



TESTIMONY

**Hearing of the Pennsylvania House
Aging and Older Adult Services Committee on
House Bill 2320 and the Impact of Pending
Medical Assistance Applications**

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Good morning, Chairwoman Madden, Chairman Mentzer, and members of the Aging and Older Adult Services committee. LeadingAge PA is grateful for the opportunity to discuss with you House Bill 2320 and the negative impacts aging services providers are facing as a result of delays in medical assistance (MA) benefit application processing and associated reimbursement. LeadingAge PA is comprised of over 400 mission-driven providers of senior housing, health care, and community services across the Commonwealth. Our members include personal care homes, assisted living residences, Living Independence for the Elderly (LIFE) providers, skilled nursing communities, affordable housing developments, and continuing care retirement communities. Our members provide adult day services, home health care, home care, hospice, and independent living options for older adults.

LeadingAge PA is dedicated to helping our mission-oriented members advance health-driven, affordable, and ethical aging services. Unfortunately, lack of direct caregivers, increased regulatory requirements, and insufficient funding are just a few of the many challenges that make it increasingly difficult for our provider members to fulfill that mission every day. Recently, the Pennsylvania General Assembly has invested in components of the aging services ecosystem by allocating funding to support skilled nursing providers and LIFE programs. The provider community is grateful for those investments because they help keep the vision for quality, sustainable aging services alive.

However, it is important to note that portions of these investments may ultimately never reach providers or the individuals they serve. Delays in MA application processing for those seeking to enroll in the LIFE program can cause unnecessary barriers, which often result in an individual not being able to begin LIFE services in a timely manner. This can force the individual to instead go back to the hospital or to a nursing home unnecessarily at an even higher cost. Furthermore, for a state that averages roughly 70% MA occupancy in our skilled nursing communities, delays and unwarranted denials in MA application processing for nursing home residents are also one of the many ways in which reliable funding is compromised, and the mission of our members is threatened.

MA Application Process and Requirements

MA is available to cover the cost of aging services, which includes nursing homes, the Living Independent for the Elderly (LIFE) program, and home and community services (HCBS) for anyone who is both medically and financially eligible. When an individual makes the decision to apply for MA, they are initially assessed through a medical evaluation form. For nursing homes, the form is sent to the local Area Agency on Aging (AAA), which conducts a functional eligibility determination, which is then sent to the County Assistance Office (CAO) for review of the medical need for services. That individual must then complete a financial eligibility form which is also reviewed by the CAO. Typically, a CAO caseworker should work with the individual to obtain the proper documentation to make a financial determination. The CAO has 30 days following the submission of the application to request additional documentation if needed.

Medicaid Pending, or *MA Pending*, is the term used for when a person who is currently receiving nursing home care has applied for MA and their submitted application is under review by the CAO. There are a number of different scenarios in which a nursing home resident may be MA Pending:

- Admission of an MA Pending resident from another setting like a hospital or the community.
- An existing resident who was receiving services by privately paying but has spent down their resources to a point where they will now qualify financially for assistance.
- An MA resident seeking renewal or who, for a period of time, may have fallen out of the assistance safety net but is now trying to reestablish services.

Providers are not required to admit MA Pending individuals. Current CMS and state regulations (see 42 CFR 435.912(c)(3)) state that initial MA determinations must be made within 45 days of the application being submitted. If the resident's MA application is approved, the nursing home provider will then be paid retroactively from the date services were requested.

Reported Delays and Challenges

Providers across the state have reported an increase in the number of MA Pending days, and the PA Department of Human Services (DHS) Office of Long-Term Living (OLTL) has similarly reported the same trends to the nursing facility associations. When there are delays in the application process for an individual who has already been admitted to a nursing home or who has begun receiving services, full financial responsibility for that individual's care costs fall to the service provider until the application is reconciled. In some reported cases, this process has taken years to be resolved. To help address this issue, LeadingAge PA is supportive of House Bill 2320, as introduced by Representative and Doctor Arvind Venkat. The legislation, which is an important first step, does three important things:

- **Establishes greater accountability in the long-term care (LTC) MA application process** by ensuring reasonable timelines are set for DHS and the CAOs to process applications.
- **Supports providers that admit MA Pending individuals into their facilities by partially compensating them for the care they are providing** starting 60 days after the initial application is submitted if the application being reviewed takes an excessive amount of time. (*Note: Claw back language is included*).
- **Gives providers the ability to formally request the status of MA applications** and receive an update within five days from the department or designee.

When an MA Pending application is delayed or denied, a facility is generally not able to discharge a resident due to their inability to pay. In the event a provider is able to find an appropriate alternative placement, rarely are they able to recover payment for care already provided throughout the MA Pending period. While the residents may be deemed ineligible for MA, it does not mean they have sufficient personal funds to pay for past or continuing care. Upon appropriate discharge or the unfortunate passing of a resident, the provider is often left with, in many cases, hundreds of days of unpaid skilled nursing care for which they must absorb the cost.

As an example, a provider from Northampton County this year had over 3,000 MA pending days that were unable to be billed. Their pending applications ranged from 5 to 18 months. With an average MA per day rate of \$254, the facility has over approx. \$750,000 in unbillable care that remains outstanding until applications are resolved. In Allegheny County, a provider reported over \$1 million in unbilled care for MA applications older than nine months.

Furthermore, even when providers are eventually paid retroactively for care, MA Pending days are not paid at the same rate as Community HealthChoices (CHC) managed care payments. The time for which an individual is MA Pending is not billed at the same rate as an MA approved individual being paid through one of the state's three managed care organizations (MCOs). The minimum state-directed payment (SDP) rates paid by the MCOs are roughly \$80/day higher than the fee-for-service (FFS) rate paid by DHS for MA Pending days because two add-on components of the SDP rate are not included in FFS payments. With the increase in processing times resulting in a higher number of MA Pending days, not only are individuals left uncertain that their care will be covered, but providers are forced into unstable financial situations to make tough decisions about how to continue their mission of serving the community while maintaining high-quality outcomes.

Since 2020 the state has delicensed nearly 3,000 skilled beds, and a 2024 LeadingAge PA survey showed that of nursing home respondents representing about 20% of the industry, 1 out of every four licensed beds are unable to be filled due to lack of staff and lack of funding. Many providers are making the tough decision to close wings or shut their doors altogether (at least 27 nursing homes in PA have closed since 2020). The access to care crisis in aging services is nothing new and is something that the Pennsylvania General Assembly and the Shapiro Administration have recognized through crucial investments in the most recent state budgets. However, without measures in place to ensure the timeliness of application review, individual providers are the only ones who have a significant stake in this issue and stand to lose hundreds of thousands, if not millions, in care costs.

According to data from DHS, in 2023, there were 56,996 applications for LTC MA coverage:

- 22,858 (60%) were rejected coverage.
- Nearly 80% of those denied applications were rejected for one of the following reasons:
 - Failure to furnish required information.
 - Duplication of application requests.

Pairing this data with what we are hearing from providers, we see that there is a lack of standardization in the process of reviewing LTC MA applications. Across the state, providers report that the CAOs have different procedures from office to office and, in some instances, even amongst caseworkers within the same office. Generally, providers and individuals should be able to use the online COMPASS platform to submit their applications. However, some offices instruct providers to submit via fax, emails, and some through hard copy, delivered directly to the office. These methods often have no tracking system to notify applicants or providers about the status of the application. The lack of standardization puts more of the burden on individuals, their families, and providers. As a provider member from Westmoreland County stated, “The lack of communication from the CAO adds stress to the residents and facility staff.”

Providers are increasingly being relied upon to work with the residents and their families to submit the proper paperwork. This is a task that typically should be the responsibility of the CAO caseworker to work with the family and ensure that all paperwork is submitted to conduct a proper financial review. Instead, our members have reported that many CAOs are forcing the provider to serve as the primary point of contact, placing the provider in the middle of the individual applicant and the CAO. It has also been reported that some caseworkers will not ask for additional information until just prior to the 30-day deadline, leaving the family and provider insufficient time to gather that information, which ultimately leads to an improper denial. An appeal can be filed; however, it can take an additional 90 days. Often, an individual who needs benefits will reapply with the additional information requested and then once again be denied due to duplicative applications. The process needs to be clear from day one for Pennsylvanians, and the burden should not fall solely on the provider to spend resources and additional time to potentially never be compensated at all.

Support for Solutions



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While no system can ever be perfect, there should be a serious concern for Pennsylvania seniors who inevitably need long-term care medical assistance and the providers that make up the fabric of this safety net. LeadingAge PA is supportive of House Bill 2320 because it creates greater accountability, transparency, and support for providers who are choosing to care for our state's most vulnerable residents. It should be a shared goal that individuals seeking assistance can have access to the care they need in a timely manner and clearly understand in partnership with their provider any changes in their eligibility status while also ensuring the financial stability providers need to continue providing great care. That is what this legislation, which has been modeled after other states (Rhode Island and Washington), aims to do.

LeadingAge PA is also aware of the need for and supportive of efforts to:

- Support CAOs through appropriations to expand or open more offices to better serve providers and individuals and to standardize and make the application process more transparent. Providers have cited a number of offices that are understaffed or are serving areas that they had not previously covered. Similar efforts to support these offices were implemented in Michigan.
- Provide education and outreach to families as to their responsibility to assist in the LTC MA process.
- Provide annual reporting to the Pennsylvania General Assembly to track progress.
- Support hospitals with resources that would aid in verifying the MA eligibility of patients discharged to LTC facilities/HCBS settings prior to discharge from the hospital.
- Implement solutions that would improve MA processing times and clarity for individuals seeking enrollment in the LIFE program.

We appreciate the opportunity to continue this very important discussion. Delays to the state LTC MA application process need to be addressed as the increase in MA Pending days is financially burdening aging services providers and creating uncertainty for individuals seeking these supports. LeadingAge PA is committed to not just supporting HB 2320 but also promoting other initiatives that collectively will improve efficiency for all parties. LeadingAge PA is grateful for this



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opportunity and looks forward to working with the committees and department to address our mutual concerns.

Thank you for bringing attention to this critical issue. LeadingAge PA looks forward to working with you to support mission-driven providers in caring for our state's growing population of older adults.