



**Testimony before the
Pennsylvania House Republican
Policy Committee**

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**Delivered by
Zach Shamberg
Chief of Government Affairs**

Members of the House Republican Policy Committee,

Good morning, and thank you for the opportunity to join you for this important discussion on aging in Pennsylvania.

I'm Zach Shamberg, the Chief of Government Affairs for Saber Healthcare Group.

Saber is one of the largest long-term care organizations in the entire country. Based just outside of Cleveland, Ohio, we are affiliated with more than 140 nursing homes in five states, including 43 here in the commonwealth. In fact, we are the largest long-term care provider in Pennsylvania...though that's not necessarily a superior distinction, given the issues we're about to discuss.

I'm also the former President and CEO of the Pennsylvania Health Care Association. For twelve years, I worked alongside a team of nine men and women – as well as our more than four-hundred member facilities and communities – to try to fix the very same problems that we're still talking about today. And while much good work has been done – and while I remain very proud of all that we accomplished together – it's safe to say there is still much more we can do to support the caregivers and the seniors in our nursing homes throughout the commonwealth.

Now, as I approach my eight-month anniversary with Saber, I continue to be asked the same questions, no matter where I am or who I'm with: what's been the biggest surprise in my new role? What's been the most eye-opening moment that changed my perspective from focusing solely on Pennsylvania to now working in five states?

We're affiliated with nursing homes in Ohio, Virginia, North Carolina, and Delaware. And in eight months, here's the single-biggest thing I've realized about Pennsylvania: we are, quite simply, failing our seniors in nursing homes. We're failing their caregivers. We're disincentivizing high-quality providers from coming here and doing business in the commonwealth. We have constructed a reimbursement system that is built to fail, and one that ensures high-quality providers will fail with it. And every time you read an article or watch the news and see another nursing home reorganization, change of ownership, bankruptcy, or closure...it's just evidence of that broken system.

We are falling behind each of our neighboring states, which makes it harder to attract a talented workforce. And we're losing the war of innovation and quality to other states throughout the country.

But I want to be clear: it's not too late to fix this system. Our aging population is growing by the day. In just four years, Pennsylvania will be home to more senior citizens than citizens 19 and younger. Now is the time to fix it. But it's incumbent on you and your colleagues to make those who we care for a priority.

Let me start with the numbers.

Pennsylvania's base Medicaid rate for skilled nursing care is about \$261 dollars per patient per day. Not bad, right? Well, in Ohio, it's \$267 dollars. In Virginia, it's \$275. In North Carolina, it's \$322 dollars. That's a gap of up to \$61 per patient per day — before we even get to the additional programs those other states have layered on top.

Ohio has a Quality Incentive Program, or Q-I-P, that rewards facilities for achieving measurable outcomes. Saber's Ohio facilities earn an average of \$47 per patient day through that program. Ohio also has a private room add-on payment that rewards facilities for creating private, rather than shared, resident rooms.

Virginia has a Value-Based Purchasing program — our facilities there average an additional \$33 per patient day. Both North Carolina and Virginia also reimburse facilities for capital improvements through Fair Rental Value programs — that's another \$23 per patient day.

When you add it all up, the total effective rate our facilities receive in North Carolina is \$345. In Virginia, it's \$330. In Ohio, around \$314.

In Pennsylvania? Still \$261.

Now, I want to be fair about where Pennsylvania stands.

The state has a quality incentive program — but it is funded at just \$7 million statewide. That works out to roughly \$32,000 per facility per year. For context, Ohio's Quality program, as I noted, delivers Saber an average of \$47 per patient day — which at a 100-bed Medicaid census translates to over \$1.7 million per year, per facility. Pennsylvania's program, as currently funded, isn't in the same conversation.

Here's why this matters beyond the balance sheet.

When Ohio launched its Quality program in 2020, focused on just four quality measures, the statewide average on those measures improved by 34 percent. Ohio went from ranking 26th nationally to ranked in the top four on multiple metrics. That didn't happen by accident — it happened because the state put money behind outcomes and held providers accountable for delivering them.

That is exactly the kind of return on investment this Committee should want to see from Pennsylvania's Medicaid dollars. Not more money with no strings attached — but smarter money, tied to performance.

And here's something else this committee should want to see: providers receiving timely reimbursement for the care they provide. But unlike our other states, Pennsylvania's Medicaid approval process makes a trip to the DMV feel like the drive-through line of a Chick-Fil-A.

Today, Saber is owed \$31 million in unpaid Medicaid reimbursements across four states. Pennsylvania accounts for nearly \$18 million of that — more than the combined total of Ohio, Virginia, and North Carolina. \$7 million of that is in Allegheny county alone.

Nursing homes already operate on razor-thin margins. Unpaid balances of this magnitude are not merely inconvenient; they are operationally destabilizing.

Angela already discussed the most detrimental difference between Pennsylvania and our other states: the BAF.

There's no point in downplaying the absolute malicious nature of the state's Budget Adjustment Factor. Pennsylvania is one of only five states in the country that employs a BAF. Long-term care is the only constituency in the commonwealth that is subject to a BAF. For nearly twenty years, the state has attempted to balance its budget on the backs of our most vulnerable and their caregivers.

Once again, it's time we fundamentally fix the system. It's time we put a much-needed floor on the Budget Adjustment Factor for nursing homes.

What I'm asking for today is straightforward.

First – a meaningful increase to Pennsylvania's base Medicaid rate, which would be achieved instantly by fixing the Budget Adjustment Factor.

Second – help us fix our Medicaid approval process, so that we are reimbursed timely for the care we provide.

Third – real funding for a state Quality Incentive Program. Programs the association has designed are shovel-ready. The metrics are defined. The model is proven. What's missing is the appropriation.

Pennsylvania has everything it needs to lead on long-term care quality. What we need is for this General Assembly to make the investment.

Saber is committed to this Commonwealth. We want to invest here. We want to hire here. We want to improve care here. But we need a reimbursement environment that makes that possible.

Thank you again for the opportunity today. I'm happy to answer any questions.