Connecticut Association for
HOME CARE
& HOSPICE

TESTIMONY BEFORE THE APPROPRIATIONS COMMITTEE REGARDING GOVERNOR MALLOY'S STATE BUDGET PROPOSAL AND DEPARTMENT OF SOCIAL SERVICES BUDGET FOR HOME CARE SERVICES

March 4, 2011

Good evening Senator Harp, Representative Walker and members of the Appropriations Committee. My name is Deborah R. Hoyt and I am President and CEO of the Connecticut Association for Home Care & Hospice (CAHCH).

The Association's 63 licensed and certified home care agencies and 30 hospice providers provide more than 2-million visits to over 100,000 elderly, disabled and terminally ill Connecticut residents each year.

We applaud the Governor, the Administration, the Legislature, and the Aging Committee for recognizing the fact that home-based care is the most cost-effective and patient-preferred health care setting.

A 2010 report by the CT Regional Institute for the 21st Century stated that providing long term care for the elderly in their homes versus care in institutional settings would save the State of Connecticut $900 million of the nearly $3.4 billion anticipated increase in annual health care costs to state government leading up to the year 2025.

A SFY2008 CT Department of Social Services (DSS) report found that the CT Program for Elders saved taxpayers more than $101 million, and the State $2 for every $1 spent as a result of providing home and community based care.

110 Barnes Road | Wallingford, CT, P.O. Box 90 | 06492-0090 | Phone: 203.265.9931 | Fax: 203.949.0031 | www.cahch.org

Debra Polun, legislative director of the CT Commission on Aging was recently quoted in the Hartford Courant saying, "This is a rare situation where what people want, and what saves taxpayers' money, is actually the same thing – home-based care."
A report by the National Association for Home Care & Hospice comparing Medicare charges indicates that a day of home care cost $132 compared to a day of skilled nursing at $544, and a day in an acute care hospital at $5,765.

Yes, home-based care holds the promise of achieving tremendous savings to CT taxpayers and will enable the Governor to achieve his state budget objectives. Home care is positioned perfectly to be part of this solution and offers a win-win across the board.

However, this year, CT's home care industry is facing a serious fiscal crisis. Its very survival is at risk at the exact moment that the State is proposing to rebalance long term care and drive 5,000 patients from nursing homes back into the community.

The problem lies in the fact that CT home care agencies are currently being reimbursed under state Medicaid at only 70 cents on the dollar – a loss on every patient served. Driving additional volume to home care agencies at an inadequate reimbursement rate, is unsustainable. Federal Medicare rates have been somewhat more generous over the years, enabling home care agencies to cost shift and supplement the 30% loss on state Medicaid cases – however, those days are over. CT agencies were handed a 5-6% across the board rate cut totaling $16.1-million in 2011 alone – and additional federal cuts are slated in 2012 and beyond.

CT's home care infrastructure is crumbling – and the hardest hit agencies are the 100-year old, non-profit, inner-city home care providers in communities such as Hartford and Bridgeport.

Connecticut MUST include in their rebalancing plan a reinvestment of the savings achieved by transitioning patients from institutionalized to community and home-based settings. Investing in home care is a wise financial decision and is necessary to stabilize and ensure the viability and sustainability of our home care system. An investment of $16.1 million this year – the amount of subsidy lost under federal Medicare, would help to make the home care industry whole. This $16 million is equivalent to the projected savings in the Governor's budget under the Money Follows the Person program which

transitions patients from higher cost nursing homes to cost-effective community-based care.

With adequate Medicaid funding levels, our home care providers can grow to meet the additional demands for community-based care, and continue to be an ongoing source for health care saving to the State of Connecticut and its taxpayers.

Thank you for your time and consideration. The home care industry looks forward to being a resource to the Appropriations Committee and the legislature throughout this process.