

**Testimony on House Bill 166
State Biennium Budget
Julia M. Blankenship
Hospice of Morrow County, Inc.
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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 Julia Blankenship, and I am the Executive Director of Hospice of Morrow County, Inc., in Mt. Gilead. 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.

Hospice of Morrow County has provided comprehensive, comforting care to terminally ill patients and their families in Morrow County and the surrounding areas of Crawford, Delaware, Knox, Marion, and Richland counties since 1991. We are the only community-based, independent, nonprofit hospice serving this area. Our team of skilled professionals is available 24/7 to meet patient needs and provide family and caregiver support. Hospice services are covered with little or no additional cost by most major insurance, Medicare, Medicaid, and VA, and our goal is to never turn away anyone due to an inability to pay, thanks to the very generous donations we receive from families, friends, and other supporters in our community.

We are a very small agency, employing 5 full-time and 9 part-time staff. Our current average daily census is 13 patients. Patient referrals are essential for us, and we are finding it increasingly difficult to “compete” with larger, for-profit hospice agencies – particularly those with direct pipelines to acute and post-acute care settings. Increased regulatory requirements – both related and unrelated to healthcare – continue to put added strain on both our staff and our finances. Due to these and other factors, independent nonprofit hospices like ours – which used to be the norm – are slowly disappearing. Yet, we are succeeding, albeit with some struggles. Our patient and caregiver satisfaction scores are consistently better than the state and national averages, and I am proud to report that we received a deficiency-free Medicare survey in January.

Managing the hospice room and board reimbursement process is a major administrative burden for all hospice programs, and it is particularly cumbersome for small agencies like Hospice of Morrow County. 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.

For dual-eligible hospice patients, Medicare pays for medical services, medications, supplies, etc. while Medicaid is used to cover the reimbursement for room and board. Under current rule, licensed hospice programs are treated as a pass-through for room and board reimbursement—even though they do not provide the room and board. 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.

Typically for us, this means that we receive a monthly bill from each nursing facility where one of our patients is (or has been) a resident and is covered by Medicaid, including each patient's room and board charges and other charges for the prior month. Contracts with each nursing facility dictate the percentage at which the nursing facility will be reimbursed by the hospice for certain care levels and services. Most often, room and board reimbursement from the hospice to the nursing facility is required at 100% of the facility's daily Medicaid rate. In some cases, we have seen contracts where the hospice is required to reimburse the nursing facility at 105% of the facility's per diem Medicaid rate. Either way, the hospice is paying 5-10% above what it will eventually be reimbursed by Medicaid, which is only 95% of the facility's per diem Medicaid rate.

This means extra work for us, more complicated billing processes, additional recordkeeping, potentially multiple calls between the hospice and the facility for additional documentation and questions, and, perhaps most important, unnecessary delays in receiving payment from Medicaid. The entire process is unnecessarily burdensome and cumbersome, resulting in no additional benefit to the patient, as well as reduced reimbursement to the hospice. Again, as a small agency with limited staff, we feel strongly that eliminating this reimbursement inefficiency (and inequity) would allow us to put valuable funds to better use serving patients and their families and caregivers.

It is for these reasons that I humbly ask for your help with eliminate 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. Thank you again for allowing me to testify today. I'm happy to answer any questions you may have at this time. Thank you.