

## 2010-11 Executive Budget Talking Points



The following are talking points to assist individuals in their advocacy efforts against further home care cuts under Governor Paterson's proposed 2010-11 Executive State Budget. Many of these talking points refer to a new report by HCA and the New York Association of Homes & Services for the Aging (NYAHSA), entitled *Lethal Doses*. To read the report, visit [www.hca-nys.org/lethaldoses.pdf](http://www.hca-nys.org/lethaldoses.pdf).

### Background

- New York's home care system is already in serious financial peril as a result of past funding cuts and other legislative and regulatory actions that are putting many home care agencies on the brink of closure and decimating access to vital cost-effective services.
- In just one year alone – between April 2008 and April 2009 – New York State enacted more than **\$300 million in crippling state and federal share home care cuts**. The Governor's proposed budget **would bring this toll to nearly one-half billion dollars in unsustainable, across-the-board cuts**, just since 2008.
- Blunt reimbursement cuts are bad enough. Not only do they threaten home care's very survival but they slice to the core of a home care agency's operation, gutting our ability to employ direct-care staff and offer services that patients greatly depend upon in order to stay out of the hospital or nursing home and effectively manage their health and daily living needs at home.
- On top of reimbursement cuts, it is estimated that new unfunded mandates and taxes alone are costing home care providers approximately **\$65 million per year** (HCA/NYAHSA *Lethal Doses* report). This is an enormous number when you consider the already streamlined nature of the home care operating model, where an agency's budget predominately includes staff-related costs. Home care is about people. The care environment is a patient's home, not a facility; therefore, no area of a home care operation is harder hit by cuts and unfunded mandates than staffing and direct-care activities.
- In fact, when \$65 million in unfunded mandates and taxes is factored as a share of home care's overall operating cost picture, then the toll is equivalent to a 3.6-percent Medicaid cut, packing an enormous blow on top of traditional reimbursement cuts.

## What do home care cuts and new mandates mean for providers?

- According to a recent analysis of 2007 home care agency cost reports (the independently certified financial statements filed with the state each year by home care agencies), **nearly 67% of home care agencies are now operating in the red** (HCA/NYAHSA *Lethal Doses* report).
- This finding, based on 2007 data, does not account for the more than \$300 million in cuts passed legislatively since 2007 – cuts that have surely worsened the financial straits of New York’s home care providers since that time.
- **In fact, a recent survey of providers statewide found that 54% would likely or very likely close their doors under an additional 10% cut** (HCA/NYAHSA *Lethal Doses* report).

## Most importantly, what do home care cuts and new mandates mean for patients?

- Any new home care cuts will – without a doubt – negatively affect access to cost-effective home care at a time when New Yorkers most need these vital services.
- Agency closures would eliminate care in entire communities, especially in rural New York where the county-run home care agency is the only provider of its kind in each of 17 counties. These agencies are already on the brink of closure due to past reimbursement cuts, **with 75% of county-run home care organizations currently operating at a financial loss**, according to 2007 data (HCA/NYAHSA *Lethal Doses* report).
- For those agencies that do not close, many will have no choice but to cut staff or spiral further into debt. This will reduce their capacity to deliver services in the community or risk financial insolvency. Still others may be forced to eliminate entire lines of service, imperiling care for some of the highest-need patients.
- Home care is not only preferred by most patients, but it also helps individuals avoid hospitalization, rehospitalization or premature nursing-home admission. Thus, home care saves Medicaid dollars while supporting and enhancing the patient’s quality of life through a mix of preventive, post-acute and rehabilitative services.
- Without preventive and long-term home care services, patients with chronic diseases would lose an important means of managing their illnesses. This is especially true when one considers that New York’s Long Term Home Health

Care Programs (LTHHCPs) are among the most at financial risk. LTHHCPs saw their operating losses rise **65% between 2004 and 2007**. (The LTHHCP, also known as the “Nursing Home Without Walls,” serves nursing-home eligible patients who would otherwise need to enter a facility.) **Seventy-six percent of these providers are operating in the red.**

### **Are there alternatives to cuts?**

- Certainly the state’s fiscal crisis is real. Yet New York’s home care community already functions as a cost-saving component of our health system while at the same time saving lives, helping to preserve the dignity of patients, and supporting patients in their effort to take control of their care management.
- In fact, the home care community has strived proactively in recent months to find concrete ways of further maximizing the cost-saving potential of New York’s home care system without jeopardizing vital services. The outcome of this effort is a comprehensive bill introduced last year by Senator Craig Johnson – entitled the “Home Care Accessibility and Efficiency Improvement Act,” or HCA-EIA (S.5179) – that would mean significant savings for the Medicaid system by instituting home-care program enhancements, regulatory reform, workforce flexibility, quality and performance standards, and a realignment of financial incentives, among other provisions.
- Three proposals in S.5179 are included in the Governor’s budget. These proposals would save Medicaid dollars by: changing the LTHHCP patient assessment interval; allowing for home care providers to collaborate in delivering services to patients; and incentivizing health care cost-savings through partnerships between the state-run Medicaid program and the federally administered Medicare program. These proposals are just a small part of the many ideas contained in S.5179 for achieving Medicaid savings in place of cuts.
- We appreciate the Legislature and the Governor’s support for these proposals that will save dollars without putting home care programs at further financial risk. However, the Governor’s budget also includes nearly \$155 million in home care cuts that undermine positive, constructive initiatives for enhancing the operation of our home care system.
- I urge your opposition to the Governor’s proposed cuts and your commitment to working with the home care community on sensible, constructive, policy-driven solutions to the state’s fiscal crisis by embracing other provisions of S.5179 in place of draconian cuts.