

**Testimony to the Finance Subcommittee on Health & Human Services  
March 21, 2017**

**Presented by David Parker, Vice President & General Manager**

**Mr. Chairman and Members of the Committee:**

**Thank you for the opportunity to come before the Finance Subcommittee on Health & Human Services to speak about the future of HCR ManorCare in providing health care services to the citizens of the state of Ohio. I am David Parker, and I presently serve as Vice President and General Manager of the Central Division of HCR ManorCare's skilled nursing and rehabilitation operations. In this capacity, I direct and manage the operations of the company's skilled nursing centers and assisted living centers in Ohio in providing a broad spectrum of post-acute health care services. I will note that I started my career with HCR ManorCare in 1995 as an administrator of one of the company's nursing centers. I have been a resident of Columbus for the last 19 years.**

**Within the state of Ohio, 7,100 of our approximately 50,000 employees nationwide provide services to Ohio citizens in 37 skilled nursing centers, 6 assisted living centers, and nearly 20 hospice and home health care locations. In addition, we have chosen to locate our headquarters in the state of Ohio, with approximately 700 employees working in downtown Toledo to provide support to our caregivers in the field. It is our vision to ensure that our patients and residents live with the greatest dignity and comfort and that we return as many individuals as possible back to where they call home – and we are extremely proud of our track record in this regard.**

**We strive to ensure that our patients achieve the greatest possible outcomes during their stay at our centers, and we focus extensively on high-acuity patients who require complex medical and rehabilitation care. Our philosophy is to assist patients in the**

**restorative and rehabilitative processes and return them to the community whenever possible. We have been uniquely successful in this regard. Of the more than 151,000 admissions nationwide during the past year, more than half stayed at our centers for 30 days or less. Last year, more than 17,000 of these admissions were in the state of Ohio. Based on standard and nationally recognized measures of effectiveness of care, our data demonstrates that our patients consistently achieve outcomes that are comparable to, and often exceed, those of acute care and rehabilitation hospitals, and we provide those quality outcomes in a much more cost-effective setting.**

**HCR ManorCare is recognized for the quality of care that we provide to our patients and for traditions of excellence that extend back to the founding of HCR in Toledo. Ours is a program of service driven by our employees. Our caregiver teams work 365 days a year, 24 hours a day, to help ensure that our patients are given the best medical and rehabilitation care, enabling them to achieve the highest possible quality of life.**

**I am here today to speak to this subcommittee about the recently introduced biennial budget, specifically managed care for Long Term Support Services and our current experience with My Care Ohio, and explain its impact on our patients, employees, and company.**

**HCR ManorCare has 11 centers in traditional fee-for-service counties and 26 centers in the “demonstration” My Care Ohio counties. For that reason, I believe HCR ManorCare is highly qualified and knowledgeable to provide a clear picture of the impact on providers in this demonstration period.**

**My Care Ohio began as a demonstration on May 1, 2014 and was to run through 2019. An evaluation of its performance was to be completed annually to determine next steps for the Department of Medicaid and LTSS. No evaluation or report has been completed to determine success, nor has the Department of Medicaid, Health Transformation,**

**or the Administration presented the Legislature or the voting public with such an evaluation or report.**

**On average on any given day, HCR ManorCare cares for approximately 1,400 traditional fee-for-service Medicaid patients and 1,700 My Care Ohio patients. As many of you are aware, when My Care Ohio was rolled out, the managed care plans were not required to test any claim process beforehand, and immediate issues occurred. I have shared with many of you that in the first year of the demonstration, I actually met an executive of one of the managed care plans, which will remain nameless, at a Bob Evans parking lot on Interstate 71, where I was handed a check for almost \$1 million due to their inability to process claims timely. I should point out that I had to hold that check in escrow due to the fact there was no patient-identifying information, so it could not be booked appropriately. I would like to say that those issues have corrected themselves, and My Care Ohio claim payments are closely aligned with traditional Medicaid fee screen payments, but that would be false.**

**Let's review the FACTS:**

**The number of accounts that HCR ManorCare has on its books and working through resolution for My Care Ohio patients since the demonstration period began, both credits and debits, is 256% greater than traditional Medicaid fee-for-service accounts, while the disparity in patient days is only 18%. Working those accounts to resolution takes additional administrative time and company resources away from other critical areas. Total outstanding accounts receivable for My Care Ohio stand at over \$8 million, which is 13% higher than traditional Medicaid fee-for-service.**

**Average Days to Pay, which just looks at an individual patient claims from time billed to paid/booked – My Care Ohio FYE 2016 130 days vs traditional fee-for-service Medicaid 65 days. My Care denials for**

**Medical Necessity now exceed traditional Medicaid, and providers' issues with timely filing and authorization dates far exceed those for traditional Medicaid.**

**The impact to all providers can be near fatal. Banks will not extend credit, providers push payment terms on suppliers, and providers must limit wage increases for employees and push cost for benefits higher. In the end, all potentially impacting the one thing Director Sears stated was the success banner for Managed Long Term Support Services...Improved Quality of Care.**

**I know you all had the opportunity to listen to Pete Van Runkel's testimony last week, and I agree with every concern he highlighted. The Medicaid rate for LTC has been intolerable for the last ten years, below our neighboring states' rates, even after the recent rebasing that was agreed to by the Administration, the Legislature, and the provider community. That forced HCR ManorCare to make the decision to divest ten nursing centers in the state, and should the Administration's proposed reduction in this budget occur, we will be forced to reevaluate the remaining portfolio of centers, and we fully expect additional divestitures.**

**HCR ManorCare is not opposed to outsourcing to the private sector, but they should be held to the same standard of performance as a government agency. Clearly, as Pete Van Runkel testified and I have shared with you today, that currently isn't the case. It is for those reasons that expanding Managed Medicaid to the remainder of the state is not the answer. We should allow the demonstration period to run its course, evaluate defined and agreeable data to determine success or failure, and then determine next steps of action as partners.**

**Thank you for your time.**