

Chairman Carruthers, Ranking Member Liston, and Members of the House Finance Subcommittee on Health and Human Services, thank you for allowing me to testify as an interested party today on H.B. 33—the state budget. My name is Joseph Russell and I am the Executive Director at the Ohio Council for Home Care and Hospice (OCHCH).

I'm testifying today to ask for your support of home care rate increases that support paying wages at market level, and I am here today to ask that we create a real long-term plan for home care that includes a mechanism to regularly review and update rates.

OCHCH represents over 600 home care, hospice, and palliative care agencies across the State of Ohio. Our members care for a variety of individuals ranging from medically fragile children, those who wish to recover from elective surgeries at home, mental health and older Ohioans that wish to age in place, and many more. Our members provide a skilled level of care as well as non-medical care wherever the resident calls home through Medicaid, Medicare, and commercial insurance.

Medicaid Home Care is in Turmoil

Medicaid home care is at a critical juncture as large portions of the state no longer have access to quality home care services. While receiving health care at home is less costly and can be more effective than institutional care, state residents on Medicaid are increasingly added to waiting lists and go without proper care as the industry experiences an exodus of providers.

There are many reasons that have contributed to this crisis including Medicaid's significant administrative burden to providers, significant transition of care issues in Medicaid managed care, and strains on the workforce among others. However, the biggest contributing factor leading providers to exit Medicaid is the reimbursement rates not covering the cost of providing the care.

As a result:

- Home care agencies have closed, can't hire workers and many no longer accept Medicaid patients – the state's most vulnerable residents, with the worst impact being felt in underserved and rural communities.
- Thousands of Ohioans are on waiting lists for home care services because there are not enough providers. These individuals are getting no care, inadequate care or use more costly emergency rooms or nursing homes, where they pay a further price in lost quality of life, independence, social interaction and well-being.

This issue isn't going away by itself. Government policy—or perhaps more appropriately the lack of policy innovation—has created a market problem and therefore it's going to require government policy to create a market fix.

If we don't act now the problem will only continue to get worse. Within the next two decades, the population of those 60 and older is expected to grow more than four times faster than the state's overall population. If we want to care for the influx of older adults to allow them to age in place, and to help others who are struggling with disabilities, chronic illness or recovering from surgery, we need to ensure Medicaid reimbursements cover the costs of these services.

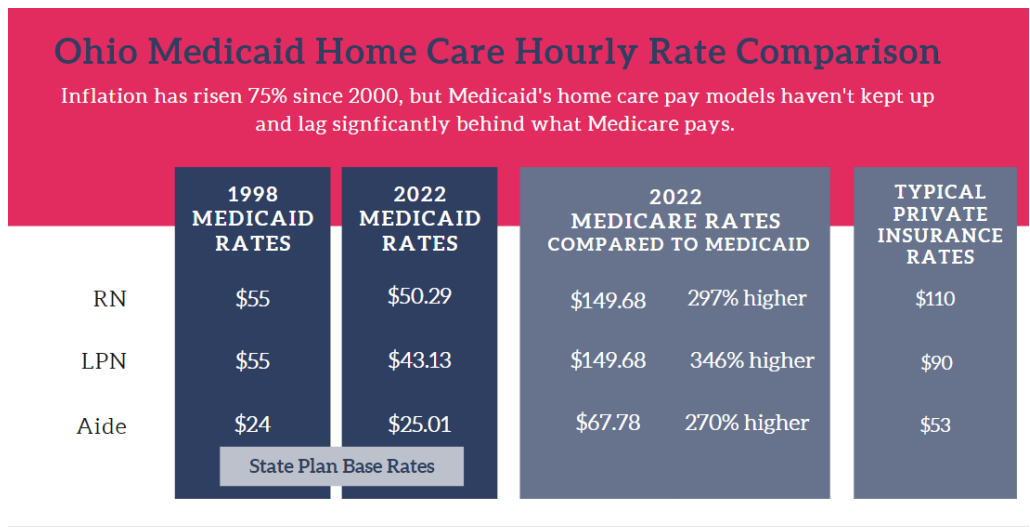
Medicaid Home Care Rates

Medicaid reimbursement rates today are essentially the same as they were in 2000, a time period during which inflation rose more than 75 percent. Today the cost of providing home care services greatly exceeds what Medicaid covers, yet home care is far less costly than other care options that are sustainably funded. It makes logical sense that funding home care is one solution to bending-down the rising Medicaid cost-curve. Sadly, the opposite is happening because reimbursement rates are so low.

In fact, many home care agencies are shifting their payer-mix away from Medicaid because they cannot find the people needed to provide these services since they cannot pay a competitive wage under the current Medicaid methodology. *The included chart highlights the reason why.*

Medicare payments average around 300% higher than the rate Ohio Medicaid pays for the exact same services, while private insurance payments average around 200% higher, respectively. While Medicaid providers don't expect to be paid those rates for Medicaid recipients, providers should expect the Medicaid program to be predictable and sustainable. Medicaid is not predictable or sustainable for home care providers because while both Medicare and private insurance consider the costs of providing care, Medicaid does not.

Our goal is for state Medicaid reimbursements to cover the actual costs of providing the care (including offering providers a competitive market wage) as well as create a sustainable future for the program.



The Plan for Medicaid Home Care

We very much appreciate the DeWine Administration—including ODM Director Maureen Corcoran and ODA Director Ursel McElory, respectfully—for acknowledging that rates need significant increases and we appreciate the inclusion of rate increases in the as-introduced version of the budget. We also very much appreciate the willingness to maintain a collaborative working relationship with the departments. We feel like we're being heard and that's an amazing step in the right direction. We are thankful for the good start.

Even still, we also have to acknowledge the context of those increases and recognize that those increases are not enough to address the problem. The increases provided in this budget for home care services should be based on data to ensure that reimbursements cover the cost of care including the cost of recruiting labor in the workforce.

We know that the rates are NOT actually set in the budget. However, the General Assembly is required to allocate the appropriate funding to cover the rates and so ODM must have some sort of

methodology used to determine the allocation. Unfortunately, that process has not been made public so we don't know what that methodology looks like.

We learned recently through testimony that the rate increases in the budget were arrived upon by a market study. We think we ought to be able to see the details of that study, and compare it to the market study that we conducted over the past nine-months. These study's conclusions do NOT tell the same story, and we'd like to better understand why.

Our market study aligns rates to costs and shows that the increases should be closer to a 60% increase, and in some cases much more. Our market study establishes the rate using the market wages (RN is \$35/hr. and Personal Care Aide is \$20/hr., for example) at 60% of the entire rate, which we've used to set the "break even" point for providers whose payor-mix is more than 50% Medicaid. With this methodology we can establish the extract rates needed to support the program.

As we evaluate the market studies to determine rate setting, we should also be asking ourselves: *what is the long-term plan to ensure Medicaid home care sustainability?* From our vantage point there is no plan and that's a major problem. We know that the current rates are under water and do not cover the cost of providing the care, yet we're relying on unverified market studies to tell us what that rate should be. In our humble opinion, this is NOT a sound process to ensure long-term sustainability.

Industry Budget Request

Madam Chair, we simply cannot get out of this budget without a plan to ensure long-term sustainability in Ohio's Medicaid home care program. We cannot continue to play the game of deciding winners and losers every two-years using a process that is not transparent because we have been the losers of that process for a dozen biennium.

In order for the Medicaid home care program to be sustainable we have to cover the costs of providing the care. The program cannot survive otherwise and so that is the first step. To do this we must have a process that considers the costs of care when setting rates. That is why we are asking for your support to rebase the Medicaid home care rates and tie costs to reimbursements.

We hope we can get your support to raise rates enough to cover the cost of care, and we hope we can get your support for an amendment that would create a mechanism to review home care rates regularly and evaluate the costs of providing the care via rebasing. Our providers aren't asking to make money off serving Medicaid, but they don't want to lose money either.

Thank you for allowing me to testify today and thank you for your consideration in this important matter. I'm happy to answer any questions you have at this time.