

Testimony on Substitute House Bill 33
Joseph Russell—Executive Director
Ohio Council for Home Care & Hospice
March 11, 2023



OHIO COUNCIL
FOR HOME CARE & HOSPICE

Good afternoon Chairman Dolan, Ranking Member Sykes, and Members of the Senate Finance Committee thank you for allowing me to testify as an interested party today on Substitute H.B. 33—the state budget. My name is Joseph Russell and I am the Executive Director at the *Ohio Council for Home Care and Hospice (OCHCH)*.

I'm testifying today to ask for your support of home care rate increases that support paying wages at market level, and I am here today to ask that we create a real long-term plan for home care that includes a mechanism to regularly review and update rates.

OCHCH represents over 600 home care, hospice, and palliative care agencies across the State of Ohio. Our members care for a variety of individuals ranging from medically fragile children, those who wish to recover from elective surgeries at home, mental health and older Ohioans that wish to age in place, and many more. Our members provide a skilled level of care as well as non-medical care wherever the resident calls home through Medicaid, Medicare, and commercial insurance.

Home Care is a Solution

Home care includes a broad range of services that enables people to receive care in their home, rather than in a hospital, nursing home, or another outpatient setting. These services may be a combination of professional home health care such as nursing or physical therapy, personal care such as assistance with bathing or dressing, or support, like homemaker or companion services. Home and community-based services are provided in Ohio's Medicaid program through State Plan and waivers, which are administered via the *Ohio Department of Medicaid (ODM)*, *Ohio Department of Aging (ODA)*, and *Ohio Department of Developmental Disabilities (DODD)*, respectively.

Home care offers a solution to the growing challenge of treating chronic conditions and managing costs of long-term services and supports. In addition to being a cost effective alternative to more expensive forms of care, home care also provides cost savings by helping individuals avoid hospitalization and readmissions. When a person does not have enough care at home they are admitted to the hospital, readmitted to the hospital, and/or admitted to the emergency department.

The lack of access to community-based services forces people to seek care in a hospital as a last resort, which is more expensive care that drives-up Medicaid spending unnecessarily. Many of these people would not need to go to the emergency department if they had access to HCBS. Our members can provide care to a person in their home for an entire year for around the cost of the average one-week hospital stay. *Why we're not investing in home care and giving people less expensive care options is confusing and wrong.*

Medicaid Home Care is in Crisis

Medicaid home care is in crisis as large portions of the state no longer have access to quality

home care services. While receiving health care at home is less costly and can be more effective than institutional care, state residents on Medicaid are increasingly added to waiting lists and go without proper care as the industry experiences an exodus of providers.

There are many reasons that have contributed to this crisis including Medicaid's significant administrative burden to providers, significant transition of care issues in Medicaid managed care, and strains on the workforce among others. However, the biggest contributing factor leading providers to exit Medicaid is the reimbursement rates not covering the cost of providing the care.

As a result:

- Home care agencies have closed, can't hire workers and many no longer accept Medicaid patients – the state's most vulnerable residents, with the worst impact being felt in underserved and rural communities.
- Thousands of Ohioans are on waiting lists for home care services because there are not enough providers. These individuals are getting no care, inadequate care or use more costly emergency rooms or nursing homes, where they pay a further price in lost quality of life, independence, social interaction and well-being.

This issue isn't going away by itself. Government policy—or perhaps more appropriately the lack of policy innovation—has created a market problem and therefore it's going to require government policy to create a market fix.

If we don't act now the problem will only continue to get worse. Within the next two decades, the population of those age 60 and older is expected to grow more than four times faster than the state's overall population. If we want to care for the influx of older adults to allow them to age in place, and to help others who are struggling with disabilities, chronic illness or recovering from surgery, we need to ensure Medicaid reimbursements cover the costs of these services.

Medicaid Home Care Rates

Medicaid reimbursement rates today are essentially the same as they were in 2000, a time period during which inflation rose more than 75 percent. The cost of home care greatly exceeds what Medicaid covers, and it makes no logical sense because receiving home care is significantly less costly than institutional care. If this continues, home care will be untenable and the costs for all Ohioans will increase with institutional care and more hospitalizations.

We know that the rates are NOT actually set in the budget. However, the General Assembly is required to allocate the appropriate funding to cover the rates and so ODM must have some sort of methodology used to determine the allocation. Unfortunately, that process has never been transparent so we don't know what that methodology looks like.

We learned through testimony in the House that the rate increases in the budget were arrived upon by a market study. While the results of that study were made public, we still

don't have the details on how the study was conducted or how those numbers were arrived upon. We think we ought to be able to see the details of that study, and compare it to the market study that we conducted over the past nine-months. These study's conclusions do NOT tell the same story, and we'd like to better understand why.

Our market study aligns rates to costs and shows that the increases should be closer to a 60% increase, and in some cases much more. Our market study establishes the rate using the market wages (RN is \$35/hr. and Personal Care Aide is \$20/hr., for example) at 60% of the entire rate, which we've used to set the "break even" point for providers whose payor-mix is more than 50% Medicaid. With this methodology we can establish the extract rates needed to support the program.

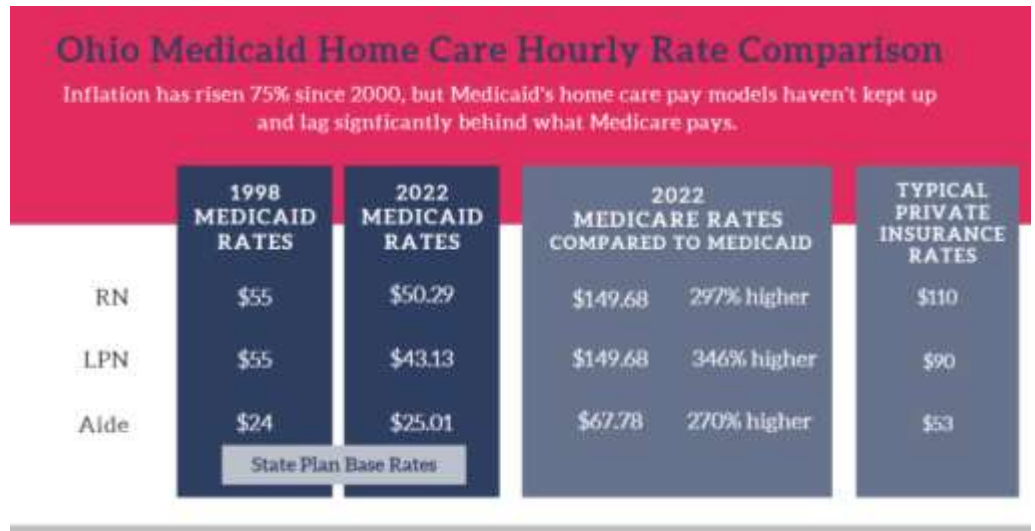
The House used the administration's wage "calculator" that was developed as a result of House testimony to adjust the funding for home care. The calculator says the new funding will allow providers to pay \$17 in FY24 and \$18 in FY24, but that uses an overhead percentage that is nearly fifteen percent more than the industry standard of sixty percent. As such, we don't believe the new funding can get the wages up that high—it's probably more like \$15/\$16 per hour, respectively. In any case, the funding is still below the \$20 that is the industry standard. Also, the House left out the RN portion of the request, and so we hope that the Senate will build off the work from the House and support the amendment that will fully fund our request or our members will continue to flounder.

As we evaluate the market studies to determine rate setting, we should also be asking ourselves: what is the long-term plan to ensure Medicaid home care sustainability? From our vantage point there is no plan and that's a major problem. We know that the current rates are under water and do not cover the cost of providing the care, yet we're relying on unverified market studies to tell us what that rate should be. This is NOT a sound process to ensure long-term sustainability.

The Plan for Medicaid Home Care

We very much appreciate the DeWine Administration, including ODM Director Maureen Corcoran and ODA Director Ursel McElory, for acknowledging that rates need significant increases and we appreciate the inclusion of rate increases in the as-introduced version of the budget. We also very much appreciate the wiliness to maintain a collaborative working relationship with the departments. We feel like we're being heard and that's an amazing step in the right direction. The proposed rate increases are historic and we are thankful.

Even still, we also have to acknowledge the context of those increases and recognize that those increases are not enough to address the problem. The increases provided in this budget for home care services should be based on data to ensure that reimbursements cover the cost of care including the cost of recruiting labor in the workforce.



Many home care agencies are shifting their payer-mix away from Medicaid because they cannot find the people needed to provide these services because they cannot pay a competitive wage under the current Medicaid methodology. *The included chart highlights the reason why.*

Medicare payments average around 300% higher than the rate Ohio Medicaid pays for the exact same services, while private insurance payments average around 200% higher, respectively. While Medicaid providers shouldn't expect to be paid those rates for Medicaid recipients, providers should expect the Medicaid program to be predictable and sustainable. Medicaid is not predictable or sustainable for home care providers because while both Medicare and private insurance consider the costs of providing care, Medicaid does not.

Our goal is for state Medicaid reimbursements to cover the actual costs of providing the care (including offering providers a competitive market wage) and create a sustainable future for the program. To do this we must have a process that considers the costs of care when setting rates. Mr. Chairman, we need a rebasing process that will tie rates to costs and stop forcing home care providers to fight every two-years through the budget process.

I'm here today on behalf of community-based providers all over the state to ask for the necessary investment to reimbursement rates so home care companies can continue as Medicaid providers. In addition to rate increases that support paying wages at market levels, I am also here today to ask that we create a real long-term plan for home care that includes a mechanism to regularly review and update rates by including a rebasing process for home care.

Thank you for allowing me to testify today and thank you for your consideration in this important matter. I'm happy to answer any questions you have at this time.