



Advocacy. Action. Answers on Aging.

Testimony from

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Ohio Association of Area Agencies on Aging

Health and Human Services Subcommittee
Of the House Finance and Appropriations Committee

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Chairman Burke and Members of the Health and Human Services Subcommittee: My name is Duana Patton, CEO of AAA5 in Mansfield, and Immediate Past President of the Ohio Association of Area Agencies on Aging. On behalf of our 12 Area Agencies on Aging and 13 PASSPORT Administrative Agencies, thank you for the opportunity to discuss the impact of the proposed state budget on the older and disabled adults whom we serve.

Each of you is familiar with the successful PASSPORT program that we administer, enabling people to remain in their homes and reducing the state's Medicaid expenditures. I will not go into details about the program. Instead, I will focus on how proposed funding cuts and a new managed care PASSPORT program may affect aging and disabled Ohioans.

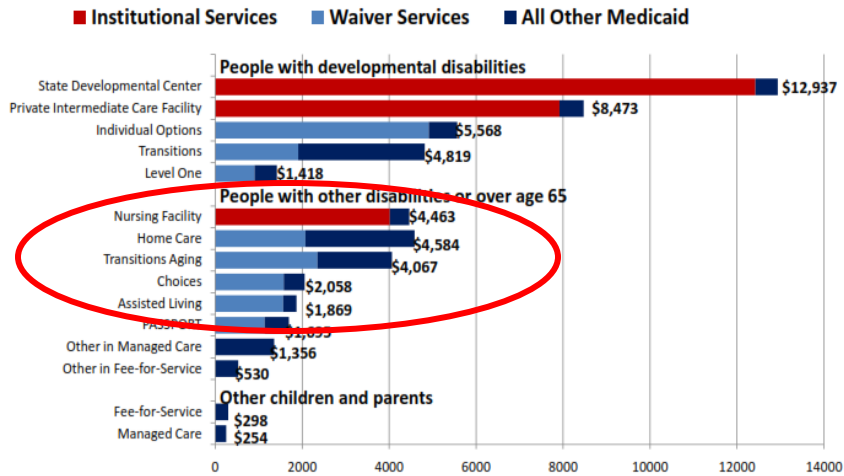
Before I share our concerns, I first want to praise Governor Kasich for embracing a reform that Area Agencies on Aging have long advocated; namely, a unified long-term budget. In practical terms, the unified long-term care budget puts all long-term care dollars into one "bucket" to meet a person's care needs whether a person receives services at home, in the community, or in a nursing facility. The unified system moves Ohio one step closer to achieving balance between home and community services and nursing facility care; contains the growth in Medicaid expenses; and, provides consumers with a choice among an array of care services.

In addition, the budget increases by 15% the number of elderly persons and persons with disabilities who will receive Medicaid waiver services, including PASSPORT. This also would be news worth celebrating, if funds necessary to support this expansion were not being cut.

That brings me to first of our concerns. House Bill 153 will cut care plans for seniors by 8% in 2012 and 15% in 2013. Ohio cannot meet the goal of serving 15% more people with less money. Let me explain why this is so.

PASSPORT is already the least costly of the Medicaid nursing home level of care options, as illustrated by the Office of Health Transformation graph, below. PASSPORT has a statutory cost cap of 60% of nursing home cost. Because PASSPORT agencies are efficient stewards of public funds, we actually administer PASSPORT at a cost well *below* this cap: statewide, the average care plan costs only 37% of the state and federal cost cap of \$3,052 monthly.

Ohio Medicaid Spending per Member per Month by Setting

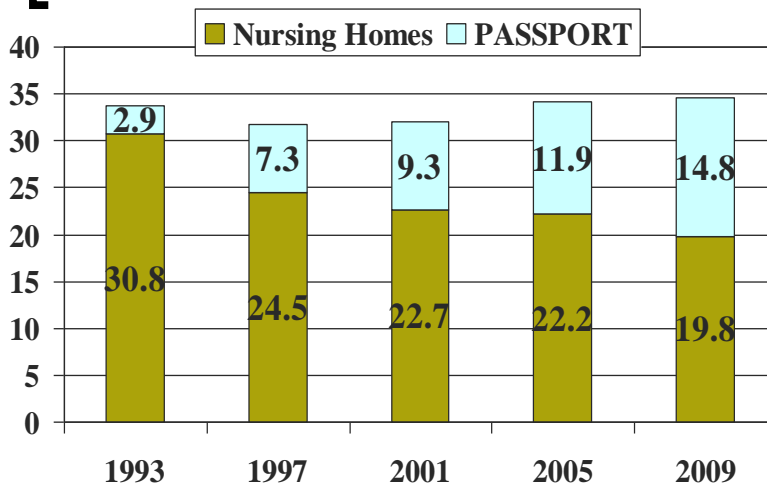


Governor's Office of Health Transformation

Source: Ohio Department of Job and Family Services. Includes claims incurred from July 2009 through June 2010 and paid through October 2010; cost differences between institutional and waiver/community alternatives do not necessarily represent program savings because population groups being compared may differ in health care needs.

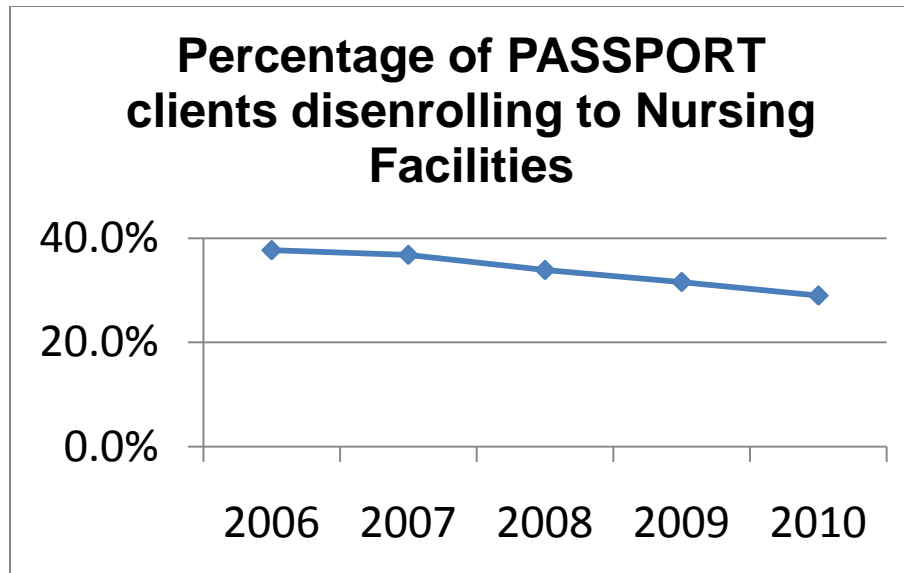
As many of you know, the PASSPORT program has had periods of open enrollment and many periods of operating with restrictive funding and waiting lists. Despite these obstacles, PASSPORT and the other Aging waiver programs have offered quality alternatives to costly nursing homes and lowered the rate of 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%.

Age 60+ persons per 1,000 population using LTC in Ohio



Source: Scripps Gerontology Center, Miami University

The emphasis in the last few years has been on outcomes such as increasing nursing home diversion and transition, reducing the number of people who leave PASSPORT for a nursing home, and increasing the length of stay on the program to delay nursing home enrollment. The graph below illustrates PASSPORT's success in reducing the number of individuals leaving the program for a nursing home. At the same time, the number of people who have been able to remain at home on the program until their death has increased.



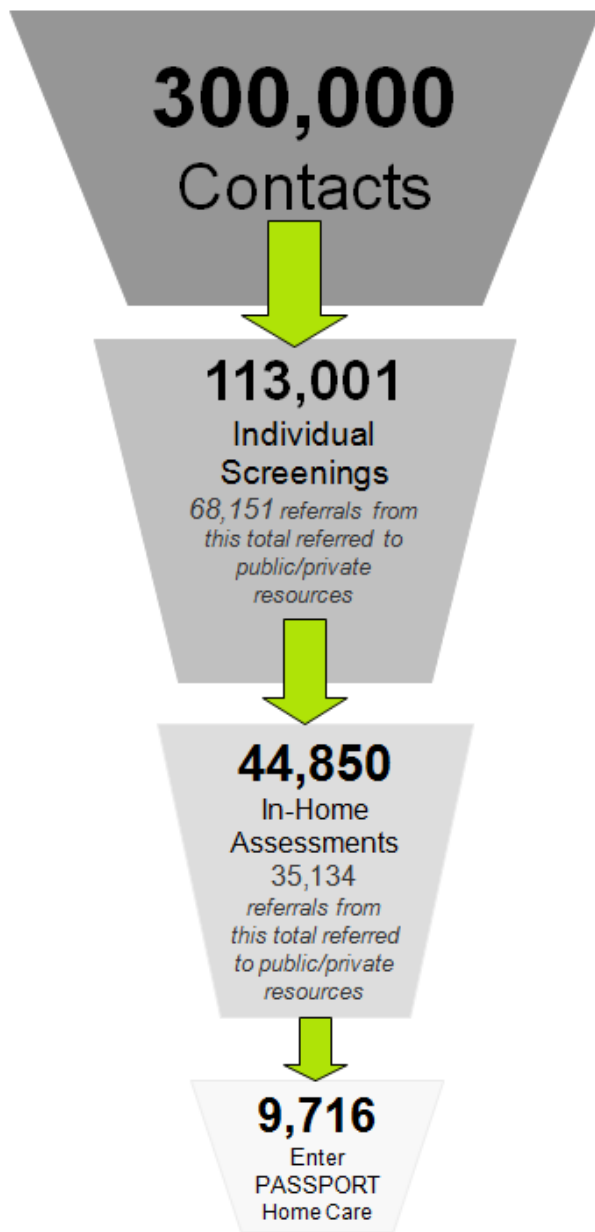
Let me now delve into why cuts to care plans may reverse years of success. It has been stated before this Committee that the cuts to care plan costs, as proposed by House Bill 153, can be achieved without hurting operations and the effectiveness of the program. The Administration also has indicated that a 15% cut in PASSPORT agencies' operating expenses is necessary to bring our costs in line with other managed networks in the Medicaid system. We respectfully, but sharply, disagree. These opinions are 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. In fact, variances arise for several reasons. One, our sources of revenue are different; not all counties have senior levies, for example. Two, services differ based on regional expectations of services and community values. Third, the proximity and abundance of nursing homes varies from region to region. And, finally, labor costs vary across Ohio. 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. It is not like simply switching to a cheaper brand of gasoline. The utilization review process must take into account concerns of consumers and their families, who have the right to appeal. It can take up to four months to get a hearing, during which time the care plans cannot be changed. Often the appeals are upheld, resulting in no cost savings at all. More importantly, 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.

Additionally, the language in House Bill 153 lacks specifics on the second year of the biennium, when cuts deepen from 8% to 15%. What then does health care transformation mean to Area Agencies on Aging and the seniors we serve? We support integration and care coordination, but as agency directors, we have to plan more than a year out and need a better roadmap to help us contribute to the Administration's vision.

Now I will address my comments to a proposed new PASSPORT managed care plan. For-profit managed care companies have a role in Medicaid acute care (hospital) situations – that's *their* expertise. The vast majority of our clients need a referral to a senior center or Meals on Wheels, 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 why: PASSPORT agencies' operating costs include many functions that are not required of managed care companies operating in Ohio's Medicaid system. PASSPORT operating costs include all of the nursing home readmission review and "front door" screening and assessment for services that don't require Medicaid-level care. The chart, below, shows that from the over 300,000 calls received by Area Agencies on Aging in SFY 2010, only 9,172 – just 3% of the total – resulted in enrollment onto PASSPORT.



Long-term chronic custodial care management – that’s what AAAs also provide – 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 around 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 be accrued to insurance companies rather than the State of Ohio to meet the growth in the senior and disabled populations. (The attached document outlines the impact of the 15% cuts to Area Agencies on Aging.)

Finally, I would like to add clarity to another assertion. The Administration has suggested that PASSPORT agencies can absorb cuts because local governments are receiving cuts. This is not an apt analogy since PASSPORT agencies are predominantly local, private, not-for-profit agencies. The vast majority of the 1200 employees of PASSPORT/Area Agencies on Aging are not government employees, and therefore, unaffected by changes in collective bargaining laws, pension and health care benefit reforms.

To summarize, Area Agencies on Aging applaud Governor Kasich for his 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?* We urge the Ohio General Assembly to maintain funding at their current levels. Thank you for your attention. I'll be happy to answer any of your questions.