

THE CONNECTICUT ASSOCIATION
for *Home Care, Inc*

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TESTIMONY
BEFORE THE HUMAN SERVICES COMMITTEE
REGARDING:

S.B. No. 1364 - AN ACT CONCERNING MEDICAID RATES TO HEALTH CARE
PROVIDERS

March 8, 2007

Senator Harris, Representative Villano, members of the Human Services Committee, my name is Bill Sullivan and I am President & CEO of the Visiting Nurse Services of CT. I am also a member of the Board of Directors of the Connecticut Association for Home Care, on whose behalf I speak today. The Association's members serve over 75,000 elderly and disabled Connecticut citizens.

The Association is pleased to lend our enthusiastic **support** to S.B. 1364, which would go a long way towards rectifying some of the longstanding problems of inadequate Medicaid reimbursement of home care. The bill proposes to require an automatic cost of living adjustment based on the Consumer Price Index (Urban), implements a five percent across the board increase for home care providers, and makes an additional, more significant adjustment for home health aide services and hourly nursing provided to children with medically complex needs.

When the Governor's budget came out last month, we were disappointed and surprised that there were no adjustments to Medicaid rates for home health and homemaker-companion agencies.

Home care did NOT receive a cost of living adjustment last fiscal year when other health care providers did, yet we continue to face increased wage costs due to critical workforce shortages, as well as double digit health insurance and staff mileage reimbursement cost increases.

As the chart below shows, current Medicaid rates for home health services are already approximately 30 percent below 2004 costs (the most recent available comprehensive data.)

Comparison of 2004 Average Costs to 2007 Medicaid Home Care Rates

	<u>2004 Average CT Agency Cost*</u>	<u>2007 Medicaid Rate</u>
Skilled Nursing – Per Visit	\$125	\$91.52
Home Health Aide - Hourly	\$ 33 ¹	\$23.71

*Source: National Association for Home Care Medicare Cost Report Database
(65 CT agencies)

This funding shortfall fundamentally undermines home care's ability to provide the preferred form of care for patients, their families and the taxpayer. Last year, the CT Home Care Program for Elders saved the State over \$74 million dollars through reduced nursing home use.² Despite our investment in home care, CT still ranks 5th in the country for nursing home residents per 100 age 65 persons.³ We must continue to invest in home & community-based care if we are to make progress on this front. The increases called for in S.B. 1364 are a good start.

Finally, I want to stress that one half of funding for the Medicaid adjustments will come from the federal government, a fact sometimes masked by CT's all-funds budgeting process. The federal funds are good for CT's economy and should be a high priority for exemption from the spending cap.

Thank you for consideration of our comments. I would be pleased to answer any questions you may have.

¹ Assumes 1.6 hours per home health aide visit, on average.

² Annual Report by DSS on the CT Home Care Program for Elders - CT's Medicaid waiver program.

³ AARP 2006 State Profile.