

THE CONNECTICUT ASSOCIATION
for *Home Care, Inc*

**Testimony by the Connecticut Association for Home Care
To the
Human Services Committee
Public Hearing
February 24, 2004**

My name is Ellen Rothberg. I am the President & CEO of the VNA Health Care with offices in Hartford, Waterbury, Windsor Locks, Glastonbury, Cheshire and Southbury. I am the Chair of the Government Relations Committee of the Connecticut Association for Home Care (CAHC). CAHC represents 64 home health agencies licensed by the State, serving over 50,000 elderly and chronically ill Connecticut residents.

We thank you for the opportunity to provide input on the Governor's recommendations for the State budget. Our main concern continues to be the ongoing adequacy of Medicaid payments for home care, particularly home health aide services.

Over the past 10 years, we have witnessed a steady erosion of Medicaid payment rates relative to costs. The average rate of increase in Medicaid rates for home health aides during this time period is about 1.5 percent a year. In the meantime, costs continue to escalate – such as workmen's compensation, salary increases and insurance premiums, to name a few. As a result, most Connecticut home care agencies lose money on the provision of **home health aide services** to the elderly and disabled. VNA Health Care alone will lose over \$500,000 providing home health aide service to inner city residents who would otherwise be institutionalized at four times the cost. This number rises to an over \$1,000,000 shortfall when all State-funded services are considered. Right now, these losses are subsidized from other sources, such as Medicare, that are being cut as we speak.

The Governor's proposed mid-term budget for SFY '04-'05 contains an increase for every major provider group *except home care* in the coming year. If this comes to pass, home care agencies will be increasingly non-competitive in the already tight labor market. In many areas of the State, wage rates for home health aides are already 20 to 30 percent lower than certified nursing assistants in nursing homes, not including the cost of benefits.

The irony is that home care increases quality of life and helps to save the State money. According to the most recent State report on the Connecticut Home Care Program for the Elders, community-based long-term care saved the State \$63.5 million in 2002 by forestalling or eliminating the need for institutionalization. That same report indicates that 94 percent of clients of this program rated their home health aide services either “good” or “excellent.” We want to increase that rating even further, but we need the adequate resources to pay a competitive, living wage.

Home care is a high quality and cost effective solution to meeting our long-term care needs and avoiding otherwise more costly institutionalization. We are aware of the real world realities of budget shortfalls, but we are equally aware of the real world consequences of workforce shortages and patients in need with no other place to go. Home health aides are the backbone of our state’s ability to keep frail elderly at home. Without continued and commensurate rate increases we will not be able to keep up with the growing demand for these workers. **We respectfully request that the State provide a cost-of-living increase for home care rates in this year’s budget adjustments.**

Thank you for your attention.