

The Academy of Senior Health Sciences Inc.



Testimony on Sub. H.B. 110 before the Senate Health Committee

6 May 2021

Chair Huffman, Vice Chair Antani, Ranking Minority Member Antonio, members of the Senate Health Committee, my name is Chris Murray and I am the CEO of the Academy of Senior Health Sciences. The Academy of Senior Health Sciences is a membership organization comprised mostly of skilled nursing facilities. Thank you for the opportunity to testify on Substitute House Bill 110.

The nursing home industry is facing challenges that will transform its future. COVID-19 created an environment where many nursing homes were struggling to keep the virus out, to keep the residents safe, and to do so with limited resources. An incredible effort by nursing home staff, along with unprecedented cooperation with the Governor and his administration, has reduced outbreaks, increased testing and vaccinations, and ultimately has saved lives. Nursing homes have also faced financial difficulties during the pandemic. Occupancy dropped significantly. Estimates of the decline in occupancy varies from anywhere between 10 and 18 percent. This caused a decline in revenues for providers and significant savings to the state.

As we move forward through the pandemic and the state budget process, we have an opportunity to build momentum from what was accomplished in the last budget. We need to continue to transform the industry from one where the Medicaid rate for services is no longer based strictly on costs, but also on the quality of services that are being provided. Currently, roughly 5.3% of state funding for nursing homes is distributed based on quality. Yet the path to this small level of funding for quality has been arduous. There are many in the industry that want to continue down the road where everyone gets paid the same amount regardless of the quality that is provided. We must continue to increase the investment in quality so we can have a future with better outcomes for the residents. A future where our grandparents, our parents, or you or I will receive good care in a nursing home and have a good quality of life. A future where an individual in any nursing home is going to get incredibly good care. A future with fewer bed sores, urinary tract infections, and declines in mobility. Despite others that will tell you not to invest in quality, we can achieve that future. Not by continuously increasing rates based on costs, but by further increasing the incentive for providers to improve quality.

Before I conclude today, I would like to raise a topic that has been discussed at the national level. It is also an issue that is impacting Ohio. Private equity firms purchasing nursing homes with the purpose of a return on investment instead of providing a quality product. Studies suggest that these purchases result in significant profit for the investors and worse outcomes for the residents. The COVID-19 pandemic has put a spotlight on these transactions. (Please see [RI_NursingHomesandPE_IssueBrief_202104.pdf](#) (rooseveltinstitute.org) or <https://www.aarp.org/caregiving/health/info-2020/covid-19-nursing-homes-failing-business-model.html>.) If we continue to increase rates based on costs, we will be encouraging the transactions done to profit at the expense of residents; however, if we increase rates based on quality, we will be encouraging operators to profit to the benefit of residents.

Thank you for your time today and I will answer any questions.