



September 25, 2020

House Human Services Committee

via email to Courtney DeBower, assistant committee clerk, at Courtney.DeBower_HC@house.texas.gov

Re: Interim Charge 4- Examine the long-term services and support system of care in Texas.

Chairman Frank,

Please accept the following comments submitted on behalf of AARP Texas. We very much appreciate the opportunity to provide comments to the committee on this charge. Outlined below are recommendations for improvements to the current Star+Plus long-term care system with the goal of rebalancing the system in favor of fewer costs.

The vast majority of older adults wish to age in place as long as possible. It's no surprise that consumers want to stay at home in familiar surroundings where they can maintain a connection to the community and their family. In addition, receiving help at home is almost always less expensive than a nursing home. This was all true before COVID-19 killed nearly 4,000 nursing home residents. Today, older Texans still want to age in place in their homes, as long as possible for all the same reasons as before. But now, that desire is ever greater because being home is safer.

For older Texans who are no longer able to remain at home, a nursing home is their last choice. It's the most expensive option and it's the most restrictive. Consumers who pay for their long term care out-of-pocket make these choices every day. Further, they are increasingly choosing care at home and when home is no longer a safe option, they are choosing care in an assisted living facility.

The Problem

When it comes to Medicaid helping with the cost of long term care, Texas has failed to establish policies in the Star+Plus managed long term care program that utilize nursing home care as the option of last resort. Texas has also failed to ensure there is a sufficient or even robust pool of alternative providers, particularly community care attendants to provide alternative care at home and assisted living providers. Older Texans who need nursing home care should have confidence that the care will be of the highest quality; but many Texas nursing homes struggle to provide quality care.

Texas Star+Plus is too Dependent on Nursing Facility Care

- Star+Plus does not do a good job of getting dually-eligible enrollees care in community settings relative to other Medicaid enrollees with long term care needs. Nursing facility members represented 10.2 percent of the population enrolled in Star+Plus. However, when you look more closely at the data, dually-eligible individuals are more likely to be in a nursing facility at 15.7 percent compared with Medicaid-only members in nursing facilities at 2.7 percent (SFY 2018).

- The state, through Star+Plus is not doing enough to make use of cost-effective alternatives to nursing home care, especially for dually eligible clients. The majority of Star+Plus' 529,643 members (56%) are dually eligible for Medicare and Medicaid. Dually eligible members represent close to 88% of spending for nursing facility services in Star+Plus.
- Nursing facility care is the most expensive option. Nursing facility members represent 10.2 percent of the Star+Plus population. Yet spending on nursing facility members represents 35.1 percent of all Medicaid spending in Star+Plus.
- Texas' Star+Plus program encourages MCOs (managed care organizations) to place Star+Plus enrollees into nursing homes, rather than supporting care at home or in assisted living. STAR+PLUS MCOs get paid more for placing a consumer in a nursing home than if they arranged care at home or in assisted living. Texas Star+Plus pays the MCOs based on the setting of care rather than on the consumer's needs. This is expensive for the state and disrespects the consumer's desire to be as independent as possible.

Quality of Care Remains a Serious Concern

- Texas nursing facility direct care staffing levels are among the lowest in the country. Staffing levels are often shown to be tied to quality of care. A study sponsored by Centers for Medicaid and Medicare Services (CMS) found that facilities with staffing below thresholds of 2.78 hours of aide time and 0.75 hours of RN time had a greater probability of having the worst outcome rates for long-stay patients, including pressure ulcers, skin trauma, and weight loss. Texas' average hours per resident day (HPRD) for registered nursing (RN) care staff was 0.2. Only Louisiana has a lower average HPRD for registered nursing (RN) care staff than Texas. Texas' average HPRD for total care staff was 2.8. Only one state, Oklahoma, was lower and only 3 states were below 3.0.

In the 2020 AARP Long Term Supports and Services (LTSS) Scorecard released on September 24, 2020, Texas ranked poorly in several nursing home quality measures.

Nursing Home residents with pressure sores: Texas' rate of pressure sores is 7.6 percent while the best state's rate is 4.8 percent. This places Texas 31st on nursing home residents with pressure sores, which are painful injuries to the skin that can make basic movements such as turning or lifting extremely painful. Pressure sores are caused by neglect as they typically develop when someone cannot reposition their body over a long period of time.

- Burdensome transitions: Texas tanked 49th in burdensome transitions which are excessive hospitalizations or other transitions for vulnerable nursing home residents at the end of life. Roughly twice as many Texas nursing home residents experience burdensome transitions (34.0 percent) compared with the top performing state (16.2 percent).
- Nursing home hospital admissions: Texas ranks 44th in hospital admissions from the nursing home with a rate of 19.6 percent. The national average is 16.8 percent and the best state's rate is 4.7 percent. Although Texas has improved on this measure from the previous scorecard, Texas nursing home residents are more than 4 times as likely to be admitted or readmitted to the hospital as residents in the top state.
- Successful discharge to the community: Texas ranks 41st in successful discharge of nursing home residents to the community with a successful transition rate of 51.4 percent. This means that just over half of Medicare skilled nursing home residents were successfully discharged back to the community. Only Louisiana transitioned substantially fewer than 50 percent. The best state transitioned 68.5 percent.

The state has not invested sufficiently in the most cost-effective and least restrictive LTSS options.

- Low wage rates make it hard to attract and retain community care attendants. Texas community care attendants are paid below the nationwide average. Despite some legislative support for increases for community attendants, the rates have been largely stagnant. In 2020, the hourly rate set by the state for community attendants is \$8.11. In 2019, the rate was \$8.00; in 2015 it was \$7.86; and in 2013 it was \$7.25. There was no rate increase in 2017.
- Low hourly rates impede access to community care. High turnover rates are the result of many factors including the high demand for attendants and the low pay. Texas has one of the highest turnover rates among community attendants, which impedes access to community-based care. High turnover creates an unstable environment for members residing in the community. It can also be costly to the state because members are at risk of not receiving care and this can lead to the use of more expensive medical care.
- The Medicaid rate for assisted living (AL) is too low to encourage assisted living providers to participate in Star+Plus. Assisted living is a home-like and cost-effective housing option for older Texans who cannot live safely at home but do not require nursing home care. The current Medicaid rate for assisted living is about 30 percent below the market rate for assisted living (\$2,665 vs \$3,750). The gap between Medicaid and the median rate is even higher in Austin and Midland where the median is about \$5,000 per month. In El Paso and Texarkana, the median ranges from \$2,000 to \$2450. Low Medicaid payments, relative to costs, have limited access to AL for all Medicaid enrollees.

Recommendations for Rebalancing Medicaid Star+Plus in favor of cost-effective community care.

Texas fully integrated long term care services by including nursing homes into Star+Plus in 2013. In the years that followed, the program has developed and evolved. It is past time to take a step back, review the program's successes, and identify opportunities for improvement. It is in this spirit that AARP makes the following recommendations for policy and contract changes to ensure the program meets consumers' long term care needs in the most cost-effective setting for the taxpayers, while also doing everything possible to help these older Texans maintain as much independence and control over their day-to-day lives. We have also included recommendations for achieving increased attendant wages and other desired changes by leveraging the Star+Plus contract with MCOs. It is also important to mention that these recommendations were developed with the assistance of research provided by Health Management Associates (HMA). AARP Texas contracted with HMA to identify opportunities to rebalance Texas' long term care system in favor of alternatives to nursing facility care, and many of these recommendations are the result of that project.

Modify the Financing approach to advance rebalancing:

- Establish a blended rate for Star+Plus LTC services. State payments to the MCOs must be designed to incentivize rebalancing. More than half of states in 2016 used incentives to advance community care, by paying MCOs a blended capitation rate that includes both institutional and community care members. Under a blended rate, the same rate is paid, regardless of setting of care to incentivize MCOs to rebalance and expand community care coverage. (States that use a blended rate include: AZ, FL, NY, OH, TN, VA. IN is transitioning to a blended rate.)
- Establish goals to shift care and dollars to community care. The Star+Plus contract should set specific goals that act as an incentive to encourage the transition from nursing facility to community care. Florida includes such an incentive in their Medicaid managed long term care program. According the state's 2018 report, this incentive has led to a significant positive shift in the proportion of individuals

receiving nursing facility versus HCBS. The provision has improved quality of life for enrollees and lowered costs for Florida. The average monthly cost of care per person decreased from over \$3,700 to less than \$3,400. HHSC should establish goals for Texas that support relocating and/or diverting more people from nursing homes to community care and annually report progress on these goals.

Strengthen the Community Care Workforce

- The state must invest in community care attendants by significantly increasing the attendant hourly rate. The state should increase rates for community attendants from \$8.11 to at least \$10.00-\$12.00 over the next two years to compete with other entry level positions. The cost of any significant rate increase would exceed a billion dollars, based on current rate and utilization. The state must identify funds to increase payment rates for community attendants and address the low rates. Some suggestions are included below.
- Direct HHSC to examine “net income” to determine if MCO surpluses could be used to offset hourly rate increases in community attendant wages. Over the last 2.5 years, Star+Plus MCOs have reported income before taxes of about \$1 billion. This reflects income for FY 2018, 2019, and the first half of 2020. MCO-reported margins ranged from FY 2018 to FY 2020 (6 months only) as follows: 2.5% (2018), 3.7% (2019) and 5.0% (2020).
- The state could direct MCOs to require higher rates of pay be paid to attendants by contracted providers. The increased cost could be covered in the rate paid by the MCO to the contracted provider, using incentives paid by the state (adjust risk corridor or P4Q) to the MCO.
- Redirect Community Care “Rate Enhancement Attendant Compensation” program dollars to toward an across-the-board state increase for attendant care workers. The legislature currently funds a rate enhancement program that pays home health providers more when they pay their staff more. The program is administratively complex and not all agencies choose to participate. These funds might be more beneficial if they were allocated as part of an across-the-board rate increase for community care attendants.
- Develop a competency-based workforce development program. HHSC should explore partnering with MCOs to invest in the design and implementation of a comprehensive competency-based workforce development program and state credentialing registry for individuals paid to deliver long term services and supports similar to a program established in Tennessee.

Develop a strong, cohesive quality management framework for Star+Plus Long Term Care

- Star+Plus long term care must have an effective quality management program that includes LTSS measures to advance community-based long term care and to support quality of life for members. The current quality management approach is fragmented among various programs, including the QIPP, the Medical P4Q program and the Alternative Payment Model Initiative. The quality measures in use do not support a comprehensive approach to person-centered care, or advance independent living and recovery principles, including LTSS measures. The current non-medical quality measures are focused on hospital admissions from the nursing home and from the community and do not support efforts to advance care at home or in the community.
- Evaluate the QIPP program to establish metrics that would incent staffing quality. For SFY 2021, there will be over \$1 billion in additional payments available for nursing homes to earn based on quality measures. Given staffing challenges in nursing facilities, the state could use QIPP dollars to encourage

better staffing in facilities. For example, the state may decide to establish incentives for those facilities paying a higher rate of pay to direct care workers or increase the number of direct care works. The current QIPP program includes incentives to increase RN hours but the portion of funds allocated to this measure are too small to serve as a true incentive.

Develop Assisted Living as a viable option in the Star+Plus Long Term Care Continuum

- Direct HHSC to engage actuaries to review rates and methodology for assisted living facilities in Star+Plus. Low Medicaid payments, relative to costs, have limited access to assisted living for all Medicaid LTSS enrollees. Given that assisted living is, even at the median rate less expensive than nursing home care and provides consumers with a more home-like setting and more control of their life, Texas HHSC should be doing more to recruit and retain assisted living providers in the Medicaid program. Indiana recently engaged actuaries to conduct a review of rates and methodology on assisted living that resulted in positive changes.

Strengthen Support for Affordable Housing to Promote Community-based care

- Require MCOs to develop initiatives that help to address housing challenges. Affordable, appropriate and safe housing are often cited as one of the biggest barriers to consumers moving from or avoiding a nursing facility placement. The state should consider supporting affordable housing by requiring MCOs to develop initiatives, such as requiring pre- and post-tenancy support and collaboration with affordable housing organizations. This is an approach adopted by Pennsylvania in their Medicaid managed care program.

Increase Transparency and enhance reporting to support rebalancing and quality

- Require annual reporting on rebalancing efforts by service delivery area. Annual reporting could help to make transparent any special HCBS access issue in rural areas. The state should track and report on shifts in spending in the community, quality measures and community care attendant turnover rates. (The Medicaid program already has plans to collect better data to track turnover rates to create a baseline against which the future can be measured.) There are also opportunities to better leverage the Texas Learning Collaborative and the “Managed Care Plan Report Cards” in support of better reporting and transparency.

Thank you again for your consideration of our comments. AARP Texas stands ready to serve as a resource to the committee on behalf of older Texans. Please don't hesitate to contact me with any questions.

Sincerely,



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