



Testimony of Patricia Kelleher
Executive Director, Home Care Alliance of Massachusetts
Before Joint Committee on Health Care Financing
On
House Bill 1072
An Act Ordering a Study of Home Health Service Rate Cuts

Chairman Moore, Chairwoman Stanley, and Members of the Joint Committee on Health Care Financing, I want to thank you all for the opportunity to testify in strong support of House Bill 1072, *An Act Ordering a Study of Home Health Service Rate Cuts*. This proposal will review an important inadequacy in our health care delivery system and will also provide the necessary data to convey the cost effectiveness of home health care that will allow the Commonwealth to move forward in offering people a true choice of the setting where they receive care.

Effective December 1, 2008, as part of the Governor's 9c cuts, MassHealth reduced the rate for skilled nursing visits beyond 60 days of home health care by 20 percent. The reduction, which lowered rates from \$89.69 to \$69.59, came on top of a rate freeze. Since there was no home health rate adjustment in 2008 as there was for most other MassHealth provider groups, those frozen rates were set more than two years ago.

Our organization and many of our members protested this change at a public hearing in front of the Division of Health Care Finance and Policy on January 22. Joan Hull, President and CEO of Home Health Visiting Nurse Association of Lawrence, which serves 80 communities, had this to say in her testimony to DHCFP:

Currently, the Mass Health reimbursement rate for skilled nursing visits for the first 60 days is \$86.99 – which is \$28.83 below our costs. This means that Home Health VNA loses \$28.83 for every home visit we provide. This additional 20% cut in reimbursement for visits over 60 days translates to a loss of \$46.22 for every visit. This reimbursement of \$69.60 doesn't even cover our direct costs.

With home health agencies across the state experiencing similar results, and because DHCFP failed to provide any statistical data, the Home Care Alliance felt it was necessary to gain an understanding of why the state, more specifically MassHealth, would cut a cost effective service while the yet unrealized Equal Choice Law of 2006 and the pending Community First initiative, which was left unfunded in the recent conference committee budget, sit in the balance.

House Bill 1072 will assemble a qualified panel to review findings made by the Executive Office of Health and Human Services relative to cost analysis surrounding the cut, the cut's effect on patients and agencies, the short-term versus long-term cost-

effectiveness of the reduction, and the cost and duration of post 60-day visits compared to those in days one thru 60.

Such a study would be critical not just in understanding the reduction handed down from MassHealth, but would also provide data that the Home Care Alliance believes would validate just how valuable home health is to our state's care delivery system. In a time of efforts to reduce costs and amidst health care reform, such data on cost effectiveness would be especially significant.

In early February, in response to the reduction, the sponsor of House Bill 1072, Representative Sean Garballey, circulated a letter in opposition to the rate cut where nearly 20 legislators signed on. That letter was sent to Governor Deval Patrick while other legislators, including Senate Majority Leader Frederick Berry and Representative Christine Canavan wrote letters of testimony to DHCFP, which are enclosed with this testimony.

As Representative Canavan mentions in her comments, "Our Commonwealth has never sufficiently analyzed the impact of long-term home care on preventing or delaying hospital and nursing home stays. Without the presence of these services, many of the individuals receiving long term care would likely require admission to a nursing facility or hospital at a much greater cost."

It should be noted that the dates included in this legislation for completion and review of a rate cut study may not be conducive to the legislative process. As such, we would encourage an amendment to push these dates later in the year as is convenient, but due to the impact incurred by home health aides and their employing agencies, we suggest dates be no later than fall of 2009.

Thank you for your consideration of this legislation.

Patricia Kelleher
Executive Director
Home Care Alliance of Massachusetts