



**House Sub Bill 166 (Oelslager) Operating Budget
Ohio Senate Finance Committee on Health & Medicaid
Wednesday, May 15, 2019**

Chairman Hackett, Vice Chair Huffman, Ranking Member Thomas, and members of the Senate Finance Subcommittee on Health and Medicaid, thank you for the opportunity to be here today to share testimony on House Sub Bill 166, the operating budget for state fiscal years 2020 and 2021. My name is Kathryn Brod, and I am the President and CEO of LeadingAge Ohio. LeadingAge Ohio is an association representing mission-driven, values-based providers of long-term services and supports to older Ohioans. Our 400-plus members are life plan communities (CCRCs), affordable housing providers, skilled nursing facilities, adult day programs, assisted living, county homes, home health agencies and hospices, among others. Together, LeadingAge Ohio members serve an estimated 400,000 Ohioans annually and employ approximately 35,000 Ohioans statewide.

Before I share our thoughts on the budget before you, I wanted to share a few things that distinguish our members and indeed, our perspective, from others. First, our members have long, deep histories in their communities. The youngest have served their communities for decades, the oldest, for centuries. They are rooted locally, have grown locally, and as such, resemble the needs of their local communities. For this reason, we often say, if you've met one LeadingAge Ohio member, you've met one LeadingAge Ohio member. This long history provides them with a different approach to today's challenges. Their scope is not limited to the next year or even the next quarter, but rather, they are looking for ways they can continue to serve the older adults in their community, for decades to come. This means that the two year budget cycle is particularly limiting. All of the issues I will speak to today have been concerns for our members many years in the making. The solutions that you will advance this year will have an impact on their communities for years to come.

Second, it is the rare LeadingAge Ohio member that offers just one service line. Because they are responsive to their local community needs, most of them have grown programs and services accordingly. Our members include housing providers that also offer home care and service coordination to enable the seniors they house to remain home for life. Another member recognized a need amongst their staff and wider, rural community, and opened a childcare facility on-site. Many of our hospice members have recognized the utility of their skill set in providing chronic care management earlier in the disease process, so ventured into palliative care.

Last, our organizations are oriented towards mission—"mission-driven" is the phrase we use. A majority of them are faith-based, and while we try not to dwell on tax status, the overwhelming majority of them are non-profit. This orientation aligns them with the state's interests: you are accountable to taxpayers. We are responsible to demonstrate community benefit. The way that this translates into advocacy is that our members are looking beyond the boundaries of any single payment model, benefit or program, beyond two-year budget cycles, beyond margins, for solutions that are sufficiently flexible and varied to meet the diverse needs of Ohioans across our state. Our goal is not for any one part of the care system to get what it wants,



but to strengthen the whole system of long-term services and supports. In short, we're looking for ways to help all boats rise.

Now that you know who we are, I want to share with you what keeps us up at night. By 2040, Ohio's over-60 population will top thirty-percent of its population overall. Compared to other states, Ohio's older adults are sicker, ranking in the bottom decile for obesity, and near the bottom quartile for hypertension and diabetes. We have made great strides over the past two decades rebalancing the mix of long term care, lowering the percentage of Ohioans in institutional settings and boosting home- and community-based care. However, this rebalancing comes with a cost: we are able to provide more complex care in less restrictive settings, but the result of this is that across settings our members are seeing rising acuity in the populations they serve, as each provider works to accommodate an individual's needs to the greatest degree possible before transferring to a higher level of care. This rising acuity is felt most by frontline caregivers.

At the same time, we are experiencing a severe workforce shortage. In a 2016 workforce study surveying long-term care associations' members across Ohio, 7 of 10 STNAs who left their job did so to seek better pay, 75% of nursing facilities and assisted living facilities have fewer STNAs than planned and 20% had no applicants for certain positions. Hospice and home health workforce trends mirrored this, with 57% of hospice and home health agencies reporting they have fewer home health aides than planned, 40% of hospice and home health agencies reporting no applicants for certain positions. When we conducted this survey, 1 of 5 providers was limiting services because of these shortages.

In order to provide care in less-restrictive settings, we need to ensure that there are high-quality providers that are able to operate in that space, across the state. I am joined today by my colleagues from around the state who are doing this important work, who will give voice to how each of our issues is playing out in local communities.

Ohio's Assisted Living Waiver

The Ohio Assisted Living Waiver was first developed in 2006 to fill a critical gap in Ohio's long-term services and supports system. For the first time, low-income Ohioans were able to access this community-based care model. Ohio saw the benefit: in order to be eligible for AL Waiver, you had to meet the clinical criteria for nursing facility care, which means that every enrollee was a net savings to Ohio's nursing facility spend.

Twelve years have now passed, with inflation and cost of living eroding any margin that once existed in the program. The last General Assembly appointed a work group to focus on this issue, but try as they did to find efficiencies, the consensus was clear: the low reimbursement is the primary driver for the program's low provider participation rate.

If we want all boats to rise, the first thing we need to do is plug the holes, and Ohio's Assisted Living Waiver program is a clear hole. LeadingAge Ohio joined with our partners, the Ohio Assisted Living Association and the Ohio Health Care Association, to develop a proposal that would bring funding for this program to a sustainable level. I encourage you to support the amendment which would increase funding to this important program.



PASSPORT Personal Care Services and Enhanced Community Living

While the state of Ohio maintains no waitlist for PASSPORT eligibility, our LeadingAge Ohio members provide a different perspective. Our members that participate in PASSPORT typically can only fulfill a fraction of the referrals received for services. Other members share that they have left the program because they lose anywhere from a few dollars to as many as seven dollars for every hour of service provided. They are in a Catch-22 of sorts: to attract enough staff, they have been raising wages for personal care attendants, but by doing this, they experience losses that are simply unsustainable. The bottom line is that the state is providing a benefit on the backs of the providers.

LeadingAge Ohio members are among the few providers working to make the Enhanced Community Living service under PASSPORT work. This program allows a single nurse's aide to divide their time between multiple PASSPORT clients who are housed under a single roof, as is the case in many affordable housing communities. ECL is a smart use of Medicaid dollars, saving mileage and travel time, reducing idle time, and ultimately allowing more individuals to be served by a smaller workforce. Unfortunately, this program, too, is provided at a net loss.

Nursing Facility Reimbursement

The House sub bill includes a 2.4% increase to for nursing home line items for the second half of fiscal year 2020 and the twelve months of fiscal year 2021. It does this by way of a quality incentive program, which rewards nursing facilities according to their performance on four measures of quality, while also encouraging them to relinquish unused beds in an attempt to right-size nursing facility bed distribution across counties.

It stands to reason that if quality varies widely from provider to provider, then so too should reimbursement. LeadingAge Ohio has long been a supporter of payment systems that put quality first and allow our members delivering exceptional outcomes to be rewarded for their efforts. Two years ago, I stood in this same room sharing similar thoughts. At that time, the mechanism for improving quality was different—it was in the context of a larger discussion about Medicaid managed care. In the time since then, our organization has invested significant time and resources into developing care models that leverage our members' expertise across the continuum to improve outcomes and share in the gains.

The proposal before you uses a different mechanism, building on the existing fee-for-service payment, to step towards that end.

Workforce

A theme underpinning each of our issues is workforce. We are in unprecedented times, and not a week goes by that I don't receive a plea from one of our members, asking what more can be done to help us attract qualified workers.



Historically providers have competed with other healthcare providers for staff, but the strong economy means that prospective employees can often find easier jobs that pay more in other sectors. In West Liberty, applications dry up when Honda is hiring. In Napoleon, the big competitor is the Campbell's plant. One member District 10 shared their newest competitor was the new medical marijuana cultivator in town. And let me tell you, every time that Amazon announces new jobs, I think of the elders who may struggle to find care in the proximity. Our members have reported direct care cost increases in excess of 5% in a single year.

LeadingAge Ohio has developed dozens of outside-the-box initiatives focused at varying levels of the education system, and targeted at different aspects of our workforce challenges. From elementary schools to community colleges, from employee recognition to enhancing supervisor training, we have done our homework on workforce. Our partners are piloting models where providers purchase shares of service coordinators, not to serve their residents but rather, their employees, helping them overcome common barriers to employment like childcare, transportation and other challenges. Another company is testing an app which may replace staffing agencies, allowing providers to draw from Ohio's pool of independent providers to fill vacancies. Some of our members are testing clinician-extending technologies like robotics and telehealth to stretch the existing workforce.

There is much we can do on our own with the tools at our disposal. What we can't do without your help is address wages. I implore you to help us build on the House's Assisted Living waiver increase, maintain the increases for PASSPORT, and preserve funding for Ohio's nursing facilities.

Medicaid Eligibility

On a final note, I wanted to share our thoughts on the Medicaid eligibility, which has gotten much attention in recent weeks. LeadingAge Ohio's nursing facility members have been raising the alarm on this issue since late 2017. While Ohio's Medicaid eligibility determination process has always been complex compared to other states, we saw delays worsening over the past two years. Some of our members have seen year-over-year doubling in the amounts they write off due to losses associated with Medicaid pending applications. For some of our larger members in the most challenging counties, those write-offs are in the millions. In previous conversations with the Department, we have advanced both legislative solutions as well as those that can be done by the Department without directive from the General Assembly. We are encouraged by the commitment this Administration is demonstrating on this issue, and are actively supporting their efforts.

Chairman Hackett, members of the Subcommittee, I appreciate your time attention today. We are encouraged by the progress made on our priorities for long-term care in the House, and look forward to building upon these solutions with you.

We have three other members who will be speaking in more detail on the Assisted Living Waiver, PASSPORT and nursing facility workforce, so I defer to their firsthand experience on these issues. Nonetheless, I am happy to answer any questions you might have.