

House Committee on Finance and Appropriations

Health and Human Services Subcommittee

Testimony of Kurt A. Miller

President/C.E.O Empowering People Inc.

March 22, 2017

Chairman Romanchuk, Ranking member Sykes and members of the Health and Human Services Subcommittee, my name is Kurt Miller and I am the President/C.E.O. of Empowering People Inc.(EPI), a healthcare management company that provides services to over 600 Ohioans with intellectual and developmental disabilities in both ICF and I/O waiver settings.

I would first like to thank you all for giving me the opportunity to speak here today. I would like to address an amendment to House Bill 49 being proposed that would exempt facilities meeting specific criteria from the “flat rate” currently in rule.(please see attached proposal) The flat rate gives providers a significantly reduced rate for people with disabilities that have less complex needs, scoring a 5 or 6 on the current IAF, and choosing to live in a large facility. A large facility is defined as any facility that is licensed for 9 beds or more. This flat rate is enacted after pre-admission counseling has been provided, which educates the person and their family or guardian of the other residential options available to them through our system, including I/O waivers. An argument could be made that following pre-admission counseling, all facilities should be exempt from flat rates as the person and their family or guardian are educated on all options and still choose to live in a large facility. Where is the choice in that initiative? Our agency has denied admission to several people because of this rule.

I am proposing that an exemption be created for facilities in peer group 1 and peer group 2 that meet specific criteria. I am proposing that any facility licensed for 9 beds or more that does not have a standing structure with more than 8 people living in them, that no bedroom within those structures have more than 2 people in each bedroom, and that each structure meet the minimum bathroom and shower room ratio of 1:4 be exempt from the existing flat rate. This exemption would allow even more choice to the people we serve and would not financially penalize providers that are chosen as a residential option. This proposal is based on language from existing licensure requirements.

Every facility is looked at as the same on paper based on the number of licensed beds but I operate 3 (54) bed facilities and will illustrate the difference. Two of those locations are 54 beds in the same building and do not meet the bathroom or bedroom requirements. Therefore, neither of these buildings would be eligible for the exemption. The third licensed facility is 54 beds with

5 (8) bed homes and (2) seven bed homes that are all private bedroom and private bathroom in a campus setting. This location would be eligible for the exemption because it meets all the proposed requirements. Further, if each of these buildings were licensed separately at the time of construction they would currently be exempt from the flat rate. However, on paper according to the current rule these three facilities are the same and all subject to the flat rate. In reality, they couldn't be more different. The decision to license these homes together were directed and decided by the department. The decision was to limit surveys and not squander resources by doing multiple surveys at the same location. However, there are now financial ramifications based on this decision that are unjust. This simple amendment would correct these inequities without damaging the department's vision and goal of promoting large facilities to downsize into smaller community based homes. Why should the people we serve be denied the option to live in one of these homes because they happen to be licensed together? Our focus as a system is to empower people with intellectual and developmental disabilities and encourage choice. We are not fulfilling that goal by limiting residential options.

The next issue I would like to address is Fair Rental Value being proposed in the 2018/2019 budget. The rationale behind this is to encourage owners to downsize and invest in new buildings. I am in full support of the need to downsize and improve the lives of the people we serve. That is evidenced by the 255 beds my agency has downsized since 2008. We are also in process of submitting proposals to build another 8 homes in the next 12 months to further downsize existing locations recently purchased from the previous owner. That has been accomplished through the commitment of the current owner who does reinvest into our system to enhance the lives of the people we serve. However, the ability to downsize and reinvest will be significantly hindered if the new Fair Rental Value system is enacted. Most locations would face a significant reduction in funding, therefore limiting capital required to build new homes and downsize existing large facilities. I have completed several analysis and we would suffer a reduction of funding in capital dollars of almost 5 dollars per day on the newly constructed facilities and more in larger, older facilities. This does not instill a secure feeling for existing owners that have made an investment in new community based homes to continue to downsize as they would experience a reimbursement reduction on homes built within the last 10 years.

In addition, existing operators like myself have leases structured by the current capital reimbursement system and are anywhere from 2 to 10 years in term. With a drastic change in the funding for capital reimbursement, I would not be able to meet the current terms of the lease, leaving my organization open to legal issues. I know that some previous owners have not committed resources to downsizing by building new homes but just because a few owners have been neglectful of their duties, do not make changes and penalize the rest of the owners and operators that are doing the right thing. I believe there is compromise to be found but it will take time and cooperation from the department and providers to develop a system that is equitable for all. Let's not penalize everyone because of the actions of a few.

Finally, I would like to quickly discuss the exit waiver process for people with APSI as a guardian. There is a significant variance of people approved for exit waivers that have APSI as a guardian as opposed to those that have either family as guardian or are their own guardians. As evidenced below in the table, people with APSI as guardian have been selected for exit waivers in these 6 buildings at a 66% rate. Conversely, people without APSI as guardian in these 6 buildings are selecting an exit waiver at an 11% rate, six times less than those represented by APSI. This sample calls into question how much choice is being provided to those represented by APSI. Our agency has had several meetings and have more scheduled to discuss this list and those that we feel are better suited to be served in an ICF as opposed to an IO waiver setting.

Facility	APSI	Waiver Selected	%	Non-APSI	Waiver Selected	%
Vienna	21	17	81%	8	2	25%
Takoda	8	0	0%	76	2	2%
Foundations	17	9	53%	46	1	2%
Vienna	3	3	100%	15	4	27%
Manor	28	17	60%	26	6	23%
Stewart	24	21	88%	30	8	27%
Totals	101	67	66%	201	23	11%

I thank you all once again for the opportunity to speak and for your commitment to Ohioans with disabilities. I now welcome any questions.