



*Advocacy. Action. Answers on Aging.*

Testimony from

**Cindy Farson**

## **Ohio Association of Area Agencies on Aging**

House Finance and Appropriations Committee

Monday, May 2, 2011

---

Chairman Amstutz and Members of the House Finance and Appropriations Committee: My name is Cindy Farson, director of the Central Ohio Area Agency on Aging and past president of the Ohio Association of Area Agencies on Aging. O4a share's the Advocates for Ohio's Future's policy goals. On behalf of our 12 Area Agencies on Aging we are grateful for the opportunity to submit testimony on the impact of the proposed state budget on the older and disabled adults whom we serve.

I would first like to express our gratitude for the additional \$15 million in state funds that you have added to the PASSPORT program. We are also enthusiastic that the amended Substitute HB 153 embraces a reform that Area Agencies on Aging have long advocated; namely, a unified long-term budget. In addition, the budget increases by 15.4% the number of elderly persons with disabilities who will receive Medicaid waiver services, including PASSPORT. We remain very concerned however that the funds necessary to support this expansion are not available in the proposed budget.

### Budget Assumptions

There are three assumptions outlined in the Legislative Services Commission Redbook to arrive at a budget which adds more people to the PASSPORT program while decreasing the funds available. First, to increase the number of people served by 4800 without increasing the budget **requires cuts to service care plans for seniors by 8% in 2012 and 15% in 2013**. Second, service provider rates are cut by a minimum of 3% and the operating expenses of the Area Agencies on Aging are cut 15%. The total of these reduced expenditures are \$160 million. We expect the \$40.8 million all funds added in the House to soften the blow of the cuts but our 30 years of experience tell us that this amount will not allow us to serve an additional 4800 people.

### PASSPORT Successes

PASSPORT already costs less than any other nursing home waiver option. PASSPORT now operates with a statutory cost cap of 60% of nursing home cost, that's \$3,052 monthly. We have never spent close to that cap and administer the program at under 25% of the cost of nursing homes with an average \$1128 care plan cost. Locally we have always respected the limited funds available.

As many of you know, the PASSPORT program has had periods of open enrollment and many periods of operating with restrictive funding and waiting lists. Despite these obstacles, PASSPORT and the other

Aging waiver programs have offered quality alternatives to costly nursing homes and lowered the rate of Ohioans age 60 and older who have entered a nursing facility. Our expertise in linking older adults to in-home and community programs has resulted in a remarkable achievement: the rate of people receiving nursing home care compared to in-home care has plummeted from 90% to 58%. Even with the growth in the senior population, there are fewer older Ohioans in nursing homes today than there were 10 years ago. PASSPORT agencies have accomplished this while maintaining a client satisfaction rating of well over 90%.

### The Effects of Cuts

Let me delve into why cuts to care plans may reverse years of success. It has been stated before this Committee that the cuts to care plans can be achieved without hurting operations and the effectiveness of the program by eliminating variances across regions. This opinion is based on examining variances across PASSPORT agencies' average care plan costs and drawing the mistaken conclusion that all agencies should be able to operate at the lowest end of the cost scale. This implies PASSPORT agencies and the communities they serve are identical and agencies simply need to tighten their belts. It should be emphasized that the standard that we were operating (and continue to operate under) is that care plans should not exceed the care plan maximum. Under that standard, all the AAAs are well under the ODA target of \$3,052 monthly. This budget sets a new standard with unproven effectiveness in maintaining people in their home and would take considerable time to reach. The goal of this program is not to all have the care plan cost the same but it is to respond to individual needs and keep people home at a fraction of the cost.

In fact, variances occur for many reasons: Sources of revenue are different; not all counties have senior levies, for example; the services differ based on regional expectations of services and community values; the proximity and abundance of nursing homes varies from region to region; and, unemployment and poverty rates can affect utilization. Area Agencies on Aging effectively manage these local differences, as evidenced by high consumer satisfaction and relatively low cost of services.

I will point out that reducing care plans, as we would be required to do under House Bill 153, is a complex undertaking that must follow established procedures. Any reductions would directly affect a person's health care and are subject to an appeal process. We are concerned that cuts of this magnitude in home and community care will drive older and disabled adults into nursing homes – the highest-cost setting – thus reversing all that you and Area Agencies on Aging have achieved together, and undermining our shared goal of diverting people from Medicaid, offering consumer choices, and providing value to taxpayers.

Area Agencies on Aging are reaching more people in nursing homes and hospitals deciding if they can manage at home. Targeting this population results in increased care plan costs. Experience shows these people have higher level needs. Area Agencies on Aging are being asked to increase the number of people on their programs by 15% while decreasing their current funding level 15%. The severe reduction of funds available for core functions such screening, assessment and care management undermines our ability to provide services in a manner responsive to individuals facing decisions about entering a nursing home. Two of the cost centers in PASSPORT agencies operating costs do not relate solely to PASSPORT home care but are our responsibility. PASSPORT operating costs include all nursing home preadmission review for people of any age coming from a hospital, going from private pay to Medicaid in a nursing home, switching from Medicare to Medicaid and for those in other waivers. Assessments and long term care consultations are required and may not end up in enrollment to the program. From over 300,000 calls received by Area Agencies on Aging/PASSPORT agencies in SFY 2010, only 9,172 – just 3% of the total – resulted in enrollment to one of our waivers.

Care management is another vital service that Area Agencies on Aging provide:

- Care managers continue to protect Medicaid dollars when assisting PASSPORT consumers and family members in their homes. Agency professionals negotiate medical and social systems, find economical solutions to in-home care concerns, anticipate problems, promote safety and help prevent premature entry into a nursing home.
- Between 20-30% of older adults have no informal caregiver, or they have a caregiver with mental health or substance issues. In these situations, elder abuse and neglect can occur. The Care manager is the eyes and ears to protect these vulnerable adults. Research has show that not having a reliable caregiver is one of the major factors that lead to nursing home placement for vulnerable older adults.
- Another leading cause of nursing facility placement is caregiver burnout. Care managers will no longer have the time to support and educate care givers, or to anticipate problems to prevent burnout.
- Care management ratio is currently 65:1, a national standard in serving the frail older adult population. If current AAA funding is held flat, Caseloads will increase by 17%. If the 15% budget cuts are implemented, Caseload sizes will be 35% higher, over 87:1.

#### Oversight of Medicaid Transformation

Now I will address my comments to a possible restructuring of long-term care services. For-profit managed care companies have a role in Medicaid medical and episodic acute care situations – that’s *their* expertise. The vast majority of our clients need home-delivered meals or help with bathing or medications. That’s *our* expertise. They are very different skill sets with different cost structures. For that reason, we question the Administration’s presumption that PASSPORT agencies’ operating expenses need to be reduced because they are not on par with other managed care entities in the Medicaid system. This is a classic apples to oranges comparison.

The AAAs long-term chronic custodial care management differs significantly from the episodic medical care management currently done by managed care companies. The type of care management Area Agencies on Aging do for a frail elderly or disabled individual requires an in-person visitation with that individual, not simply telephone assistance. PASSPORT has a minimum consumer-to-care manager ration of 65-1, while the managed care programs operate with telephonic assistance often with a ratio of 150 to 300-1. In addition to these tasks, the PASSPORT agencies must do provider recruitment, education, certification, monitoring and complaint resolution, as well as contracting billing and payment for 1,133 PASSPORT providers, 237 Assisted Living facilities, and 1,271 independent providers. We are responsible for client liability billing and collection. The proposed “new managed care PASSPORT program” could wipe out more than 20 years of successful and cost-effective administration of this program and allow any savings to accrue to insurance companies rather than the State of Ohio to meet the growth in the senior and disabled populations

To summarize, the Ohio Association of Area Agencies on Aging and Ohio’s 12 Area Agencies on Aging applaud your commitment to shift funding for long-term care away from costly nursing homes and toward cost-effective home and community care. However, we are concerned that budget cuts will cost taxpayers more than is saved and jeopardize seniors’ health, safety and security. The question remains: *Why should the lowest cost and most preferred option for older Ohioans be required to take the biggest cuts?* Thank you for your attention. I’ll be happy to answer any of your questions.