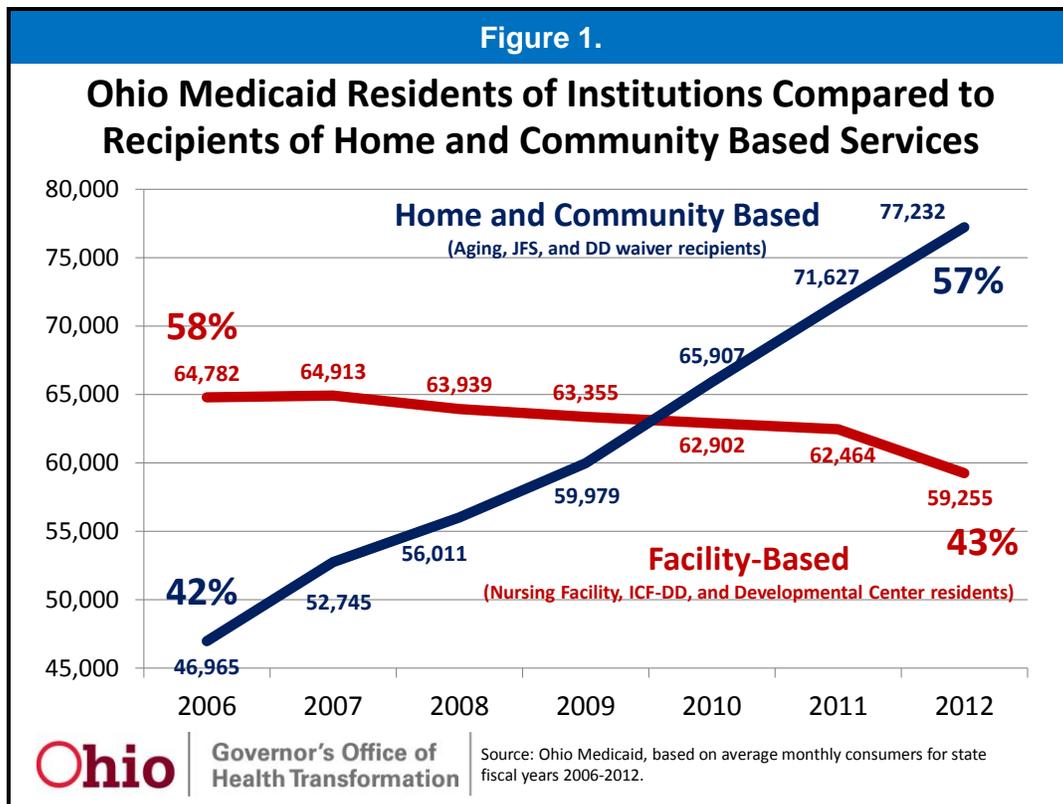


Office of Health Transformation Prioritize Home and Community Based Services

Background:

When Governor Kasich took office, Ohio was spending more of its Medicaid budget on high-cost nursing homes and other institutions than all but five states, and Ohio taxpayers were spending 47 percent more for Medicaid long-term care than taxpayers in other states. The Governor’s Office of Health Transformation is working to “rebalance” Medicaid spending toward less expensive 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 setting they prefer, especially their own home, 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 \$200 million over two years. As a result, an additional 7,600 Ohioans will receive Medicaid long-term care in their own home or 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 1).



Despite significant gains, barriers to rebalancing the system remain. Potentially eligible consumers and their families must navigate multiple state systems (addiction services, aging, job and family services, developmental disabilities, Medicaid, mental health), local systems (area agencies on aging, county job and family services, and county boards of developmental disabilities and mental health and addiction services) and program options (including nine separate Medicaid home and community based services programs¹). Ohio's new Integrated Care Delivery System will make it easier to navigate these programs for Medicare-Medicaid enrollees, but more must be done to benefit everyone.

Executive Budget Proposal and Impact:

The Executive Budget increases Medicaid payments related to home and community based long-term services and supports by \$30.8 million (\$11.4 million state share) over the biennium. It also aligns other related initiatives to ensure Ohioans have access to services in the settings they prefer, and to provide better care while also reducing costs.

MEDICAID PAYMENT CHANGES

- ***Increase rates for aide and nursing services.*** The Executive Budget increases aggregate spending for Medicaid aide and nursing services three percent in SFY 2015. The increase will take into account labor market data, education and licensure status of providers, whether providers are independent or home health agencies, and the length of time of service visits. As part of the rate design, Ohio Medicaid will create incentives to improve the quality of clinical care by paying in a way that better assures appropriate involvement of registered nurses when licensed practical nurses are providing care. This provision costs \$23.0 million (\$8.5 million state share) over the biennium.
- ***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 20 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 rates three percent (to \$49.93 for the first tier, \$59.95 for the second tier, and \$69.96 for the third tier). These provisions cost \$5.4 million (\$2.0 million state share) over the biennium. The budget also requires Ohio Medicaid and the Department of Aging to study and potentially overhaul the assisted living reimbursement structure.
- ***Make changes in patient liability.*** Nursing facility residents are required to contribute to their nursing facility costs, but may retain an amount of their personal funds for items not covered by Medicaid, such as clothing, personal items, and newspapers. The current

¹ Ohio HCBS Programs: <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=4tMQIFzWt8k%3d&tabid=125>

personal needs allowance, \$40 per month, has not been increased or adjusted since 1997. The Executive Budget increases the personal needs allowance to \$45 per month in calendar year 2014 and \$50 per month in calendar year 2015. This provision costs \$6.4 million (\$2.3 million state share) over the biennium.

- **Limit the daily rate for a caregiver living with a consumer.** It is not uncommon for a provider to be a relative or live-in friend of a consumer receiving services in their home or community setting. Operational and administrative expenses for a provider living with a consumer are lower than other providers of similar services. This initiative establishes a unique daily rate for a caregiver living with a consumer rather than reimburse such a provider on individual hourly or quarter-hourly rates. This provision saves \$1.0 million (\$370,000 state share) over the biennium.
- **Implement a shared savings initiative for home health.** In late 2010, the Ohio Council for Home Care and Hospice began a campaign to reduce avoidable hospitalizations, and participating agencies demonstrated they were able to reduce hospitalizations. Ohio Medicaid estimates that as much as 12 percent of the cost of hospital care provided to non-dual eligible recipients of home and community based services (HCBS) and other Medicaid home health benefits may be avoidable. Based on this evidence, the Executive Budget authorizes Ohio Medicaid to implement a quality incentive program to reduce the number of avoidable admissions to hospitals or nursing facilities of individuals who receive HCBS waiver services and other Medicaid home health benefits. The incentive program will save \$6 million over two years and allow Ohio Medicaid to distribute 50 percent of the savings back to participating providers, for net savings of \$3.0 million (\$1.1 million state share) over the biennium.

OTHER RELATED INITIATIVES²

- **Join the Balancing Incentive Program.** The Balancing Incentive Program provides federal grants to states that make structural reforms to increase nursing home diversions and access to non-institutional long-term services and supports.³ To qualify, states must implement structural changes – including a “no wrong door” single entry point, standardized assessment instruments, and conflict-free case management – and commit to spend at least 50 percent of the state’s Medicaid long-term care budget on non-institutional services by 2015. States that make this commitment are eligible immediately for enhanced federal matching assistance percentage (FMAP) for non-institutional Medicaid long-term care. Ohio is eligible to receive two percent enhanced FMAP based on its current mix of spending. The Executive Budget appropriates \$20 million state share over the biennium to make the structural changes necessary to qualify Ohio for \$140 million in enhanced match, freeing up the same amount of state funds to reinvest in Medicaid. As a result, Ohioans will be able to access home and

² Nursing Facility Reimbursement Subcommittee, [Report to the Ohio General Assembly](#) (December 21, 2012).

³ Balancing Incentive Payment Program Website: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Balancing/Balancing-Incentive-Program.html>

community based services more easily, the process of rebalancing the system will accelerate, and taxpayers will save \$120 million state share over the biennium.

- **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 independent providers. These services are provided across all the aging and disability Medicaid waiver programs and in home health state plan services. Given the anticipated increasing demand for home and community based services, it is important to assure that direct care workers providing home and community based services in the homes and residences of consumers are trained, tested, and certified in the core competencies necessary to provide these services.

The Executive Budget will include 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.

- **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 ODH to the Ohio 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.

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