



**Connecticut home health agencies (HHAs) need adequate Medicare payments to offset losses from Medicaid.**

- Due to CT's policy of promoting alternatives to institutionalization for Medicaid patients, the average CT home health agency derives approximately a third of its revenues from the Medicaid program – about double the national average. Unfortunately, CT's Medicaid program's payments for home care, particularly home health aide services, are woefully inadequate.
- Our costs are conservatively going up 3 to 5 percent a year, while Medicare payments were reduced by 5 percent in FFY '03 and are only going up by 2.4 percent in CY '04 (market basket update of 3.2% less 0.8 statutorily required reduction). Cost increases include 4 to 5 percent salary increases for scarce nurses, therapists and aides, sign-on bonuses, increases in health insurance, worker's compensation, and technology, to name a few.

Please resist any further attempts to cut reimbursement for Medicare home health services, provide assistance to states to increase their Medicaid rates for community-based alternatives; and require the Centers for Medicare & Medicaid Services (CMS) to pay for underpayments at the same time overpayments are identified.

**The Medicare program foolishly underpays for high cost “outlier” patients – costing the program more than it saves and forcing beneficiaries into institutional settings at much higher costs.**

- The National Association for Home Care (NAHC) estimates that the Medicare margin for outlier cases is an astounding minus 71 percent! The Medicare Payment Advisory Commission (MedPAC) has reported that admissions to skilled nursing facilities and long term care hospitals are up, while Medicare home health admissions have gone down.
- During an average 60-day episode of Medicare-covered care, CT HHAs provide 23 visits (4 more than the national average). For “outlier” episodes, we provide 77 visits over a 60-day period, about half of which are home health aide visits.

Please ask the Administrator of CMS to lower the fixed loss threshold for outlier cases immediately.

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