CONNECTICUT ASSOCIATION FOR
HEALTHCARE AT HOME

TESTIMONY

Submitted by Tracy Wodatch, RN, BSN, VP of Clinical and Regulatory Services
The Connecticut Association for Healthcare at Home

Before the Appropriations Committee
Public Hearing Regarding the CT Department of Developmental Disabilities (DDS), the CT Department of Mental Health and Addiction Services (DMHAS) and the CT Department of Public Health (DPH) Budget
February 18, 2014

Support An Increase in Home Health Agency Medicaid Reimbursement to:

- **Ensure a Viable and Adequate CT Home Care Provider Network**
- **Avoid Disruption to Consumer Access to Home Health Care**
- **Enable DSS to Continue to Reap Cost Savings in the Medicaid Program, as Home-based Care is the Most Cost-effective Care Setting.**

Good evening Senator Bye, Representative Walker and honorable members of the Appropriations Committee. My name is Tracy Wodatch, VP of Clinical and Regulatory Services of the Connecticut Association for Healthcare at Home. My testimony echoes the testimony offered February 14, 2014 by our President and CEO Deb Hoyt.

The Association represents 60 Connecticut DPH licensed/Medicare certified home health and hospice agencies that foster cost-effective, person-centered healthcare in the setting people prefer most – their own home. Collectively, our agency providers deliver care to more CT residents each day than those housed in CT hospitals and nursing homes combined.

As a major employer with a growing workforce, our on-the-ground army of 17,000 home health care workers is advancing the State's goals of Aging in Place and Money Follows the Person (MFP) by providing high-tech and telehealth interventions for children, adults and seniors. Many of whom are receiving services through the state-funded DDS and DMHAS programs.

We are Connecticut's community-based safety net, ensuring that the chronic conditions of the frail elderly, disabled, and homebound are managed and their care coordinated across the healthcare continuum to avoid unnecessary and costly rehospitalization or institutional care.

The Association and its members have collaborated successfully over the years with DDS, DMHAS and DSS finding ways to provide the most cost-effective care in the community while still being able to meet the prescribed regulatory requirements for licensure under DPH as Home Health Care and Hospice Agencies. However, the agencies that provide this care have reached a critical juncture in terms of business survival.

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As the Appropriations Committee considers budgetary decision to address the future needs of our most vulnerable citizens, we urge you to weigh the value and cost savings that home and community-based care offers. Connecticut must invest in the survival and future of the providers that are enabling these significant savings to the Medicaid program.

The "perfect storm" experienced by home health care agencies includes the combined impact of:

a. Flat Medicaid reimbursement to home health providers since 2005 – no cost of living adjustment and, at the same time, this period was a time of increased regulatory burden and audit scrutiny. (See Attachment)

b. Current 2005 reimbursement rate doesn't come close to covering the cost that home care agencies expend to provide care in 2014 and beyond under the Medicaid program. In fact, agencies report that it only covers .58 to .61 cents on the dollar of care delivered.

c. Mission-driven non-profit home health care agencies accept every patient despite their ability to pay. Each Medicaid client, from a financial perspective, adds to the uncompensated losses for that agency. The additional volume of CT Medicaid clients requiring home care in 2014 and beyond as a result of the Affordable Care Act will only add to this situation. Four non-profit agencies have closed their doors in the past 2 years as a result of inadequate reimbursement.

d. Home care providers have been able to cope with Medicaid underfunding due to margins earned on caring for Medicare clients. However, the Centers for Medicare and Medicaid Services (CMS) issued a new rule that calls for a cut of 3.5% each year from 2014 to 2017. This additional 14% cut (rebasing) to home health care Medicare rates, on top of recent cuts of 6.5%, will result in an overall Medicare margin for CT home care providers of 0.3% by the year 2017. This slim margin is not adequate to offset the current underfunding by DSS for Medicaid clients.

Home health care agencies need to have appropriate and sustainable Medicaid rates that cover the cost of care to remain viable and invest in the technology and resources to meet the emerging healthcare delivery models in Connecticut.

We ask that the Appropriations Committee invest in the future of the home health care provider sector in 2014 by establishing a Medicaid rate structure that covers the cost of care provided and adjusts appropriately in future years.

Thank you.

110 Barnes Road | P.O. Box 90 | Wallingford, CT 06492 | T 203.265.9931 | F 203.949.0031 | CTHealthCareAtHome.org

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Connecticut Medicaid Reimbursement Trends for Home Health Providers

Currently, DSS Medicaid reimbursement to home care providers does not adequately cover the home care agency's expense associated with providing patient care.

Home care agencies report that Medicaid reimbursement is .58 to .61 cents on the dollar.

Over the 21-year period, home health providers have received 5 rate increases, however, NO increase within the past 9 years.

1994	0
1995	0
1996	0
1997	0
1998	*2.1%*
1999	0
2000	*2.0%*
2001	*2.0%*
2002	*1.5%*
2003	0
2004	0
2005	*4.0%*
2006	0
2007	0
2008	0
2009	0
2010	0
2011	0
2012	0
2013	0
2014	0

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