

**Scott Borgemenke, Senior Vice President, Advocacy
Ohio Hospital Association
Substitute House Bill 33 Testimony
Senate Medicaid Committee
May 11, 2023**

Chairman Romanchuk, Vice-chair Wilson, Ranking Member Ingram and members of the Senate Medicaid Committee, on behalf of the Ohio Hospital Association's 247 hospitals and 15 health systems, thank you for the opportunity to provide proponent testimony on House Bill 33, the FY 2024-2025 state operating budget.

Established in 1915, OHA is the nation's first state-level hospital association and it exists to collaborate with member hospitals and health systems to ensure a healthy Ohio. The association is governed by a 20-member Board of Trustees with representation from small and large hospitals, teaching facilities and health care systems.

In addition to advocacy, OHA's staff leads statewide health care initiatives and serves members through our expertise in population health, economic modeling, health care finance, data analytics and health policy.

Hospitals are the epicenter of their communities. In Ohio, they provide care for nearly 37 million patient encounters, deliver more than 124,000 babies, and directly employ 432,000 Ohioans while indirectly supporting another 272,000 jobs. Hospitals are critical drivers of the health and well-being of not only the state's residents, but of its economy as well.

The state continues to be a conservative steward of state General Revenue Fund expenditures, while also providing stability and predictability for Ohio's hospitals. Given the significant uncertainty hospitals face with respect to many elements of their operations, from workforce challenges to inflationary pressures, we are grateful to Governor DeWine and the General Assembly for proposing state budget stability and consistency for hospitals. This budget provides Ohio hospitals with continued and predictable financials to plan effectively for providing care and services to their patients.

Last year, 63% of OHA's members lost money from an operating margin perspective. On top of that, another 9% of OHA members had between a 0 and 2% margin.

Hospitals continue to experience the same challenges that made 2022 the worst financial year since the start of the COVID-19 pandemic. Notably, labor costs are up 21% and drug and supply expenses have increased 12% compared to January 2020. Fitch ratings last week summed up the state of hospital finances, "there is no easy road ahead despite some easing pressure...margins are not expected to return to pre-pandemic levels for quite some time."

The precarious state of hospital finances and the significant cost increases for labor, pharmaceuticals and virtually every other input that goes into hospital operations are further intensified by the substantial investment losses suffered by hospitals last year. In past years, investment gains helped to offset operational losses for many hospitals. That was not the case last year when the investment market suffered heavy losses.

Health care is a labor-intensive field, requiring 24-hour-per-day/seven-days-per-week staffing to achieve quality outcomes. Like every business sector in Ohio, OHA members continue to contend with workforce challenges across their organizations—challenges that have been accelerated by the pandemic. Caregiver shortages, competition for staff and staff burnout have all contributed to the health care workforce crisis.

Staffing shortages are affecting hospitals throughout the state and nationwide. The shortage is driven by many factors, including an increased need for health care around the country. As America's largest generation — the baby-boom generation — gets older, there will be an unprecedented demand on the health care system requiring additional caregivers and health care workers.

One contributing factor to this shortage is the insufficient workforce pipeline. The health care pipeline was a problem pre-pandemic, but the pandemic has made the problem worse. Shortages of faculty, classroom space and clinical training sites have further exacerbated the issue.

In Ohio, 17% of inpatient beds (4,720 beds) have been taken offline. Providers across the care continuum are experiencing similar struggles, resulting in bottlenecks at all points. Patients are being boarded in emergency departments because of lack of staff, and significant delays in transferring patients to post-acute providers results in hospitals caring for patients who should be cared for in more appropriate settings.

Additionally, the rise of workplace violence, costs of clinical education, job readiness of new graduate and difficulty reimagining care delivery models, among other barriers, have created a very tenuous environment for hospital staffing.

For a field that has experienced such unprecedented trials, including forced closures and service line discontinuations in many service areas statewide, it is of utmost importance to have stable and predictable funding models going into the next biennium.

Substitute HB 33 does this by providing hospitals with financial stability that will allow our members to continue to provide high quality care for our patients and your constituents.

Chairman Romanchuk, Vice-Chair Wilson, Ranking Member Ingram and members of the committee, thank you for your time today. I look forward to continuing our work on this budget and other important issues.



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

Nick Lashutka
President & CEO, Ohio Children's Hospital Association
Testimony before Ohio Senate Medicaid Committee
Sub. HB 33 – As Passed by the House
Thursday, May 11, 2023

Good morning, Chairman Romanchuk, Vice Chair Wilson, Ranking Member Ingram, and members of the Ohio Senate Medicaid Committee. My name is Nick Lashutka, and I am here to testify as a proponent to Sub. HB 33 as President & CEO of the Ohio Children's Hospital Association (OCHA).

Ohio has the world's best statewide network of children's hospitals – Akron Children's Hospital, Cincinnati Children's, Dayton Children's, Nationwide Children's Hospital, UH/Rainbow Babies & Children's Hospital and ProMedica Russell J. Ebeid Children's Hospital. Several of our institutions are ranked among U.S. News & World Report's best children's hospitals, and all our members are ranked best in class in the nation in various aspects of pediatric care. Ohio is the only state in the nation with a flagship children's hospital within a two-hour drive of every family, including our most rural parts of the state.

All our members are members of the Ohio Hospital Association (OHA), and we partner very closely with OHA on issues affecting the hospital industry and specifically about policies affecting children's health and health care.

Ohio's children's hospitals are also significant employers. Our six hospitals employ more than 46,000 Ohioans, providing good paying, high quality jobs and serving as economic engines for our communities throughout Ohio. Our researchers and medical professionals are leading the nation in health care innovation, pediatric research, and quality and patient safety initiatives.

Substitute House Bill 33 is a continuation of the investments for kids that were prioritized through the previous General Assembly. We are grateful for the Governor's long-term vision for Ohio that recognizes the future health of our state depends on how we care for our most precious asset – our children and future workforce.

This budget maintains stable, predictable, and adequate funding for Medicaid at a time when those who serve our highest risk citizens need it most. It strengthens supports for children and their families, along with a focused attention on growing behavioral health needs. It continues Comprehensive Primary Care (CPC) and CPC for Kids, further promoting quality and value.

Importantly, this budget allows for historic Medicaid provider rate increases, long overdue and desperately needed by our members, as well over half of our pediatric patients rely on Medicaid for health care coverage. We emphatically

support these efforts, including targeted assistance for dental providers that is critically important for improving oral health for vulnerable children in Ohio. We also appreciate the sustained investments continuing access to care through school partnerships, which expands opportunities for kids to access care and minimizes disruptions to working parents.

Importance of Medicaid & CHIP to Children and Pediatric Providers

Stable, Predictable & Adequate Medicaid Funding: Stable, predictable, and adequate funding mechanisms for children's health and children's health care in our state are mission-critical to our ability to continue to provide better outcomes and make important investments upstream in the health care delivery system in social determinants of health and population health initiatives.

- All 2.5 million Ohio children receive the highest quality care in our hospitals when needed, regardless of their family's ability to pay – including the more than 1.3 million children enrolled in Ohio Medicaid.
- Over half of the patients in children's hospitals on average (54%) rely on Medicaid for their insurance coverage, by far the highest share of Medicaid patients of any hospital type.
- In 2022, children represented 38% of Medicaid enrollees, yet only account for 18% of the cost (*please see attached graphic*)
- Medicaid Hospital Shortfall: Medicaid reimbursement does not cover the costs of providing care to the children we are privileged to serve. According to the most recent data available, the gap between Medicaid payments and the cost to provide that care for our members totaled over \$650 million in 2021, which is more than 25% below cost, despite the benefit of supplemental payment programs.

Behavioral Health & Workforce

Across the country, the pediatric behavioral health crisis continues to rise with more youth experiencing anxiety, depression, and suicidal ideation than ever before. This crisis is felt acutely across families, communities, schools, and providers. Ohio's children's hospitals have been leaders in expanding access to behavioral health care – both in the inpatient and outpatient setting, and through partnerships with community providers and schools.

In 2020, suicide became the second leading cause of death among individuals 10-14 years old, and the third leading cause of death among individuals 15-24 years old. In 2021, Ohio's six children's hospitals admitted youth to one of our inpatient behavioral health beds 10,550 times. We provided over 560,000 behavioral health outpatient services in the same year. It was not enough to meet the needs of Ohio's families. Kids routinely sit in Emergency Departments, or back at home, waiting for desperately sought care.

Our hospitals have faced immense workforce strains in the wake of the pandemic. This is being felt most in our behavioral health service lines. In our inpatient psychiatric units, we face massive struggles with workforce availability and youth who require higher than average needs resulting in more staffing demands. Our patients struggle to access timely care across the continuum: through prevention services, immediate treatment needs, and post-intervention supports. A small but highly complex and challenging population often sit in our hospitals for months on end, with no

placement options available to them, but unable to return to home. Our concerns are both for these youth who are unable to access the right setting necessary for their care, but also for the longer wait list that accumulates for other children in desperate need of treatment.

We strongly urge the Legislature to prioritize dedicated funding specific to pediatric behavioral health – particularly through one time prevention and workforce training initiatives – to ensure that our youth receive adequate supports across Ohio. Our goal is simple: to increase access and decrease wait times to help to address this mounting crisis.

The version of Sub. HB 33 before you today unfortunately removed \$50 million in one-time American Rescue Plan Act supports that would specifically go towards assisting pediatric mental health and specifically our workforce and integration of primary & mental health. Ohio's children's hospitals are working tirelessly to prioritize behavioral health initiatives, promote wellness, and provide timely access to care.

The current system is strained, and we respectfully ask for the Senate to restore the full one-time amount of \$50M for Pediatric Behavioral Health in Sub. HB 33.

Ohio Children's Hospitals Solutions for Patient Safety (SPS)

Ohio's children's hospitals have a long history of commitment to patient safety beyond behavioral health. In addition to being President & CEO of OCHA, I also have the privilege of serving as President of SPS which includes our six-member OCHA hospitals plus the Cleveland Clinic Children's Hospital and Mercy Children's Hospital in Toledo. SPS is the national leader in pediatric patient & employee/staff safety. By partnering with Ohio's business community and specifically the Ohio Business Roundtable, we have brought the rigor of High Reliability Organizations into the health care setting and made a commitment to eliminate serious harm in our hospitals.

SPS is one example of the incredible power of Ohio's children's hospitals – in just over ten years our efforts have saved over 23,000 children from serious harm. Additionally, we have saved nearly \$450 million – costs that would have been associated with this harm had it not been prevented. This international effort consists of over 140 children's hospitals in North America. It all began right here in Ohio.

Sub. HB 33 continues the importance of investments in Ohio children made by the Ohio General Assembly in the previous state budget, ensuring Ohio's children have access to critical services and quality health care they need to thrive.

In closing, we are proud of our collaboration with our patients, families, and communities to provide the right care in the right place at the right time efficiently and effectively. We look forward to working with the Ohio General Assembly and Governor DeWine and his Administration to raise child health outcomes in Ohio.

Thank you as always for your time, and I would be pleased to answer any questions.

OHIO'S CHILDREN AND MEDICAID COVERAGE: THE FACTS



Ohio Children's Hospital Association
Saving, protecting and enhancing children's lives

Medicaid is the single most important public policy issue affecting the stability of children's healthcare access and coverage in Ohio.

HEALTH CARE
FOR CHILDREN IS A
GOOD
INVESTMENT:

Adequate, stable, predictable funding for children covered by Ohio Medicaid is critical to the health of our children, our future workforce and the long-term vitality of our state.

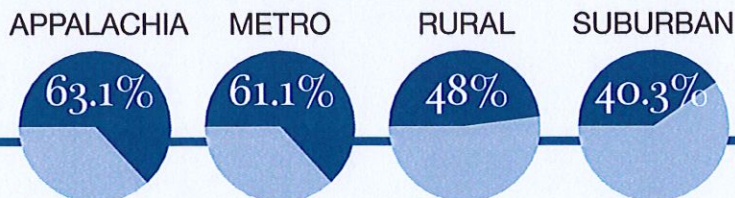
- Children make up 38% of enrollees in Ohio's Medicaid program, and yet account for just 18% of the cost.¹
- Medicaid expenditures for children in Ohio are 47th in the nation and 20% below the national average (CFC costs).

By enrolling eligible children in Medicaid early in childhood, Ohio can help them have healthier lives in youth and adulthood. Consider that children who are enrolled in Medicaid early in life³:

- Do better in school: better reading test scores in the 4th and 8th grades, better attendance rates, and decreased high school dropout and increased college attendance and completion.
- Grow up to be healthier as adults: lower rates of high blood pressure, type 2 diabetes, heart disease or heart attack, and obesity.
- Grow up to be adults who earn higher wages and pay more in taxes.

OHIO CHILDREN
FROM EVERY CORNER
OF THE STATE
RELY ON
MEDICAID
FOR HEALTH CARE
COVERAGE:

- 1.34 million¹ children rely on Medicaid for healthcare coverage. This is more than half of Ohio's 2.6 million children^{2, 8}
- More than half of the patients in children's hospitals rely on Medicaid for health care coverage – 54% of all patients who receive care in children's hospitals have Medicaid for insurance.⁵
- Medicaid covers all youth in foster care – many of whom are displaced due to the opioid epidemic.⁶
- The Federal Children's Health Insurance Program (CHIP) is critical to ensuring kids in families that earn too much money to qualify for Medicaid but not enough to buy private insurance receive coverage. In Ohio, the CHIP program is run in combination with the state's Medicaid program,⁷ and 240,000 Ohio children rely on it for healthcare coverage.
- Medicaid significantly impacts every area of Ohio – from the most rural areas to the most populated urban areas. The following is a breakdown of percentages of Ohio children enrolled in Medicaid by county type⁴.



¹<https://analytics.das.ohio.gov/ODMPUB/views/MedicaidDemographicandExpenditure/Payments?%3AisGuestRedirectFromVizportal=y&%3Aembed=y>
²<https://datacenter.kidscount.org/data/tables/7190-child-population#detailed/2/any/false/1729,37,871,870,573,869,36,868,867,133/any/15123>
³<http://ccf.georgetown.edu/2017/04/19/snapshot-source-2/>

⁴2017, Ohio Kids Count, Children's Defense Fund – Ohio

⁵OCHA Members, self-reported

⁶Ohio Medicaid

⁷https://www.nashp.org/wp-content/uploads/2019/12/2019CHIPFactSheet_Ohio_Final.pdf

⁸Snapshot of Children with Medicaid by Race and Ethnicity, 2018, Georgetown.edu