

Chairman Romanchuk, Ranking Member West, and Members of the House Finance Subcommittee on Health and Human Services, thank you for allowing me to provide testimony today on HB166—the state budget. My name is Dave Macke and I am a Shareholder and the Director of Reimbursement Services at VonLehman CPA & Advisory Firm located in the Cincinnati, OH area. I have worked in the healthcare industry for 38 years.

I'm testifying today to ask for your support to eliminate the process of requiring hospice agencies to be used as a pass-through for room and board reimbursement from the Department of Medicaid. This policy change is not currently part of the state budget, but it is related to Medicaid reimbursement and is too specific of an issue to be handled in a stand-alone bill.

I and my firm provide financial and reimbursement consulting services to healthcare entities throughout the State of Ohio including hospice, home health agencies and small rural hospitals. We provide the typical CPA services including financial statements, tax returns and Medicare & Medicaid cost reporting and consulting services.

Working with our clients we consistently hear that managing the hospice room and board reimbursement process is a major administrative burden. I believe we can reduce administrative overhead for hospice agencies, as well as ensure more critical resources are being directed toward patient care, by changing the process for how Medicaid pays for hospice room and board.

Dual-eligible patients residing in a nursing facility receive room and board care from the nursing facility and the facility is reimbursed by the Ohio Department of Medicaid or the MyCare Ohio program. Once the patient elects Hospice, Medicaid stops reimbursing the facility and instead reimburses the Hospice at 95% of the specific facility rate. The Hospice then in turn reimburses the nursing facility at 100% of the nursing facility rate. Thus the nursing facility is made whole on room and board by the payment from the Hospice. This is referred to in the industry as a pass-through but there is really a net expense (loss) of 5% on the Hospice financial statements.

To make matters more complicated from an administrative process, the billing process is inconsistent between the State Medicaid program and the MyCare Ohio program plans. The State reimburses the Hospice at 95% and the Hospice pays the nursing facility at 100%. This same process is followed by Caresource and Buckeye. The other three My Care Ohio Plans (United Healthcare, Aetna and Molina) actually still reimburse the nursing facility directly at the 95% rate and the Hospice only pays the residual 5%. The bottom line effect is still the same but the methodology is significantly different.

Since the licensed hospice program is only reimbursed 95% of the room and board rate, managing this administratively complex scheme results in a net reduction in the dollars being used to provide direct care to hospice patients. These nursing facility and hospice relationships are covered via contract, which is fine, but the complexity of managing the pass-through along with the room and board reimbursement over 95% is difficult to balance.

I believe that by eliminating the process of requiring hospice agencies to be used as a pass-through for room and board reimbursement, and to allow facilities to bill Medicaid directly for the room and board would be good for Ohio's hospice program, and most of good for hospice patients.

Thank you for your consideration in supporting this change. Thank you again for allowing me to testify today. I'm happy to answer any questions you may have at this time.