



Bringing HEART to Home Care

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TESTIMONY BEFORE THE HUMAN SERVICES COMMITTEE

REGARDING

SB 662 --- AN ACT CONCERNING MEDICAID ELIGIBILITY AND REIMBURSEMENT

MARCH 11, 2008

Senator Harris, Representative Villano, and members of the Human Services Committee, my name is Bill Sullivan, and I am President and Chief Executive Officer of Visiting Nurse Services of Connecticut, Inc, with our corporate office located in Bridgeport, serving over 2,000 Medicaid eligible beneficiaries on an annual basis.

As the voice of one of the largest home care and hospice non-profit providers in Connecticut, I **strongly endorse and support the goals and objectives of SB 662**, and I respectfully request that each of you, and your fellow legislators, enact SB 662 as crafted. I specifically wish to reference Sections 4 and 5, which seeks to provide an automatic increase of Medicaid home health rates based on the consumer price index for urban consumers, establishment of a Medicaid fee schedule and billing codes for flu & pneumococcal shots, and a 29 percent increase to Medicaid rates for nursing services, extended hourly nursing services, therapy, and home health aide services with the clear intent to appropriately elevate reimbursement rates to a level that will support the actual reasonable average cost of delivering these vital health care services.

The proposed initiatives articulated in this Bill represent an ambitious and visionary agenda that offer a responsible approach to address inadequate Medicaid rates that now threaten provider viability, program expansion, and patient access. The core components of this Bill are well overdue, necessary, and require immediate attention. Since the adoption of the Uniform statewide "Flat Rate" system adopted by the State on July 1, 1994, home care providers have received rate increases at a dramatically lower

level than other health care providers, and have also experienced many years in which rates were frozen without any recognition of cost increases. In real numbers, the cumulative rate increase for home health care since 1994 to present has been 15.75%. Thus, over this 14 year period, home care has averaged an annual increase of 1.125%, clearly, well below the CPI, despite increasing demands and greater awareness of the value offered.

According to the Department of Social Services, the CT Home Care Program for Elders saved the State over \$115 million in 2006 by preventing or delaying admission to a nursing home. Achieving this significant positive financial result, and recognizing exemplary patient outcomes by partnering with home health care providers, has negatively impacted home care providers by creating substantial financial stress and potentially threatens the future viability of home health care. Collectively, home care agencies throughout the State lost approximately \$30 million due to inadequate Medicaid rates. The financial forecast for home health care providers clearly is further imperiled as a result of recent actions by the federal government, which will legislatively lower Medicare rates by 12% over the next four years.

Speaking specifically about my agency, we provided care to more than 2,000 Medicaid beneficiaries this past year, which resulted in a loss in excess of \$2.6 million on Medicaid business. This translates into receiving \$.72 of reimbursement for every \$1.00 of reasonable and customary cost expended to deliver the care to Medicaid patients. This significant deficit occurs at a time when Medicare is reducing reimbursement, donations are dwindling, and support from organizations such as the United Way has completely evaporated. Our reliance on alternative revenue streams to support the Medicaid shortfalls has eroded. The years of substandard increases have now reached a crisis level, and there is a real sense of urgency to immediately fix and address our precarious financial situation. No organization can continue to operate while sustaining operating deficits of this magnitude. The financial implications are further complicated with the demand for higher wages to compete within a severe workforce shortage environment, escalating benefit costs, and the rising transportation costs. Our inability to compete in the market as a result of insufficient reimbursement will not only result in jeopardizing our viability, but will also add to a growing patient access issue, and

ultimately a higher cost borne by the State for extended and needless increased hospital length of stays, and amplified nursing home placements.

We need to collaborate and foster a stronger partnership between the State and home health care providers. We need to capitalize on this opportunity to take bold and courageous measures to provide adequate funding levels to supplement the inadequacies of the past 14 years to ensure that the needs and preferred direction of the State are secured, and the favored desires of its residents are fulfilled. The simple and easy decision is to reject a 29% increase based on the size. The right and responsible decision is to recognize the tangible value, consider the lack of adequate past funding and the potential future implications, and to support and invest in a long term plan that is sensible and will yield desired results. Support of SB 662 is the right decision!

SB 662 is compatible to the State plan, offers material financial State savings, and is widely and vigorously supported by the residents of this State who are demanding greater accessibility to home health care versus costly and depressing institutional care. I urge you to enact an automatic cost of living adjustment, and the 29% rate increase for selected home care services, as called for in Sections 4 & 5 of the Bill.