

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

March 11, 2010

Good evening Senator Harp, Representative Geragosian, and members of the Appropriations Committee, my name is William F. Sullivan, Jr. and I am Chair of the Board of Directors of the Connecticut Association for Home Care & Hospice (CAHCH), whose members serve over 100,000 elderly, disabled, and terminally ill Connecticut citizens. I am also President & CEO of Visiting Nurse Services of CT.

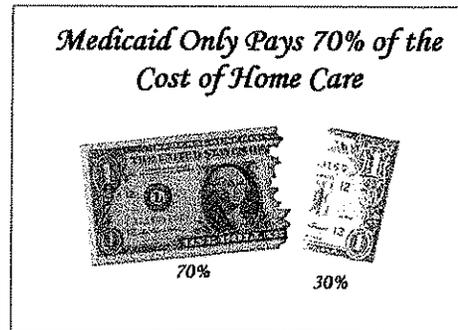
The Association is strongly opposed to the Governor's proposed 5% cut in Medicaid payments for home care providers. This cut is penny-wise and pound foolish for two main reasons:

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 \$30 million in savings over the balance of the biennium from cutting Medicaid for all providers, the state must forego \$45 million in federal reimbursement. The loss of \$45 million in federal monies means that CT will do without the 2.1 multiplier effect of federal funds on our economy – further hampering the CT's economic recovery and costing us jobs.¹

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

¹ From Families USA Report, "Medicaid: Good Medicine for State Economies," 2004. Federal funds stimulate CT's economy by a 2.1 multiplier effect according to the economic model contained in the report.

only about 70 percent of the actual costs of care (see Attachment A). This needs to be rectified.



The Association calculates that the total shortfall in Medicaid home health care rates is over \$30 million annually. Unfortunately, home care's ability to finance these shortfalls is coming to an end as a result of significant Medicare cuts to home health care contained in the health reform bills or enacted by regulatory bodies in Washington.

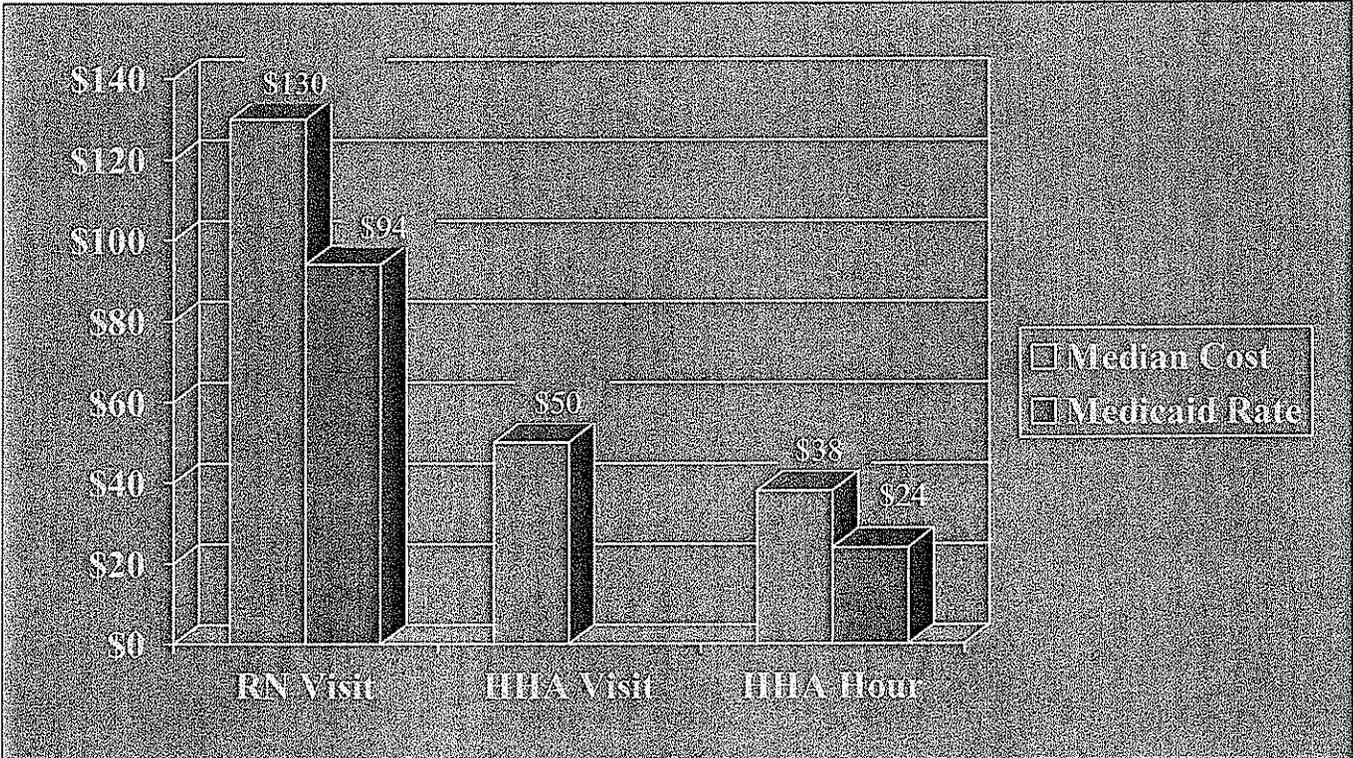
Cuts by the Medicare and Medicaid programs at the same time will precipitate a crisis with many agencies closing or paring back admissions of Medicaid patients, who will end up in higher cost institutions.

Recently, the CT Regional Institute for the 21st Century, a business group, issued a report about long term care. In the report, they cited figures that CT could save \$900 million a year in 15 years if we begin to rebalance the system now. We will not reach that goal unless Medicaid rates are significantly increased. 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 2007 FYE.

