



Homefront

HOME CARE ASSOCIATION OF NEW HAMPSHIRE

May 2003

State Medicaid Budget—The Home Care Perspective *Stagnant rates fail to meet cost of care*

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Home care continues to be the most cost-effective means to care for New Hampshire's disabled, low-income elderly, and chronically ill populations. Without home care, Medicaid costs to the state would mean soaring demand for nursing home admission, dramatic increases in hospital emergency room visits and admissions, and longer hospital stays. For example, in the case of infants and children with complex medical conditions, home care allows families to bring children home from the neo-natal intensive care unit at Dartmouth-Hitchcock Medical Center, where the daily rate is at least \$3,175/day. Medicaid's Katie Beckett program pays a maximum of \$608/day for home health nurses to care for these children.

Budgetary constraints

Home care agencies cannot continue to underwrite the state's obligations under the Medicaid program. HB 1-A as passed by the House would seriously jeopardize the state's home care system by reducing already inadequate home health reimbursement rates. The ability of home health agencies to maintain frail, disabled or medically compromised individuals in the community is directly tied to the financial health of these organizations. Most agencies have been operating with Medicaid deficits for years, and those deficits are growing annually.

Granite State Home Health Association (GSHHA), an affiliate of the Home Care Association of New Hampshire, worked with the House Finance Committee this spring to avoid Governor Benson's home care provider payment cut in the Home

and Community-Based Care for the Elderly and Chronically Ill (HCBC-EI) program. The Finance Committee moved privately contracted case management services back into the Division of Adult and Elderly Services (DEAS) district offices, at a savings of about \$37,000 per case manager per

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Winner of NH's "Best Healthcare Web Site" Award

At the recent Fifth Annual NH Internet Awards ceremony presented by NH.com, the Home Care Association of New Hampshire walked away with first place prize for the "Best Healthcare Web Site."



The site was recently re-designed by wedüdesign of Manchester. Keynote speaker Governor Craig Benson congratulated the winners for embracing technology and for constantly innovating and evolving to

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meet business and community needs.

The Best Healthcare Award is given for the site that best leverages the power of the Web to inform, educate, and help consumers maneuver through the complexities of today's healthcare system. The Association website provides consumers with general information about home care and hospice services, and includes an interactive feature allowing visitors to search for home care and hospice providers in their own cities and towns. Also included is a job search feature for nurses and other home care professionals, as well as a legislative bill status page to inform legislators, consumers, and others about home care legislative positions.

In selecting the Association's site, www.homecarenh.org, the judges commented that it has "a nice crisp look with good, easy navigation; it's easy to get to key information; pages are consistent in look and feel throughout the site, and the calendar has good functionality."



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year, or more than \$1 million annually. It was estimated that the savings would be sufficient to avoid rate cuts to HCBC-ECI services. Senators have been encouraged to preserve these savings in the HCBC-ECI program and to recognize the need for increased funding of cost-effective community-based alternatives to institutional care.

Stagnant Medicaid rates

Static Medicaid home health reimbursement rates have long been a practice and a problem in New Hampshire. Insufficient provider rates challenge home care's ability to recruit and retain staff in a wage competitive market, and fail to compensate for increasing costs like gasoline prices, insurance premiums and regulatory requirements. A survey of non-profit visiting nurse agencies showed they are reimbursed about 55 cents on the dollar.

By passing legislation in 1997 (Chapter 346:2), the Legislature made clear its intent that the state establish annual home health rate adjustments. However, home health rates were last revised in 1999, and those rates were based on 1996 cost data. "By not revising reimbursement rates on an annual basis, the state has in effect been cutting payments to home care

agencies every year," testified Susan Young, executive director of GSHHA, before the House and Senate Finance Committees. According to the Centers for Medicare and Medicaid Services (CMS), home health costs have increased by 19.97 percent since 1996, while rates have remained unchanged.

If home care agencies had frozen wages as reimbursement rates have been frozen, there would be no workers left in the home care field today. Instead, agencies have done their best to remain wage competitive to maintain access to home care services. In order to ensure the availability of cost-effective community-based care, the state must increase budget appropriations for home care services

"By not revising reimbursement rates on an annual basis, the state has in effect been cutting payments to home care agencies every year."

in the Medicaid provider payments line item and in the Division of Elderly and Adult Services budget. And the state must increase, not decrease, provider reimbursement rates annually to avoid access to care problems. These measures will help provide home care agencies with the resources necessary to meet the needs of the communities they serve, while saving the state thousands in avoidable hospital and nursing home costs.



Visit the Association's newly redesigned website for home health and career information:
www.homecarenh.org

Home Care Nurses Training Grant Awarded

Opportunities available for eligible nurses

Eligible New Hampshire nurses may elect advanced pediatric home care, infusion therapy, and wound care training thanks to a grant award from the NH Nursing Workforce Partnership Project. The cooperative effort of the Foundation for Healthy Communities and the Workforce Opportunity Council, Inc., has selected for funding a nurses training grant application submitted by the Home Care

Association of New Hampshire, and its partners VNA Health System of Northern New England and the Rural Home Care Network.

“These programs will meet growing needs in the home care community,” says Susan Young, executive director of the Home Care Association. As care at home has become more and more sophisticated, nurses need continuing education in advanced skill areas.

To be eligible for the subsidized

training programs, an individual must be a registered nurse, a NH resident and an employee of a Home Care Association member agency. The programs will be open to other healthcare professionals on a space-available basis at full cost. In the coming months program schedules and registration information will be available at www.homecarenh.org/events/workshops.php.

Medicare Co-Payments and Provider Cutbacks Threaten Access

Congress plans to draft Medicare reform bill by summer

If some of the Medicare reform proposals being discussed in Washington become law, individuals could experience reduced access to home care and co-payments for home health services. Home care leaders and other advocates claim health status and access to care are threatened by some of the Medicare reform proposals. Why?

Let's look at co-payments. A typical Medicare home health patient is generally a sicker, poorer, older (85+ years of age) female. And nearly 70 percent of those dependent upon Medicare home health services have annual incomes of \$15,000 or less, relying on monthly Social Security stipends for income. If co-payments are imposed on home health services, many beneficiaries are expected to limit the nursing and therapy visits they need to recover from illness or surgery. The results could be re-hospitalization or further decline in health status.

Further cuts in reimbursement are also being contemplated, such as freezing home health rates. The

impact on the financial health of the home care provider from such action could be significant. Already in the past year, home care agencies have seen their rates cut twice—some by as much as 15%. Those revenue losses coupled with more payment

“Reimbursement cuts in both Medicare and Medicaid restrict our ability to offer competitive wages and benefits.”

reductions may jeopardize already under-funded home care agencies.

Generally, rural agencies and the communities they serve are most at risk. Marilyn Barba, executive director of VNA/ Hospice of Southern Carroll County, says, “With the Medicare cutbacks in place, we expect to lose \$150,000 off our bottom line.”

She also expects that as revenues dry up, staff retention will become problematic. “Hospitals are often

able to offer nurses and other staff higher salaries and training that home care agencies can't match. Reimbursement cuts in both Medicare and Medicaid restrict our ability to offer competitive wages and benefits,” says Barba. Without adequate staff and training, agencies and the communities they support suffer. Reliance on community fundraising becomes increasingly important to maintain current staffing levels. But in the current economic climate, that proves difficult.

Susan Young, executive director of the Home Care Association of New Hampshire adds, “In the long run, ‘reforms’ like home health co-payments and further reimbursement cuts may prove more costly to Medicare. When patients defer or decline needed home care services and raise the risk of costly emergency room visits and re-hospitalizations, and when policies threaten the viability of some of the state's rural home care agencies, the entire health of our communities suffers.”



President's Medicaid Block Grant Draws Criticism

Federal proposal passes responsibility to states

In January, the Bush Administration unveiled a Medicaid block grant proposal, called the "State Health Care Partnership Allotments." The proposal, which has received lukewarm reception from the National Governors Association and criticism from the home care community and other advocacy groups, sets the stage to undo key elements of the Medicaid and State Children's Health Insurance Program (SCHIP).

Under the proposal, states have the option to either continue to run Medicaid and SCHIP under existing cost-sharing rules or opt to turn their state Medicaid program into a block grant with capped federal payments and broad flexibility for states to change program rules. Capped Medicaid payments would be front-loaded over the ten-year life of the block grant and provide states with additional funding in the first few years, with aggressive federal payment reductions in later years of the grant. The proposal

provides no additional funds for state fiscal relief and eliminates the federal commitment to pay for actual costs. In reality, states will receive less federal funds under the block grant structure than under current financing rules.

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While many of the program details are undefined, the proposal appears to shift healthcare costs to states and puts provider communities and people served by Medicaid and SCHIP at risk. The program flexibility allowed by the block grant not only removes critical federal standards and consumer

protections, it makes no allowance for any real accountability as to how the federal funds are to be used. What is lost in the Bush Administration's proposal is long-term fiscal relief which ought to be met by federal measures that help states deliver healthcare to their neediest citizens yet contain Medicaid costs in effective and responsible ways.



Education

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The Home Care Association of New Hampshire (HCANH) is a membership organization which enhances the ability of agencies providing home health care to deliver quality services to New Hampshire residents. HCANH is the only association of home health providers in the state and a member of the National Association for Home Care. HCANH is your resource for information about home health services, providers and issues. Call us at 1.800.639.1949 or visit our website: www.homecarenh.org.



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