



Advocacy. Action. Answers on Aging.

Testimony from

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Ohio Association of Area Agencies on Aging

Senate Finance and Appropriations Committee

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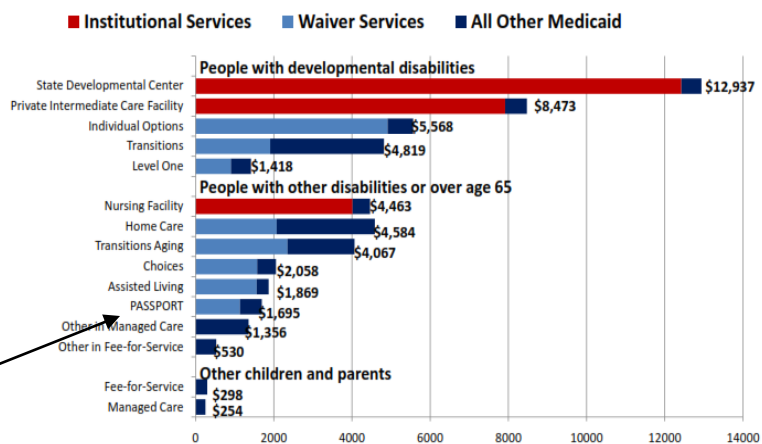
Chairman Widener and Members of the Senate Finance Committee: I am Suzanne Burke, CEO of the Council on Aging of Southwestern Ohio and President of the Ohio Association of Area Agencies on Aging. On behalf of Ohio’s 12 Area Agencies on Aging, I appreciate the opportunity to submit testimony on the impact of the proposed state budget on the older and disabled adults whom we serve.

Our association is grateful for the intent in amended Substitute HB 153 to increase by 15.4% the number of elderly persons with disabilities who will receive Medicaid waiver services, including PASSPORT. This is a necessary shift toward home and community care. However, we remain very concerned that the funds required to support this expansion are not available in the proposed budget. In fact, Ohio could see a backward slide in the successful work of the Area Agencies on Aging in “moving the needle” toward more home and community based care. This trend is what Ohioans want and is good for Ohio’s taxpayers.

PASSPORT Successes

PASSPORT is Ohio’s least expensive nursing home waiver. PASSPORT now operates with a statutory cost cap of 60% of nursing home cost or \$3,052 per client, per month. The AAAs have never spent close to that cap. In fact, we administer the program at less than 25% of the cost of nursing homes. Our average care plan cost, per client, per month, is \$1,128 (not including medical costs.) We have always respected and worked within the limited funds available.

Ohio Medicaid Spending per Member per Month by Setting



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.

Over the years PASSPORT has had alternating periods of open enrollment and waiting lists due to funding ebbs and flows. Despite these obstacles, PASSPORT and the other Aging waiver programs have offered high-quality alternatives to costly nursing homes and reduced the proportion of Ohioans age 60 and older using nursing facilities for long-term care. Our expertise in linking older adults to in-home and community programs have resulted in a remarkable achievement: the proportion of older adults receiving long-term care in nursing homes has decreased 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%.

These positive outcomes are the result of a proven formula of success:

$$\begin{aligned}
 & \text{(Adequate Level of Community-based Services) + (Comprehensive Screening) +} \\
 & \text{(Timely Assessments) + (Appropriate Care Management)} \\
 & \qquad \qquad \qquad = \\
 & \text{More Seniors Remaining in the Community}
 \end{aligned}$$

Before addressing the elements of this formula, I'd like to examine the assumptions outlined in the Legislative Services Commission Redbook. To increase the number of people served by 4,800 without increasing the budget requires: 1) cuts to service provider rates of a minimum of 3%; cuts in service care plans for seniors of 8% in 2012 and 15% in 2013; and 3) cuts to screening, assessment, care management, and operating expenses of the Area Agencies on Aging of 15%. These reduced expenditures total \$160 million. This blow will be softened by the Ohio House decision to restore \$15 million (\$41.8 million total, when federal Medicaid is included). But our 30 years of experience tell us that this amount will not allow us to serve an additional 4,800 people.

Approximately two weeks ago we had our first opportunity to discuss the proposed reductions with OHT Director Greg Moody, Medicaid Director John McCarthy, and Aging Director Bonnie Kantor-Burman. The purpose of this meeting was for us to "state our case". We presented the formula we are sharing today, along with other data, to Mr. Moody. At the conclusion of the meeting, Mr. Moody stated that we had done an excellent job in stating our case and in his Senate Finance Committee testimony, he suggested that PASSPORT be one of the highest priorities for receiving additional funds. As indicated, the proposed budget yields the following formula:

$$\left(\frac{\downarrow \text{Provider rates}}{\downarrow 3\%} \right) + \left(\frac{\downarrow \text{Care Plan}}{\downarrow 8\% \text{ and } \downarrow 15\%} \right) + \left(\frac{\downarrow \text{Staffing}}{\downarrow 15\%} \right) + \left(\frac{\uparrow \text{Growth}}{\uparrow 15\%} \right) + (\text{Current Operating Rules}) = \text{Unrealistic Deliverable}$$

The Effects of Cuts: (Formula item #1 - Adequate Level of Community-based Services)

It has been stated before this Committee that regional variation in care plan costs signifies that clients' care plans can be cut without hurting operations or the effectiveness of the program. This conclusion implies that PASSPORT agencies and the communities they serve are identical and can all operate at the lowest end of the cost scale. It should be emphasized that the historical operating standard set forth by ODA has been that care plans should not exceed the cost cap. Under that standard, all the AAAs are well under the ODA target of \$3,052 monthly. Meanwhile, Area Agencies on Aging are reaching more people in nursing homes and hospitals who are trying to decide whether they can manage at home. Because of

the significant needs of this frail population, their care plan costs tend to be higher than for seniors currently in their homes.

The goal of this program is not uniform care plan costs, but to provide the right care, at the right times, in the right amounts to keep frail seniors at home for a fraction of the cost of institutional services.

In fact, care plan cost variances occur for many reasons. Factors include:

- Access to other community resources
- Geographic and cultural differences
- Acuity levels
- Unemployment and poverty levels
- Provider rates
- Correlation of care plan costs to census growth
- Level of nursing home diversions and transitions
- Service array
- Nursing home bed availability
- Consumer-directed care

As an example, service array can impact care plan costs and I will use adult day services to make this point. Adult day services can be a service that increases care plan costs. In some areas of the state, such as central Ohio, there are many adult day providers and consequently a greater number of clients in this region have the opportunity to access adult day care. In another part of the state, such as Rio Grande, there are only a handful of adult day service providers yielding a smaller amount of older adults being able to access such a service.

Reducing care plans, as we would be required to do under House Bill 153, is a complex undertaking that must follow established procedures. Reductions would directly affect a person's 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.

Contributing to an adequate level of care, is ensuring that we have an adequate provider base to deliver the services. All providers in Ohio are not created equal. In some instances providers are not being paid enough to continue providing PASSPORT services. Just last week our AAA was contacted by an angry daughter whose mother is in an Assisted Living facility. The mother is in the process of enrolling in the Assisted Living waiver (she was private pay) but has been informed that if the rate cut goes through, the facility will terminate their assisted living contract and this client will be forced to move to a nursing home. Here is an example of where the state is saving \$48 per client per month by implementing a rate cut but it will cost the state an additional \$2,594 per month for each person moved to a nursing facility. As an aside, this same facility had five clients transferred to a nursing facility (when they ran out of funds) as they were not an assisted living provider.

The Effects of the Cuts: (Formula Item #2 - Comprehensive Screening) + (Formula Item # 3 - Timely Assessments)

The role and value of Ohio's Area Agencies on Aging extend far beyond PASSPORT home care. Our Medicaid services involve operating costs related to other Medicaid or statutory functions for all age groups. These include: screening, assessment for eligibility, nursing home pre-admission review, and long term care consultations.

To accurately compare AAA operating costs to those of other Medicaid case management entities, one would need to exclude these functions from total AAA costs. PASSPORT operating costs include all preadmission review for 1) people of any age seeking to enter a nursing home from a hospital; 2) going from private pay to Medicaid in a nursing home; 3) switching from Medicare to Medicaid and 3) for those in other waivers. AAA costs also include required assessments and long term care consultations which may or may not result in program enrollments. These are functions that are mandated to AAA's that are not performed by comparable organizations.

These functions, plus community outreach, caregiver support, and connecting families with community resources allow Ohio's AAAs to play a critical role in diverting individuals from unnecessary and premature nursing home placements. From more than 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 in one of our waivers. Area Agencies on Aging are being asked to increase their number of clients by 15% while decreasing their current funding for operating costs by 15%. With less money available for core functions such as screening, assessment and care management, AAAs will lack the resources needed to respond quickly to families facing decisions about entering a nursing home.

The Effects of the Cuts: (Formula item #4 - Appropriate Care Management)

Care management is another vital service that Area Agencies on Aging provide. There have been suggestions made by the administration that perhaps the AAA's care management costs are too high. It is important for you to understand that most of the care management cost infrastructure is dictated by the state. We are told what the care manager caseload must be, what the educational requirements must be, how and when client visits are to be made, and we are required to utilize state technology systems. While the Department of Aging and the PASSPORT agencies are working on efficiencies, care management is nevertheless an essential service for individuals needing daily assistance in their homes.

- 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 abuse 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 shown that not having a reliable caregiver is one of the major factors leading 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 caregivers, 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 visit with that individual, not simply telephone assistance. PASSPORT has a minimum consumer-to-care manager ratio of 65-1, while the managed care programs operate with telephonic assistance often without a requirement to care manage every individual. 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 also responsible for client liability billing and collection.

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?*

We want to reach the Governor’s destination of being a State that allows its older citizens the ability to stay at home if that is their choice. We’re not asking to arrive there by jet, we simply need a vehicle that has more than three tires and has at least half a tank of gas. This budget doesn’t give us that vehicle. Thank you for your attention. I’ll be happy to answer any of your questions.