



The Rhode Island Assisted Living Association

December 16, 2014

Chairwoman Margaret Curran
Commissioner Paul Roberti
Commissioner Herbert DeSimone
RI Public Utilities Commission
89 Jefferson Blvd
Warwick, RI 02888

Dear Chair Person Curran and Commissioners Roberti and De Simone,

I am writing on behalf of the 63 assisted living providers across the state of RI and the 3,700 people who live in our communities. Our residents are senior citizens and people with disabilities; the average resident is an 85 year old widowed woman. Our member communities provide lodging, three meals a day and supportive services 24 hour a day, 365 days a year. Rates include all utility costs except cable. Our communities have central kitchens and provide laundry and transportation services. In addition to the 3,700 residents receiving assisted living services, about half of our communities have an independent living component where residents pay a fee to cover rent including utilities, food and ancillary services. Fifteen of these communities also operate a skilled nursing residence on their campus. We represent sixty three employers in an industry that cannot be moved off shore. Assisted Living is a high touch business and we employ an army of mid and low wage workers.

We have learned that the proposed commercial rate increase will be between 30% and 44%. This is completely unacceptable, especially because the increase was announced just 5 weeks ago. Assisted Living providers prepare their budgets in the fall of the preceding year. Assisted living regulations require residents to be informed of any rate increase a minimum of 30 days in advance, if applicable rate increases are traditionally effective Jan 1. At this point the only options for the additional costs are to take it out of training, employee compensation or pass the increase along to the consumer. None of these are acceptable alternatives. If our providers aren't able to increase wages; how will our employees absorb the proposed 23% rate increase in their own homes? Raiding the training budget to cover the power rate increase will directly impact resident service, employee expertise and ultimately the care of our residents. Finally our residents are on a fixed income financing their care with resources accumulated over a life time. Every rate increase brings the resident closer to out living their resources and turning to the state Medicaid system to pay for their care.

We have worked with our providers to save as much energy as possible by using energy efficient lighting, equipment and using the off switch when not in use. Due to reduced circulation, older people feel the cold more than younger people do, so lowering the heat in our communities is not an option. Several of our communities have electric heat. Many people who reside with us live with 24 hour oxygen, the source of which is an electric concentrator plugged into the wall. These

machines are not particularly energy efficient but are necessary to the health and well being of the resident.

To give you an idea of how much a 44% rate increase will cost providers over the course of a year we surveyed some of our members and found:

Community Location	44% over 2014 annual cost
East Providence	\$57,200
Providence	\$20,172
Providence	\$56,000
Providence	\$84,000
Providence	\$65,500
Wakefield	\$90,000
South Kingston	\$42,000
Greenville	\$164,214
Warwick	\$45,946
Warwick	\$80,600
Portsmouth	\$72,000
Middletown	\$37,750

As you know RI's economy and state fiscal status is dire, we face serious budget deficits. Forbes Magazine ranked RI 46 out of 50 states on its list of business friendly states and we have been in the bottom 5 for the past five years. As you review the rate increase request, please consider the impact of your decision on our residents, employees, businesses and our state. Please eliminate or minimize any rate increase that is necessary.

I would be happy to answer any questions that you may have, provide additional information or arrange a tour of our communities. I can be reached at 401-435-8888 or kkelly@riala.org. Thank you for your consideration.

Sincerely,

Kathleen Kelly

Kathleen Kelly
Executive Director

cc: Lt Gov Elect Dan McKee
Attorney General Peter Kilmartin
Speaker of the House Nick Mattiello