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Testimony of Susan Wallace

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Senate Finance Committee - omnibus amendment

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Good morning, Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson and members of the Senate Finance Committee. My name is Susan Wallace, President / CEO of LeadingAge Ohio with LeadingAge Ohio, and I appreciate the opportunity to share our concerns about what we see as the “must fix” items from the pending operating budget for SFY 2026-2027.

LeadingAge Ohio is an association representing nearly 400 members that serve older Ohioans across the buckeye state. In a given year, we employ roughly 35,000 and serve nearly 400,000 older Ohioans. Our members include affordable and market rate senior housing, life plan communities, nursing homes, assisted Living, home health, hospice, and palliative care, as well as adult day services. LeadingAge Ohio also supports the PACE Association of Ohio, that represents the four organizations standing up the Program for All-inclusive Care for the Elderly (PACE) across the state of Ohio.

Today I am focusing on three items that clearly align with the Senate’s stated priorities to provide stability for Medicaid providers while also controlling spending. We serve many different provider types, and among all of those service lines and sectors, these are the items we consider most urgent to remedy.

Nursing Facilities: Adjust Case Mix Index to Preserve Budget Neutrality

In Ohio’s nursing home formula, the portion of the payment that accounts for direct care expenses—including salaries of nurses, aides and therapists—is adjusted by a case mix score that is derived from resident clinical assessments. The higher acuity the patient population, the more nurses, aides and therapists are needed to support those care requirements.

This year, Ohio must make the transition from an antiquated case mix system to the new one—the Patient Drive Payment Model, or PDPM. The Department of Medicaid anticipated this and laid out how they would make this transition over this current biennium, phasing in one-third of the change in each year.

However, their proposal made a critical omission. While each system's case mix scores range from scores of roughly 1.0 to 4.35, the current average RUGS score is significantly higher than the average PDPM score. This means that, without adjustment, more Ohio nursing homes will take a severe reimbursement cut based on this system change.

Make no mistake: the patients haven't changed, nor have the conditions they experience. We've just adjusted from one measurement system to another, like moving from centimeters to inches. To follow this metaphor, Medicaid has omitted in this transition that there are 2.5 centimeters in every inch. This must be amended into the budget, or every nursing home across the state will experience a severe cut to reimbursement, and with the average nursing home losing approximately \$70 per day for every individual served on Medicaid, further cuts are untenable.

PACE Expansion & Services

Ohio's Program for All-Inclusive Care for the Elderly, or PACE, is statutorily required to be cost-saving for the Medicaid program, since it serves the same population as other Medicaid managed care models but may not be paid more than the Medicaid managed care per-member per-month (PMPM) amount. Under Ohio's most recent PACE ratesetting, for each individual that is dually eligible for Medicare and Medicaid, the state nets a \$526.38 savings per month or \$6,316.56 per year when served by PACE rather than traditional managed care. For Medicaid-only individuals, this savings grows to \$623.99 monthly / \$7,487.88 annually.

The House version of the budget included two amendments that are by design budget-neutral and by growing the PACE program, would in fact save the state money over time.

- The first of these amendments would schedule a new round of PACE expansion, kicking off with a new RFP to be issued no later than next summer and PACE organizations selected no later than next December. This would grow PACE's footprint and the state of Ohio's savings as the population served grows.
- The second would allow smoother transition to PACE services. Often, PACE enrollees must wait to receive services while their Medicaid application is pending, which can take 6-8 weeks even when done quickly. During that time, they can experience care needs that cause them to seek care from costly settings, like visiting the emergency room or subsequent admissions to nursing homes. We are simply asking that PACE organizations be able to begin home- and community-based services—at no additional cost to the state—during that period when the application is pending. This will prevent costlier care and keep individuals in their homes.

With these important adjustments, this budget will achieve its goal of shrinking healthcare spending while not causing harm to providers nor diminish access for the older adults they serve.

We appreciate the opportunity to highlight these must-address items. I am happy to answer any questions you may have.