

**Testimony Before the  
House Health and Human Services Subcommittee**

**House Bill 33  
February 23, 2023**

Good morning, Chair Carruthers, Ranking Member Liston, and members of the subcommittee. I am Pete Van Runkle from the Ohio Health Care Association (OHCA). I appreciate the opportunity to appear before you today to discuss the Department of Aging's portion of the state budget and House Bill 33.

OHCA is a trade association that represents providers of long-term services and supports (LTSS). We count among our membership assisted living communities, home care and hospice agencies, providers who serve people with intellectual and developmental disabilities, skilled nursing facilities, and a host of businesses that furnish goods and services to those health care providers.

OHCA appreciates Director McElroy's eloquent testimony and enjoy the close working relationship we have forged with her during her tenure and through the difficult times of COVID-19. We look forward to working with the director, this subcommittee, and the rest of the General Assembly to craft a budget that benefits older Ohioans and people with disabilities, who we ultimately represent.

Our main purpose today is to discuss the impact of the state budget on home and community-based services (HCBS), not on skilled nursing facilities (SNFs). We will address SNFs in detail later, after Director Corcoran testifies about the Department of Medicaid's part of the budget. But because Director McElroy spoke to SNFs in her testimony, I would like to share two things.

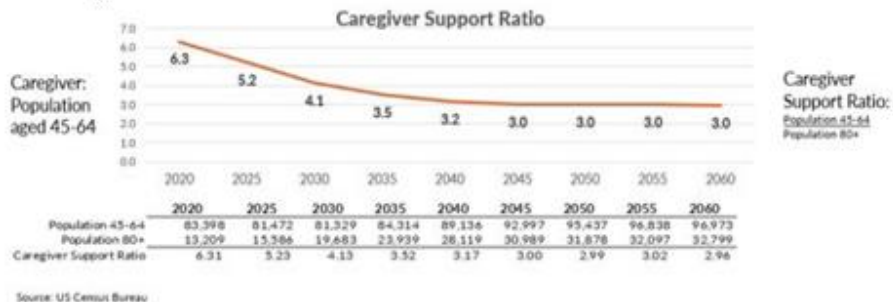
First, OHCA is an advocate for high-quality services in Ohio's SNFs and will participate fully in Director McElroy's quality task force. We look forward to beginning that work. Second, we will bring to you a proposal to implement the legislature's intent, as stated in last session's House Bill 45, to rebase Medicaid SNF rates in this budget. Our proposal will tie rebasing to quality, as Governor DeWine requested, by directing 60% of the funds from rebasing to the SNF quality incentive and by recommending higher reimbursement for private rooms in SNFs. Private rooms are better for residents' quality of life and for infection control.

But that discussion is for another day. Today, our focus is on HCBS and our members who provide those services. As you already have heard and will continue to hear throughout your work on the budget, workforce is the central issue. In long-term services and supports, everything is built on workforce. Quality of and access to services depend upon workforce. Without workforce, our members' businesses cannot survive. And Ohio LTSS providers are in a crisis situation with workforce.

As your hearings proceed, you will hear many depictions of the workforce crisis and its causes, but I would like to share one that I found particularly compelling. This slide from Plante Moran, an accounting and consulting firm that is a member of OHCA, shows the impact of demographics on the workforce by what they call the caregiver support ratio: the ratio of people of caregiving age to those of care-receiving age. It is a sobering picture, one that policymakers must bear in mind as they consider the future of LTSS.

## Caregiver Support Ratio

- Caregiver support ratio represents the 45-64 population divided by the 80+ population. This means there will be less people to care for the 80+ population causing more seniors to seek housing and care outside of their home.
- At any point, 6 percent of adult children serve as caregivers, and 17 percent will take on this role at some point in their lives
- Those who do provide care devote an average of 77 hours per month, which can take a toll on both the finances and health of the caregiver.



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Clearly there is an underlying, demographic aspect to the current LTSS workforce crisis that is long-term in nature. Two other huge factors are the COVID-19 pandemic and general inflation in the economy. The pandemic decimated the LTSS workforce and shrunk the overall pool of workers by triggering fundamental changes in the labor market. Inflation in the economy, most importantly wage inflation driven by supply and demand, makes it extremely difficult for LTSS providers to compete in the labor market.

That is where it all comes together: the ability to compete in the labor market. Inability to compete is the primary cause of the LTSS workforce crisis and improving the ability to compete is the most important part of the solution. As the supply of workers of caregiving age shrinks and as inflation drives wages in competing workplaces up, LTSS providers must have the ability to pay

enough to attract enough workers to deliver critically-needed services to a rapidly growing population.

Quite simply, if providers do not have the workforce, Ohioans needing services suffer. Without enough staff, primarily direct-care workers such as home care aides, resident assistants, and nurses, quality of service declines. While it is by no means the only factor, sufficient staffing is directly related to quality of care. Access also declines if there are not enough workers. Across Ohio, seniors and people with disabilities are unable to get the services they need because there are not enough people to care for them. Providers have had to curtail or to eliminate services – or have gone out of business altogether – because they cannot secure the needed staff.

The main reason providers cannot secure the needed staff is low Medicaid payment rates keep them from being able to pay competitive wages. As wages in the general marketplace rise, HCBS providers cannot keep pace. The more a provider relies on Medicaid funding, the more difficult the challenge. During times before the pandemic when inflation, including wage inflation, was relatively low, this problem existed, but it became extreme over the last three years. According to data from the Bureau of Labor Statistics (BLS), Ohio's home health workforce decreased 9% between the fourth quarter of 2019 and the second quarter of 2022, which is the most recent period for which data are available. Ohio personal care services providers (such as in the PASSPORT or Ohio Home Care Waiver) lost 10% of their workforce during that period.

The answer is that Medicaid rates must be increased, significantly. While it is painful from a budgetary perspective to fund the necessary rate increases, it is that much more painful in human terms to Ohioans who do not have access to quality services and supports in the environment they prefer and that is appropriate to meeting their needs.

We are grateful to the DeWine Administration for proposing in this budget increases to HCBS provider rates, as Director McElroy testified. There is no language in HB 33 spelling out the increases, how much is appropriated for them, or the source of funding for them, but just yesterday, we received the Administration's white paper on the proposed rate increases. We currently are analyzing it and likely will need to request some additional information to understand the proposals fully. Although not in the white paper, Director Corcoran testified previously that they built the rate increases to target an average wage of \$16 an hour for direct care workers (e.g., personal care aides).

While we very much appreciate this movement, we feel it is only a good starting point for the budget discussion. Sixteen dollars an hour is not enough to compete in a labor market that already has blown past that number. Providing direct care to people with skill and compassion is challenging work. Health care providers must be able to pay more than the wages food service, retail, warehousing, and other competing industries offer.

We would propose that \$20 an hour – as an average wage, not a starting wage – should be the target, and that rates for personal care services should be increased by a sufficient amount to support that wage. Rates for services delivered by licensed professionals such as nurses or

therapists also should be increased by similar percentages to prevent wage compression and to allow providers to compete for those critically needed personnel. After we complete our analysis of the Administration's white paper, we will share with the subcommittee our detailed proposals on rates, including costs.

I would now like to turn to two other home and community-based services, hospice and assisted living. Our hospice members also are affected by the workforce crisis, but their reimbursement is structured differently than the home care services already discussed. For Medicaid beneficiaries receiving hospice care at home, the Medicaid payment is the same as Medicare. For Medicaid SNF residents who elect hospice care and also have Medicare coverage, the hospice is paid 95% of the SNF rate. Hospices are a pass-through entity. By contract with the SNF, the hospice pays 100% of the SNF rate, and the 5% gap causes a mismatch of revenue and expense for each patient. This gap grows when the SNF rate increases, and our hospice members see it expanding further with the anticipated rebasing of SNF rates in the budget.

Our request for hospice is to increase the "room and board" rate for SNF patients on hospice to 100% of the SNF rate. This change is allowed under federal law, which requires states to pay at least 95% of the SNF rate.

For assisted living, the workforce crisis is just as severe as it is for other LTSS providers. According to BLS data, assisted living communities in Ohio (residential care facilities) lost 14% of their workforce between Q4 2019 and Q2 2022. The problem is especially acute for assisted living providers who participate in the Medicaid waiver program. Assisted Living Waiver rates today are only 50-60% of market rates, which has resulted in an access problem for assisted living. People who need to use the waiver immediately or shortly after moving into an assisted living community have great difficulty finding a provider willing to take them because the current waiver rates are so low.

Assisted living is different from other HCBS because payment is for a package of services, so it is not directly connected to an explicit or implicit wage component. Nonetheless, inability to pay a competitive wage for direct care workers is a problem for assisted living, particularly to the extent that a community serves Medicaid waiver beneficiaries. The most recent BLS data show the average wage for personal care aides in Ohio assisted living communities was \$14 per hour, which correlates with a 2021 Scripps Gerontology Center study that found the median starting wage was \$13.

We were glad to hear Director McElroy testify that the Administration is proposing to eliminate the current Assisted Living Waiver rate tiers, to establish a memory care tier, and to increase waiver rates overall by 48%. The white paper includes this figure, which is promising. Unfortunately, though, neither HB 33 nor the white paper specifies what the base rate or the memory care add-on will be, so we can't fully understand the proposal without more information.

The Administration did include in the as-introduced bill language specifying requirements to receive the memory care add-on. We agree there should be defined criteria to qualify for the higher rate, which is needed because of the higher cost of operating a memory care unit that results in few assisted living providers taking Medicaid residents in their memory care units. However, we have concerns about the language in HB 33 and will offer the subcommittee alternative language later in the budget process.

Again, I thank you for the opportunity to speak with you today. I would be happy to answer any questions you may have now or through follow-up at [pvanrunkle@ohca.org](mailto:pvanrunkle@ohca.org) or 614-361-5169.