

**Testimony by the Connecticut Association for Home Care
to the
Human Services Committee
Public Hearing on the State Budget
April 10, 2003**

My name is Joanne Walsh. I am the President & CEO of the Visiting Nurse Association of South Central Connecticut and the Chair of the Board of Directors of the Connecticut Association for Home Care (CAHC). CAHC represents 63 home health agencies licensed by the state, serving over 40,000 elderly and chronically ill Connecticut residents.

We thank you for the opportunity to provide input on the State budget. Our main concern is the ongoing adequacy of Medicaid payments for home care services. Medicaid home care rates have been steadily losing ground to costs. Since 1994, rates have increased by only 7.5 percent – equal to less than a one percent increase per year, far short of actual cost increases experienced by home health agencies. Effective May 1, 2003, rates for skilled visits limited to medication administration will be reduced by an astounding 39 percent. CAHC estimates that this new rate will affect approximately two-thirds of all Medicaid-funded skilled nursing visits and remove over \$20 million from home care.

- The steady erosion of Medicaid payment rates relative to costs is particularly evident in **home health aide services** provided to elderly patients. Based on 25 home care agencies providing two-thirds of Medicaid-funded home care services in the State, CAHC projects that home care agencies will lose over \$16 million annually in providing home health aides to Medicaid patients, equal to about 25 percent of the Medicaid payments for these services. Recent assurance by the Department of Social Services (DSS) about a future increase in home health aide and certain nursing rates, while helpful and appreciated, in no way eliminates the reimbursement problems in these areas.
- One of the primary drivers of home health agency costs is the nursing shortage. Recently you may have heard some misleading and, we believe, erroneous information about excessive nursing salaries for **psychiatric home care nurses**. CAHC believes that the number of nurses making six figure salaries is much smaller than perceived. Such nurses are working well over eight hours a day, six or seven days a week, often in difficult and unsafe environments. This situation, similar to overtime payments for policemen and firefighters, is indicative of a nursing shortage. In a perfect world, we would prefer to have more nurses doing fewer visits apiece, but that is not possible in today's tight labor market.
- Despite numerous meetings and good faith attempts on all sides, we have not reached a meeting of the minds with DSS about the number of visits affected by the medication administration rate effective May 1, 2003. CAHC believes that the rate of \$52 for medication administration visits is too low, will result in

budgetary savings far in excess of those contemplated by the Legislature and may result in unintended outcomes such as increased admissions to psychiatric hospitals. We respectfully request that the Legislature require DSS to show a rational basis for the imposition of a \$52 medication administration rate and that the rate be increased to a more realistic level.

In closing, home care agencies view themselves as part of the solution to the State's budget challenges, not part of the problem. Home care is a high quality, cost effective and humane 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. We need to make adequate investments in home care and we need to work together on innovative payment approaches for the future.

Thank you for your attention.