

The following are talking points to assist individuals in their advocacy efforts against further home care cuts under Governor Paterson's proposed Deficit Reduction Plan (DRP). Please visit www.enoughisenoughny.com for updated talking points as new developments occur on the state budget front. Also, many of these talking points refer to a new report by HCA and the New York Association of Homes & Services for the Aging (NYAHSAs), entitled *Lethal Doses*. To read the report, visit our *Enough is Enough* website, again at www.enoughisenoughny.com.

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 nearly **\$300 million in crippling state and federal share home care cuts**. (Refer to chart on HCA's *Enough is Enough* website.) The Governor's Deficit Reduction Plan (DRP), meanwhile, **would bring this toll to nearly one-half billion dollars in unsustainable, across-the-board cuts** – just since 2008.
- Hard-handed 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 the ability to maintain and employ direct-care staff or offer programs and lines of service 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.
- Worse yet, adding to this avalanche of direct cuts is an unprecedented pile-up of "silent" new cuts that the state has implemented in recent years by way of unfunded mandates and onerous regulations.
- In fact, it is estimated that new unfunded mandates and taxes alone are costing home care providers approximately **\$64 million per year** (HCA/NYAHSAs *Lethal Doses* report) – 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, other than staffing and direct-care activities, no area of a home care operation is harder hit by new cuts and the unforeseen toll of new administrative mandates.

- Just to give an example, among these new state mandates is a colossal **Medicare rebilling effort that is costing providers millions of dollars to reprocess more than 30,000 prior-year Medicare claims** – all due to the expiration of a federal program for fairly and efficiently determining whether Medicare or Medicaid is responsible to pay when a patient is covered by both.
- This Medicare rebilling effort is in addition to: 1) new home health aide training-and-employment reporting requirements; 2) a state mandate that all direct-care personnel receive an employer-provided flu shot (though this requirement was rescinded, many providers had already initiated efforts to comply with this erstwhile regulation, which is expected to be reauthorized next year); 3) enormous administrative costs related to aggressive state audit activities; 4) implementation of a new Medicare assessment form, OASIS-C, which necessitates training for staff and new computer software; 5) new corporate compliance policies; and a host of other new mandates.

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 two-thirds of home care agencies are now operating in the red** (HCA/NYAHS *Lethal Doses* report).
- This finding, though startling enough, does not account for the nearly \$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 a 10% cut** – an amount that is similar to what the Governor proposed in his DRP (HCA/NYAHS *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 county-run home care agencies are the only provider of their kind in 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/NYAHS *Lethal Doses* report).

- For those agencies that do not close, many will have no choice but to cut staff, therefore reducing their capacity to deliver services in the community. Still others may be forced to eliminate entire lines of service, imperiling care for some of the highest-need patients. These patients are among the most at risk. **In fact, a home care reimbursement system overhaul being considered by the Paterson administration would cut an additional \$200 million (state and federal shares) from the home care system, largely by underfunding services for higher-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 are among the most at financial risk. **Sixty-five percent more of these programs experienced operating losses in 2007 compared to 2004.** (The LTHHCP, also known as the "Nursing Home Without Walls," serves nursing-home eligible patients who would otherwise need to enter a facility.)
- Without post-acute home care following hospitalization, patients who need extra support to recuperate at home may find themselves back in the ER due to a surgical wound infection, a life-threatening fall, or other health risk precipitated by the absence of in-home nursing, therapy or home health aide care to help the patient heal and effectively rehabilitate at home following an intensive hospital procedure.

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.

- As a concrete example of the cost-saving potential of this bill, S.5179 contains a single provision that alone would save the Medicaid system millions of dollars, according to an analysis both by the state Division of Budget (DOB) and the Home Care Association of New York State (HCA).
- This provision would allow RNs to prefill up to a 14-day supply of medications as compared to the current 7-day supply. (In the event of a holiday, the proposal would allow a 15-day supply compared to the current 8-day supply.) The prefill provision is just one of more than 30 proposals in HCA-EIA that would create new cost-enhancement programs or alter existing regulations and policies to make the delivery of care even more efficient, preempting the need for draconian cuts.
- I hope you join me in support of S.5179 and embrace constructive solutions that draw upon home care's already cost-effective design as opposed to destructive home care cuts that will surely eliminate access to services.
- To learn more, I encourage you to visit the *Enough is Enough* campaign against home care cuts at www.enoughisenoughny.com. The site, sponsored by the Home Care Association of New York State (HCA), contains charts, a summary of HCA-EIA, a home care fiscal conditions report entitled *Lethal Doses*, and other important resources that illustrate the impact of prior-year cuts and the consequences of any further funding reductions to home care.