



Bill 49 (Smith) Operating Budget
Ohio House Finance Subcommittee on Health and Human Services
Interested Party Testimony
Tuesday, March 14, 2017

Chairman Romanchuk, Ranking member Sykes, and members of the House Health and Human Services Subcommittee, thank you for the opportunity to be here today to share testimony on the Governor's proposed budget (HB49). My name is Kathryn Brod, and I am the President and CEO of LeadingAge Ohio. LeadingAge Ohio is an association representing mission-driven, values-based providers of long-term services and supports to older Ohioans. Our 400-plus members are lifeplan communities (CCRCs), affordable housing organizations, skilled nursing facilities, adult day programs, assisted living facilities, county homes, home health agencies and hospices, among others. Our members are person-centered as many of them offer a number of these services, which allows them to objectively and open-mindedly weigh what is the most appropriate setting for an individual after hearing his or her story. LeadingAge Ohio members serve an estimated 400,000 Ohioans annually and employ an estimated 35,000 Ohioans.

Before I go further, I want to point out how unique this is among long-term care provider associations. While our members are certified, licensed and accredited as individual providers of various service lines, they tend towards a population-based approach to coordinating the care of those they serve, helping individuals and their families recognize what choices they can make to achieve more favorable outcomes and stay in the setting of their choice.

This means that when we analyze the proposed Medicaid budget that includes varied proposals that will have an impact on our members, we have to do a balancing act: we look at each individual proposal, and then look collectively at the impact the budget will have on the options that older Ohioans are afforded as they age. Ideally, proposed changes will offer protections to support those providers serving the most vulnerable Ohioans, rewards for providers producing the highest quality care, and flexibility to allow innovation to flourish. This is how LeadingAge Ohio has viewed the proposed budget: through this lens of protections, quality and innovation. We hear much about the "right care at the right setting at the right time" but the role that falls to you is to ensure that the right reimbursement supports the right choices that every Ohioan should have available.

I want to talk about two specific areas of the budget under consideration: the proposed reimbursement changes for providers of services in the home and the rate cuts to nursing facilities at a time when providers are challenged with a workforce shortage. Ohio faces a crisis in the shortage of available direct care workers with fewer individuals choosing to work in long-term care and/or remain in the field. In a 2016 workforce study surveying long-term care associations' members across the state, 7 of 10 STNAs who left their job did so to seek better pay, 75% of nursing facilities and assisted living facilities have fewer STNAs than planned and 20% had no applicants for certain positions. Hospice and home health workforce trends mirrored this, with 57% of hospice and home health agencies reporting they have



fewer home health aides than planned, 40% of hospice and home health agencies reporting no applicants for certain positions. Due to these shortages, a large number of providers said that they have been forced to use overtime, double shifts and/or other strategies to fill open hours, all of which not only are expensive but can lead to caregiver burnout potentially jeopardizing quality. Nearly 1 in 5 providers also report limiting services due to inability to find staff to provide the services. The investments in home-and community-based services are long-overdue. LeadingAge Ohio has been advocating for this investment and is pleased to see the Administration has included some of our proposed investments in this budget, which we hope will encourage more providers to reconsider serving this population. Throughout the transition, many of our members have endured economic losses because we shared the vision. Ohio has made great strides in recent years towards rebalancing community-based and facility-based care ensuring that older Ohioans are able to age at home.

Conversely, we are concerned that the cuts to nursing facility rates will undermine our members' ability to provide high-quality care, regardless of setting. One of our members provided the following helpful example:

This nursing facility's Medicaid reimbursement was \$202 per day in 2003. Now, nearly 15 years – serving a much higher acuity resident population and increasing our wage rates each and every year – our Medicaid reimbursement has declined by nearly \$10 per day. With costs of \$275 per day, my organization loses nearly \$85 each day on every Medicaid resident we serve.

With 70 percent of the typical nursing home's expenses in salaries and benefits AND with Ohio's mission-driven nursing homes total nurse staffing at 19 percent greater than their remaining Ohio counterparts and with no shareholder return to cut, the mission-driven nursing home can either reduce routine maintenance or reduce staffing.

Older Ohioans need caregiving provided by well-trained, experienced caregivers.

To quote a LeadingAge Ohio member CFO: "Rebasing wasn't a gift". Rebasing was long-overdue and is how the state identifies the cost of care, and is money that providers should receive. The rebasing in the previous budget allowed our members to put those essential dollars toward increasing their staff wages. The proposed 7% reduction is simply untenable. Even with rebasing, the typical 83 bed not-for-profit nursing home in Ohio, per Plante Moran, is losing \$580,000 per year (all revenue streams included). With an additional 7 percent cut, this loss will increase to \$724,000. Not-for-profit providers look to other business lines and fundraising to cover their losses while they continue to deliver quality. Further, Medicaid underfunding severely inhibits a provider's ability to recruit and retain competent and caring staff. Research supports that a stable workforce provides better care and delivers better outcomes¹, which in a nursing facility means reducing avoidable hospitalizations and emergent care. A stable workforce is one that is able to demonstrate the best outcomes in the health of those in their care.

¹ Castle, Nicholas G., PhD, Engberg, John, PhD, *Staff Turnover and Quality of Care in Nursing Homes*. Medical Care, 43, 6, 616-626.



Providing a stable base rate at this time for providers is imperative in today's vacillating policy climate, with the US House debating a healthcare reform bill that would have enormous implications for Medicaid. In a time when the future of Medicaid funding is uncertain, Ohio needs coordinated efforts to attract workers to this important industry. Reimbursement rates are the crux of this issue: providers must be able to offer competitive wages to attract and retain the skilled workforce needed to provide high-quality care in the lowest-cost setting. They cannot do this without legislative support.

While I am here today speaking about the workforce shortage issue before you in our field, I want you to know that we do not expect the General Assembly to solve the workforce crisis unaided. LeadingAge Ohio has led the effort to build the direct care workforce through creative out-of-the-box initiatives. As not-for-profit partners in your local communities, our members are uniquely positioned to work with local stakeholders to identify gaps in care and other needs, and bring our collaborative process forward to work together to solve problems.

Our work has included outreach efforts to expose young people to careers in long-term services and supports, including curriculum for children and exploring an "alternative pathways" model which partners at-risk youth with care giving opportunities. Several of our members have partnered with OSU's Alber Enterprise to pilot an "eldercare certification", a program to build career pathways in our field. We offer training to frontline supervisors to raise the competency and professionalism of the supervisory staff working with older Ohioans every day – to mitigate the risk that those we work so hard to recruit will be lost due to poor supervisors. We have launched an "employer of choice" designation for those organizations that meet certain criteria for excellence in human resources management.

These are all good efforts, but they are only a part of the puzzle: reimbursement is a critical component. Many of our employers know the struggles their staff face; one employee began offering staff a one-time-annually "advance" on their paycheck and was surprised when dozens of employees took up the offer. With the average starting salary of a state-tested nurses' aide, a family of four would be making just below the poverty level. If in this family, both parents were working full time at this wage, with no days off or lost wages, their children would still be within the income limits for Medicaid coverage.

The General Assembly does have the ability to help us with this workforce issue by restoring the proposed rate cut to nursing home providers, and support the Governor's investments in home and community based services to ensure quality care, which ultimately saves taxpayers from spending on higher levels of more costly emergent care.

Thank you for the opportunity to share our thoughts. I am happy to answer any questions you might have.