

## **FY2022-2023 State Budget Issue Brief**

### **Skilled nursing facilities**

Ohio's long-term services and supports system is still reeling from the effects of COVID-19. Notably, over 30% of Ohio nursing homes have staffing shortages, compared to 10-19% in neighboring states. While state and federal relief funds have covered some short-term expenses to fight the pandemic, including increased costs of staffing, PPE, testing, and changes to the physical plant, these funds are one-time infusions into a sector whose recovery will take years. COVID-19 taught us how critical frontline workers are to the health of older Ohioans. Their individual actions saved countless lives.

In 2016, the Ohio General Assembly determined that rather than rebase nursing home rates at a 10-year interval, they should rebase every five years to prevent payments from languishing and to avoid massive corrections in subsequent budgets

### **Nursing facility quality payment**

Developed in the last budget, the Quality Incentive Payment portion of the nursing home reimbursement is set to expire at the end of the current biennium (June 30, 2021). Legislative action is needed to ensure the reimbursement retains a recognition of high-quality providers. In its executive budget, the Administration has wisely chosen to preserve the nursing facility quality incentive payment and recommended increasing nursing home funding by \$100M (to \$440M) to reward achievement of specific quality metrics. However, the executive budget also calls for a selection of new measures in the second year of the biennium.

*LeadingAge Ohio proposes delaying this process of selecting new measures by one year, and creating a study committee to work with the administration to develop a program to align the right metrics to drive quality outcomes.* It is important to work with the current QIP; this is not the time to develop a new program amid so much disruption.

### **Nursing facility rebasing**

The Executive Budget proposes to delay the statutorily-required rebasing for another two years, making it seven years since the last correction. Rebasing is a safety net for providers that ensures that Medicaid payment does not lag too far behind the costs of care. For example, Ohio nursing homes are currently being paid based on 2014 cost reports. The scheduled rebasing would allow rates to "catch up" to 2019 costs.

Rebasing using pre-pandemic cost reports is not without challenges. However, *delaying the process would withhold needed—and statutorily required—support for a sector struggling to emerge from tragedy. This budget should focus on stabilizing this crucial sector, which will be handling repercussions from the pandemic for years to come.*

### **Budget needs for nursing facilities (continued on next page):**



*Founded in 1937, LeadingAge Ohio is a nonprofit organization that represents over 400 long-term care organizations and hospices, as well as those providing ancillary health care and housing services, in more than 150 Ohio towns and cities. LeadingAge Ohio is the voice for the continuum of long-term services and supports.*

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**Budget needs for nursing facilities:**

- Restore the existing quality incentive payment for nursing facilities, with modifications reflecting the pandemic. These modifications include replacing an occupancy-based exclusion with a quality-point-based exclusion.
- Ensure rebasing is completed equitably and fairly as scheduled, to offer stability to a sector in crisis.