

Accolade Living Centers LLC

3777 Parker Blvd.
Pueblo, Colorado 81008

March 17, 2017

To: Lila Cummings (lila.cummings@state.co.us)

RE: **ALF- Medicaid Reimbursement Analysis**

This letter is being submitted in support of an increase in the Medicaid reimbursement rate for assisted living facilities ("ALFs") in Colorado given the increasing operating costs being experienced by the five facilities associated with Accolade Living Centers LCC, along with the large future operating expenses these facilities will incur once the recently passed minimum wage increases in Colorado take full effect.

The Medicaid reimbursement rate for ALFs has remained relatively flat for several years, yet the operating costs being experienced by our ALFs servicing Medicaid clients have risen substantially.

Payroll for the required caregivers is the largest component (by far) of our operating expenses, and nearly all of our caregivers are paid at or near minimum wage which is consistent with other Medicaid ALFs given the low reimbursement rate (as compared to market rate facilities which charge approximately double the fees and can therefore afford to pay their caregivers at a higher pay rate).

As noted below, not only have we experienced large increases in payroll (through minimum wage increases) over the past few years, given the new Colorado minimum wage law the minimum wage will increase another 45% by 2020. These increases are exasperated by the continued utility, insurance and other operating costs we have experienced over the past five years as noted below.

1. Payroll Expenses – 75% Increase from 2007 to 2020 (new wage increase to \$12.00/hr. by 2020 from \$6.85/hr. in 2007).

Minimum Wage – 2007- \$6.85, 2008-\$7.02, 2009-\$7.28, 2010-\$7.24,
2016-\$8.00, 2017-\$9.30, 2018-\$10.20, 2019-\$11.10, 2020-\$12.00

(note: total change of \$5.15 per hour x 2080 hrs. = \$10,712 annual increase per FTE caregiver)

2. Utility Expenses (Water, Natural Gas and Electric) -- 30% Increase over past 5 years

3. Insurance (Liability, Workman Comp, ACA) Expenses – 20% Increase over past 5 years
4. Food (Meals and Snacks) Expenses -- 15% Increase over past 5 years
5. Maintenance (Repairs, Inspections, Damages) Expenses -- 30% Increase over past 5 years
6. Paper/ Cleaning Supplies Expenses - 35% Increase over the past 5 years

In fact, many ALF facilities in Colorado have now opted not to offer Medicaid beds, due to the **low reimbursement**. Consequently, a large increase of homeless people are created.

Moreover, most ALF facilities that do still offer Medicaid services offer only shared rooms, with marginal living space (many in substandard conditions).

As a result, given the scarcity of available rooms, many Medicaid clients fast track into Skilled Nursing facilities (“SNFs”) due to the lack of ALF availability, **costing double to triple the daily amount** of a Medicaid ALC (that is, SNF Medicaid reimbursement is at approximately \$220/day whereas ALF Medicaid reimbursement is at approximately \$73/day).

Accordingly, we respectfully request that an appropriate increase in the Medicaid reimbursement rate for ALFs be made in order to cover these increasing operational costs and to ultimately save Colorado money by permitting those eligible tenants to live in an ALF (where appropriate) instead of being prematurely forced into a SNF at a significantly higher cost to the state.

Respectfully,

Matt Coffman (mwcoffman@hotmail.com)
Accolade Living Centers, LLC