



**Testimony of Patricia Kelleher**  
**Executive Director, Home Care Alliance of Massachusetts**  
**Before Joint Committee on Health Care Financing**  
**On**  
**Senate Bill 552**  
*An Act Requiring an Analysis of Medicaid Home Health Rates*  
**And Senate Bill 535**

*An Act to Establish an Equitable Rate of Payment for Medicaid Home Health Services*

Chairman Moore, Chairwoman Stanley, and Members of the Joint Committee on Health Care Financing, I want to thank you for the opportunity to testify in support of Senate Bill 552, *An Act Requiring an Analysis of Medicaid Home Health Rates* and Senate Bill 535, *An Act to Establish an Equitable Rate of Payment for Medicaid Home Health Services*. These proposals are different in purpose, but both acknowledge on some level that home health providers have been neglected when it comes to setting adequate and equitable rates for reimbursement.

Senate Bill 535 recognizes a lack of specificity that has existed in the state's rate setting process statutes under health care finance and policy (M.G.L Chapter 118G). The rates of payment for home health services currently sit well below the median cost of care for an efficient agency. Compounding this problem was the Governor's 9c cut that went effective December 1, 2008. Home health services typically see a rate increase every two years, with the last adjustment in January of 2007. However, with the 9c reduction, MassHealth created a new service category that reduced the rate for home health nursing visits past 60 days of continuous care by 20 percent. The rate decreased from \$86.99 to \$69.59, which does not even cover the direct costs that agencies incur in delivering care services.

Rates have routinely been adjusted disproportionately below what other acute (hospital) and long term care (nursing home) providers have received – without regard for current costs as reported to the state's Division of Health Care Finance and Policy (DHCFP) – and inconsistently across the various home health disciplines.

Senate Bill 535 may not inherently fix the rate inconsistency, but it would be a move in the right direction. The legislation adds the definition of "Home Health Care Provider" into the existing definitions of M.G.L. 118G, Section 1. The bill also states that home health care providers will be added to institutional providers and other entities that have their rates determined annually. It further adds a new section to the same chapter of the Massachusetts General Laws that directs DHCFP to adjust rates for factors as the division may reasonably determine.

Home health care is a cost-saving service that allows elderly, disabled and otherwise infirm citizens to live independently in their homes and communities where

they are most familiar and comfortable. The care provided saves money for the individual, family and taxpayer by helping to keep patients out of the emergency room or institutional care. In fact, a 2007 study conducted by Carnegie Mellon University and Blue Shield of California proved that a patient-centered management program (PCM) where home care was increased by 22 percent and hospice by 62 percent actually reduced hospital admissions by 38 percent, reduced hospital *days* by 36 percent, and reduced costs by more than \$18,000 per patient.

Similarly, Avalere Health LLC conducted a study (see attached) on Medicare Spending and Rehospitalization for Chronically Ill Medicare Beneficiaries. That report found that costs for patients with diabetes, COPD, and Congestive Heart Failure requiring post-acute care **who receive home health services** within the same quarter as the hospitalization are statistically significantly lower than those **non-home health users**. Also, the report summarizes that the odds of hospital readmission are significantly lower.

With this type of efficiency in mind, Senate Bill 535 rightfully places home health with other provider types who have rates determined annually.

While Senate Bill 552 does not set out to amend rate statutes directly, this legislation recommends that rates be reviewed annually and calls for an independent consultant to study Medicaid reimbursement rates paid to home health agencies. Home health would be compared to institutional care and evaluate how rates are determined in other states. The study would also estimate the cost of policy reforms to repair the inadequacy of home health rates as well as get Massachusetts a step closer to the goals set in the Equal Choice Law of 2006.

Massachusetts has never sufficiently analyzed the impact of long-term home care on averting hospital stays and delaying or preventing nursing home stays. The passage of Senate Bill 552 would put in place a process to examine home health care's importance to the health care system.

In recent testimony before DHCFP, Joan Hull, President and CEO of Home Health VNA of Lawrence spoke about a patient served by her agency who is bedbound with, among other ailments, multiple sclerosis and recurring chronic wounds. Mrs. Hull stated in her testimony that,

“[The patient] is visited twice per week for treatment of five separate wounds. Due to the number of wounds that require care and the caregiver consistency issues that the agency has worked to help her with, visits to this patient can be lengthy. The annual cost to Medicaid to care for this patient, based on twice weekly nursing visits is approximately \$9,047. The most appropriate alternative care setting for this patient would be a skilled nursing facility, which would cost \$57,000 annually.”

The cost savings demonstrated to this patient who is able to remain at home because of the care from Home Health VNA is a small cross-section of what a much-needed

comprehensive study would reveal. Home health is an underutilized and overlooked part of the health care system and sifting out flaws in reimbursement rates and methods is an important progression away from that idea.

I respectfully urge that these pieces of legislation be passed on favorably so that we can be that much closer to delivering better care for patients at home.

Thank you for your consideration of these proposals.

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