SUPERIOR COURT OF WASHINGTON FOR THURSTON COUNTY

WASHINGTON HEALTH CARE ASSOCIATION and LEADINGAGE WASHINGTON, Plaintiffs, v. STATE OF WASHINGTON, and the WASHINGTON STATE DEPARTMENT OF SOCIAL AND HEALTH SERVICES, Defendants	Case No. 26-2-03595-34 DECLARATION OF CARMA MATTI-JACKSON IN SUPPORT OF PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT

I, Carma Matti-Jackson declare as follows:

1. I am over 18 years of age. I have personal knowledge of the facts set forth herein. If called as a witness, I could and would competently testify to the matters stated herein. I make this declaration in support of Plaintiffs' Motion for Summary Judgment.

2. I am the president and chief executive officer of WHCA. I have served in this role since 2022. Prior to joining WHCA, I served as a nonpartisan fiscal analyst for the Washington State Legislature, first with the House of Representatives and later with the Senate. During approximately seven years in those roles, I was responsible for analyzing and modeling Medicaid payment methodologies for assisted living, preparing fiscal analyses and budget proposals, drafting and staffing assisted living legislation, and advising legislative leadership and caucuses on Medicaid financing and policy affecting assisted living providers.

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

3. In 2010, I staffed a joint legislative committee charged with reviewing Washington's assisted living Medicaid acuity classification and payment methodology. The acuity classifications were meant to identify the level of care a patient needed—roughly corresponding to how much that care cost. A higher acuity patient needed more costly care. At that time, the system included 12 acuity classifications but only 6 payment levels. The committee recommended expanding the system to 17 acuity classifications and 17 corresponding payment levels so that reimbursement would more accurately reflect differences in resident care needs. But because of state budget constraints the Legislature funded only a partial implementation of those recommendations, resulting in 17 acuity classifications but only 6 payment levels. Due to the recession, the implementation of 17 payments to match 17 acuity classifications was halted and as of 2016 the system had 13 payments for 17 acuity levels. *See* DSHS Community Rates History, tab "Community Rates July 2016": ORM Rate History_10-29-2025.xlsx. That experience provided me with a detailed understanding of the historical development of Washington's assisted living Medicaid payment system and the longstanding funding challenges that affected it.

4. In 2016, after leaving the Legislature, I was retained by WHCA as a consultant to document the history of Washington's assisted living Medicaid payment methodology and to develop recommendations for a modernized reimbursement system that would better recognize the actual costs of providing care. As part of that work, I analyzed historical payment methodologies, reimbursement levels, labor and operational costs, and the relationship between resident acuity and provider staffing costs. I also educated legislators, legislative staff, the Department of Social and Health Services (the Department), and the Office of Financial Management (OFM) regarding the disconnect between the existing payment system and the policy objective of reimbursing providers based upon resident acuity and the corresponding staffing and operational costs required to provide care.

5. WHCA's advocacy efforts led to the creation of a statewide stakeholder workgroup to redesign the assisted living Medicaid payment methodology. I participated in that

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

workgroup as a representative of both WHCA and LeadingAge Washington. The workgroup ultimately developed the payment methodology that was enacted by the Legislature and is now codified in RCW 74.39A.032. Because the Legislature recognized that the existing system had been chronically underfunded, the new methodology contemplated both a phased implementation toward the benchmark funding level and periodic rebasing of wage and cost data every two years to ensure reimbursement would reflect current labor markets and operating costs.

6. The workgroup's analysis confirmed that Washington's assisted living Medicaid reimbursement system had been chronically underfunded for many years and that inadequate reimbursement was contributing to declining access to assisted living services for Medicaid beneficiaries. *See* DSHS Report to the Legislature: Medicaid Assisted Living Rates Methodology Workgroup Recommendations. When the new payment methodology became effective in 2018, it was funded at approximately 58 percent of the benchmark Bureau of Labor Statistics wage data. While that level did not fully fund the methodology, the Legislature subsequently increased funding over time, reaching approximately 82 percent of benchmark wage data. Equally important, the Legislature maintained the statutory commitment to update the benchmark wage and cost data every two years so that reimbursement would continue to reflect increases in minimum wages, labor costs, paid leave requirements, payroll taxes, and other operating expenses affecting assisted living providers.

7. WHCA itself is a nonprofit trade association representing a coalition of 558 long-term care provider members, including assisted living communities, skilled nursing communities, and businesses that support long-term care in Washington State. WHCA's principal place of business is in Tumwater, Washington. Together, WHCA and LeadingAge Washington count as their members 95 percent of the assisted living communities that contract with the state to provide Medicaid beds.

8. WHCA's members employ approximately 32,000 workers who serve more than 52,000 Washington citizens needing long-term care services. Assisted living communities are

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

designed for seniors who require assistance with daily life but do not have complex medical needs, whereas skilled nursing communities provide more intensive medical care. Assisted living and skilled nursing are among the most highly regulated sectors in Washington with rigid requirements for staffing, operations, facility layout (such as square footage, ingress and egress), and resident protections.

9. As of July 2026, there are 559 licensed assisted living communities in Washington, providing 40,000 assisted living residence units to seniors and vulnerable adults. These communities typically include a small private apartment while also providing personal care, meals, supervision, and activities.

10. A significant number of assisted living residents rely on Medicaid-funded care. Medicaid is a voluntary program. In more rural areas, there are often very few assisted living communities that serve the Medicaid population. In many of these counties, impoverished seniors who can no longer stay in their own homes or with family are forced to leave the area to access assisted living covered by Medicaid.

11. Medicaid-participating assisted living communities are highly sought after. Many communities have waitlists for available beds. Despite the increased demand, Medicaid capacity has remained flat because communities cannot afford to offer additional Medicaid beds at the present subsidized rates.

12. Currently, assisted living Medicaid rates remain funded at only 82% of 2022 Bureau of Labor Statistics wage benchmarks. Wage growth, inflation, and operating costs have continued to rise significantly since 2022, and Medicaid reimbursement assumptions fall well below current minimum wage levels for caregiving functions like nursing, dietary and other assistance.

13. Inadequate reimbursement has worsened workforce shortages, constrained provider capacity, and placed significant financial strain on providers. Communities cannot sustainably recruit or retain staff at the current rates.

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

14. Prior to the enactment of RCW 74.39A.032, Washington's Medicaid reimbursement system for assisted living was disconnected from the actual cost of care. The then *ad hoc* rate-setting process ignored a wide array of real-world cost drivers: the staffing levels required to address residents' support needs, contractual obligations imposed on providers, successive increases in the state minimum wage, rising food prices, and the broader inflationary pressures affecting supplies and daily operations.

15. Prior to RCW 74.39A.032, rather than grounding reimbursement rates in an analysis of actual cost of care, the Department calculated payment rates for Medicaid-contracted communities by reference to a single input: the total sum the Legislature chose to appropriate for assisted living in a given fiscal year. The resulting structure functioned in practice as a mechanism for distributing a fixed pool of funds. During years of constrained budgets, assisted living providers participating in the Medicaid program absorbed whatever shortfall resulted—irrespective of prevailing minimum wage levels, the cost of the care and services they were required to furnish, or whether the rates bore any relationship to the payment of living wages or the operational realities of running an assisted living community.

16. The Washington Legislature changed this process when it enacted legislation in 2018 requiring the Department to adopt by rule a Medicaid payment methodology for assisted living and adult residential care. *See* Laws of 2018, ch. 225, § 1. Under the statute, codified at RCW 74.39A.032, beginning on July 1, 2019, DSHS was to set rates for contracted assisted living and adult residential services using data from 2016, and thereafter rebase rates for client care and operations every even-numbered year based on data from two years prior. The legislation compelled the Department to calculate a rebase or cost adjustment every even-numbered year, so that Medicaid rates would have some bearing on the actual costs of providing assisted living services in Washington—albeit at a two-year delay. Accordingly, rebases regularly occurred on July 1 of every even year between July 1, 2019, and March 11, 2026.

17. Assisted living communities, staff, and residents rely on the planned every-two-year adjustments from the methodology set in RCW 74.39A.032 to plan for available Medicaid

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

beds, staffing, and operations. Member communities are so intertwined with the reimbursement process set by the state because—for Medicaid-contracted services—that is the sole source of operational funding.

18. WHCA and its members were devastated to learn there would be no scheduled rebase based on the Legislature's actions at the end of the legislative session. For most of our members, the impact will begin to hit them in early August of 2026.

19. Rather than having a public hearing on the changes it made to the Medicaid rate methodology for assisted living, the Legislature made this substantive change in a non-public way at the last minute as part of the supplemental budget appropriation. Had WHCA been aware of the Legislature's desire to change the Medicaid rate methodology during the 2026 session, we would have worked to educate the Legislature on the harm it would cause. We would have demanded the opportunity to testify before the legislature or otherwise increase awareness around the issue. Instead, this change in methodology was made outside of the public lawmaking process, out of sight of advocates like WHCA, and the seniors directly affected by this change. We believe that if the Legislature had considered these points of view, it would not have made this change that so adversely affects the families who count on us to take care of their loved ones.

20. Assisted living communities already face a challenging financial climate. This change could cause some member communities to close or further reduce Medicaid-funded beds.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct to the best of my knowledge.

Executed on this 3rd day of August, 2026, at Federal Way, Washington.

DocuSigned by:
Carma Matti-Jackson
82076404C13C492...

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107

CERTIFICATE OF SERVICE

I, Alisa R. Flabel, hereby certify under penalty of perjury of the laws of the State of Washington that on the 3rd day of August, 2026, I caused to be served a copy of the foregoing via electronic mail, on the following person(s) at the following address(es):

Amy Harris
Assistant Attorney General
7141 Cleanwater Drive SW
P.O. Box 40124
Olympia, WA 98504-0146
Amy.Harris@atg.wa.gov

Attorney for Defendants State of Washington, and the Washington State Department of Social & Health Services

DATED: August 3, 2026

s/ Alisa R. Flabel
Alisa R. Flabel, Legal Assistant

BALLARD SPAHR LLP
1301 Second Avenue, Suite 2800
Seattle, WA 98101-3808
Telephone: 206.223.7000
FAX:206.223.7107