minded larger operator.**

Why? The math does not work. Pennsylvania has kept Medicaid funding FLAT in nursing facilities for the past 7 years, and we already had a shortfall. With COVID-19, that short-fall increased by 57%.

Before COVID, our cost per day per Medicaid resident in the nursing home was \$400/day.

This includes our cost to provide 24x7 care and clinical staff, all ancillary testing, 3 meals/day, activities, room & board, overhead such as regulatory adherence, electronic medical records, administration, etc.

Nursing Homes Medicaid reimbursement rates in Pennsylvania have remained flat for the past 7 years. Our reimbursement per day from Medicaid was \$215, and I have since been notified our new rate would have been \$210/day had we remained open.

The remaining shortfall, per day, per Medicaid client was **\$185 prior to COVID.**

**\$185/DAY X 365 DAYS/YEAR X 60 MEDICAID RESIDENTS = \$4 MILLION PER YEAR!!!**

WITIH COVID

\$559 = COST PER DAY PER MEDICAID RESIDENT

\$215 = REIMBURSEMENT PER DAY PER MEDICAID RESIDENT

**\$344 = MEDICAID SHORTFALL DURING COVID**

### **SO YOU MAY BE ASKING, WHAT NEEDS TO CHANGE?**

- a) Relive regulatory burdens – reporting requirements alone account for on average 20% of an administrator and/or clinicians time.
- b) Increase the Medicaid reimbursement rate. Period.
- c) Partner with faith-based communities on a solution – we have missions to care for older adults appropriately and with respect, and want to be part of the solution.
- d) Encourage long-term care risk-sharing reimbursement models based on quality and outcomes, and fund pilot programs as alternatives to nursing home care.

Since my organization made the decision to close in January, I have been contacted by several other providers who are selling or closing, or evaluating such, including two within the Commonwealth, who have confidentially shared with me their plans to close, and to ask for advice.

This is not going away. If action is not taken, all of us in this meeting today, when we or our loved ones need care in a nursing home, will be forced to be taken care of in the 1-star, for-profit facilities who remain open by provided sub-standard care. We all deserve better than that.

Thank you.