



Testimony on Sub. H.B. 64, Ohio Senate Finance Committee

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Good morning Chairman Oelslager, Vice Chair Coley, Ranking Member Skindell, and members of the Senate Finance Committee. My name is Jon Honeck. I am the Director of Public Policy for The Center for Community Solutions, a non-profit research and advocacy organization with offices in Cleveland and Columbus focusing on health and human service policy.

Medicaid

We applaud the Senate for its decision to retain Medicaid coverage for pregnant women with incomes between 138 and 200 percent of the federal poverty level (FPL). Maintaining coverage for this group is vital for the state's efforts to lower our infant mortality rate, and for improving the health of our infants and mothers generally.

We also commend the Senate for its decision to remove the Healthy Ohio Medicaid program devised by the House. The Healthy Ohio proposal was administratively complex, costly, and would have led to thousands of individuals losing their coverage, including many children. The lockout provision and benefit caps would have radically altered the philosophy of the program. The Senate's approach of narrowing the scope of any premiums or HSA accounts to include only the non-disabled or non-pregnant adult population with incomes above 100 percent FPL is far preferable. As the old saying goes, however, "the devil is in the details," and we will closely monitor the proposed waiver rules to ensure that they serve the best interests of Medicaid recipients and do not unduly restrict access to care.

We are also concerned that funding for the Group 8 population is tied up in a reserve fund (Health and Human Services Fund). Given the new waiver request and proposed efforts to move toward value-based purchasing, it is not clear what purpose is served by withholding these funds. This mechanism introduces uncertainty and prevents



recipients, providers, and stakeholders from undertaking long-term planning that we know is necessary to improve coordination and transform the health care system.

Cigarette Tax and Smoking Cessation

We commend the Senate for increasing the tobacco tax by 40 cents per pack and providing \$8 million additional funding for smoking cessation. This is only a small fraction of the \$411 million in new revenue raised by the increased tax, however. In our view it would be better to devote new revenues to health-related purposes, and especially to increasing smoking cessation and prevention efforts. Smoking costs the public and private payers billions of dollars of health care costs each year, and whatever we could do now to bend the future cost curve will be a wise investment.

Department of Developmental Disabilities

The department's initiative to add 3,000 new waivers is a major step forward as the system moves toward greater community integration in employment, day services, and residential settings. The system will undergo profound change in the next 10 years and we believe that some additional measures are needed to strengthen its ability to adapt to change.

We urge the Senate to restore the executive budget funding levels in order to ensure adequate resources for 3,000 new waivers. The state GRF match (line item 653407) in the Senate substitute bill is nearly \$25 million lower over the biennium than the executive levels. If we also consider the earmark of \$20 million over the biennium for county board waiver services, intended as a compensation for TPP reimbursement losses, it is clear that DODD will fall well short of its goal of adding 3,000 new waivers. This will be to the detriment of many individuals with developmental disabilities who are seeking services.

Restore flexibility needed to manage waiver services

The House added language that forces DODD to continue the array of day services available under current waivers and prohibits changes to provider agreements that would reduce the number of individuals that could be served at a sheltered workshop. It also prohibits DODD from reducing reimbursement rates for sheltered workshops for the duration of the biennium. These provisions ignore CMS rule changes regarding acceptable day service options and remove flexibility of public and private stakeholders



in the system to adjust enrollment and service levels as needs change. We recommend deleting these provisions from the bill.

Improving the availability of Medicaid waiver services

It has been estimated that at least 22,000 people statewide are on waiting lists and have immediate needs that are not being met. The total waiting list grows by 100 persons each month. Even with the infusion of 3,000 new state-funded waivers in this budget, the need for waiver services is sure to increase in the coming years as institutions downsize and caregivers age. As you know, counties have been, and will continue to be, the primary funding source for independent options (IO) and Level 1 waivers. Reliance on local levy funds as a prime funding source for waiver match services assures that consumers in tax-poor counties will have less access to services. To address this situation we make the following recommendations:

- **Improve funding for the Tax Equity line item.** This line item exists to help tax-poor counties offset the cost of Medicaid administration and match. Its current level is woefully inadequate to address funding disparities. Exploring opportunities to more fully fund this line item, or revisit the formula for allocation, is timely and should be pursued. An increase in this fund is an important step in reducing waiting lists for equitable services.
- **Explore the use of an outlier methodology for extremely high cost IO waivers.** The state would become responsible for the match for these cases. This may help to address the uncertainty counties face in expanding IO waivers and allow them to expand services.
- **Develop a plan and a definitive schedule to clear waiting lists.** Despite the bold vision laid out in this budget plan, there is no plan to resolve this issue. Waiting lists were ended in the PASSPORT waiver program for the elderly in 2010, with the recognition that this action made sense financially and morally. We would like to see a similar commitment for our developmentally disabled citizens.

Thank you for allowing me to testify. I would be pleased to answer any questions you may have.