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Testimony Before the House Finance Committee
April 27, 2017

Chair Smith, Ranking Member Cera, and members of the committee, I welcome the opportunity to offer written testimony on Substitute House Bill 49.

I am Pete Van Runkle, Executive Director of the Ohio Health Care Association, the state's largest organization representing long-term services and supports providers, with nearly 1,000 members. Our membership includes skilled nursing centers, assisted living communities, and providers of services and supports for people with intellectual and developmental disabilities. Many of our members offer other services along the continuum of care as well.

OHCA is grateful to the Chair and members of the committee for your hard work in developing the substitute bill and for considering the views of those who serve the frail elderly and disabled citizens of this state. The Health and Human Services Subcommittee and Chair Mark Romanchuk logged countless hours trying to balance the health-care needs of Ohioans with the budgetary realties the state is facing.

Speaking of those realities, we are fully aware of the herculean task you have in dealing with the $800-million downward adjustment of the revenue forecast for the biennium. Equally challenging, from our own perspective, were some of the proposals contained in the Administration's budget submission. We are very mindful of how this committee and the Health and Human Services Subcommittee had to wrestle with those competing issues.

Thank you for including in the substitute bill language delaying implementation of the Administration's plan to impose managed long-term services and supports (LTSS) throughout Ohio and creating a study committee to take a hard look at this idea. The managed LTSS proposal is premature at best, as attested not only by OHCA but by a number of other LTSS organizations.

The jury is still very much out on managed care's value specifically for the LTSS population, and the vast majority of our members who are living through the MyCare Ohio experiment feel the value is just not there. We know, though, that the Administration and the managed care organizations pushed very hard against the study-committee amendment. We commend you for making it a part of HB 49 despite this pressure.

Relative to the Administration's proposal for deep cuts to skilled nursing facility Medicaid payment rates, we appreciate the efforts going on now to find a solution in the face of the fiscal challenges. We know that Chair Smith and the members of the committee understand how vital Medicaid funding is to skilled nursing centers. Just two years ago, the House led the way in crafting a solution that provided our members with a rate increase for the first time in a decade. The Administration's suggestion to claw back much of that increase is untenable, and we are grateful that you recognize that. We support including a SNF spending cap in HB 49 that would replace the rate cuts but still achieve savings, similar to the cap in the substitute bill for hospitals. We look forward to positive movement on this issue before the budget leaves the committee.

We also suggest an amendment on rates for ICFs/IID. Our members who operate these properties take care of people with intellectual and developmental disabilities who need the level of services available in a facility setting. We understand that as part of the committee's strategy to address the revenue reduction, all Medicaid rate increases were removed from the budget, including the increase scheduled for ICFs in SFY 2019.

Accepting the committee's no-increase decision, we recommend a different method of getting to the same result. The substitute bill institutes an across-the-board rate freeze on all ICFs. Our amendment would replace the freeze with a formula-driven approach that takes into account changes in facility-level acuity and costs while ensuring that the statewide average rate does not increase. The amendment includes a "budget dial" that ratchets rates down to stay within the statewide rate cap.

OHCA requests the following three other amendments, none of which have an appropriation impact:

- An additional 45 days for SNFs to pay the franchise permit fee (bed tax) to reflect the cash-flow slowdown resulting from MyCare.

- Clarify that selling a center that received a certificate of need (CON) in the past 5 years does not require a second CON unless the sale is to an operator who would have been prohibited from obtaining the first CON.

- Clarify that Medicaid MCOs must use Medicaid, not Medicare, criteria in deciding whether to cover Medicaid nursing facility services.

Again, we thank you for your hard work and your attention to our concerns. If you have questions, please feel free to contact me at pvanrunkle@ohca.org or 614-361-5169.