



**Bill 49 (Smith) Operating Budget
Ohio Senate Finance
Subcommittee on Health and Medicaid
Interested Party Testimony
May 16, 2017**

Chairman Hackett, Vice Chairwoman Taveras and members of the Committee, thank you for the opportunity to be here today to share testimony on the Governor's proposed budget (HB49). My name is Kathryn Brod, and I am the President and CEO of LeadingAge Ohio. LeadingAge Ohio is an association representing mission-driven, values-based providers of long-term services and supports to older Ohioans. Our 400-plus members are lifeplan communities (CCRCs), affordable housing organizations, skilled nursing facilities, adult day programs, assisted living facilities, county homes, home health agencies and hospices, among others. Our members are person-centered as many of them offer a number of these services, which allows them to objectively and open-mindedly weigh what is the most appropriate setting for an individual after hearing his or her story. LeadingAge Ohio members touch over 400,000 Ohioans annually, and employ approximately 35,000 Ohioans.

Since our members have grown from the community need and have a person-centered focus, they tend to consider opportunities to use a population-health based approach to coordinating the care of those they serve, helping individuals recognize what choices they can make to achieve more favorable outcomes and stay in the setting of their choice. In this way, their goals align with your responsibility to make the best investment of the taxpayer dollar for Medicaid recipients: to determine what care setting and services fit each individual's goals, needs and circumstances.

This means that when LeadingAge Ohio analyzes the proposed Medicaid budget in light of its members, we have to look at how limited resources will impact each component of the long-term care system. Similar to the state, we have to do a balancing act: we look at each individual proposal, and then look collectively at the impact the budget will have on the options that older Ohioans are afforded as they age. Ideally, changes will offer protections to support those providers serving the most vulnerable Ohioans, rewards for providers producing the highest quality care, and flexibility to allow innovation to flourish. This is how LeadingAge Ohio has viewed the proposed budget: through this lens of protections, quality and innovation. We hear much about the "right care at the right setting at the right time" but the role that falls to you is to ensure that the right reimbursement supports the right choices that every Ohioan should have available.

To that end, I want to address the specific proposals contained in the budget which will have the greatest impact on older Ohioans' access to high-quality care. These are:

- The proposed reimbursement structure and rates for nursing facilities,
- The lack of reimbursement increases for home- and community-based waiver services,
- The proposed changes to the assisted living waiver, and



- The proposed transition to a managed care environment for the remainder of Medicaid long-term services and supports (MLTSS).

As you know, the Executive Budget contained a proposal to cut nursing facility rates by seven percent—an untenable threat for our members at a time when providers are already challenged with a severe workforce shortage. Ohio faces a crisis in the direct care workforce, as fewer individuals choose to work in long-term care and/or remain in the field.

In a 2016 workforce study surveying long-term care associations' members across the state, 7 of 10 STNAs who left their job did so to seek better pay, 75% of nursing facilities and assisted living facilities have fewer STNAs than planned and 20% had no applicants for certain positions. Hospice and home health workforce trends mirrored this, with 57% of hospice and home health agencies reporting they have fewer home health aides than planned, 40% of hospice and home health agencies reporting no applicants for certain positions. Due to these shortages, a large number of providers said that they have been forced to use overtime, double shifts and/or other strategies to fill open hours, all of which not only are expensive but can lead to caregiver burnout and jeopardize quality. Nearly 1 in 5 providers also report limiting services due to inability to find staff to provide the services. **For this reason, we were greatly relieved when the House reinstated current nursing facility rates by opting for cost-containment using an annual cap.**

Unfortunately, Ohio's home- and community-based waivers, most notably, PASSPORT, were flat funded in the House passed version. We recognize the challenging budget climate due to the current decline in state revenues; however, we are concerned that this overdue investment in this portion of the Medicaid budget is a small increase for a greater rate of return to the system. It is this program that will help keep many older Ohioans in the setting of their choice, and, of course, this may delay their move to higher cost settings or even keep them from needing to make the move. Similarly the Administration acknowledged the importance of Ohio's Assisted Living Waiver (ALW) program, with both rate increases and revised structure, which were also removed in the House version. Increasing the rate as well as restructuring this important benefit will better align the needs of Ohio's aging population, resulting in increased access and, just as with PASSPORT, serving to prevent Ohioans from entering more-costly settings, such as nursing facilities. One of our members, National Church Residences, is here today and will provide more detailed information regarding the importance of investing in these programs.

Finally, I would like to share our members' perspective on the proposal before you to move other long-term services and supports into a managed care environment—MLTSS, for short. Our members' assessment of the MLTSS proposal has been heavily colored by their experience with the MyCare Ohio demonstration. I will refrain from providing you with a laundry list of concerns, but chief among them are slow or unpaid reimbursement and the lack of protections such as a rate floor for providers; diminished access for MyCare Ohio enrollees has resulted. Needless to say, members' first reaction to hearing the Administration's MLTSS proposal was resistance, especially when coupled with the



reduction in the nursing home rates. It was very difficult to move past that issue to address the larger policy conversation. As such, LeadingAge Ohio was a co-signee to what's been called the "study committee" letter, which successfully advocated for a delay in the roll-out of MLTSS, following special consideration by a committee which would include provider associations and stakeholders.

Since then, we have engaged in diligent conversations with the Ohio Department of Medicaid (ODM) as well as our members, and various stakeholders. There is still no clear consensus amongst our membership on MLTSS, but we have returned to the guiding principles I mentioned before: protections, quality and innovation.

Protections are of critical importance. A new system of care cannot be built on the backs of providers alone; we must partner on this endeavor with other stakeholders. The Ohio Department of Medicaid seems ready to address this critical component with us, an acknowledgement of the long-term care providers' concerns that was absent from the MyCare Ohio demonstration procurement. We are continuing detailed discussions with ODM and the managed care plans to determine the best paths to address these concerns in a new Medicaid managed care procurement process. Quality of care remains the overarching goal for both our members and ODM. We are seeking alignment of provider and payor measures, so that both entities are working towards and are rewarded for the same goals. LeadingAge Ohio has been advocating for moving to a quality-based payment system for years, and we believe that MLTSS can serve as a mechanism for this, if designed appropriately. We will remain an active participant in this process, to ensure that the system is built to incentivize high-quality care.

Innovation is paramount. We acknowledge that the way our current system of long-term services and supports is structured will not meet the demands of our aging population, and so new models need to be developed and tested. While MLTSS is not the only mechanism for innovation, if designed appropriately, it may offer increased flexibility for providers to pilot new ideas across the continuum of care that improve the quality of life of beneficiaries, reduce costs and foster efficiencies.

Through the lens of protections, quality and innovation, we remain cautiously optimistic that the Ohio Department of Medicaid might use the lessons learned from MyCare Ohio's hasty rollout to prevent the same problems from transpiring with MLTSS. However, optimism is never enough, so LeadingAge Ohio has made it clear that we will occupy a seat at the table at every step as we transition to a new procurement process, and beyond to ensure that we are building a system that matches the needs not only of our member organizations, but more importantly that aligns with the needs, desires and circumstances of the Ohioans they serve.

This concludes my comments on the proposals contained in the current budget Sub Bill. I am happy to answer any questions you might have.