

Testimony on HB110-Operating Budget for State Fiscal Years 2022-2023

House Finance Subcommittee on Health & Human Services

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Chair Roemer, Ranking Member West, and members of the Health & Human Services Subcommittee, thank you for the opportunity to share our thoughts on the state budget. My name is Susan Wallace, and I am the Chief Policy Officer for LeadingAge Ohio, an association representing nearly 400 aging services and end of life care providers across the state. Our members serve older adults across the continuum, from those who live independently in affordable or market rate homes to those that are at the end of their lives, served by hospice. In between, they offer skilled nursing care and long-term care, assisted living, home health care, home-delivered meals, adult day and nearly any other service that would help maximize quality of life of older Ohioans.

Even before the pandemic of the past year, if you asked an aging service provider what their top concern was, they would say workforce. We were eagerly pursuing legislative solutions on workforce issues just prior to the pandemic. This is as true for a home health agency as it is for a nursing facility, and though frontline caregivers are the most-needed, facilities also struggle to fill positions such as facilities management, groundskeepers, activity coordinators and social workers. The need feels near-universal.

The experiences of the past year have only exacerbated these challenges and impacts the quality of care Ohioans receive. Recent surveys indicate more than half of nurses are considering leaving the field. Recent data suggest 26 percent of Ohio nursing homes experienced shortages of aides last month (January), and 26 percent of homes had nursing shortages. An informal survey of Area Agencies on Aging who administer Ohio's home- and community-based waivers suggest that over a thousand home-residing Ohioans who are eligible for supportive services are not receiving them. A recent occurrence is increasing numbers of nurses are leaving their positions as wages offered by travelling nurse companies have spiked.

Workforce challenges underpin everything we do. We know that wages aren't everything, and in recent years we have followed every good idea we can to improve recruitment and work environments. These include:

- Partnerships with high schools, career centers and community colleges
- Frontline Supervisor Training to equip staff who rise in the ranks with the management skills they need to succeed—and retain their direct reports
- Careers that Love You Back, an elementary-focused programs promoting the variety of careers in aging services.
- ItcGAIN, which equips nurses with the specialized expertise needed to practice with older adults, further professionalizing the workforce

However, the pandemic swept all of these efforts off the table, as providers were solely possessed by the urgency of the moment: in the early days of the pandemic, this was securing PPE and restricting access. Later, providers were consumed by testing requirements and more recently, vaccination clinics. Through these pressures, providers have had to increase wages to offset the increasing stress of working within healthcare settings.

Provider relief funds offered support for the short term, but several months from now, we will be exiting this pandemic and establishing a “new normal” for the sector. The pre-pandemic levels of reimbursement are insufficient to cover wages we will need for tomorrow’s workforce.

My testimony will highlight the parts of the continuum that are most at risk of failure in the coming months.

Adult Day

Ohio Medicaid pays for adult day in two primary ways: via Medicaid waivers and via Title III Older Americans Act funding. Adult day is a critical support for both working and non-working caregivers of adults with disabilities and older adults. Not dissimilar from childcare services, adult day services are the support that enable working Ohioans to remain employed.

In pre-COVID times, PASSPORT adult day reimbursement had been flat since 2013. Reimbursement for the enhanced level is less than \$50 per day, with required staffing ratios of 1:6. To give a sense of what that pays for, average pay for an RN and LPN in Ohio is \$32.65; and \$20.22 an hour, respectively. So, the RN base cost is \$261.20 For an LPN, it would be \$161.76. Six clients at \$49.39 per day is \$296.34 earned, leaving between 35 and 135 dollars to cover all other services, including rent, utilities, administration, meals and other services. Scaling programs to mitigate losses is a challenge in many rural regions of the state, and certainly, achieving any scale became an impossible proposition, once COVID entered the picture.

Adult day services under the Department of Developmental Disabilities (DoDD) waivers were deemed “essential” and never experienced closure. Childcare centers, while shuttered statewide for a short period, quickly reopened to support essential workers. Ohio adult day centers, who serve a population similar to those cared for in nursing homes, who are uniquely vulnerable to the virus-- were among the very last settings to reopen in the late summer, after a full seven months closed. Furthermore, they reopened with a stringent set of requirements that made it impossible for most centers to reopen and excluded the vast majority of their clientele. These requirements included:

- Social distancing requirements, which by necessity drives down census.
- Masking and face covering requirements, which are particularly challenging to individuals with dementia or other cognitive impairment. These individuals make up a majority of clients for many adult day centers.
- Social distancing requirements for transportation requirements, which preclude efficiencies in routes. No longer can providers pick up a number of participants along a single route. Distancing requires inefficiencies that are unsustainable under the current payment method.

Relief funds are not insubstantial, but have come in one-time, lump-sum payments, predicated on promises of reopening. With no end in sight for when or how providers may be able to relax the current restrictions, many providers are unwilling to reopen, concerned they will be asked to sustain losses over a longer period than they’re able to.

One large provider serving the greater Dayton area and western Ohio recently shared that they were not planning to reopen until early 2022, confirming that they simply couldn’t afford to do so any sooner. They also confirmed that this left most of their service area without any options for this service.

Those providers that have reopened are either continuum-based providers, heavily subsidized by their parent organizations, or are offering services at a substantial loss, propped up by one-time relief funds, grants, fundraising and other time-limited funding sources.

The tenets of our adult day package include:

- Updating the 2013 PASSPORT adult day payments by a 3% annual inflation factor to bring it current with the cost of care and in line with other states.
- Increasing transportation to align with current costs, and doing away with caps which discriminate against rural-residing clients.
- Model adult day absence payments after childcare payments, allowing predictable payment even when there is an unexpected absence.

This \$9.5 investment will shore up Ohio's adult day providers, ensuring they will be available to meet Ohio's future needs, ensuring caregivers can continue to participate in the workforce, and providing a safe place for older Ohioans to go during the day, keeping them out of higher cost care setting. This argument was supported by the prior Administration, with Adult Day being one of the few HCBS programs to receive a funding increase in 2013.

Assisted living waiver & home- and community-based waiver services

The Governor's executive budget continues and expands work it began two years ago. At that time, assisted living providers, as well as nursing, aide and personal care services under the PASSPORT program were slated for a 5% increase. The impact of these funds was shrunk to a 3.25% increase before it made it to providers.

The 4% investment in Ohio's state plan home health, assisted living waiver, home care waiver and PASSPORT is a modest but needed step. LeadingAge Ohio continues to be concerned about Ohio's erratic approach to increasing reimbursement for providers. The last budget's investments came on the heels of a prolonged period of flat or near-flat funding. State plan Medicaid home health hadn't seen an increase to reimbursement since the last century!

Last budget, LeadingAge Ohio supported an amendment that triggered increases in Ohio's nursing home level of care waivers whenever there was an increase in reimbursement to Ohio's nursing facility reimbursement. While we would still support this amendment, one provider shouldn't need to ride the coattails of another to warrant the Administration's attention. Outside of the state budget process, there is currently no stakeholder process for regular analysis of the adequacy of Medicaid reimbursement. As a result, we time and again see the erosion of the provider community and always feel that we're playing catch-up each budget, working to correct misalignment that at times dates back decades.

Program for All-inclusive Care for the Elderly (PACE)

LeadingAge Ohio is proud to represent Ohio's one and only PACE site. The Program for All-inclusive Care for the Elderly (PACE) is a care model in which a provider also becomes the payor for an individual and is responsible for managing that individual's care across the continuum. It is a state plan service, administered through the Department of Aging. While other states have supported robust growth in the

number of individuals served by PACE, in Ohio, PACE peaked at three sites some years ago and for nearly ten years has had only one, serving Cuyahoga County.

If this pandemic has taught us anything, it is that providers truly are those best positioned to effect outcomes in the populations they serve—for good and for bad. Over the past three decades, Ohio has invested heavily into managed care as the solution for containing costs in the Medicaid program. For certain older adults, we believe that there are provider-based care management offers the best solution, typically at a lower per-member, per-month rate than is paid, for example, under Ohio's MyCare program.

The executive budget proposes to rebase the PACE program, bringing reimbursement in line with the cost of providing care. We support the Administration's proposal, and also support expanding PACE to more regions of the state, particularly as the population of older Ohioans continues to grow and require additional care models.

Nursing facilities

Chief among our concerns in the executive budget is the two-year delay of rebasing nursing home rates. Rebasing is the mechanism that the legislature created to keep reimbursement from languishing in neglect, as we see in other parts of the aging continuum. The legislature determined that the previous cadence of every ten years was too long to wait for a correction, and closed the timeframe to every five years.

By design, rebasing does not close the gap to the actual cost of care—it uses an algorithm that sets rates to past costs. For several components of the rate (direct care, support/ancillary and capital), it relies not on the mean or median of past costs, but rather to the lowest quartile (i.e. 25th percentile). By design, Medicaid reimbursement lags behind the cost of providing care, and yet rebasing is one of the few controls available to prevent further misalignment.

Our members have discussed at length the problems with using calendar year 2019 data as the assumptions underpinning rebasing, given the profound changes that have occurred over the past year. Certainly, rebasing using 2019 data will fall short of capturing all of the new, unbudgeted costs of this pandemic year—including boosted wages, testing, PPE and others. 2020 costs will be further inflated by plummeting census. However, delaying the process by two years will cut off needed relief from a sector struggling to emerge from this catastrophic experience. In short, we must not make perfect the enemy of good. Rebasing should happen as scheduled, and any necessary corrections may happen during the next biennium.

LeadingAge Ohio supports the executive budget's continuation and additional investment in the quality incentive payments, which was the mechanism by which providers received increased funding during the SFY 2020-2021 biennium. The QIP represents the single largest investment in quality in recent years and is an important step as we mirror the larger shift in healthcare for paying for outcomes rather than for services.

However, we are concerned that changing the program in the second year of the biennium is premature. Because of the lag in quality measures appearing on nursing home compare, by the time the QIP program was launched, there were fewer than six months left in which providers could improve their scores on the metrics. Shortly thereafter, keeping COVID out of buildings became an all-consuming

task. We have not yet had a sustained period of time to learn whether the program will drive improvements. For this reason, we believe the stakeholder process described in the executive budget to select new measures should be delayed until the next biennium.

Finally, while we agree with the Administration that administrators, directors of nursing and medical directors should be able to physically access buildings in a timely manner, we believe the staffing requirements as written are incongruent with industry standards. For example, the weekly hour requirements don't recognize that small providers often do not employ an administrator or director of nursing in a full-time capacity—this may be a role shared between multiple facilities. And only very large or specialized providers would have a medical director working 32 hours. Finally, any provider located in proximity to a state line employs individuals who reside out-of-state. We believe that proximity should be defined by physical/temporal proximity and not by their state of residence.

You hear in our comments our advocacy for programs that will support access to the right care at the right place at the right time. No "one size fits all" approach will serve the diverse needs, capabilities and preferences of aging Ohioans. We hope that our comments have helped to inform the decisions before you, as you prioritize those programs and initiatives most likely to advance health and wellness for Ohioans of all ages.