

Connecticut Association for
**HOME CARE
& HOSPICE**

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**TESTIMONY
BEFORE THE APPROPRIATIONS COMMITTEE
REGARDING GOVERNOR'S DEFICIT MITIGATION PLAN**

December 9, 2009

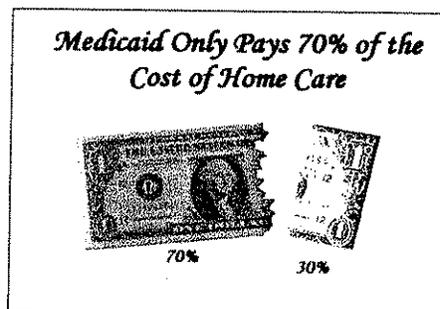
Good evening Senator Harp, Representative Geragosian, and members of the Appropriations Committee, my name is Brian Ellsworth and I am President & CEO of the Connecticut Association for Home Care & Hospice (CAHCH), whose members serve over 100,000 elderly, disabled, and terminally ill Connecticut citizens.

The Association is strongly opposed to the Governor's proposed 5% cut in Medicaid payments for home care providers. This cut is penny-wise and pound foolish for two main reasons:

1. **Premature Institutionalization:** The 5% cut will worsen already inadequate Medicaid rates for home care, leading to an increase in persons being prematurely admitted to nursing homes or languishing in hospitals, at over three times the cost of home care – ultimately causing the State to spend more than it saves; and
2. **Lost Federal Reimbursement:** For the State to reap \$14.4 million in savings from cutting Medicaid for all providers, we must forego \$21 million in enhanced federal reimbursement under the stimulus bill. The loss of \$21 million in federal monies means that CT will do without the 2.1 multiplier effect of federal funds on our economy – further hampering the State's recovery.

I was in Washington, DC yesterday meeting with the some of the offices of CT's delegation and they were surprised and dismayed to learn that there is a proposal on the table to turn away federal stimulus funds!

Instead of cutting rates as proposed, the Association strongly believes that investing in home care should be a critical part of the solution to our financial challenges. Today, Medicaid pays only about 70 percent of the actual costs of care (see Attachment A).



This \$30 million+ shortfall is financed by surpluses generated from efficient, high quality care provided to Medicare home health patients. Unfortunately, home care's ability to finance these shortfalls is coming to an end as a result of \$600 million in cuts to home health care for CT providers over ten years under the best case scenario in the Health Reform currently being discussed in Washington.

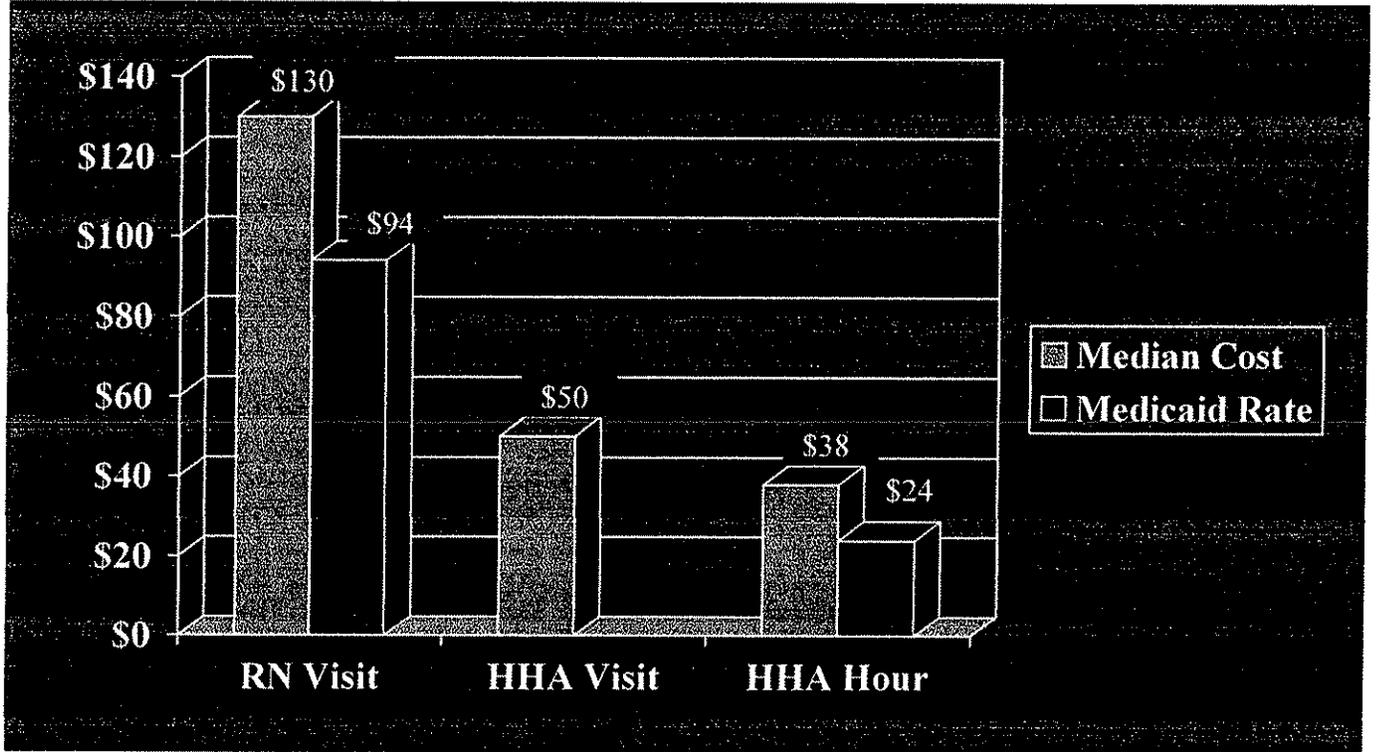
If Washington makes these cuts to Medicare, you will be given no choice but to finally make investments in home care, or you will face a crisis with many agencies closing or paring back admissions of Medicaid patients, who will end up in higher cost institutions. Connecticut is already third in the country in per capita use of nursing homes -- now is not the time to be number one in this statistic!

We would be pleased to share specific win/win ideas on how to rebalance our long term care system to save taxpayers significant money, give our seniors and disabled real choice on where to receive care, strengthen families and increase federal reimbursement to CT, stimulating our economy. Please reject this short sighted cut as the first step in a road to real reform.

Thank you for consideration of these comments.

ATTACHMENT A

Medicaid Cost Per Visit Analysis



Source: 42 Home Health Agency Medicare Cost Reports with June 30, 2007 FYE