



Department of
Aging

John Kasich, Governor
Bonnie Kantor-Burman, Director

**HB 59 – SFY 2014-15
Biennial Budget Testimony**

Before the

**OHIO HOUSE OF REPRESENTATIVES
HEALTH AND HUMAN SERVICES SUBCOMMITTEE**

**Bonnie Kantor-Burman, Director
Ohio Department of Aging
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INTRODUCTION

Good day, Chairwoman Gonzales and members of the House Health and Human Services Subcommittee. I am Bonnie Kantor-Burman, Director of the Ohio Department of Aging (ODA). Thank you for the opportunity to be here to discuss how Governor Kasich's second Executive Budget, the Jobs Budget 2.0, helps build on our shared successes and further places Ohio on the leading edge of innovation and responsiveness to our growing and changing aging population.

Two years ago, I stood before the committee and talked about a *new age for old age*, and specifically, how our portion of the Jobs Budget would position the Department of Aging to serve Ohio's growing older population in the most cost effective and responsive manner. I am pleased to report that by using the tools the General Assembly provided for us in the last biennial budget we have made considerable strides toward that *new age*. The unfettered access to home- and community-based services (HCBS) that the bill provided is evidenced by the fact that we have no waiting lists for our Medicaid waivers. In addition, in SFY 2012, the number of unduplicated waiver consumers we served increased by 3.6 percent. From July 1, 2011 to June 30, 2012, 11,531 new clients received a long-term care consultation and elected to receive HCBS Medicaid waiver services (PASSPORT and Assisted Living). On average, individuals received Department of Aging waiver services for 1,032 days before being disenrolled to a nursing home, almost an 8 percent increase over SFY 2011.

The proposals in the Executive Budget request build directly on successes such as these in strategic, efficient and effective ways so that the quality of care and caring for older Ohioans will continue to be enhanced and we can maximize the use of public funds for our citizens.

BACKGROUND

Internal changes

I am confident that the Department of Aging is ready for the tasks ahead. During the past biennium, the Department underwent a comprehensive restructuring to improve our effectiveness. This first major reorganization of the Department in more than a decade achieved efficiencies that position us to reach our goals in a way that will pay dividends into the future for our elders and their families, our taxpayers and Ohio's business community. We were able to reduce staff by approximately 10 percent while providing our employees with additional cross-training and streamlining workflow. In addition to organizational redesign, our operational changes also included a move toward sharing services with other agencies, where feasible.

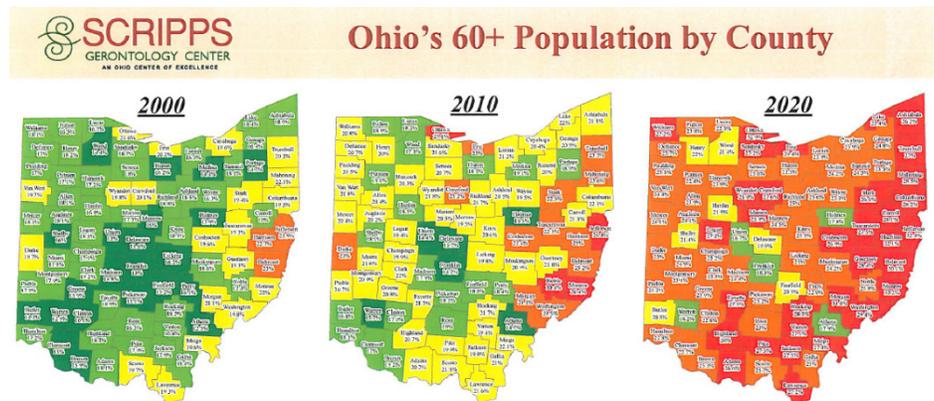
These internal organizational changes and the efficiencies that resulted were an important first step in responding to our state's changing demographics. With the lowest number of staff in recent history, the Department is both more efficient and more involved than ever in serving elders as their care needs change. We remain committed to constantly reassessing and responding to our citizens' changing priorities, regardless of the funding stream. This ability to be "nimble and quick" is key, since older adults may go through a number of physical, cognitive and emotional transitions as they age. To flourish, they will need a

services and supports system that is responsive to their evolving needs across settings and as their health and functional status changes.

External realities

As you know, Ohio’s population is aging rapidly. Ohio will have 25 percent more residents age 60 or older in 2020 than in 2010, and the number of elders will nearly double by 2040 (Figure 1). This new generation is not only living longer but living differently than previous generations.

Figure 1



We are adopting policies and practices and expanding our partnerships to reflect this new reality. Many elders are leading more active lives, remaining engaged in the workforce and volunteer activities, and returning to school to upgrade their skills and enhance their knowledge. Others are living longer with chronic diseases and experiencing higher levels of disability. To meet their needs cost-effectively and responsively, an array of long-term services and supports (LTSS) will no longer suffice; instead, we must build an LTSS *system* where care is coordinated and provided at the right time in the right setting.

Department of Aging response

All of our proposals before you focus on two things: 1) Harnessing the potential created by an aging population; and 2) Meeting elders’ needs when care and support are required. Most specifically, we are:

- Creating a laser focus on prevention and the social and economic importance of helping elders remain vital, contributing members of our society; and
- Further developing a high quality, person-centered, coordinated care system that will meet older and disabled Ohioans’ needs as their abilities change. By coordinating their care, costs can be reduced and further functional decline can often be avoided or slowed.

The overarching themes woven throughout our budget request—prevention, quality, partnering, and person-centered care—are core to meeting our shared goals cost-effectively and responsively. *Welcome to the world of ODA 2.0: a Solutions Agency.*

MOVING FORWARD: Quality as an expectation

Our Jobs Budget, HB 153, took an important step toward enabling our elders and others with disabilities to live with dignity in the settings they prefer. In addition, to provide our elders with true choice and control in LTSS decisions, we focused not only on *where* care is provided but also on the *kind of* care and caring that is provided. Through our new reimbursement policies,

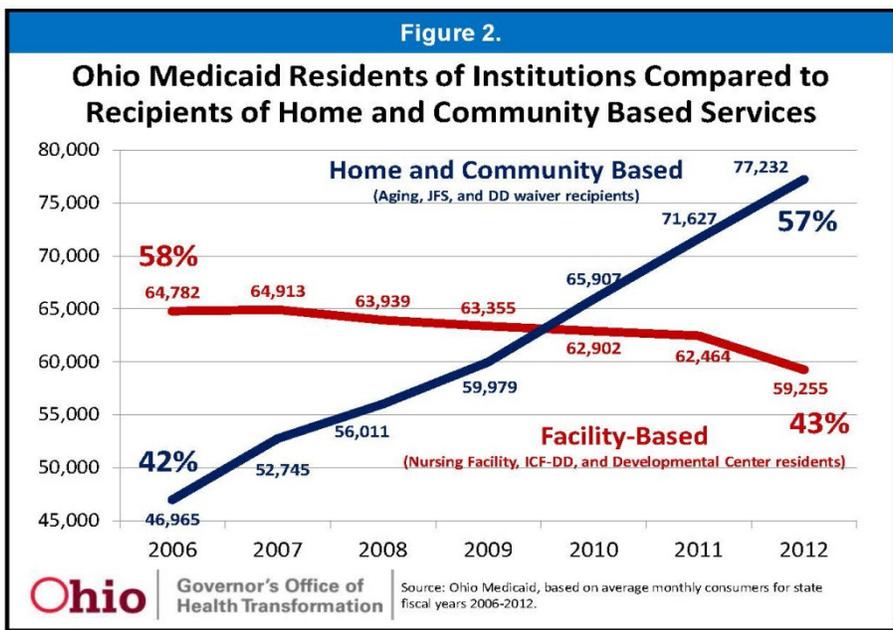
we began to incentivize person-centered care in all settings. To us, creating a high performance long-term care system means we must expect and reward excellence wherever someone lives and as their care needs change. Whether in a nursing home, their home, an assisted living facility or some other setting, all consumers deserve to receive quality, person-centered care. Working with our state and other partners, we raised the bar for long-term care by successfully implementing the beginnings of a quality-based payment system for nursing homes. We also focused on helping consumers and their families know what “quality” looks like while encouraging them to “expect excellence.” We have begun to turn the ship. The proposals below build on the work of the last two years and represent significant next steps in both rebalancing long-term care and ensuring quality in all settings.

REBALANCING LONG-TERM CARE: Prioritize home- and community-based care

The Governor’s Office of Health Transformation (OHT) is working to “rebalance” Medicaid spending toward less expensive (and more consumer-preferred) home- and community-based long-term services and supports. The ultimate goal is for Ohio seniors and people with disabilities to live with dignity in the settings they prefer—especially their own homes—instead of a higher-cost setting like a nursing home.

Governor Kasich’s first budget increased spending on home- and community-based services

for seniors and people with disabilities by \$200 million over two years. As a result, an additional 7,600 Ohioans receive Medicaid long-term care in their own home or another community setting. This continues a trend that, over the past six years, reversed the proportion of residents in institutions compared to recipients of home- and community-based services from 58 percent institutional in 2006 to 57 percent home- and community-based in 2012 (Figure 2).



Despite significant gains, barriers to rebalancing the system remain. To overcome these barriers, we must first further enhance quality in all home-based settings; the status quo is not acceptable. The following proposals focus on addressing this concern:

- **Modernize the Board of Examiners of Nursing Home Administrators.** The Ohio Board of Examiners of Nursing Home Administrators (BENHA) was created in response to the federal mandate that established licensure of nursing home administrators through state

licensing authority. The structure and role of BENHA have changed little over the last 42 years, despite dramatic change in how long-term services and supports are provided. Services and care are now provided in many different settings throughout the community. The emphasis of the administrator has shifted from a facility focus to enhancing quality of care and quality of life for individuals through person-centered care and caring. The Executive Budget renames BENHA the “Board of Executives of Long-Term Services and Supports,” transfers the board from the Ohio Department of Health to the Department of Aging, and expands its scope and authority to provide education, training, credentialing and, if directed to do so by the Ohio General Assembly, licensure opportunities for administrators and others in leadership positions who practice in all LTSS settings.

- **Ensure core competencies in the direct care workforce.** Currently, no standardized certification program exists for direct care workers providing care in the homes and residences of consumers receiving home- and community-based services reimbursed by Medicaid. While many of these workers are employed by agencies, many others provide these services as individual providers across all the aging and disability Medicaid waiver programs and in home health state plan services. Given the increasing demand for home- and community-based services, it is important to assure that direct care workers providing services in the homes and residences of consumers are trained, tested and certified in the core competencies necessary to provide quality services.

The Executive Budget includes Medicaid requirements for direct care services in consumers’ homes and residences. Permanent law changes will: 1) define direct care workers; 2) require the directors of the Ohio Departments of Aging, Developmental Disabilities, Health, Medicaid, and Mental Health and Addiction Services to document the manner in which each department determines that direct care workers in programs administered by their respective agencies demonstrate core competencies to provide direct care services in consumers’ homes and residences; 3) provide the option for each agency director to choose to establish requirements for direct care worker certification through a program developed and administered by the Ohio Department of Health; and 4) establish requirements for the operation of the certification program at ODH.

- **Criminal records checks.** Last year, the Department of Aging collaborated with the Governor, the Ohio Attorney General, the Office of Health Transformation, the Ohio Medicaid agency, the Departments of Developmental Disabilities, Health, and Rehabilitation and Correction. We proposed reforms to statutes that require people to undergo criminal records checks if they wish to provide direct care to vulnerable Ohioans who are enrolled in our programs. The reforms passed by the Ohio General Assembly in the mid-biennium review produced three outcomes:
 1. They closed many loopholes that previously allowed a person disqualified by one program’s criteria to provide services based on another program’s criteria.
 2. They created conditions under which people with low-level offenses on their criminal record could provide direct care.
 3. They made the criminal records check criteria uniform between many home- and community-based long-term care programs.

This was a common-sense initiative benefitting the many long-term care providers in Ohio who do business with multiple state-administered programs. The Governor and the Department of Aging are committed to further protecting vulnerable seniors who are enrolled in our programs. To reach our outcome, we are proposing to amend the Department of Aging's criminal records check statutes in three ways:

1. Close the loophole that allows a person with a disqualifying criminal record to provide direct care if the person is hired as a sub-contractor to another long-term care provider;
2. Explicitly require any person who provides direct care through an area agency on aging or PASSPORT administrative agency to undergo the same criminal records checks as other providers of direct care; and
3. Replace terminology that has historically confused certain long-term care providers who have proclaimed that the law does not require them to conduct criminal records checks.

Medicaid Payment Changes

- ***Increase rates for adult day care and assisted living.*** In the continuum of long-term services and supports, adult day services and assisted living serve a critical function for individuals who choose not to receive care in a nursing facility. The demand for these programs is increasing, but absent a rate increase, the supply of providers is likely to decrease, particularly in adult day services. The Executive Budget increases adult day services rates by 20.2 percent in the Ohio Department of Aging's PASSPORT and Choices programs to mirror the current rate in Medicaid's Home Care Waiver (\$49.47 for an enhanced full day and \$64.94 for an intensive full day). The Budget increases assisted living daily rates by 3 percent to \$49.93 for the first tier, \$59.95 for the second tier, and \$69.96 for the third tier. (The rate increase for assisted living providers is in addition to the room and board component that the provider receives. Federal law requires each Assisted Living Medicaid Waiver consumer to pay out-of-pocket for -room and board, which is capped at \$660 per month.) These provisions will cost \$5.4 million (\$2.0 million state share) annually. The Ohio Medicaid agency and the Department of Aging will be reevaluating the assisted living reimbursement structure during the next biennium.
- ***PASSPORT Administrative Agencies Operating Budgets.*** Ohio's 13 PASSPORT Administrative Agencies (PAAs) administer Ohio's PASSPORT, Choices and Assisted Living Medicaid Waivers. The Department of Aging and Ohio Medicaid have built a projected budget for the PAAs based on assumptions about the PASSPORT waiver, as it is administered today in light of a vast number of PASSPORT participants leaving the PASSPORT waiver for the Integrated Care Delivery System (ICDS) pilot in SFY 2014 (in some regions, but not all). ICDS, as you may know, is the new demonstration pilot under the leadership of the Ohio Medicaid agency to comprehensively manage the full continuum of benefits for Medicare-Medicaid enrollees in seven geographical regions.

Given the upcoming implementation of the ICDS pilot, the assumptions that were used to build the PAA budget numbers for SFYs 2014 and 2015 do not reflect policy changes, specific rate increases or waiver harmonization. Figure 3 below shows the proposed increases for PASSPORT total site operating budgets as 3 percent and 3.5 percent for SFY 2014 and 2015, respectively. This includes a 4.8 percent case management increase in SFY 2014 and a 5.4 percent case management increase in SFY 2015.

Figure 3.

PASSPORT BUDGET	SFY 2014		SFY 2015	
	Amount	% Increase	Amount	% Increase
Case Management Budget	\$52,412,334	4.8%	\$55,239,421	5.4%
Other Operating Budget	\$34,947,246	0.4%	\$35,220,264	0.8%
Total Site Operating Budget	\$87,359,580	3.0%	\$90,459,685	3.5%

As occurred in SFYs 2012 and 2013, the Department of Aging will continue to manage and administer the budgets allotted to the PAAs, as well as monitor the service utilization cost of PASSPORT participants. In addition to ensuring that consumers receive the right care in the right setting, monitoring will ensure that the spending variance among PAAs is at an appropriate level. Targeting a specific number for service utilization is unlikely, given the changes that will occur with the ICDS pilot, as well as the introduction of new services that we will propose through waiver amendments.

- PASSPORT Outcomes-based Quality Incentives.** In SFY 2012, the Department of Aging introduced the concept of paying a quality incentive to the PAAs that met agreed upon measures. The incentive was paid out of a one percent holdback of their operating budgets (\$840,000). We are requesting temporary language that formalizes the incentives as a method of payment to the PAAs. More specifically, this language authorizes the Department to design and utilize a payment method for PASSPORT Administrative Agencies that includes a “pay-for-performance” component that will enable the PASSPORT Administrative Agencies to earn payment incentives based, in part, upon how much money they save Ohio taxpayers.

While we will continue to work with the PAAs to define the SFYs 2014 and 2015 outcomes, the Department will determine the appropriate amount of the allotted PAA budget to be held back as performance incentives.

MEDICAID MODERNIZATION: Nursing Home Quality

A wide range of stakeholders and state agencies are working together toward a shared goal of increasing the quality of care in nursing homes. At the beginning of this administration, we assessed the state of long-term care and made a decision that rebalancing is not only about helping people live in the community. We are also rebalancing the quality of nursing home care, with a greater emphasis on person-centered environments where individuals can be at home wherever they are. Additionally, we have formed a quick response team, made up all of Ohio’s health and human services agencies, to develop and implement an action plan when issues arise regarding nursing home care.

In HB 153, we raised the bar by implementing new quality incentives. This budget continues our quest for quality. The Department of Aging, through its Office of the State Long-term Care Ombudsman program and an agency-wide commitment to person-centered care, plays a central role in this effort as evidenced by the proposals that follow. The first four of these proposals were recommended by the Unified Long-term Care Systems Advisory Workgroup's Nursing Facility Reimbursement Subcommittee, a group created in HB 153 to study Medicaid reimbursement for nursing facility service. The last two enhance these efforts.

- **Update Nursing Facility quality incentive rate component.** HB 153 linked more of the Medicaid payment to quality. It increased Medicaid quality incentive payments for nursing facilities from 1.7 percent of the average Medicaid nursing facility rate in 2011 to 9.7 percent in 2013. A Nursing Facility Quality Measurement Subcommittee was created and achieved consensus recommendations on 20 specific accountability measures, which were enacted by the General Assembly in December 2011 (SB 264). The goal was to create a system that rewards performance on specific quality measures and gives all facilities a fair opportunity to earn the full incentive payment. The Executive Budget includes language to: increase the level of attainment for some of the existing 20 accountability measures, replace others, and leave some the same; require that at least one of the quality points a nursing facility uses to claim its full incentive payment is a clinical measure; and deny quality points for certain special focus facilities related to certification surveys conducted by the Ohio Department of Health. Otherwise, the Executive Budget keeps the existing nursing facility quality incentive payment program intact.
- **Clarify definitions for facilities that specialize in care.** The Subcommittee recommends that the Ohio Department of Aging update the Ohio Long-term Care Consumer Guide to be more accurate in its description of specialized facilities. Currently there are no requirements for nursing facilities that self-identify as “specializing” in care for specific diagnoses or conditions. We will define the services featured in the Consumer Guide and create an online attestation for facilities that claim a specialization.
- **Update nursing facility licensure requirements.** Currently, there are no requirements within state nursing facility licensure to engage in quality improvement efforts. The Executive Budget requires nursing facilities to demonstrate during licensure inspections that they are engaged in at least one quality improvement project from a list that will be maintained by the Ohio Department of Aging. Also, beginning in SFY 2016, the Executive Budget moves two current quality incentive payment measures (“prohibit the use of overhead paging systems” and “ensure advance care planning for all residents”) onto the list of licensure requirements.
- **Strengthen the survey process through plans of correction.** The Executive Budget includes provisions to clarify existing requirements for plans of correction to ensure alignment with current federal requirements and to emphasize the need to focus on the reason for the failure to meet requirements. Plans of correction for all deficiencies that resulted in harm or immediate jeopardy to residents will be more detailed and focus on an examination of the underlying causes of the poor quality care. In addition, the Ohio Department of Health, which oversees plans of correction, will consult with the Ohio

Department of Aging, the State of Ohio Long-term Care Ombudsman and Ohio Medicaid in reviewing plans of correction for deficiencies where harm to residents occurred or an immediate jeopardy resulted. This incorporates the interagency approach to administering programs providing long-term services and supports in the regulatory framework and brings multiple perspectives to the process, ensuring more effective identification of opportunities for quality improvement, including access to state resources that may provide technical assistance in addressing the root cause of the poor quality care.

- **Performance Incentives for Ombudsman Programs.** Our proposed temporary language would permit the State Long-Term Care Ombudsman to explore development of quality incentives for regional ombudsman performance. Quality measures have become standard operating procedure for long-term care, and we believe that the program that advocates for consumers of long-term care services should also focus on quality improvement and assure that the service we purchase is continuously improving. During the biennium, the State Ombudsman will evaluate the feasibility of instituting a quality incentive payment system that rewards her designated programs for high achievement.
- **Technical Assistance Program (TAP) moving to the Department of Aging and the Nursing Facility Quality Initiative.** To enhance coordination of quality improvement activities funded by Civil Money Penalties (CMP), the Nursing Facility Quality Initiative within the Department of Aging will centralize the quality improvement work with nursing homes. Currently, the Ohio Department of Health's Technical Assistance Program (TAP) and the Office of the State Long-Term Care Ombudsman work separately to advance quality in nursing homes. In the next biennium, the TAP will move to the Department of Aging, where we will have a singular approach that coordinates multiple resources. The change will allow for more rapid diffusion of person-centered strategies in more nursing homes.

Additional initiatives to be covered in the testimony from our Medicaid sister agencies include:

- Providing post-acute rehabilitation in nursing facilities;
- Enhancing community mental health benefits;
- Converting veterans who reside in nursing facilities to federal benefits;
- Updating the nursing facility franchise fee;
- Removing custom wheelchairs from the nursing facility rate;
- Streamlining the claims review process; and
- Terminating special focus facilities.

PREPARING FOR THE FUTURE: Prevention, Prevention, Prevention

All too often we think of our elders only as service recipients when, in reality, many elders are leading active lives, remaining engaged in the workforce and in volunteer activities. This is why one of the Department of Aging's top priorities established in the current biennium has been to create a laser focus on prevention and the social and economic importance of helping elders remain vital, contributing members of our state. We embrace the definition of an elder developed by Barry Barkan, which holds that:

“An elder is a person who is still growing, still a learner, still with potential and whose life continues to have within it, promise for, and connection to the future. ...Moreover, an elder is a person... whose work it is to synthesize wisdom from long life experience and formulate this into a legacy for future generations.”

Prevention is one of our most effective tools in helping our elders lead more meaningful lives while ensuring that our limited state funds are targeted toward those truly in need as our population continues to age. Current estimates indicate that the number of older Ohioans with severe disabilities could nearly double by 2040, and about 49 percent of those who will need additional care and caring rely on Medicaid. Just think of the impact we could have if we prevented some of that disability or decline from occurring altogether. One of the Department’s core goals is to work with local communities so that they can address the unique needs of their aging populations in responsive ways. Our success in prevention and wellness initiatives depends on fully engaging in local-state partnerships.

- **National Senior Service Corps.** We are requesting temporary language that requires targeted use of National Senior Service Corps funds to support any funding priorities established by the Department of Aging and the Ohio office of the Corporation for National and Community Service (CNCS). Each year, the state provides a subsidy to those Ohio Senior Corps projects that receive federal grant funds from the CNCS. Historically, these funds have been granted with the only stipulation being that the recipients use the funds in a manner consistent with federal law. Through our budget proposal, we are seeking explicit authority in state law to require the recipients of these funds to use them in ways that also support administration priorities. As in all of our programs—from PASSPORT to our Ombudsman efforts—we want to ensure that local partners use federal and state dollars to achieve measureable outcomes consistent with our strategic goals. The following example illustrates our intent. Just this past week in northwest Ohio, we announced that we are connecting two established Ohio programs, Project MORE (Mentoring in Ohio for Reading Excellence) and the Retired Senior Volunteer Program (RSVP), to improve childhood literacy, support Ohio’s Third Grade Reading Guarantee, engage elders to support community needs and provide students with fun messages about health lifestyles that will serve them well their entire lives. With the new language, all of our volunteer-related funds will be expended in measurable, meaningful ways.

CONCLUSION

During the current biennium, we have worked with many partners to better position Ohio to respond to our growing and changing aging population, and our efforts are being noticed. Initiatives like the nursing home quality incentives and ICDS pilot are garnering national attention. Other states are looking to us for solutions they can apply and adapt in their own communities. We have, indeed, begun to turn the ship, and we have much more work to do.

Our proposals and continuing work will expand preventive efforts and community engagement to improve the overall health of older adults and reduce their rates of disability, as well as ensure our local partners use the funding available to them to achieve measurable outcomes that are consistent with what our state needs and that contribute to overall goals. We will continue to build upon successful initiatives to create a culture of quality in all care

settings, both at the care provision and administrative levels. We will ensure that providers and consumers have access to appropriate resources to reap the benefits that only quality, person-centered care can make possible, while at the same time creating efficiencies and corresponding savings in our systems. We will work collaboratively with our sister agencies and other partners to further the Medicaid modernization priority of OHT and share services and streamline government wherever possible.

As we continue in this Executive Budget to demand accountability and quality in long-term services and supports and other programs for older adults, we will demand the same level of accountability for ourselves and we will model the behaviors we expect of our partners and providers in the aging network: high performance, efficiency, clear and measurable goals, attention to outcomes and a person-centered approach. When we succeed, our efforts will pay dividends into the future for Ohio's business community, taxpayers, our elders and their families.

Thank you for allowing me to explain why we do what we do and how grateful we are for the General Assembly's support of our efforts. On behalf of the Department and its staff, I look forward to working with you over the coming weeks and months.

I would be happy to respond to any questions.