



Chairman Burke and Ranking Member Cafaro, thank you for the opportunity to testify today on Substitute House Bill 64. My name is John Stacy and I am the Director of Advocacy and Communications for the Ohio Council for Home Care & Hospice, a nonprofit trade association representing more than 500 Medicare certified home care and hospice agencies across the state of Ohio.

This year we are celebrating our 50th anniversary advocating for the delivery of quality community based, palliative and end of life care for our fellow Ohioans. As such we strongly support the efforts put forward by the administration to strengthen accountability, oversight and reduction of Medicaid fraud in the delivery of home and community based care services.

As you are well aware, the state has been making a concerted effort to transition Medicaid recipients from institutional setting to home and community based care. We strongly support these efforts to ensure that Ohioans are able to receive the appropriate level of care in a setting of their choosing. The state projects that by 2017, 65% of Medicaid recipients will be in a home and community based setting. The result of this rebalancing of the system has led to a fast growth in the home care industry to serve the consumers moved from institutional care. According to a study commissioned by the Columbus Dispatch last fall, the home care industry in Ohio has grown by 93% since 2003, and by 193% in Franklin County in the same period.ⁱ Part of this is due to the fact that it is relatively easy to set up a home care or a private duty agency. As an association we have advocated for licensure of home care agencies with the goal of having fewer, better quality providers. In 2010, we worked with former Representative Barbara Boyd on House Bill 460 which unfortunately was not enacted.

HB 64 as proposed by the governor seeks to deal with the issues of accountability and oversight by implementing two proposals:

- Transition to an agency model by phasing out independent providers who are not self-directed by a HCBS consumer and
- Implementation of a new electronic visit verification (EVV) system

More than 90,000 Ohioans rely on direct care workers for home and community based services. Over 85% receive services from one of the nearly 800 Medicare certified home care agency but there are an estimated 13,000 independent provider also providing care in the state with little oversight. According to the state's Medicaid Fraud Control Unit, while home health care comprises less than 5 percent of the state's Medicaid spending, home health care accounts for more than half of the improper Medicaid payments made to providers in the past three fiscal years. I think it is helpful to breakdown these numbers to see where the problems lie.

The Medicaid Fraud Control Unit reports that independent providers comprise 64% of the Medicaid fraud convictions over the past three years. In comparison, convictions for fraud by agency employees, who are mostly discovered and reported to authorities by their employers, was 20%. The next largest category surprisingly are Medicaid recipients themselves who account for approximately 10% of the fraud. And lastly Medicare certified agencies accounted for less than 6% of the total. Given the complex nature of Medicaid billing and compliance rules, it makes sense for the state to look at ways to reign in the large number of independent providers with the hope that it will reduce fraud and ensure that the proper services are provided to our state most vulnerable populations.

During the House Finance hearings a number of independent providers came before the committee to voice their opposition to the proposed transition to an “agency-only” model, which is not really an accurate description of the initiative. What the governor has proposed and we support is an *agency-mostly* model.

As the developmental disability waivers have shown there is a role for IP’s serving special populations and if the consumer wishes to assume the responsibility of taking an active role in self-directing their support services then they are free to hire any provider they wish, including independent providers. It is our understanding that the administration has an amendment that will set up a self-direction advisory workgroup to make recommendations to the General Assembly on the outreach and expansion of the self-directed services to all HCBS waivers. This workgroup will be comprised of representatives from state agencies, provider and consumer advocacy groups, independent providers and state legislators. The amendment also requires that at least 25% of the workgroup be comprised of individuals receiving home and community based services. We feel that this is a good step as people fear what they do not understand.

Before I leave the issue of IP’s, I do feel compelled to acknowledge that much of the testimony on this issue in the House centered on independent providers desire to not work with agencies. When pressed by the members of the subcommittee on the reasons for this it basically came down to money. They stated that they can earn more money working as independent providers rather than through an agency. We are in agreement with the IP’s on this as the current reimbursement model does not allow us to pay more than \$8.00 to \$9.00 an hour. The abuse we have taken as an industry for not paying a living wage is a testament to state policy and not agencies decision to not pay our employees their true worth. We would like to pay our aides more as they are the backbone of our industry and without them we could not provide our services to consumers. My colleagues will talk more about this issue to provide some context of the difficulties the current reimbursement model is causing our industry.

I want to finish my testimony by talking briefly of our support the use of electronic visit verification tools to help provide greater transparency and accountability to the system. Looking at best practices in other states we believe that this proposal will go a long way towards preventing fraud and ensuring proper services are being provided. We have met twice with the administration on this issue and appreciate their willingness to work with our members to gather input on how the new program will be implemented to improve the integrity of Ohio's Medicaid system.

In conclusion, we look forward to continue working with the administration to strengthen accountability, oversight and reduction of Medicaid fraud by home and community based care providers. Again, thank you for the opportunity to testify today. I would be happy to answer any questions you may have.

ⁱ Ben Sutherly & Rita Price, Columbus Dispatch, "Home Care Crisis: Fraud costs taxpayers, vulnerable Ohioans" Dec 14, 2014