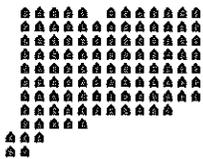


1122



Connecticut Association for  
**HOME CARE  
& HOSPICE**

Leadership | Education | Advocacy | Information | Collaboration

**TESTIMONY BEFORE THE HUMAN SERVICES COMMITTEE REGARDING  
S.B. 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 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. CAHCH **strongly supports** sections one through five of the S.B. 1122 – this bill would implement vital portions of our 2009 Legislative Agenda.

**MEDICAID HOME CARE RATES ARE GROSSLY INADEQUATE**

Home care is preferred form of long term care for over 80 percent of CT’s seniors who require such care. In 2007, the CT Home Care Program for Elders saved the State \$91 million dollars through prevention or delay of admission to more costly institutions.<sup>1</sup> Despite these attributes, home care remains drastically under-funded by CT’s Medicaid program.

Medicaid rates for home health care are approximately 30 percent below costs for the typical agency (see attached chart). This longstanding problem has been compounded by Medicare’s decision to reduce rates by 12 percent over a four-year period (ending in 2011), the President’s budget proposal to freeze Medicare home health rates for the next five years and the Medicare Payment Advisory Commission’s proposal to speed up already planned reductions. If the latter two federal proposals come to pass, Medicare rates for home care agencies would be reduced by at least 5 percent next year – removing \$20 million in Medicare revenue from CT’s agencies in 2010.

As agencies continue to face increased wage costs due to workforce shortages, as well as double-digit annual growth in health insurance and staff mileage reimbursement costs, Medicaid’s under-funding of home care is rapidly reaching a crisis point. This has significant implications for patients, their families and ultimately, taxpayers.

In these tight fiscal times, the irony is that home care could be a source of budgetary savings and economy-stimulating job growth, but this will not occur without adequate rates. The Medicaid rate increases contained in this bill will be more than offset by significant long-run savings, a viewpoint shared by a recent article published in the respected journal, *Health Affairs*.<sup>2</sup>

<sup>1</sup> Annual Report by DSS on the CT Home Care Program for Elders - CT’s Medicaid waiver program.

<sup>2</sup> “Do Noninstitutional Long-Term Care Services Reduce Medicaid Spending?” *Health Affairs*, January 2009.

## MEDICAID COVERAGE OF FLU SHOTS & TELEMONTORS

Section 2 of the bill permits home health agencies to bill Medicaid for flu shots through an approach similar to the Medicare program, including a fee for both the administration and the vaccine based on the rates utilized by Medicare. This is a common sense prevention proposal that will provide immediate savings from more cost effective delivery of vaccines, as well as longer-run savings by reducing unnecessary ER and hospitalization visits. Home health agencies already perform this function for Medicare patients, so no new infrastructure needs to be developed.

Sections 3 & 4 of the bill authorizes Medicaid coverage for telemonitors for Medicaid-only patients at risk of hospitalization due to chronic illness and includes telemonitoring in the list of waiver services for the CT Home Care Program for Elders. This proposal mirrors that of Governor Rell in her budget proposals, which had budgetary savings assigned to it.<sup>3</sup> Our main concern with the Governor's proposal is that there was no implementing language in her accompanying budget bill (S.B. 843). We believe that it is necessary to spell out some of the details of the intended program so that the intent is clear to all parties. Moreover, the language in S.B. 1122 provides this already proven technology for a broader set of chronic conditions as part of an ongoing program.

## NECESSITY TO MAINTAIN COMMITMENT TO SYSTEM REFORM

Unfortunately, the Governor's budget proposal seeks to delay the implementation of the Long Term Care Reinvestment Account, an important commitment by the state of CT made only last June. Instead of delay, the proposed bill adds funding to the account to ensure that savings from system reform and increased federal reimbursements are reinvested in a restructured long-term care system.

Laudable programs, such as "Money Follows the Person" will have diminished chances for success unless inadequate Medicaid rates are expeditiously addressed. If that program fails, CT will forego \$24 million in increased federal funds for the first 700 transitions from institutions to home over the next several years. CT can hardly afford that loss in this economic climate.

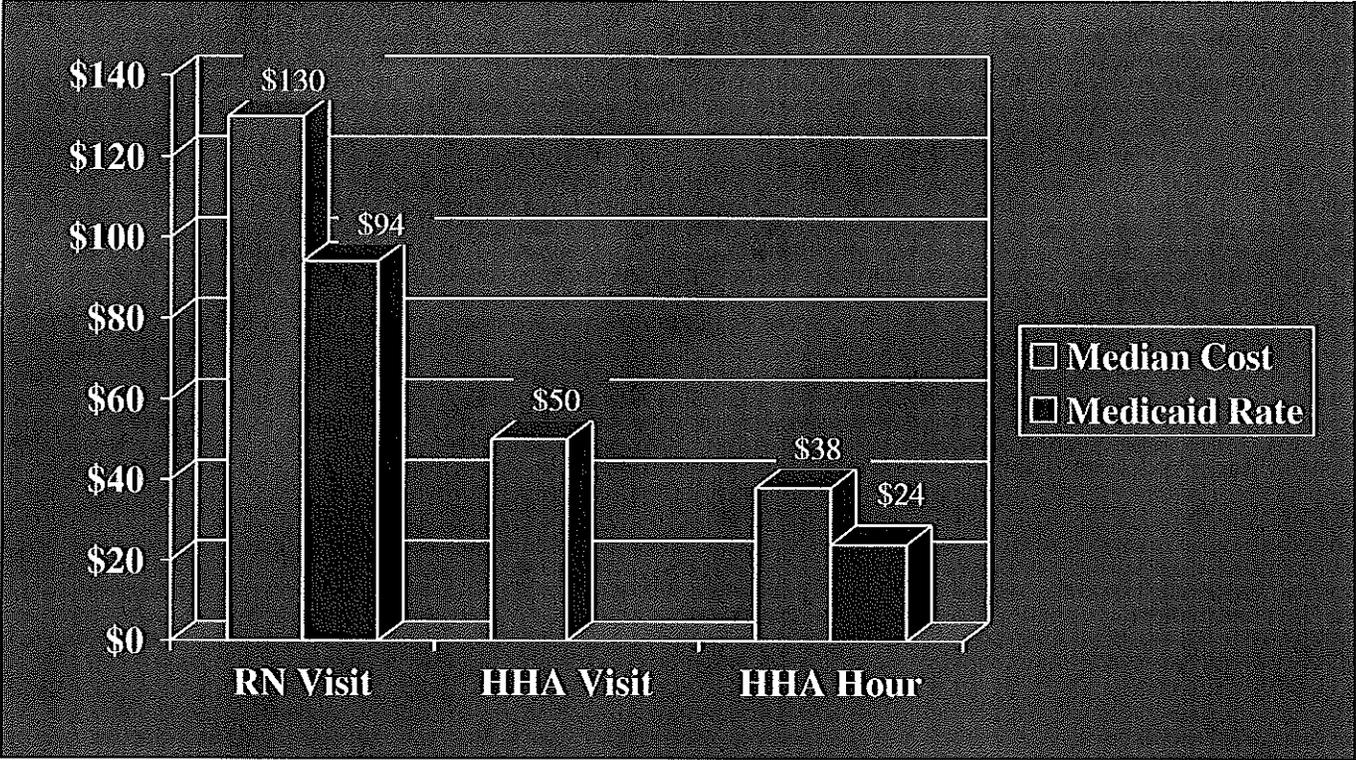
Thank you for consideration of our comments.

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<sup>3</sup> \$100,000 in FY 2010 and \$250,00 in FY 2011.

ATTACHMENT A

# Medicaid Cost Per Visit Analysis



Source: 42 Home Health Agency Medicare Cost Reports with June 30, 2007 FYE (2007-2008 FY)

