

The Academy of
Senior Health Sciences Inc.

Founded 2010

Testimony before the House Finance Health and Human Services
Subcommittee
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Chairman Romanchuk, members of the House Finance Health and Human Services Subcommittee, my name is Chris Murray and I represent The Academy of Senior Health Sciences. The Academy is a membership organization comprised of Skilled Nursing Facilities (SNFs) and Assisted Living providers. Today I will be addressing concerns The Academy has regarding the state of the skilled nursing facility market.

The Academy is concerned many skilled nursing facilities are struggling to provide quality care. The increase in complaints received by the Ohio Department of Health, the significant rise in the change of operators (CHOPs), and the anecdotal reports in the media provide credence to this issue. It has led the Academy to investigate possible causes and work to develop reforms towards greater efficiency and improved quality. We have identified several areas in the SNF market that need to be addressed.

The first area is the supply and demand for SNF services. 2017 occupancy levels were about 82%. We expect occupancy to be near 80% for 2018. The over supply creates efficiency difficulties for operators and strains the use of labor – a scarce resource. It encourages the buying and selling of beds as operators face financial and/or regulatory difficulties. These change in operators (CHOPS) have been occurring at record rates each year as operators enter and leave the market. The high turnover of operators has created an increased opportunity for poor outcomes as they leave the market under fiscal and/or regulatory duress. We need to reform regulations to reward efficiency and high-quality providers while screening incoming operators for financial and quality sustainability. This can include changes in Medicaid reimbursement and quality incentives, change of operator requirements, and certificate of need requirements.

The second area is managed care. The introduction of MyCare Ohio, managed care for dual eligible individuals in the metropolitan areas, created a billing and administrative nightmare for providers. Even today providers face difficulty in getting some claims paid. The managed care system processes need to be uniform to ease the administrative burden on providers.

Finally, Hospital post-acute care networks are disrupting the marketplace, and not always for the better. The Academy supports networks focused on improving quality and outcomes; however, we are hearing too many complaints about hospitals leveraging their referral power to enhance the hospital's revenue while diminishing consumer choice. This can include requirements to use the hospital's physicians, provide uncompensated care for individuals admitted from the hospital, and the use of the hospital's downstream services such as home health or ancillary services. Hospitals must be prevented from leveraging their referral power to force nursing home operators to enter into agreements that financially benefit the hospital and are detrimental to the LTC industry and remove consumer choice.

Thank you for providing me the opportunity to testify before you today.

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