



Ohio Senate Medicaid Committee

Testimony on H.B. 64, 131st G.A., Department of Developmental Disabilities Budget

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Good morning, Chairman Burke, Vice Chair Manning, and Ranking Member Cafaro. My name is Jon Honeck. I am the Director of Public Policy for The Center for Community Solutions, a non-profit research and advocacy organization with offices in Cleveland and Columbus focusing on health and human service policy.

In March, The Center for Community Solutions released *Ohio at a Crossroads: The Developmental Disabilities System in Ohio*, a major report on the developmental disabilities (DD) system in Ohio. We reviewed numerous data sources on waivers, ICFs, and developmental centers, interviewed multiple stakeholders, and attended hearings on the DODD draft waiver transition plan for CMS. I have attached an executive summary of the report to my testimony. Today, I am here to make recommendations that will strengthen the budget proposal in H.B. 64.

Restore Funding Cuts made by the House

The funding and policy initiatives in the executive version of the budget were major steps forward as the system moves toward greater community integration in employment, day services, and residential settings. The system will undergo profound change in the next 10 years and we believe that some additional measures are needed to strengthen its ability to adapt to change.

The House cut DODD's All Funds budget by \$25.8 million in FY 2016 and \$45.8 million in FY 2017 when compared with executive levels. The most severe cut is to the developmental center (DC) and residential services line item, which is \$26 million lower in both years than the executive proposal. The House plan used LSC caseloads for the estimates, which appear to have assumed a faster reduction in the DC census than the administration and did not take into account the necessity to fund waiver slots for people leaving the DCs. Overall, the House version of the DODD budget would reduce the capacity of the department to provide services. We urge the Senate, at a minimum, to restore the executive budget funding levels.

Restore flexibility needed to manage waiver services

The House added language that forces DODD to continue the array of day services available under current waivers and prohibits changes to provider agreements that would reduce the number of individuals that could be served at a sheltered workshop. It also prohibits DODD from reducing reimbursement rates for sheltered workshops for the duration of the biennium. These provisions ignore CMS rule changes regarding acceptable day service options and remove flexibility of public and private stakeholders in the system to adjust enrollment and service levels as needs change. We recommend deleting these provisions from the bill.

Improving the Availability of Medicaid Waiver Services

It has been estimated that at least 22,000 people statewide are on waiting lists and have immediate needs that are not being met. The total waiting list grows by 100 persons each month. Even with the infusion of 3,000 new state-funded waivers in this budget, the need for waiver services is sure to increase in the coming years as institutions downsize and caregivers age. As you know, counties have been, and will continue to be, the primary funding source for independent options (IO) and Level 1 waivers. The costs and uncertainty of the IO waiver will grow as nursing services are added. Reliance on local levy funds as a prime funding source for waiver match services assures that consumers in tax-poor counties will have less access to services. To address this situation we make the following recommendations:

- **Improve funding for the Tax Equity line item.** This line item exists to help tax-poor counties offset the cost of Medicaid administration and match. Its current level is woefully inadequate to address funding disparities. Exploring opportunities to more fully fund this line item, or revisit the formula for allocation, is timely and should be pursued. An increase in this fund is an important step in reducing waiting lists for equitable services.
- **Explore the use of an outlier methodology for extremely high cost IO waivers.** The state would become responsible for the match for these cases. This may help to address the uncertainty counties face in expanding IO waivers and allow them to expand services.
- **Develop a plan and a definitive schedule to clear waiting lists.** Despite the bold vision laid out in this budget plan, there is no plan to resolve this issue. Waiting lists were ended in the PASSPORT waiver program for the elderly in 2010, with the recognition that this action made sense financially and morally. We would like to see a similar commitment for our developmentally disabled citizens.

Improving Community Employment

There continue to be challenges in implementing the vision behind Employment First, and the initiative has not been adequately funded since its inception. The data suggests only slow improvement in integrated employment throughout the state. The executive budget allocates an additional \$2.8 million for Employment and Day Services for each of the budget's two years. This level of funding is likely insufficient to support such aggressive system change, as approximately 23,000 individuals are currently served in segregated settings. Increased

funding will be necessary to provide employment supports and comprehensive wraparound services to all Ohioans with developmental disabilities, not just those receiving waivers.

- **Develop meaningful rate changes.** Rate changes will need to be meaningful to attract providers to Employment Services, as County Boards move away from service provision. Currently, the rate structure favors the provision of group services, predominantly sheltered work. Particularly in small, rural counties, identifying employment providers can be challenging. Rates must be both competitive and outcome based, to assure that clients, even those with complex needs, have access to choice in providers and receive the necessary individualized services to meet their unique needs.
- **Improve the partnership between DODD and Opportunities for Ohioans with Disabilities (OOD) and streamline access to employment services.** Through stakeholder interviews, it is clear that there is room for improvement in DODD's Employment First partnership with OOD. Currently, the system is complex and inefficient for providers, county board staff, and consumers. In some communities, as a result of this complexity, OOD continues to be an untapped resource. It is vital to identify both process and outcome metrics that will allow the General Assembly and other stakeholders to understand where progress is being made and services that are in need of improvement.
- **Educate employers and the public about acceptance of people with DD.** As the system moves to increase integration, it will be essential to widen the availability of opportunities for employment and other community activities. Stakeholders and service providers should have clear responsibilities for education and outreach.

Changes are necessary to accelerate ICF downsizing and conversion.

The administration's budget contains a series of proposals to promote downsizing and conversion of ICFs. These should be commended. To date, despite a minimal financial incentive in FY 2014-2015, this process has been sluggish. The executive budget contains important incentives to downsize or convert to waiver services, including bed buy-backs and a flat rate for low acuity residents. Part of the answer lies in strengthening community services:

- **Address wage issues, and monitor employee turnover and provider quality.** The House budget took a major step forward by increasing payment rates by 10 percent for home health aides in the Medicaid program. This is a step in the right direction. Additional benchmarks should be put in place to measure employee turnover and service quality to understand what additional steps may have to be taken to improve compensation and training to stabilize the direct care workforce.

Additional housing supports are necessary to fully support community integration.

Adequate housing continues to be an unmet need for many individuals with developmental disabilities. SSI payments are often not sufficient to pay for safe, quality housing. While many counties are able to offer rental assistance, tax-poor counties are less able. As adults are

diverted from institutional care onto waivers (which do not pay for room and board), and caregivers age, housing is sure to become a greater need facing this population in the coming years. The executive budget calls for rental assistance for those leaving ICFs, which demonstrates recognition of this need and should be applauded. The long-term plan calls for more use of shared living arrangements (adult foster care). Our recommendations are:

- **Create a formal working group to study the long-term availability of housing and the need for additional financial supports around the state.** The nature of the needs may vary in each community, so a variety of approaches should be considered.
- **Create a framework for monitoring the safety and quality of shared living arrangements.** The child foster care system faces a similar problem of monitoring dispersed locations. It is evident that a significant investment in oversight will be necessary to protect consumers receiving this service.

We respectfully ask for the committee's consideration of these recommendations. I would be pleased to answer any questions you may have.