



New York State Association of
Health Care Providers, Inc.

Representing home and community-based care

99 Troy Road, Suite 200
East Greenbush, NY 12061
hcp@nyshcp.org
518/463-1118
fax 518/463-1606
www.nyshcp.org

Phyllis A. Wang, *President*

December 2006

BOARD OF DIRECTORS

Paula Reichel
Community Health Center
Chairperson

Bader Reynolds
CareGivers
Executive Vice Chairperson

Sue Ellen Stuart
Gentiva Health Services
Vice Chairperson, CHHA

Karen Dargo-Mullahey
All Metro Health Care
Vice Chairperson, LHCSA

Indi Shelby
Visiting Nurse Assn. of NY
Vice Chairperson, LTHHCP

Barbara Hiney
Metropolitan Jewish Health Sys.
Vice Chairperson, Hospice

Annette Horvath
New York Health Care
Treasurer

Sanford Katz
Unlimited Care, Inc.
Secretary

Kathleen Lonergan
Sterling Home Care
HRO Representative

Lynn Holstein
Independent Health Care Services
Central New York Chapter

Matt Tonsich
Maxim Healthcare Services
Finger Lakes Chapter

Jennie Cortese
WILLCARE
Hudson Valley Chapter

Taryn Birkmire
Recco Home Care Service
Long Island Chapter

Laurie Neander
At Home Care, Inc.
Mohawk Valley Chapter

Nina Polinsky
Reliable Community Care, Inc.
New York City Chapter

Mary Pat Hopper
AccuCare Home Health Svcs, Inc.
Northeastern New York Chapter

Ann Gemerek
WILLCARE
Western New York Chapter

Paul Essner
TSG Financial, LLC
Associate/Allied Representative

Amy Leshner Thomas
Fedcap Home Care Services
CHCS Foundation Chairperson

Robert Callaghan
New York Nursing Care, Inc.
*PAC Development Officer
Immediate Past Chairperson*

SPITZER TRANSITION WHITE PAPER

On behalf of the New York State Association of Health Care Providers, Inc. (HCP), we respectfully offer the following thoughts and recommendations as you engage in preparations for Governor-Elect Spitzer to assume the leadership of our State. HCP is a statewide trade association representing home and community-based providers. Founded in 1974, HCP represents approximately 500 offices of both proprietary and not-for-profit Licensed Home Care Services Agencies (LHCSAs), Certified Home Health Agencies (CHHAs), Long Term Home Health Care Programs (LTHHCPs), Hospices and related health organizations throughout New York State. Through a strong network of regional chapters and an active State office in Albany, HCP is a primary authority of the health care industry.

Home Care—Remains the Solution

Earlier this year, Governor-Elect Spitzer shared a vision for New York's health care system and noted that one fundamental strategy that we must pursue is "to support better home and community based long-term living options that reduce the need for the most expensive nursing home care. We must work to provide options across the full range of long term care settings."

HCP applauds the Governor-Elect's recognition of the critical role home and community-based care plays in New York. Home care is the cost-effective alternative to health care delivered in more costly institutional settings and plays a critical role in the prevention of higher cost care. When the numbers are reviewed, home care is more cost-effective; when people are asked where they prefer to receive care, home care is emphasized; when the health care system is being reformed or restructured, home care is relied upon.

In addition to the specific focus paid to home and community-based care, many additional health policy visions can be supported through further use of home and community-based care—developing better chronic disease management systems, developing a better and less costly managed care system, integration of technology, and improving access to health care.

As policy recommendations are made in the coming weeks, months, and years, HCP encourages the Spitzer Administration to make every effort to ensure that this sector of the health care continuum is given the policy

attention and dedication of resources to help ensure that it can provide the solution and meet the challenges that face this State.

What is Home Care?

The scope of home care is broad. It encompasses a wide array of both health and supportive services delivered at home. Clients cross the spectrum of care—from seniors who need assistance with activities of daily living to remain in their homes, to new mothers, discharged quickly following childbirth with a few postpartum nursing visits for mom and newborn, to post-surgical patients needing assistance with wound care, to the chronically ill who are maintained with skilled supervision, support services, home modification and equipment.

Frequently, the term home health care is used to refer to skilled clinical treatments, such as the services of a registered nurse or physical therapist, or to receive in-home glucose monitoring or intravenous therapies. In fact, the generic term home care is a more apt description of the range of both medical and supportive services designed to bolster the post-acute, chronically ill, disabled and elderly populations that home care providers serve. For such patients, homemaking, personal care for nutrition and hygiene, and adaptive devices to prevent slips and falls are as important to their rehabilitation and functioning as the more sophisticated health technologies that are also delivered at home. Both in-home clinical care and support services are cost-effective, often preventing emergency or urgent care events, reducing the number of days spent in a hospital and preventing or delaying institutionalization in a nursing home.

New York's Medicaid home care programs provide this wide range of services to over 179,000 sick and elderly patients throughout the State (2003 data) while over 175,000 New Yorkers receive home care funded by the Federal Medicare Program (2004 data). And of course, thousands of New York State residents purchase home care services privately and through private insurance coverage in both indemnity and managed care benefit plans.

Caring for patients in their homes with appropriate services saves New York's Medicaid program on average more than \$25,000 per-patient, per-year as compared to caring for patients in skilled nursing facilities. Clearly, **home care is the solution** to help decrease rising health care costs, offering opportunities for achieving **real cost savings** for a broad variety of patients.

New York has and must continue to look to home care as the primary source of long-term care services to keep patients in their homes and communities. In an effective continuum of care we should expect to see increasing levels of home care utilization, not as a result of over-utilization of home care, but as a result of shifting utilization away from more costly settings into home care.

Why Must New York Invest in Home Care?

The Aging Population—The rapid aging of the baby boomer population is a significant factor in the need for cost-effective care delivery settings. In 2000, the portion of the State's population aged 65 and over was 13 percent, compared to 12.4 percent nationwide. New York's figure is expected to grow to over 17.5 percent by 2015. This population is also knowledgeable at care delivery options and wants to avail themselves of services that will help them remain independent for as long as possible and will seek the same for their parents, who are already in need of services. Home care fills those needs.

Cost Reduction—As already noted, home care is a cost-effective solution to more expensive care settings and approaches, not only for individuals recuperating from a hospital stay but also for those who, because of a functional or cognitive disability, are unable to take care of themselves without assistance. In less than 20 years, institutional care for the elderly is projected to consume 80 percent of the nation's health care spending. The rising cost of health care and what to do about it is among the most challenging health policy issues facing New York and the nation. It is becoming increasingly apparent that chronic conditions can be managed more cost-effectively in the home. An analysis of studies investigating the use of home care as a cost-effective substitute for acute care services found a statistically significant relationship between home health use and reduced use of inpatient hospital care.

Access to Care—Home and community-based care increases access to health care services. The diversity of the services available and the flexibility of the service delivery setting bring health care to people who may not otherwise access services. It also brings wellness services, disease management, and health education to people throughout the continuum of care, which helps prevent their entry into more expensive and overburdened sectors of the health care system.

Opportunities

HCP encourages the Spitzer Administration to embrace initiatives and proposals that promote the use of new technologies, allow for flexibility and create more efficient and cost-effective means of providing home and community-based care.

Technology—Advances in technology are creating exciting new opportunities for home care. Telehealth, the use of communication and information technology to deliver home care services and health education over geographical distances, has begun to revolutionize the way home care services are delivered. Telehealth can assist in the delivery of high quality health care services to a wide variety of patients. Telehealth technologies are empowering, efficient and effective.

By providing monitoring patients have greater access to care. Telehealth can be particularly helpful in providing patient care in remote areas and with a nursing shortage, telehealth allows nurses to use their time more judiciously while improving access to and quality of care for patients.

Home care agencies have found that with patients tracking their own vital signs on a preset schedule and submitting this information to agencies on a daily basis, nurses are able to respond strategically to changes in signs and symptoms. Current evidence demonstrates that this cost-effective intervention also leads to better patient compliance with medical protocols and ultimately better patient outcomes.

With a growing population of elderly, disabled and chronically ill, telehealth can help home care agencies identify problems before they need significant medical intervention—**preventing costly hospitalizations and repeated physician and emergency room visits**. Telehealth empowers **patients** to take an active role in their health care. Telehealth can also help **alleviate the workforce shortage** by giving agencies more flexibility in the delivery of care. Not only will payers see reduced costs, but patients will live better and maintain their independence longer.

The use of telehealth by home care agencies in New York is limited at this time, but growing. In order to ensure that New York's health care system keeps pace with technology,

- HCP recommends that the Spitzer Administration continue to increase the State's investment in telehealth by making additional funding available to providers to secure and implement the technology. Also a reimbursement methodology must be created to ensure the use and sustainability of such technology across all payer types. An investment in telehealth today serves as a preventive measure against more costly acute care in the future for many chronic conditions, including diabetes and congestive heart failure, which become progressively worse if left unaddressed.

Barriers and Solutions

There is a misalignment between a rapidly evolving health care delivery continuum that now places a greater focus on home and community-based services, particularly for its long-term care needs, and health care resources in New York State.

It is imperative that New York review its health care delivery system and policy initiatives with a focus toward ensuring that access to appropriate levels of care remain available through impending population shifts and increasing demand for long-term care services. It is also critically important that efforts to "right-size" the health care system mean addressing not only issues related to hospitals and nursing homes, but also ensuring that home and community-based care is financially and "structurally" sound to meet the needs of any care delivery shifts.

The redirection of long-term care policy from an institutional setting to focus on home and community-based care has occurred over the past five years with increasing intensity. There have been many factors driving policy in that direction, including an increased consumer awareness and desire to utilize such services; lawsuits that have challenged the degree to which care recipients could choose the manner in which they want to receive services; the cost-effectiveness of home and community-based care in the face of rapidly rising health care costs in both the public and private payer markets; rapidly changing technology that make it possible to deliver care efficiently and effectively in the home setting; and a population shift that will require an enormous increase in the availability of long-term care services.

In addition to the recent recommendations forwarded by the Berger Commission, the State has already launched numerous public policy initiatives that have their success pinned to the availability of home and community-based care, including the Nursing Home Transition and Diversion Waiver, the Point of Entry Initiative; Money Follows the Person; and Real Choice Programs. These and other policy efforts are positive steps toward creating a better health care system, but it is imperative that resources now flow into this area of the health care continuum to ensure the success of these policy initiatives and to expand access to such care. While financial resources are needed in these areas, other policy resources that support home and community-based care are also important.

With such a committed focus on making home and community-based care available to more people in different circumstances, it is now time to realign resources and support at the Federal, State, and local levels to accomplish these policy objectives.

Short-Term Fixes

The following recommendations for immediate action by the Spitzer Administration do not fall into the category of sweeping public policy changes, but unless acted on have the potential to cause increasing access to care problems throughout the State. It is HCP's hope that the

Administration will seek to rectify immediately some of the implementation/procedural issues that are creating access to care barriers and undue financial hardship throughout the home care.

Criminal History Record Checks—Building on an initiative launched by Governor Pataki and Attorney General Spitzer, legislation was enacted in 2006 that creates a comprehensive Criminal History Record Check (CHRC) for direct care paraprofessional home care workers and a related registry. The final law creates a system that when fully implemented will be an efficient way to help protect patients, workers, and employers and ensure ongoing quality of care. Unfortunately the implementation of the new system, which is overseen by the Department of Health, has been fraught with problems with no resolution in sight. Additionally, funding appropriated to offset the increased costs to providers under the new system has not been released. The result is exponentially increased costs being borne by home care providers with no helpful CHRC information being provided. At this point, unless these reasonably simple process issues can be resolved, home care providers, in increasing numbers, will suspend hiring. This will result in compromised access to home care services throughout the State.

- HCP recommends that in January the Spitzer Administration resolve the CHRC process issues and ensure that the funds to pay for the new system are released immediately.

Cost Reports—Medicaid rates for home care providers are based on a cost-related reimbursement methodology. Costs for services are incurred and then are reimbursed in rates two years later. As a result of protracted discussions regarding revisions to one component of providers' Medicaid cost reports, the Department of Health has yet to provide Certified Home Health Agencies or Long Term Home Health Care Programs with their Medicaid rates for 2006. These providers have gone a year without current rates. This delay means that providers are operating with rates that are three years behind their costs—fuel prices alone have risen exponentially in three years.

- HCP recommends that in January the Spitzer Administration ensure that the CHHA and LTHHCP rates for 2006 are finalized and released to providers.

Calculation and Release of 2007 Rates—Also as a result of the protracted discussions about revising cost report language, the release of the cost report forms used to calculate rates for 2007 have been delayed over four months this year, and some have yet to be released. The 2005 cost reports, used to collect information to develop Medicaid rates for 2007, have just been released. This means that the earliest providers could expect to receive their rates is this spring—months after the start of the year and over two years after their costs are incurred.

- HCP recommends that in January the Spitzer Administration ensure that the calculation of the 2007 Medicaid Personal Care, CHHA and LTHHCP rates for 2007 are processed, approved and released to providers in as fast a time frame as possible.

Policy Priorities

Financial Resources—Home and community-based services are cost-effective but they are not free. The State must invest adequate resources in a timely manner to ensure the ongoing availability of quality home care services. The home care industry must receive adequate reimbursement for its services from all third party payers, public and private, in a timely manner and at levels sufficient to provide industry stability, to sustain the growing demand for services, and to cover the cost of new mandates imposed by local, State or Federal governments.

Among the most troublesome aspects of the current Medicaid reimbursement system for home care are the two-year payment lag and stagnant high-tech nursing rates. As a result of the payment lag, costs incurred by agencies today will not be reflected in Medicaid reimbursement rates for another two years. It is almost impossible for agencies to keep up with costs when faced with more and more demand on their limited resources. Even if increased costs are captured on future cost reports, by the time the Medicaid reimbursement is available in two years, new mandates will be competing for the resources that have just been made available. Also, while the increased costs may eventually be reflected in the Medicaid rates, there is no guarantee at that time the State or County will accept the new rates. On the nursing side, rates of payment have not been updated in well over a decade causing these reimbursement rates to be among the lowest professional service reimbursement rates.

- HCP recommends the elimination of the two year reimbursement lag in the Medicaid home care programs. Many of the reimbursement issues that currently exist in the home care industry—living wage and other labor mandates, new regulatory requirements, unanticipated crises—could be accommodated more reasonably if reimbursement reflected costs on a real-time basis.

In the absence of such a change, immediate Medicaid reimbursement increases must be enacted to accommodate unfunded mandates, such as local living wage laws.

- HCP recommends updating the rates for high-tech nursing (Medicaid Private Duty nursing) and changing the reimbursement methodology to ensure regular adjustments to the rates to reflect current health care costs.
- HCP recommends establishing policies to ensure that home care providers are reimbursed in a timely manner for services delivered in good faith and that facility closures or bankruptcies do not leave home and community-based providers with unpaid receivables.

Human Resources—While the U.S. Bureau of Labor Statistics projects a 56 percent rate of employment growth for home health aides over the next ten years, making it the fastest growing employment sector in health care, a workforce shortage still exists throughout New York State in both the paraprofessional and professional sectors. Despite the economies that are achieved through the use of technology, efforts must still be made to recruit and retain an ever-larger workforce to meet the increasing demand for services.

- HCP recommends a greater focus on and investment in home care careers at all levels of education, including regulatory flexibility in home health aide training programs, loan forgiveness programs for working in home care, strong home care curriculum and rotations in health care professions.

Regulatory Flexibility—The health care system is a rapidly changing environment replete with new technologies and changing supply and demand. Unfortunately New York providers are saddled with antiquated and cumbersome regulations that paralyze them from responding to change. Home care regulations must be reviewed and modified to eliminate the environment that micromanages providers and stymies creativity and create a regulatory environment that protects the health and safety of patients but enables providers to respond to change efficiently.

Additionally, the home care industry must be able to operate within the health care continuum based on the same set of rules and requirements as all other entities providing the same or similar

care to patients in a home and community-based setting. Creating balanced rules for similar care allows for better health and safety, increased quality of care, and avoids market disruption.

- HCP recommends eliminating regulations that do not directly relate to the health and safety of patients and workers and revising regulatory standards to focus on outcomes rather than process.
- HCP recommends a comprehensive and timely review and updating of the public need methodology for Certified Home Health Agencies. The public need has not been updated in decades; in the meantime special interests have been addressed at various times, but access to care needs have not. Until such review is completed the Department of Health should refrain from processing Certificate of Need (CON) applications to address special interests, including conversions of facilities into home care providers.

It is our hope that HCP's comments and recommendations are helpful to you in the transition process and that when the Spitzer Administration assumes responsibility for policy decisions next month among the recommendations for changes will be proposals that address short-term needs for home and community-based providers, consider strategies to overcome barriers and capitalize on opportunities. These efforts will help enable New York and home and community-based care providers to focus on the long-range planning necessary to create a stronger, more efficient health care delivery system for the future.

Thank you for your time and consideration. Please contact Christy Johnston, HCP Executive Vice President (ext. 813 or johnston@nyshcp.org) or Phyllis A. Wang, HCP President (ext. 814 or wang@nyshcp.org) with any questions at New York State Association of Health Care Providers, Inc. (HCP), 99 Troy Road, Suite 200, East Greenbush, New York 12061, 518/463-1118, 518/463-1606 fax, www.nyshcp.org.