

**Before the Senate Health Committee
Testimony on House Bill 96**

March 13, 2025

Good morning, Chair Huffman, Vice-Chair Johnson, and Ranking Member Liston. 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. I'm here today representing our assisted living and home care members who provide home and community-based services (HCBS) to Medicaid beneficiaries in programs operated by ODA and ODM. These programs include PASSPORT, Assisted Living Waiver, Ohio Home Care Waiver, MyCare Ohio Waiver (which packages those three programs in a managed care environment), and state plan home health and private duty nursing. Our membership also includes skilled nursing facilities and providers of services to people with intellectual and developmental disabilities.

We appreciate the opportunity to discuss the budget bill's impact on aging services. 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 specifically intended to allow them to pay higher wages for direct care workers, who are the foundation of HCBS. The purpose of the wage increases was to attract more people into the HCBS workforce and give 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 the last budget's accomplishments. The rate increases were substantial and broadly covered HCBS, particularly those involving hands-on services and supports.

As Director McElroy pointed out in her testimony to this committee, the administration and House of Representatives allocated GRF dollars to avoid cutting those desperately-needed rate increases, which were funded in 2023 partly by one-time federal dollars under the American Rescue Plan Act (ARPA). We are grateful for this decision, but would note that when the state used ARPA funding to support ongoing rates, it committed to sustaining the rates using other funding sources after the ARPA dollars expired. HB 96 follows through on this commitment, but that is all. Our request to this committee is to ensure that the results of the 2023 investment are sustainable.

Merely continuing rate increases is not the same as maintaining the additional workforce that the rate increases brought to aging and disability services. Workers expect periodic pay raises. 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. It is better to provide incremental rate increases on a regular basis to keep pace with the cost of providing services, allowing providers to raise wages and maintain a stable workforce.

The rate increases from the last budget and resulting higher wages mostly took effect January 1, 2024. If rates are kept flat in the current budget, direct care workers in HCBS would not see another raise until at least January 1, 2028. They 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 regular pay raises, the direct care workforce will begin to dissipate again, moving to better-paying jobs where wages are not stagnant. 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 today.

The HB 33 rate increases had a demonstrably positive impact on services for seniors and people with disabilities in Ohio. Taking just the PASSPORT and assisted living programs, for which we have high-quality, longitudinal data on ODA'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 seniors in PASSPORT increased by 1,200, or 6.7%. Comparatively, the number had actually fallen during the previous 12-month period, before the rate increases. The Assisted Living Waiver grew during 2024 by 559 participants, or 17%, compared to only 3% during 2023, before the rate increases.

Looking farther back in time, these HCBS programs experienced more growth in people served during the last year than during the previous 4 years combined. For the entire period from July 2019 to December 2023, the number of PASSPORT members grew by only 200, while for the same period, assisted living participants decreased by 1,144. This period saw only very minimal rate increases, preventing providers from serving the growing need.

For assisted living in particular, another goal of HB 33's rate adjustments was to increase access to affordable assisted living by supporting more providers who wish to build communities 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, Ohio saw nearly 10% growth in the number of affordable assisted living providers, but more are needed to meet demand. Developers need sustainable revenue from the waiver program to support long-term financial commitments for constructing affordable assisted living communities and bringing more business to Ohio.

To meet the growing need for services and maintain workforce stability, but also recognizing this budget's fiscal constraints, we are proposing two amendments to HB 96. These amendments would provide modest, 2% rate increases to HCBS providers that would not take effect until January 1, 2027, minimizing the budget impact. Amendment SC1050 would apply to assisted living, while SC1057 would apply to Medicaid waiver and state plan home care services. Both amendments are attached to my testimony. They carry small appropriation increases of \$2.4 million and \$6.7 million in state share, respectively.

While small, these rate increases would allow providers a chance to offer raises to their employees and compete in the job market. The wage increase for 2027 would be only \$0.36 per hour on average, but it would help low-wage caregivers who are struggling to make ends meet.

In addition, the amendments would provide a long-term solution for HCBS rates. This solution is an annual rate review process based on cost data collected from providers. ODA and ODM would adopt rules prescribing a methodology for gathering and analyzing cost data from Ohio providers to determine year-over-year cost growth. These data would help inform decisions about provider rates for the upcoming fiscal year. The amendment rate review process would not apply to rates until January 1, 2028. The intervening two years would be used to set up the rate review process and collect the first round of data.

It is important to note that the rate review process would not mandate automatic increases or otherwise "tie the hands" of the administration or the legislature. The administration would remain free to make its own recommendations on rates and the General Assembly would retain the power to decide on the level of appropriations. Nothing in the amendments would disturb these authorities.

Additionally, SC 1050 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.

As an alternative solution for your consideration, we are offering two additional amendments that are similar to the ones I just discussed but are budget-neutral. They are SC 1021 (assisted living) and SC1022 (home care) and are also attached to my testimony. They are budget-neutral because they only include the rate review language and not the 2% rate increase for FY 2027. While this solution would be helpful in the long run, it would keep rates and wages flat through the coming biennium.

I'd like to conclude by turning to another topic, the personal needs allowance (PNA) for Medicaid residents in Ohio's assisted living communities, skilled nursing facilities, and intermediate care facilities for individuals with intellectual and developmental disabilities. We strongly support the proposals in the executive and House budgets to increase the PNA. While we prefer the executive's \$100-per-month level, we support the \$75 allowance in the House-passed budget because it is more than the current \$50 PNA. The PNA is all residents can keep out of their monthly income to spend on personal items (e.g., gifts or cards for grandchildren, clothing, special food or toiletry items, beauty or barber shop services). The allowance has not increased in many years. It is high time our seniors and people with disabilities had a little more freedom. We also urge this committee to make sure assisted living residents can receive the increased PNA without reducing assisted living room-and-board payments to providers.

Thank you for your attention to these important issues. I would be happy to answer any questions you may have.