

THE CONNECTICUT ASSOCIATION
for *Home Care, Inc*

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Chair, Board of Directors

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February 8, 2007

TESTIMONY CONCERNING
BEFORE THE HUMAN SERVICES COMMITTEE
REGARDING:

*Proposed S. B. No. 384 AN ACT INCREASING FUNDING FOR THE HOME-CARE PROGRAM FOR THE ELDERLY.

*Proposed S. B. No. 388 AN ACT CONCERNING STATE PAYMENT RATES TO HOMEMAKER-COMPANION AGENCIES.

*Proposed H. B. No. 5302 AN ACT CONCERNING RATES OF PAYMENT FOR HOME CARE SERVICES.

*Proposed H. B. No. 5658 AN ACT INCREASING FUNDING FOR HOME CARE ALTERNATIVES.

*Proposed H. B. No. 5662 AN ACT CONCERNING PAYMENT RATES TO HOME HEALTH CARE AGENCIES.

*Proposed H. B. No. 5663 AN ACT INCREASING FUNDING FOR THE HOME-CARE FOR THE ELDERLY PROGRAM.

*Proposed H. B. No. 5664 AN ACT CONCERNING PAYMENT TO HOME HEALTH CARE AGENCIES AND HOMEMAKER-HOME HEALTH AIDE AGENCIES.

Senator Harris, Representative Villano, and members of the Human Services Committee, my name is Brian Ellsworth and I am President & CEO of the Connecticut Association for Home Care, whose members serve over 75,000 elderly and disabled Connecticut citizens. The Association appreciates this opportunity to speak to you about our concerns for adequate funding for home care.

Rather than speak to each of the bills on the agenda today, let me simply state that the Association supports bills that provide that all home care providers, including home health and homemaker-companion agencies, receive funding adjustments as outlined below. The current Medicaid fees for home health services do not cover direct costs, let alone make a contribution to overhead. This is not sustainable.

Home care agencies face increased wage costs due to labor shortages, as well as skyrocketing health insurance and energy costs. **Home care providers did NOT receive a cost of living adjustment last fiscal year**, nor did they receive funds allocated to reimburse providers for increased energy costs. Yesterday, we were disappointed to see that the Governor did not propose an adjustment to the Medicaid fees for home care in the upcoming biennial budget.

As you consider the requests for funding this session, here are a few key facts about home care to keep in mind:

- The CT Home Care Program for Elders, our Medicaid waiver program, saved the State over \$74 million dollars last fiscal year through reduced nursing home use. Despite our investment in home care, CT still ranks 5th in the country for nursing home residents per 100 age 65 persons.¹
- Although CT home health agencies have among the highest wage costs in the country, these agencies have among the lowest cost per visit. The 2004 national average nursing cost per visit was \$142.44, while the CT average cost per nursing visit was \$124.64,² due primarily to efficiencies gained from economies of scale.
- 2007 Medicaid rates are approximately 30 percent below 2004 costs. For instance, the current Medicaid rate for a skilled nursing visit is \$91.52, while the 2004 average cost per nursing visit for CT was \$124.64. CAHC also continues to remain concerned about skilled nursing visits being inappropriately classified as visits “limited to the administration of medication” and reimbursed at the two-thirds of the already inadequate skilled nursing rate.

¹ AARP 2006 State Profile.

² National Association for Home Care Medicare cost report database.

Our recommendations regarding rates for home care are:

- *As a starting point*, Medicaid home care fees, including nursing, therapies, home health aide and homemaker/chore services need to be increased by at least **9 percent** to account for recent (4%, 2006) and projected (5%, 2007) increases in the costs of caring. (Annual cost: \$22 million, half of which is federally reimbursed.)

Fees for **home health aide services** and **hourly nursing** (primarily provided to medically complex kids) need to be increased by an **additional 15 percent** just to ensure that the fees cover direct costs of these services.³ (Annual cost: \$11 million, half of which is federally reimbursed.)

- *Next*, the language in the statute (Sec. 17b-242) that states the Commissioner of Social Services...

“**may** annually increase the fees based on increases in the cost of services”
should be changed to:

“**shall** annually increase the fees **by the consumer price index for urban consumers.**”

- *Finally*, the fee structure for “subsequent visits” (visits by one caregiver to two or more people at the same household) should be described in statute and be no less than 75% of the full fee for a standalone visit. The current policy is 50% and regulations are pending that would propose to make the policy more ambiguous.

CAHC’s 2007 Legislative Agenda also calls for direct funding for flu shots and telemonitors provided to Medicaid patients. We believe that these preventative efforts will be self-financing.

Thank you for consideration of our comments. I would be pleased to answer any questions you may have. Also, please come and meet our members at our Legislative Breakfast on February 27th.⁴

³ Bringing the total requested increase for home health aide services and shift nursing to 24%.

⁴ From 8:30 to 10:00 am in the dining room at the LOB. This event is being held jointly with the CT Council for Hospice & Palliative Care.