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Before the House Finance Committee
Testimony on House Bill 96

March 11, 2025

Good afternoon, Chair Stewart, Vice-Chair Dovilla, and Ranking Member Sweeney. I am Pete Van Runkle with the Ohio Health Care Association. OHCA is a membership organization for providers across the spectrum of aging and disability services. Of relevance to this committee's consideration of HB 96, we represent assisted living communities, home care agencies, and hospice programs. We also count among our membership skilled nursing facilities and providers of services to people with intellectual and developmental disabilities.

We appreciate the opportunity to discuss with you the impact of the budget bill on aging services – or perhaps better said, the impact it could have. Last session's budget, HB 33, was remarkable for making bold strides to correct many years of underinvestment in services for our seniors and people with disabilities. Providers saw significant Medicaid rate increases that were specifically designed to allow them to pay higher wages to direct care workers, who are the backbone of these services and supports, attracting them into the workforce and giving them an incentive to stay. In turn, a stronger workforce allows providers to serve more Ohioans in need.

We are exceedingly grateful to the General Assembly and the DeWine Administration for what was accomplished in the last budget. The rate increases were substantial and broadly covered home and community-based services (HCBS), particularly those involving hands-on care and supports. For context, when we refer to HCBS in our testimony, we mean the PASSPORT program, the Assisted Living Waiver, the Ohio Home Care Waiver, the MyCare Ohio Waiver (which packages those three programs in a managed care environment), state plan home health and private duty nursing, and hospice services.

We also are grateful to the administration in the executive budget for not cutting back those desperately-needed rate increases to the extent they were funded in 2023 by one-time federal dollars under the American Rescue Plan Act (ARPA). We would note, however, that when the state made the decision to use ARPA funding in this way, it committed to sustaining the rate increases using other funding sources. The administration has followed through on this commitment, but that is all. Our request to this committee and to the General Assembly as a whole is to ensure the <u>results</u> of the 2023 investment are sustainable.

The problem is that continuing the rate increases – that is, flat-funding them – is not the same as sustaining the additional workforce that the rate increases brought to aging and disability services. Workers expect periodic wage increases. We don't want to find ourselves back in a world where rates and wages stagnate for an extended period of time, requiring a large investment later to catch up. The system should allow annual, incremental rate increases to keep pace with the cost of providing services and allow providers to raise wages to maintain a stable workforce.

The rate increases and resulting higher wages from the last budget took effect January 1, 2024. Under the executive budget, direct care workers would not be looking at another raise until at least January 1, 2028, assuming the next budget provided an increase. Direct care workers would have to wait four years for a raise, when in other jobs, they could expect some kind of increase annually. We are concerned that without annual wage increases, the direct care workforce will begin to dissipate again, as they move to better-paying jobs where they can receive regular increases. As they go, so goes providers' capacity to serve the increasing number of Ohioans who need their services.

As stated in the Department of Aging's State Plan on Aging:

> The largest population of adults ages 60 and older is expected in 2030, with 3,050,200 older adults in the state, an 8.4% increase from 2020. By 2040, Ohioans, ages 60 and older, will make up 25% of Ohio's total population. The proportion of Ohio's total population, ages 85 and older, is projected to increase at an even greater rate, growing 51% from 2020 to 2040.

That growth in the aging population started several years ago and is continuing now.

The HB 33 rate increases had an incredibly positive impact on services for seniors and people with disabilities. Taking just the PASSPORT and Assisted Living Waiver programs, for which we have high-quality, longitudinal data on the Department of Aging's Medicaid waiver program data web page, the impact is clear. Provider rate increases began January 1, 2024. During calendar year 2024, the number of people served in PASSPORT increased by 1,200, or 6.7%. Comparatively, the number of people served actually fell during the previous 12-month period, before the rate increases. The Assisted Living Waiver grew during the same time by 559 people served, or 17%, compared to only 3% during the 12-month period before the rate increases.

Looking farther back in time, these programs experienced more growth, in terms of people served, during the last year than across the previous 4 years combined. For the entire period from July 2019 to December 2023, the number of people served in PASSPORT grew by only 200, while during the same period, people served by the Assisted Living Waiver decreased by 1,144. This period saw only very minimal rate increases, making it difficult for providers to address the growing need.

For assisted living specifically, the goal of the rate adjustments in the last budget was to increase access to affordable assisted living by attracting more providers to build facilities dedicated to serving the Medicaid population or shift their model to include more Medicaid residents. Adequate rates to make developing affordable assisted living properties economically feasible are critical to increasing access. Following the rate increases in January, 2024, we saw nearly 10% growth in the number of affordable assisted living providers in Ohio, but more are needed to meet demand. Developers need sustainable revenue from the waiver program to support the long-term financial commitments needed to construct affordable assisted living communities and bring more business to Ohio.

To meet the growing need for services, maintain stability in the direct care workforce, and support provider service capacity, we are proposing an amendment to HB 96, HC0388 (attached), that would provide modest rate increases to HCBS providers, effective January 1, 2026, and January 1, 2027. These rate increases would be small, only 3.4% and 2.3% respectively, but would allow providers to offer wage increases to keep them competitive in the job market. The annual wage increases would be only $0.61 and $0.43 per hour, but would be meaningful to low-wage caregivers who are struggling to make ends meet.

In addition, HC0388 would add language to the Revised Code to provide a long-term solution that would begin January 1, 2028. This language would give statutory authority to the Departments of Aging and Medicaid to adopt rules prescribing a process for annually reviewing provider rates and assessing whether updates are needed. The review would be based on data measuring changes in the cost of delivering services that the state agencies would gather from HCBS providers. The agencies then would analyze the data to determine the percentage of cost growth and the need for rate adjustments. By spreading the rate increases out year by year, this system would provide stability and predictability and would prevent lapsing into a crisis environment like we saw in the last budget.

It is important to note that this provision does not “tie the hands” of future administrations or General Assemblies by mandating “automatic” rate increases. The administration still would decide how much of an appropriation to request for provider rates and the legislature still would decide how much to appropriate. The language would in no way restrict the legislature’s power of the purse. What it would do, though, is provide data to inform the decision-making process that is lacking today.

HB0388 also includes two features applicable to specific types of HCBS providers:

- It would establish retainer payments for Medicaid assisted living communities that would allow a resident to be away from the community for up to 30 days per year for medical reasons, vacations, or visits with family without losing their apartment.
- It also would correct the gap in Medicaid payments for hospice patients who reside in skilled nursing facilities. Currently, Medicaid pays a hospice 95% of the facility’s daily rate, but it must pay the facility 100%. The amendment would adjust the Medicaid payment to 100% of the skilled nursing facility’s rate.

On behalf of all Medicaid residents in Ohio's assisted living communities, skilled nursing facilities, and intermediate care facilities for individuals with intellectual and developmental disabilities, we very much appreciate and support the executive proposal to increase residents' personal needs allowances from $50 to $100 per month. The allowance, which is all residents get to keep out of their monthly income to spend on personal items (e.g., beauty shop services, gifts to grandchildren, cell phones, meals outside the facility), has not increased in many years. It is high time our seniors and people with disabilities had a little more freedom.

I'd like to return to the topic of workforce to discuss a second amendment we are proposing (HC0389, also attached). This amendment would create, within the Department of Aging, a new program to improve the skills of Ohio's direct care workers. The new program, called SilverSkills, would work hand-in-hand with the rate increases to help retain workers by allowing them to obtain credentials for completing advanced training. Modeled on the state's successful TechCred program, this initiative not only would lead to better care for seniors and people with disabilities, but it also would provide a pathway for career advancement and job retention.

We urge the committee to support these critical investments to fulfill our collective responsibility to provide care and support for our seniors and people with disabilities. They are among the core populations that Medicaid was created to serve. They deserve a strong infrastructure to support them when they need it most.

Thank you for your attention this afternoon. I would be happy to answer any questions that you may have.

HC0388

H. B. No. 96
As Introduced

_____ moved to amend as follows:

After line 15906, insert:

"Sec. 173.52. (A) The department of medicaid shall create the medicaid-funded component of the PASSPORT program. In creating the medicaid-funded component, the department of medicaid shall collaborate with the department of aging. As used in this section, "PASSPORT program" includes the medicaid-funded component of the waiver operated as part of the ICDS successor program as defined in section 5167.01 of the Revised Code that offers the same services as the PASSPORT program created under this section.

(B) All of the following apply to the medicaid-funded component of the PASSPORT program:

(1) The department of aging shall administer the medicaid-funded component through a contract entered into with the department of medicaid under section 5162.35 of the Revised Code.

(2) The medicaid-funded component shall be operated as a separate medicaid waiver component.

(3) For an individual to be eligible for the medicaid-

funded component, the individual must be a medicaid recipient and meet the additional eligibility requirements applicable to the individual established in rules adopted under division (B)(4) of this section.

(4) To the extent authorized by rules authorized by section 5162.021 of the Revised Code, the director of aging shall adopt rules in accordance with Chapter 119. of the Revised Code to implement the medicaid-funded component.

(C) In consultation with industry stakeholders, the director shall adopt rules under division (B)(4) of this section to establish a mechanism to update provider rates for the PASSPORT program to reflect annual changes in the cost of providing PASSPORT program services. The rules shall do all of the following:

(1) Specify a survey tool for collecting data on cost changes during the calendar year preceding the calendar year that precedes the calendar year in which a rate update takes effect. To the greatest extent practicable, the survey tool shall minimize the administrative burden on providers and the department by using a small number of defined cost categories that meet both of the following requirements:

(a) The categories are cost categories providers commonly track.

(b) The categories align with any federal requirements for reporting provider costs that apply to PASSPORT program services.

(2) Prescribe a methodology for the department to select a representative sample of providers participating in the PASSPORT program to complete the survey and the time and manner for

selected providers to complete the survey and submit it to the department.

(3) Provide a method for the department to analyze the data collected from the survey to determine the percentage change in costs during the calendar year covered by the survey.

(4) Require that, beginning January 1, 2028, the uniform cost increase percentage the department determines in accordance with division (C)(3) of this section for the calendar year covered by the survey applies to rates for all PASSPORT program services during the calendar year when the rate update takes effect, including personal care and homemaker services."

After line 15932, insert:

"Sec. 173.54. (A) The department of medicaid shall create the medicaid-funded component of the assisted living program. In creating the medicaid-funded component, the department of medicaid shall collaborate with the department of aging. As used in this section and section 173.549 of the Revised Code, "assisted living program" includes the medicaid-funded component of the waiver operated as part of the ICDS successor program defined in section 5167.01 of the Revised Code that offers the same services as the assisted living program created under this section.

(B) ~~Unless~~ All of the following apply to the medicaid-funded component of the assisted living program ~~is terminated under division (C) of this section, all of the following apply~~:

(1) The department of aging shall administer the medicaid-funded component through a contract entered into with the department of medicaid under section 5162.35 of the Revised Code.

(2) The contract shall include an estimate of the medicaid-funded component's costs.

(3) The medicaid-funded component shall be operated as a separate medicaid waiver component.

(4) The medicaid-funded component may not serve more individuals than is set by the United States secretary of health and human services in the assisted living waiver.

(5) To the extent authorized by rules authorized by section 5162.021 of the Revised Code, the director of aging may adopt rules under Chapter 119. of the Revised Code regarding the medicaid-funded component.

(C) In consultation with industry stakeholders, the director shall adopt rules under division (B)(5) of this section to establish a mechanism to update provider rates for the assisted living program to reflect annual changes in the cost of providing assisted living services. The rules shall do all of the following:

(1) Specify a survey tool for collecting data on cost changes during the calendar year preceding the calendar year that precedes the calendar year in which a rate update takes effect. To the greatest extent practicable, the survey tool shall minimize the administrative burden on providers and the department by using a small number of defined cost categories that meet both of the following requirements:

(a) The categories are cost categories providers commonly track.

(b) The categories align with any federal requirements for reporting provider costs that apply to assisted living program

services.

(2) Prescribe a methodology for the department to select a representative sample of providers participating in the assisted living program to complete the survey and the time and manner for selected providers to complete the survey and submit it to the department.

(3) Provide a method for the department to analyze the data collected from the survey to determine the percentage change in costs during the calendar year covered by the survey.

(4) Require that, beginning January 1, 2028, the uniform cost increase percentage the department determines in accordance with division (C)(3) of this section for the calendar year covered by the survey applies to rates for all assisted living program services during the calendar year when the rate update takes effect.

Sec. 173.549. (A) The department of medicaid shall make retainer payments to an assisted living program provider under this chapter to reserve an assisted living unit during a temporary absence under conditions prescribed by the department, including hospitalization for an acute condition, vacation, visits with relatives and friends, and participation in therapeutic programs outside the facility.

(B) The maximum period for which retainer payments may be made to reserve a unit under this section shall not exceed thirty days in a calendar year.

(C) The per medicaid day payment rate for a retainer payment under this section shall equal one hundred per cent of the daily rate for the unit under the assisted living program."

After line 87906, insert:

"Sec. 5164.16. (A) The medicaid program may cover one or more state plan home and community-based services that the department of medicaid selects for coverage. A medicaid recipient of any age may receive a state plan home and community-based service if the recipient has countable income not exceeding two hundred twenty-five per cent of the federal poverty line, has a medical need for the service, and meets all other eligibility requirements for the service specified in rules adopted under section 5164.02 of the Revised Code. The rules may not require a medicaid recipient to undergo a level of care determination to be eligible for a state plan home and community-based service.

(B) In consultation with stakeholders, the medicaid director shall adopt rules under this division in accordance with section 5164.02 of the Revised Code to establish a mechanism to update provider rates for state plan home health and private duty nursing services to reflect annual changes in the cost of providing those services. The rules shall do all of the following:

(1) Specify a survey tool for collecting data on cost changes during the calendar year preceding the calendar year that precedes the calendar year in which a rate update takes effect. To the greatest extent practicable, the survey tool shall minimize administrative burden on providers and the department by using a small number of defined cost categories that providers commonly track.

(2) Prescribe a methodology for the department to select a representative sample of providers providing state plan home health and private duty nursing services to complete the survey and the time and manner for selected providers to complete the

survey and submit it to the department.

(3) Provide a method for the department to analyze the data collected from the survey to determine the percentage change in costs during the calendar year covered by the survey.

(4) Require that, beginning January 1, 2028, the uniform cost increase percentage the department determines in accordance with division (B)(3) of this section for the calendar year covered by the survey applies to rates for all state plan home health and private duty nursing services during the calendar year when the rate update takes effect, including services provided by nurses aides and therapists. The rate increases apply to payments made through both the fee-for-service component of the medicaid program and through the care management system.

(C) Effective not later than January 1, 2026, the director shall adopt rules specifying that a medicaid hospice provider shall be reimbursed for room and board for a hospice patient who is a resident of a nursing facility or an ICF/IID at an additional per diem amount equal to one hundred per cent of the rate established for the facility for days when the patient receives routine home care or continuous home care."

After line 88353, insert:

"Sec. 5166.11. (A) ~~As used in this section, "Ohio home care program" means the program the department of medicaid administers that provides state plan services and medicaid waiver component services pursuant to rules adopted for the medicaid program and a medicaid waiver that went into effect July 1, 1998.~~

~~(B)~~ The department of medicaid may create and administer

~~two~~ one or more medicaid waiver components under which home and community-based services are provided to eligible individuals who need the level of care provided by a nursing facility or hospital. These components may be known as the Ohio home care waiver and include the medicaid-funded component of the waiver operated as part of the ICDS successor program as defined in section 5167.01 of the Revised Code that offers the same services as the Ohio home care waiver created under this section. In administering the medicaid waiver components, the department may specify the following:

(1) The maximum number of individuals who may be enrolled in each of the medicaid waiver components;

(2) The maximum amount the medicaid program may expend each year for each individual enrolled in the medicaid waiver components;

(3) The maximum amount the medicaid program may expend each year for all individuals enrolled in the medicaid waiver components;

(4) Any other requirements the department selects for the medicaid waiver components.

~~(C)~~

~~(D) After the first of any of the medicaid waiver components that the department administers under this section begins to enroll eligible individuals, the department may cease to enroll additional individuals in a medicaid waiver component of the Ohio home care program~~(B) In consultation with industry stakeholders, the medicaid director shall adopt rules under this division in accordance with section 5166.02 of the Revised Code to establish a mechanism to update provider rates for services

provided under the Ohio home care waiver to reflect annual changes in the cost of providing those services. The rules shall do all of the following:

(1) Specify a survey tool for collecting data on cost changes during the calendar year preceding the calendar year that precedes the calendar year in which a rate update takes effect. To the greatest extent practicable, the survey tool shall minimize administrative burden on providers and the department by using a small number of defined cost categories that meet both of the following requirements:

(a) The categories are cost categories providers commonly track.

(b) The categories align with any federal requirements for reporting provider costs that apply to Ohio home care waiver services.

(2) Prescribe a methodology for the department to select a representative sample of providers participating in the Ohio home care waiver to complete the survey and the time and manner for selected providers to complete the survey and submit it to the department.

(3) Provide a method for the department to analyze the data collected from the survey to determine the percentage change in costs during the calendar year covered by the survey.

(4) Require that, beginning January 1, 2028, the uniform cost increase percentage the department determines in accordance with division (B)(3) of this section for the calendar year covered by the survey applies to rates for all Ohio home care waiver services during the calendar year when the rate update takes effect, including waiver nursing, personal care, and

homemaker services. "

In the table on line 107303, in row C, delete "$169,864,228" and insert "$170,164,228"

In the table on line 107303, in row D, delete "$20,232,492,970 $21,770,643,885" and insert "$20,262,196,359 $21,843,178,701"

In the table on line 107303, in row E, delete "$5,624,594,001 $6,005,647,524" and insert "$5,635,287,221 $6,031,760,058"

In the table on line 107303, in row F, delete "$14,607,898,969 $15,764,996,361" and insert "$14,626,909,138 $15,811,418,643"

In the table on line 107303, in row H, add $29,703,389 to fiscal year 2026 and $72,834,816 to fiscal year 2027

In the table on line 107303, in row AA, delete "$506,975,630" and insert "$507,275,630"

In the table on line 107303, in row AD, add $300,000 to fiscal year 2027

In the table on line 107303, in row AE, add $29,703,389 to fiscal year 2026 and $73,134,816 to fiscal year 2027

After line 107665, insert:

"**Section 333.262.** LEGISLATIVE INTENT REGARDING HOME AND COMMUNITY-BASED SERVICES PROVIDER RATES

It is the intent of the General Assembly that the Departments of Medicaid and Aging do all of the following:

(A) Utilize the necessary portions of the foregoing appropriation items 651425, Medicaid Program Support - State, 651525, Medicaid Health Care Services, and 651624, Medicaid Program Support - Federal, to increase direct care provider

rates for Medicaid home and community-based services offered under the following programs:

(1) The assisted living program;

(2) The PASSPORT program, including personal care and homemaker services;

(3) The Ohio Home Care waiver, including waiver nursing, personal care, and homemaker services;

(4) State plan home health and private duty nursing services, including services performed by a nurse, an aide, or a therapist.

(B) Increase the rates described in division (A) of this section by the following percentages over the rates that are in effect on the day immediately preceding the day on which the rate increase takes effect:

(1) For rates beginning January 1, 2026, by 3.4%.

(2) For rates beginning January 1, 2027, by 2.3%.

(C) Apply the rate increases described in this section to payments made through both the fee-for-service component of the Medicaid program and through the care management system."

Update the title, amend, enact, or repeal clauses accordingly

The motion was _____ agreed to.

SYNOPSIS

Medicaid payment rates for home and community-based

services administered by ODM and ODA

R.C. 173.52, 173.54, 173.549, 5164.16, and 5166.11; Section 333.262

Requires both the ODM Director and ODA Director to adopt rules establishing a mechanism to update provider rates for services provided under the following (1) the assisted living program, (2) the PASSPORT program, (3) the Ohio Home Care waiver, and (4) state plan home health and private duty nursing services.

Declares that it is the intent of the General Assembly that the departments increase provider rates for services provided under programs described above as follows:

- For rates beginning January 1, 2026, by 3.4%.

- For rates beginning January 1, 2027, by 2.3%.

Requires ODM to make retainer payments of 100% of the unit's daily rate to assisted living program providers to reserve an assisted living unit during a resident's absence from the assisted living facility.

Requires the ODM Director, not later than January 1, 2026, to adopt rules specifying that a Medicaid hospice provider will be reimbursed at an additional per diem amount of 100% of the facility's rate for room and board for a hospice patient who is a resident of a nursing facility or an ICF/IID for days when the patient receives routine home care or continuous home care.

Department of Medicaid

Section 333.10

Increases GRF ALI 651425, Medicaid Program Support -

State, by $300,000 in FY 2027, and also increases FED Fund 3F00 ALI 651624, Medicaid Program Support - Federal, by $300,000 in FY 2027. Increases GRF ALI 651525, Medicaid Health Care Services, by $29,703,389 ($10,693,220 state share) in FY 2026 and by $72,534,816 ($26,112,534 state share) in FY 2027.

HC0389

H. B. No. 96
As Introduced

_____ moved to amend as follows:

In the table on line 103016, in row C, delete "$2,044,405 $2,083,308" and insert "$2,194,405 $2,383,308"

In the table on line 103016, after row F, insert:

"

1	2	3	4	5
A	GRF	490XXX SilverSkills Program	$4,355,000	$8,710,000

"

In the table on line 103016, in rows I and X, add $4,505,000 to fiscal year 2026 and $9,010,000 to fiscal year 2027

After line 103059, insert:

"SILVERSKILLS PROGRAM

The foregoing appropriation item 490XXX, SilverSkills Program, may be used by the Department of Aging to fund reimbursements to aging services providers for training and education costs that result in credentials for direct care workers who provide personal care or homemaker services. Aging services providers include nursing facilities, residential

care facilities, home health agencies, home care agencies, hospice agencies, adult day centers, senior care centers, or PACE sites."

The motion was _____ agreed to.

SYNOPSIS

Department of Aging

Sections 209.10 and 209.30

Increases GRF ALI 490321, Operating Expenses, by $150,000 in FY 2026 and $300,000 in FY 2027.

Appropriates $4,355,000 in FY 2026 and $8,710,000 in FY 2027 in new GRF ALI 490XXX, SilverSkills Program. Earmarks these funds for reimbursements to aging services providers for training and education costs that result in credentials for direct care workers.