

David Tramontana  
Testimony to Senate Medicaid Committee  
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Mr. Chairman and Members of the Senate Medicaid Committee, thank you for allowing me to address my concerns related to home care funding in the State Budget. First, I want to recognize and commend the Administration for taking steps to lower the cost of Medicaid long term care in Ohio by having the majority of seniors receive their care in the low cost preferred setting, their home. I also want to thank the House for including an increase in funding in their version of the budget bill. These dollars will help increase quality in the lives of tens of thousands of Ohioans – whether it be the 82 year old who is able to remain in her home instead of a facility or the single mother who is now able to pay her bills with her paycheck as a home care associate. However, I am here today to tell you that while the Administration's goals are admirable, the current industry cannot be a viable solution moving forward without increased reimbursements. Years of Medicaid cuts and stagnant PASSPORT provider rates will hinder the programs from achieving the Administration's goals.

As one of the largest Home Care providers for the PASSPORT program in the state, I am here today to talk primarily about the provider rates. I am David Tramontana, CEO of Home Care by Black Stone. We service about 1,400 PASSPORT-like consumers a week in Southwest, West Central, Northwest and Central Ohio. They receive about 26,500 hours of care a week from over 1,200 home health aides. All together in 2014, PASSPORT and MyCare Ohio made up about a third of our company's revenue from a total staff of nearly 1,700, which also includes nurses, therapists, and administration. In short, we are a substantial employer in Ohio providing

a valuable service to our seniors and our fellow citizens by providing cost effective long-term care.

The recent series by the Columbus Dispatch, Home-Care Crisis, outlined one of the biggest challenges facing our industry, “the demand for in-home care and the compensation for those who provide it travel a collision course.” *The Dispatch’s* series highlighted the need to combat fraud, increase accountability and raise pay for home care workers to decrease turnover and improve quality of care. While the Governor’s budget addresses some of these issues by phasing out independent providers (IPs) and establishing electronic visit verification (EVV), it does not go far enough. We urge legislators to help raise home care workers’ pay by increasing Medicaid reimbursement rates and providing a stable quality workforce to care for Ohio’s low-income frail, elderly, and disabled population.

Over the past fifteen years, the minimum wage has nearly doubled, from \$4.24 in 2000 to \$8.10 today. During that time, the PASSPORT reimbursement has gone up by only \$.80. Also, the base rate for Medicaid skilled nursing home care has been cut by 8% since 2008 and has not been increased in 12 years. Beyond rates, the industry has faced increased regulations from both the State and Federal governments, such as increased frequency of background checks, face to face physician requirements, and more recently, ACA requirements around health insurance. This aspect of the Affordable Care Act will cost Black Stone nearly \$300,000 in 2015.

Historically, our margins under PASSPORT have been around \$.89/ hour of care. The health insurance requirement will cost us \$2.25 per hour for those enrolled. We are effectively losing over a \$1 per hour now for employees covered under our health insurance. What are our choices? Reduce hours or increase costs to make it unaffordable and send employees to the

exchange. Is this really what we want as citizens of this Great State? The workers who are working full-time providing quality care to our elderly and disabled, barely earning a living wage, some now getting insurance for the first time. Fan or not of the ACA, I think all of us would like to see a workforce like this have health insurance. Under Ohio's reimbursement, it is not sustainable.

Providers that have been successful at helping to grow home care services in Ohio over the last 20 years have done so with relatively flat reimbursements. Technologies and efficiencies have been realized on the administration of care, but not direct care, where the bulk of the cost exits. With an average PASSPORT personal care provider reimbursement at \$16.12/hour, the market dictates pay rates after travel, taxes, insurance, and administration. The average home care aide serving PASSPORT consumers in Ohio earns \$8.75/hour. The State assumed even lower in their rate methodology -- \$8.41/hour. Other similar positions in the health care industry, such as skilled nursing facilities and hospitals, offer better pay and benefits. According to the Bureau of Labor Statistics, the national hourly average for a Personal Care Aide in a Skilled Nursing Facility is \$10.39, nearly \$2 more per hour. In addition, the low rates have now put us in competition with positions outside of the industry, such as fast-food and retail. Wal-Mart has announced going to \$10 per hour minimum wage.

Having competitive compensation directly impacts the quality of services we are able to provide. A major impact on both quality for the consumer and cost and quality for the agency is retention and turnover. Industry expert typically cite 60% plus turnover as the average. The turnover at this level is financially costly to the provider, affects the quality for the consumer and frustrates the workforce. For the consumer, having a consistent face in their home is not only key to satisfaction but the continuity provides better care when the caregiver is more familiar

with the consumer. For us as an agency, it takes at least 8 hours of administrative work to hire a new home care aide, which includes application, competency testing, reference/background checks, interview and then training. That does not even include the cost to advertise and recruit new hires. The economics of the position are further compounded by most of the positions being part-time, due to the nature of work. All of this while the Department of Labor that the due to expected demand this work force will grow by 50% by 2022, more than 5 times the average demand for all other occupations.

In Ohio, similar community-based providers, such as Adult Day and Developmentally Disabled, have seen multiple increases over the past budgets. The legislature has recognized the needs to invest in these valuable programs, yet the Aging and Disabled programs have been largely neglected by the Administration and Legislature. Perhaps as providers we have not been effective advocates. We are hoping to change that and have the voice of our workforce heard.

In the past, the Departments have testified that they have enough providers to meet demand and don't see a need for a rate increase due to capacity. Candidly, this logic has led to many of the problems we see in our industry today. By allowing "any willing provider" to serve Medicaid patients in our State, we have a glut of providers. This has led to inefficiency, waste, and fraud. The issue has never been about "enough providers," but enough quality providers. In Columbus alone there are 164 PASSPORT providers. This is not efficient at any level: from the expense of the State to administer, to providers' ability to gain scale, or consumers to obtain consistent quality. You do get what you pay for.

In sum, the Administration and House have shown that they value home care and want to build a balanced, long-term care system that offers quality services. I agree – home care has

saved the State hundreds of millions of dollars. According to a study by Scripps Gerontology Center, over the last 15 years Ohioans over the age of 60 have increased by 20%, the number over 85 by 50%, or 75,000 more Ohioans living longer. The availability of Home and Community based services has actually led to a drop in Medicaid nursing home enrollment by 5,000 a year. However, nearly 17,000 more seniors are receiving care. These services are saving the state over \$700 million annually by avoiding higher cost care.

We appreciate that the House saw the need to strengthen home care aide wages – they allocated \$29 million a year for a modest 10% increase for home aides pay. We believe our home care associates deserve more, and we want to pay them more. I want to pay them at least \$10/hour, and the House's 10% increase will not get us there. I urge the members of this committee to sustain the House's provider rate increase for home care services, but also go further. I am here today to ask for a 20% rate increase, which will cost the state \$58 million a year. Investing less than 10% of the annual savings back into adequate reimbursement rates will ensure that we can recruit and retain a quality work force to assist our aging and disabled population maintain their dignity and independence in their homes, if they so choose. Even at \$10/hour, we are not giving home care associates what they deserve for their hard work and priceless value to our society. In order for Ohio to maintain the momentum of the good work that has been started, it is time to reinvest in the direct care workforce.