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TESTIMONY BEFORE THE HUMAN
SERVICES COMMITTEE
REGARDING

SB 1122 -- AN ACT CONCERNING CHANGES TO
THE HUMAN SERVICES STATUTES

MARCH 17, 2009

Senator Doyle, Representative Walker, and members of the Human Services Committee, my name is Bill Sullivan, and I serve as Chairman of the Board for the Connecticut Association for Home Care and Hospice and am the President and Chief Executive Officer of Visiting Nurse Services of Connecticut, Inc. As a home care provider, with our corporate office located in Bridgeport, we deliver over 250,000 visits per year to forty-nine communities. We admit over 10,000 patients annually, 2,000 of which are Medicaid eligible beneficiaries.

As the voice for home health care providers, and as one of the largest home care and hospice non-profit providers in Connecticut, I strongly endorse and **support sections one through five of SB 1122**, and I respectfully request that each of you, and your fellow legislators, enact SB 1122 as crafted.

Collectively, home care agencies throughout the State lost in excess of \$30 million due to inadequate Medicaid rates last year. The financial forecast for home health care providers clearly is further imperiled as a result of recent actions by the federal government, which has legislatively lowered existing Medicare rates and debate further reductions.

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, support from organizations such as the United Way has completely evaporated, and the ability to seek cash flow advances through our equity line of credit has ended.

We have taken prudent measures in an attempt to balance our books and exercise responsible financial management. Unfortunately, we still are unable to achieve the necessary results needed to sustain ourselves after employing corrective actions:

- Our workforce has been reduced by 16.
- We have reduced the employer contribution for pension and health insurance funding.
- Wage increases have been dramatically reduced, with executive level compensation frozen for the third year.
- We have consolidated two of our offices into one.
- RFP's were issued for supply vendors and professional services.

As an organization we are being forced to re-examine our mission and potentially exercise some business options we have resisted, while others have adopted. Many providers today have restricted, or refused Medicaid referrals thus creating a disproportionate share of services being delivered by fewer participating agencies. The implementation of the new Money Follows the Person program will be retarded as agencies will not be able to financially support the material reimbursement shortfalls. And the CT Home Care Program for Elders which saved the State over \$91 million last year will be jeopardized.

The adoption of SB 1122 is critical to save the system that is in crisis and edging toward potential collapse. There is a real sense of immediate urgency to instantaneously fix and address our precarious financial situation. No organization can continue to operate while sustaining operating deficits of this magnitude. We can offer solutions to the State

budget crisis. Home care costs \$132 a day, nursing home care \$544, and hospitalization \$5,765. By investing dollars in home care and ensuring patient accessibility and agency viability, the State will achieve significant returns on its investment. By ignoring the financial needs this bill addresses, we will be adding to the 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. Home care does offer cost effective alternatives, and by partnering with home health care providers, the State will recognize material budgetary relief by investing greater dollars in home care reimbursement.

Thank you for the opportunity to briefly share my concerns and thoughts. I urge you to take the bold and courageous measures to pass this bill out of your Committee. Thank you.

