Caring for Kansans at Home

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Information concerning Home Care and Hospice Care

For

Vision 2020 Legislative Committee

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Good morning, Chairman Sloan and members of the committee, I appreciate the opportunity to provide you with information concerning the member agencies of Kansas Home Care Association; which provide Home Care and Hospice Services to citizens of Kansas.

"Home Care" encompasses a broad spectrum of both health and social services that can be delivered to the recovering, disabled or chronically ill person in the home environment. These services include the traditional core of professional nursing and home care aide services as well as physical therapy, occupational therapy, speech therapy, medical social services and nutritional services. Recent studies have shown that people improve and recover faster at home than in institutions. More and more older people elect to live independent lives and are taking advantage of home care and hospice services as their physical capabilities diminish. Younger adults who are disabled or recovering from acute illness are choosing to be cared for at home. Infants and children requiring even the most sophisticated treatment for serious childhood illness are able to return to loving families and a secure home environment thanks to advanced technology and pediatric home care services. All agencies in Kansas are licensed and surveyed by the state, and many are certified by Medicare. Our member agencies serve approximately 32,390 home health and hospice patients per year. Of these patients, approximately 12% are Medicaid clients.

In preparing this information for you, I came across a copy of testimony given by my predecessor in March of 2000; stating that we had lost over 28% of our licensed skilled providers over a two year period, mostly in the rural areas of the state...mostly because of the inadequate reimbursement provided to them to care for the frail elderly, disabled and those who choose to recover at home instead of in an institution. Ladies & gentlemen – that was 15 years ago and it has only gotten worse. Medicare keeps cutting away and now for the last two years, these agencies have tried to continue to provide services under the Medicaid Managed Care service, KanCare. Many of our providers have continued to subsidize the home and community based programs because they are committed to caring for their patients. People that choose to work in home care and hospice, do so because they are passionate about what

they do – obviously not for the money. It takes a special person to be able to go into someone's home and provide care for them – many times, the nurse, therapist or aide, are the only people the patient sees in the course of a week, so they become a friend and confidant as well as providing care.

Allow me to give you just some round numbers... A one hour nursing visit costs an agency approximately $60 including employee and overhead costs associated with the care. The reimbursement for waiver patients is in the range of $3.20 - $3.66 per 15 minutes or $12.80 - $14.64 for the hour visit. Just within our KHCA membership, we have 15 agencies with gross revenues below $50,000. In a June, 2008 study done by the National Association for Home Care and Hospice, they documented that nurses, therapists and home care aides drive nearly 5 billion miles each year to reach their patients. This is more than double the 2 billion miles driven globally by UPS. In Kansas in 2006 Home Care Nurses and Therapists made well over 2 million visits while driving nearly 31 million miles. [1]. Obviously this adds to the cost of providing care, particularly in areas of the state where the care provider must drive a long distance to see a patient.

As an example of the cost savings of Home Care; patients who are dependent on ventilators will spend more than $21,000 on hospital costs each month. Those who receive home care will spend about $7,000. Intravenous antibiotic therapy administered at home is nearly $8,000 less each month than in-patient treatment and uses the same state-of-the-art technology. In data provided by the National Association of Home Care and Hospice, in 2007, the average hospital visit per day was $5,765; a standard nursing facility $544; and the average home health visit was $132. Home care has a proven track record in managing chronic conditions and reducing costly emergency room visits and hospital readmissions.

Several times over the last two years, I have submitted testimony to the HCBS/KanCare oversight committee, stating the problems agencies have had in dealing with the MCO's in order to care for patients. This past November, I again updated the committee that most of the problems had not been corrected, yet on Friday I sat in the committee hearing, listening to all three of the MCO's testify that most of the issues with prior-authorizations and delayed payments had been resolved. I am here to tell you that in regards to home health care and hospice care – they have not been resolved. We are currently surveying our members to get hard figures on what their current past due accounts receivable are in regard to KanCare patients. I will be glad to share those figures with you in the next few weeks.

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[1] Data calculated from over 4,200 Medicare cost reports, as well through an online survey of 1200 home care providers. From the cost reports and survey responses, NAHC calculated the average miles per visit on a state specific basis by dividing mileage costs by the IRS per mile set reimbursement rate.

When I asked our members for feedback on whether Medicaid expansion should occur – I had mixed responses. While I would say 100% of our members would never be in favor of turning their backs on patients in need of medical care – the picture for rural home health and hospice over the last several years is one of being absolutely overwhelmed with new regulations that are nearly impossible to meet. And yes, this is a combination of both state AND federal issues, but they all come back to the local agency to solve. One of my board members, who serves a rural area, said, "From a home health/hospice provider standpoint, I don't know of one reason why I would lobby to increase the reach of KanCare." Home Health patient referrals for Medicaid services are very few. Prior authorization's take forever to get. When they are required to bill for hospice nursing home room and board, it takes forever to receive the prior authorization (in some cases the patient has already passed away!) it takes forever to receive payment as well. Payment is usually incorrect, so they chase their money for months. The MCO's cannot get hospice room and board correct – they say the state does not get the room rates to them in a timely fashion. This particular agency said "I just had a change in a long standing Medicaid PA process for a patient needing medication administration support because a new medical director decided to change it – of course we didn't know this until we PA for a new episode.

In the western part of the state, an agency may travel 45 minutes to see a patient. Many of our agencies service multiple counties and so the cost of seeing the patient increases just from that alone. Let me tell you a personal story. This past August, I went along on a trip with a friend who is a fund-raising professional. She spent several years helping volunteers raise funds to build a new hospital in Kiowa, Kansas. This is a small 8 bed hospital in a community that is predominately farming and oil. While there, I met with the director of nursing to ask her about home health referrals. She told me they had not been able to refer a patient to home health for at least 3 years. They used to refer to a neighboring county's health department based agency – but this county closed down their home health agency because they couldn't afford to keep it going. Because of the location of the town of Kiowa – no agency can travel that far with the amount of money they are reimbursed. So if a patient released from the hospital needs wound care – they must return to the hospital – sometimes daily! There is one nursing home in Kiowa and many long time citizens refuse to go there, so they stay in their home and do not get the follow up care they need. Of course, many times this leads to a re-hospitalization.

What this all boils down to is the state is spending more money for people to return to a hospital, be placed in an assisted living or nursing facility. Skilled nursing in a person's home is more cost effective than institutional care – that is a proven statistic. If we don't have the agency to provide the care – then the patient will be forced into a more expensive alternative or dare I say, become more ill and die! In our rural areas especially, access to care – any care – is a problem.

In giving you this information, Kansas Home Care Association only hopes to encourage you to study that which obviously has been a problem for far too long – too little health care choices for too few people. Expanding Medicaid will only solve this problem if the issues with the

current MCO system are corrected first and we expand the cost effective ways in which to get health care to people. I look forward to providing you more information as you need.

Thank you,

Jane Kelly, Executive Director
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