



Department of
Aging

Ted Strickland, Governor
Barbara E. Riley, Director

**TESTIMONY BEFORE
SENATE FINANCE AND
FINANCIAL INSTITUTIONS COMMITTEE**

Thursday, April 30, 2009

**DEPARTMENT OF AGING
Testimony Am. Sub. HB 1
2010/2011 Biennial Budget**

**Presented by
Barbara E. Riley
Director, Ohio Department of Aging**

Budget Testimony for the Ohio Department of Aging
Senate Finance and Financial Institutions Committee
April 30, 2009

Chair Carey, Ranking Minority Member Miller and members of the Senate Finance and Financial Institutions Committee, I am Barbara Riley, Director of the Ohio Department of Aging (ODA), and I want to thank you for the opportunity to present our SFY 2010/2011 budget proposal. The ODA is dedicated to assuring the delivery of high-quality services that support independence and dignity for older Ohioans, for adults with disabling conditions and their families and caregivers. This budget reflects an investment in those core values and services while operating within a tight fiscal environment.

Indeed, our work is increasingly critical as Ohio's elder population shows dramatic growth. Each month 12,000 Ohioans turn 60, resulting in a 33.2 percent growth in that age group from 2007-2020. The fastest growing age cohort is those 85 and older, with an estimated 1 million Ohioans 85 by 2050 compared to 217,462 in 2005. We know a number of things about our aging population:

- they have fewer acute health conditions, but more chronic ones;
- they are wealthier, but more in debt than previous generations;
- half of those 85 and older experience some form of dementia;
- 16.5 percent of the 60-69 age group have one or more disabilities; and
- 51.6 percent of those ages 80 and older have one or more seriously disabling conditions.

With very limited resources, we must continue to serve frail and vulnerable Ohioans while retooling to address the changing needs and expectations of the burgeoning baby boom generation's expectations for themselves, their parents and their loved ones. The ODA must address these near-term needs while we prepare for the long-term demands.

Many of you are very familiar with ODA's flagship programs including the Golden Buckeye Card; Pre-Admission Screen System Providing Options and Resources Today (PASSPORT); Assisted Living; Program of All-Inclusive Care for the Elderly (PACE); the Long-term Care Ombudsman; and our Older Americans Act funded services, such as home delivered meals, congregate meals, transportation, homemaker services and the Senior Community Services Employment Program. In 2008, an

estimated 257,759 older Ohioans received services supported by Older Americans Act Title III, including:

Programs & Services	Consumers	Service Units
Home Delivered Meals	46,432	6,080,338 meals
Congregate Meals	66,132	2,412,928 meals
Personal Care and Homemaker Services	8,065	364,259 hours
Transportation	32,198	1,096,856 one-way trips
Caregiver Support including Respite	42,000	
Senior Community Service Employment Programs	3,488	
Adult Day Services	1,150	60,969 days
Chore	2,747	37,539 hours

ODA and our partners in the aging network received designated federal stimulus funding through the American Recovery and Reinvestment Act (ARRA) to serve an additional 623,000 home delivered and congregate meals to older adults. Stimulus dollars also will provide community service and work experience, designed to lead to unsubsidized employment of 540 additional older low-income adults through the Senior Community Services Employment Program. ODA and our partners are targeting these resources to activities that will have the greatest impact (such as providing meals at food pantries and supporting the Ohio Benefit Bank program) while minimizing the effect when these funds are depleted.

A small amount of ARRA funding to support the Alzheimer’s Respite program is appropriated through Am. Sub. HB 1. This will provide services for approximately 150 families with respite care and an additional 1,500 people with Alzheimer’s Education and support groups. Additionally, the federal stimulus package increased the federal match rate for Ohio’s Medicaid program, which I will discuss in more detail.

As a service-focused, subsidy-based agency, it is challenging to reduce expenditures while retaining core services. ODA has a total biennial budget of \$1.3 billion (95 percent of which is Medicaid or federal funding) and operates with administrative costs of approximately 2.4 percent. Regardless, we have made a number of

administrative savings, including: a five percent reduction in staff; reducing rental costs by nearly \$250,000 over the next biennium; and reducing our total GRF administrative costs by 20 percent. Today, we are fortunate to have a unique opportunity to present a budget that not only sustains our most crucial programs, but includes a significant long-term care system reform and cost-containment initiative.

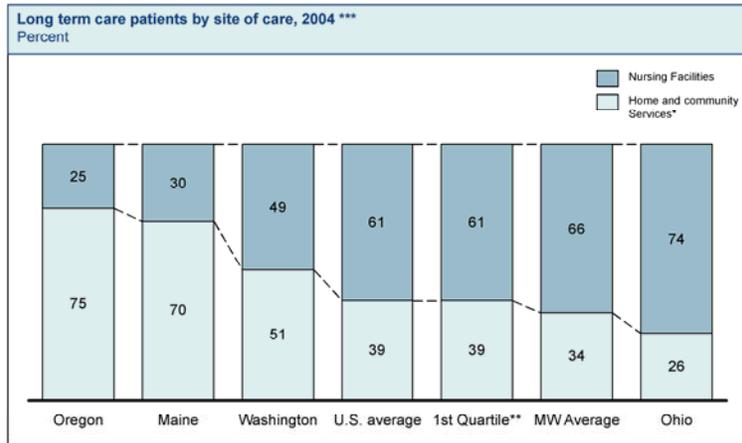
Unified Long-term Care Budget:

You may recall that in Am. Sub. HB 119 the SFY 2008/2009 biennial budget, the Governor and General Assembly created a workgroup to make recommendations for the implementation of a Unified Long-term Care Budget (ULTCB). The 28-member workgroup, which included Senators Niehaus and Cafaro and Representatives Jones and Budish, formed subcommittees with more than 300 participants, representing all facets of stakeholders, and by consensus issued a report with more than 120 recommendations. I am pleased to bring forward to you today the initial steps necessary to put those recommendations in place and create not only that unified budget, but also real long-term care system reform that will achieve better balance between home- and community-based services (HCBS) and institutional services. The premise of the ULTCB is that services are available to the consumer based on their need and their choice, not the funding stream.

Why is this so important? First and foremost is the ability to improve quality of life, independence, well-being and choice for our consumers. When AARP conducted a recent survey in Ohio, 94 percent of the respondents indicated they would prefer to receive care in their own homes and communities. We know that health care outcomes are improved and that individuals are more satisfied when HCBS are made available.

But given our current economic circumstances, the cost containment side of the equation is vital. Ohio now ranks 39th in the nation on our expenditures for HCBS versus institutional care.

3 SITE OF CARE MIX VARIES SIGNIFICANTLY ACROSS STATES, BUT IS HEAVILY SKEWED TOWARDS NURSING FACILITIES IN OHIO PRELIMINARY



* Includes both assisted living facilities and home care services
 ** Top quartile based on long term care spend per Medicaid enrolled member, 2006
 *** Latest period for which comprehensive data is available
 Source: AARP data; OBRT analysis

The Business Roundtable (BRT) has noted that if Ohio simply were to achieve the national average on what we spend for HCBS versus institutional services, we would realize a savings of \$900 million a year in Medicaid costs. Our current expenditure patterns are unsustainable and will drive Medicaid expenditures toward the proverbial train wreck.

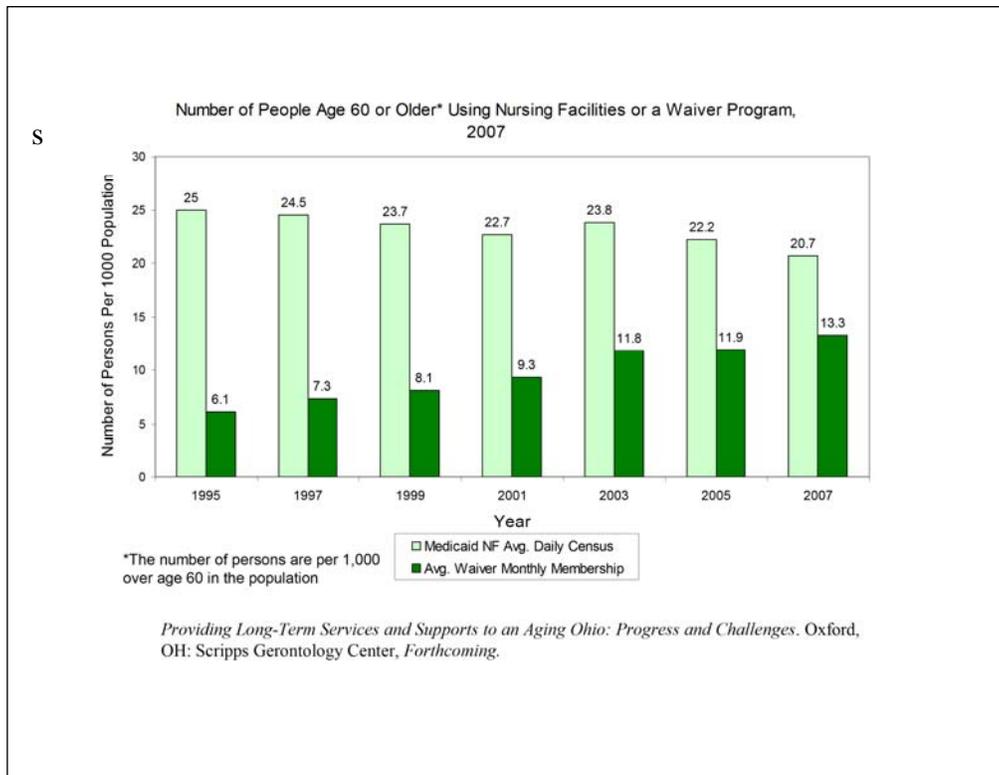
“Between 2000 and 2006, the long-term care portion of the Medicaid budget grew at an average annual rate of 7.5 percent. If Medicaid long-term care expenditures continue to grow by only 6 percent, by the year 2020 the total long-term care portion of Medicaid allocations, (from all sources) will grow to over \$10.3 billion (up from \$4.2 billion in 2006).” (Mehdizadeh, Scripps Gerontology Center, 2008)

This makes it abundantly clear that we must refocus our provision of services from the more expensive institutional care to the more cost effective and desirable HCBS. Am. Sub. HB 1 begins that shift. The following illustrates the cost comparison for long-term care services:

Service/Program	Per Member Per Month Cost (includes state plan services)	State Share
PASSPORT	\$1,400	\$560
Assisted Living	\$2,106	\$842
PACE	\$2,774	\$1,110
NF	\$4,231	\$1,692

*Note – these figures are based on SFY 2008 expenditures, and state share does not reflect the temporary impact of the increased FMAP.

Some individuals have expressed concern that providing home- and community-based services in addition to nursing facility care will merely increase the proportion of older Ohioans relying on Medicaid to pay for their services – the so-called “woodwork effect.” However, the proportion of older persons using formal services has changed very little in the last decade. What has changed is the setting for that care – from higher cost facility-based care to lower cost home- and community-based care.



Am. Sub. HB 1

The most obvious Am. Sub. HB 1 ULTCB provision change in the ODA budget is the consolidation of our individual long-term care program line items into a single long-term care line. To support that single line item, ODA will pursue combining our Medicaid programs into a single waiver. This would allow us to allocate services and service dollars based on need, not funding source, which has artificially driven service utilization over the years.

The foundation for the ULTCB system underlying Am. Sub. HB 1 includes:

- Full funding for PASSPORT enrollment so there are no waiting lists;
- Funding for the federally approved 1,800 Assisted Living slots; the substitute bill eliminates the 1,800 cap on participants to allow for Home First enrollment, which permits nursing facility consumers to relocate to a certified assisted living facility if they wish to and are able to do so with the funding moving with them; the Centers for Medicare and Medicaid (CMS) must approve this change;
- Funding for PACE to fully accommodate the slots (880) currently permitted by CMS; the substitute bill provides language that would allow for the development of new PACE locations;
- Moving 800 consumers out of nursing facilities and into the community, if they are able and wish to do so;
- Diverting 1,445 individuals from nursing facility placement by using HCBS;
- Expanding opportunities for consumer self-direction by making our current Choices waiver available statewide, (currently, Choices serves consumers in central Ohio, northwestern Ohio and rural southern Ohio); CMS must approve this change as well;
- Expanding the use of Home First to include the PACE program, (this currently exists for PASSPORT, Assisted Living and the Residential State Supplement (RSS) programs);
- Creating a “no wrong door” approach for access to long-term care by using collaboration among local agencies facilitated by the Area Agencies on Aging, which to the consumer will mean the first place they seek help is the right place;
- Expanding the online Long-term Care Consumer Guide to include information on HCBS;

- Conducting follow-up assessments for a subset of individuals receiving care in nursing facilities to determine whether they are interested in and have the capacity to move back into the community;
- Creating an ongoing quarterly caseload forecasting and expenditure review to monitor demand and funding, and if necessary, recommend to the Office of Budget and Management that a request be made to the Controlling Board to transfer funding;
- Expanding our long-term care service array to create new service settings such as subsidized congregate/senior housing and/or adult foster care; and finally;
- Reconstituting the ULTCB workgroup to pursue next steps.

How are we paying for this? As I mentioned earlier, the recent federal stimulus package increased the federal match rate for Ohio's Medicaid program, and at ODA, we are using that revenue to "front load" our ULTCB. This will allow us to fund our increased use of HCBS now, which over the next few years will result in a steady decline in Ohio's total long-term care expenditure growth rate. This will allow us to continue to expand our lower-cost services for an ever expanding caseload well into the future while decreasing the per member, per month, long-term care costs.

In addition, we will hold provider reimbursement rates at SFY 2009 levels; maintain Area Agency on Aging administrative costs at SFY 2009 levels; and provide case management so the per member per month costs for each of our service packages also are held constant at SFY 2009 levels.

Long-term Care Ombudsman:

The Office of the State Long-term Care Ombudsman, through state and regional staff and over 500 volunteers, works to inform consumers regarding their right to expect quality care and responds to about 9,000 complaints a year. The budget includes \$600,000 per year from the Resident Protection Fund for the Office to tackle the difficult issue of involuntary discharge and proper nursing home discharge planning. We believe the ombudsman program is a crucial link in our efforts toward diversion and transition to HCBS.

Older Americans Act Programs:

Given Ohio's fiscal climate, this budget does reflect reductions to other service areas by between 16 percent and 20 percent (after 2009 budget adjustments). As a result, we estimate this potential decline in participants:

At these funding levels, there is a possibility that we will be unable to comply with federal requirements for state maintenance of effort which could result in a proportional cut in our federal Older Americans Act funding. We are exploring all funding options to meet this requirement. However, we risk losing between approximately \$151,000 and \$1,260,000 federal funds, and depending on what that final amount might be, it may affect between 361 and 3,071 consumers.

Senior Civic Engagement Initiative:

One of the efforts we are making to meet both the economic challenges Ohio now faces and the changing face of aging in Ohio is our Senior Civic Engagement Initiative. Created by an Executive Order in May, 2008, this is a collaborative effort, led by the ODA, to enhance employment, volunteerism and life-long learning for Ohio's seniors.

One effect of our aging population is that all of the growth in Ohio's workforce in the next decade is in the 55 and over age group. We know that many of us do not choose to stop working at 55, and many more cannot afford to do so. We also know that our economy cannot absorb the costs if all those over 55 did leave the workplace, including the precipitous decline in income tax collection, the lost productivity and the societal costs. Therefore, we are working to build an environment where older workers can receive the training necessary to retain or attain today's jobs and where Ohio's businesses understand the value of older workers.

In addition, we are collaborating with the Ohio Community Service Council on maximizing the value of seniors as volunteers, and the value to seniors of volunteering because research shows giving your time may reap long-term benefits. A recent Washington University study found that volunteers participating in Experience Corps (a volunteer program in which participants are 55 and over) are more physically active and enjoy higher self-esteem than their non-volunteering peers. Finally, together with the Board of Regents and our colleges and universities we are creating life-long learning

opportunities focused on both employment preparation and the benefits of exercising our brains, as well as our bodies, for the well being of our elders.

This effort and many of our other efforts focus on active and healthy aging – a way of life that can prevent future reliance on long-term care and the Medicaid system.

Residential State Supplement:

This program is a room and board stipend for individuals with disabling conditions who do not need a nursing home level of care. Currently, we serve more than 1,800 consumers, approximately 80 percent of whom have either a mental health or dual mental health/DD diagnosis. The RSS program does have a waiting list today, and as a result of the challenging economic times, the funding for this entirely state-supported program will decrease. Consumers currently enrolled in the program will not lose services, but as individuals leave the program, enrollment will occur at a slower pace. We project a decline from the current enrollment to 1,690 by the end of SFY 2011. The waiting list for RSS, as of the end of March, is 146 and will increase over the next biennium.

However, using the Home First provision, nursing facility residents who choose to move to an RSS approved living arrangement will be able to do so and bypass any waiting list.

Given the behavioral health needs of the majority in this consumer group, we have been working with the Department of Mental Health and Department of Health to determine how best to meet their needs. Am. Sub. HB 1 requires ACFs serving residents with mental illness to enter into a “participation agreement” with county behavioral health boards to strengthen ties with the behavioral health system and to enhance quality. We then would require that all RSS consumers with a mental health need may reside only in a participating facility.

Through the ULTCB workgroup, state agencies and stakeholders interested in RSS will explore how the program can better meet the needs of both mental health and senior consumers, providers and other affected stakeholders.

Best Rx:

Best Rx is a prescription drug discount program put in place in 2005 to assist seniors or those with incomes at or below 300 percent of poverty with their prescription purchases. At the time it was created, there was no Medicare Part D prescription coverage, nor discount programs at Giant Eagle, Kroger and Wal-Mart. Simply put, demand has never met expectations. Am. Sub. HB 1 recommends the discontinuation of ODA's administration of the program as of July 1, 2009 and authorizes ODA to contract with a private vendor to assume all operations of the program. This would provide the 20,000 Best Rx consumers continued access to discount prescription drugs. At present, we are working on transitioning this program to the existing pharmacy benefits manager.

EMMA:

Before I conclude I would like to touch on how very valuable the newly created Executive Medicaid Management Administration (EMMA) is. Through the joint efforts of the eight agency directors who share responsibility for administering Medicaid, we have begun to realize the efficiencies we all envisioned two years ago. I am greatly heartened by the open and cooperative nature of our communication, the willingness to share best practices, and the diligence of all involved to identify problems and look for creative solutions.

I want to thank you for your time and attention, and I recognize that even though we are a small agency, we have brought forth a lot of information for you to digest. Perhaps that gives credence to the old adage, "Good things come in small packages."

I will be happy to answer any questions you might have.

Ohio Department of Aging Testimony Addendum

Unified Long-term Care Budget – In May 2008, the 28-member Unified Long-term Care Budget workgroup, led by ODA, submitted its recommendations to the Joint Committee on Medicaid Technology and Reform and EMMA. The report was the culmination of 10 months of work, involving more than 300 stakeholders. The Strickland administration approved the development of a new budget infrastructure beginning in fiscal year 2010. When implemented, the recommendations will create a process for forecasting interagency expenditures and caseloads, interagency finance and service tools, outcome measures, consistent rate setting and a “no wrong door” approach to expedite consumers’ access to services.

Nursing Home Family Satisfaction Survey – In December, 2008, ODA released the results of its biennial survey to determine how Ohioans rate the care and services provided to their loved ones in the state’s nursing homes. The survey was conducted between June and December 2008 by the Scripps Gerontology Center of Miami University. More than 24,500 family members participated. Of the 630 participating facilities with statistically significant results, 333 scored above the state average, earning them an additional "quality point" in a reimbursement formula used by the Department of Job and Family Services. The statewide average satisfaction score for facilities was 88.2 percent, up from 86.6 on the same survey two years ago. Twenty-five facilities scored 94.9 or better.

Own Your Future – In the spring of 2008, ODA, the Departments of Insurance and Job and Family Services, teamed with area agencies on aging and other local partners to bring the U.S. Department of Health and Human Services’ (HHS) “Own Your Future” long-term care planning awareness campaign to Ohio. “Own Your Future” is a joint federal-state initiative to increase awareness about the importance of planning for future long-term care needs. HHS mailed letters to 1.7 million Ohio households with residents between the ages of 45 and 65, offering free copies of an Ohio-specific long-term care planning guide. According to HHS, 21 percent of targeted Ohioans ordered the guide, a response rate well above the national average of six percent.

Assisted Living Resident Satisfaction Survey – In January, 2008, ODA posted the results of the first survey in the nation to ask residents of residential care facilities, also known as assisted living facilities, how satisfied they are with the facility serving them and the services it provides. Interviewers trained by Vital Research, Scripps Gerontology Center of Miami University and the Margaret Blenkner Research Institute met face-to-face with approximately 9,200 residents and asked them to rate their satisfaction on activities, choice, care and services, employee relations, employee responsiveness, meals and dining, laundry and general satisfaction. Statewide, 297 out of 514 participating facilities scored above the statewide average of 91.73 percent.

Medicaid Waiver Program Participant Satisfaction Survey – In March, 2008, ODA released the results of its annual survey of more than 3,300 PASSPORT, Choices and Assisted Living Waiver program participants. Ninety-two percent of PASSPORT participants, 94.5 percent of Choices participants and 74.1 percent of participants in the

Assisted Living program - the newest of the three programs - were "very satisfied" or "extremely satisfied" with the programs. This was the first time participants in the Choices and Assisted Living waivers were surveyed.

Senior Civic Engagement Council – In May 2008, Governor Ted Strickland signed an executive order establishing the Senior Civic Engagement Council to ensure Ohio includes older workers with new or updated skill sets in its workforce, engages seniors in volunteer services and provides seniors with educational opportunities for both enrichment and career growth. The council began its work in October and will collect and analyze data, and promote policies and legislation that encourage continued and expanded participation of older adults in employment, volunteerism and life-long learning. The council will also provide information to Ohio's business leaders, economic development and workforce development systems that will enable those systems to better prepare for and offer services to the state's growing older adult population.

Expanded Assisted Living Waiver Eligibility – In March, 2008, the Centers for Medicare and Medicaid Services approved amendments to ODA's Assisted Living Medicaid Waiver Program that, among other provisions, allowed the department to open the program to current assisted living facility residents who have qualified for Medicaid, but otherwise would have been required to move to a nursing home for care under the old guidelines.

Senior Farmers' Market Nutrition Program – The Senior Farmers' Market Nutrition Program, which provides low-income, older Ohioans with coupons they can redeem for locally-grown, fresh produce and herbs, received an additional \$433,469 in federal funds to support expansion into additional Ohio counties. The program is now available in 37 counties. ODA produced three cookbooks for program participants that provide healthy, low-cost, easy-to-prepare recipes using fresh fruits and vegetables, as well as selection, storage and serving suggestions especially tailored for older adults. A partnership with the Department of Health made the booklet available to participants in the Women, Infant and Children (WIC) Farmers' Market Nutrition Program as well.

Ohio Benefit Bank – In August, 2008, ODA joined the public-private partnership between the Governor's Office of Faith-Based and Community Initiatives, the Ohio Association of Second Harvest Foodbanks and more than 400 faith-based, non-profit, governmental and private-sector partners to offer online services through the Ohio Benefit Bank at www.OBB.ohio.gov. Among the twenty programs accessible electronically, the Benefit Bank offers eligibility screening and application assistance for Ohio's Best Rx, the state-sponsored prescription drug discount card program; Golden Buckeye, the state-sponsored discount card for senior citizens and Ohioans with disabilities, and the Senior Community Service Employment Program, which offers paid job training and work experience for low-income, older adults.

Ohio Housing Locator – In 2008, ODA began marketing a searchable rental housing database to communities, seniors and people with disabilities. A voluntary registry, OhioHousingLocator.org has more than 1,300 property listings, and has had more than 21,000 visitors since July, 2008. The Web site also provides links to other housing resources, including foreclosure prevention and universal design.

Evidence-based Prevention Initiatives – ODA, together with the Department of Health, local health districts, area agencies on aging and other local organizations and providers, implemented three classroom-style, evidence-based prevention programs throughout the state: Chronic Disease Self-Management (“Healthy U”), A Matter of Balance and Active Living Every Day. Additionally, an in-home evidence-based program for depression called Healthy IDEAS was established and is administered through case management. These programs began in 2006 with funding from the U.S. Administration on Aging and have been expanding their reach since then. In 2008, 10 of the state’s 12 area agencies on aging provided all or some of these programs, and the partners have trained more than 200 leaders and benefitted 2,000-plus participants.

Grants to Target Medicare Fraud, Alzheimer's Interventions and Nursing Home Diversion – In October, 2008, The U.S. Administration on Aging (AoA) released \$2.55 million to Ohio for four grants that will target Medicare fraud, develop interventions for individuals with Alzheimer's and their caregivers and explore effective ways to divert individuals in need of nursing home services into community-based care options. The projects were selected in a competitive process and are a part of more than \$36 million in new grant programs issued by the AoA for the new fiscal year.