

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

Senate Finance Committee

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Chair Huffman, Vice Chair Antani, Ranking Member Antonio, and members of the Senate Health Committee, 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.

LeadingAge Ohio's perspective is broader than any one provider type: we span the entire continuum of services available to older Ohioans to ensure they can age in the place they called home. Our perspective is also longer than most healthcare providers, with our first members having been founded during the Civil War, with plans to continue to meet the needs of elders in the community many decades into the future.

Nursing facilities

In January, data from the National Healthcare Safety Network (NHSN) indicated that staffing was in crisis in Ohio nursing homes. Twenty-six percent of Ohio nursing homes experienced shortages of aides, and 26 percent of homes had nursing shortages. A survey this year cited nearly half of nurses nationwide considering leaving the profession. Our direct care workers have experienced indescribable loss and trauma this year—long-term care, after all, means long-term relationships between residents and staff. Even months out from the surge, they continue to be bone-weary and in many cases, grieving their experiences. This year, nursing home caregiving became the US's second-most deadly profession.

To cope with the rising demand, our members have near-universally raised their starting wages, now ranging between \$13 and \$17 per hour. While workforce challenges predated the pandemic, they became untenable during the pandemic and surprisingly, as the number of COVID cases in our sector has plummeted, we haven't seen any rebound in our workforce. Some of the challenges persist: nursing homes continue under infection control guidelines which include weekly testing of staff, and with the unwinding of the pandemic come a new barrage of constantly-changing guidelines and protocols.

Meanwhile, Ohio's Medicaid nursing home formula—which funds roughly 60% of nursing facility care statewide—is still based on costs reported from 2014. The last time Ohio rebased its nursing home rates, it concluded that 10 years—what was required at that time—was far too long to wait to bring up the floor of reimbursement.

Indeed, while LeadingAge Ohio is an advocate for continuing our quality incentive payment program, we would argue that rebasing could have a far greater impact on quality of care. It is well-documented in the literature that Medicaid census predicts quality. Specifically, as a provider cares for more and more of the Medicaid population, they will struggle more than their low-Medicaid counterparts to bring up their quality scores. This is because Medicaid is always the lowest payer. Indeed, the change we are

discussing will not bring the payment “current” but rather, fixed to 2019 cost reports, that is, costs that were incurred pre-pandemic, and for several parts of the formula, fixed to the bottom quartile of those costs.

Our members pay—out of the philanthropic giving of their communities—between \$20 and \$80 per day to care for a resident covered through the Medicaid program.

This level of losses—particularly for those unable to fundraise to offset them—inevitably ends with providers trimming cost centers where they can. Staffing suffers, and when aides, nurses and nurse managers have to care for more people with fewer hands, they struggle to deliver the attention needed to achieve quality marks. Our system of funding creates conditions under which those organizations that serve the most vulnerable are, themselves, vulnerable.

Rebasing is a critical way to shore up the system and ensure no provider falls below a basic level of reimbursement. It is also a predictable relief and stabilizing force in a sector that is still reeling from the past year. It also, ultimately, ensures that those Ohioans who need facility-based care have access to quality care wherever they reside.

We are also supportive and grateful for the continuation of the quality incentive payment, and particularly for those necessary modifications that were made to it, which ensure providers won’t be penalized this year, of all years, for low census.

Finally, we request that the Senate remove language that would expand the Director of Health’s authority to intervene in situations when an individual’s health and safety is in danger. This is an unnecessary duplication of existing authority; the Director’s designee is already able to enter a facility at any time to survey, and through that survey process identify citations up to a severity of “immediate jeopardy.”

Adult Day

Medicaid pays for adult day for older Ohioans 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 and unpaid family caregivers to receive respite.

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 daily cost is \$261.20 (\$32.65 x 8 hours). For an LPN, it would be \$161.76 (\$20.22 x 8 hours). Six clients at \$49.39 per day is \$296.34 earned; once nursing costs are paid, it leaves between \$35 and \$135 per day to cover all other services for six individuals—an amount insufficient to cover 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.

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 operating four sites across the greater Dayton area and western Ohio recently shared that it was not planning to reopen until early 2022. The organization simply couldn't afford to do so any sooner even though 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 Ohio House included a \$10 million investment into PASSPORT adult day providers, \$5 million all-funds for each year of the biennium. This will shore up Ohio's adult day providers, helping them to meet Ohio's future needs, ensuring caregivers can continue to participate in the workforce, providing a safe place for older Ohioans to go during the day, and 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!

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. LeadingAge Ohio supports an amendment that would build on the 4% increase—replacing it with a 5 % increase in each year of the biennium—and would establish a review process for HCBS provider rates.

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

LeadingAge Ohio is proud to represent Ohio's one and only PACE site. 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 PACE networks, in Ohio, PACE peaked at three sites and now has only one, serving Cuyahoga County.

If this pandemic has taught us anything, it is that providers truly are those 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 PACE's 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.

Strategic Projects related to the State Action Plan on Aging

For years, aging advocates have been raising the alarm about the growth in our senior populations as baby boomers enter their late-retirement years. By comparison, middle-aged Ohioans have health behaviors (smoking, obesity) that leave them sicker than their counterparts in other states. This combined with Americans' lack of personal savings, and overall lack of understanding about long-term care sets Ohio on a collision course. Within two decades' time, an already massive Medicaid budget will become the default option for hundreds of thousands of Ohioans.

In 2019 and 2020, the Ohio Department of Aging commissioned a Strategic Action Plan on Aging (SAPA) that described these challenges and laid out priority areas for policy change. LeadingAge Ohio was proud to be the only provider association to serve on the Advisory Committee for the SAPA. The SAPA identified key drivers of wellness in older adults, like safe, affordable housing, access to transportation, and social inclusion. The SAPA points us towards a better way to age, where health and independence are maximized through a series of strategic policy changes and investments, relieving pressure on an already-burdened long-term care system.

The executive budget earmarked \$23 million to continue this work-- \$14 million in the first year of the biennium with \$5 million dedicated to nursing home projects, and \$9 million in the second year of the biennium. The House removed this funding. LeadingAge Ohio is profoundly concerned that without immediate, intentional and coordinated effort, Ohio will find itself with fewer and fewer options available to address the needs of aging Ohioans across all settings, consigning us to austere budgets 10 and 20 years from now. LeadingAge Ohio implores you to look beyond our two-year budget cycles and reinstate this important investment in all of our futures.

In closing, there is no “one size fits all” approach for aging Ohioans. The kind of old age that I will need and desire is different from what you will need and desire. LeadingAge Ohio’s goal is to always ensure that our care system is structured such that each one of us has access to the options that promote health and wellness, so that every day in our lives is lived to its fullest. We hope that our comments have helped to inform the decisions before you, as you prioritize those programs and initiatives that will make Ohio the best place to age.