

For Immediate Release: February 2, 2009

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HCA State Budget Testimony Calls on Legislature to Reject Half-billion Dollars in Disastrous Home Care Cuts and Proposals

In testimony on the State Budget to be presented later today to the Senate Finance and Assembly Ways and Means Committees, the Home Care Association of New York State (HCA) urged the Legislature's rejection of Governor Paterson's **half-billion dollars** in proposed funding cuts and changes to the infrastructure of home care delivery (see chart on final page of release).

HCA's testimony will be delivered by **Victoria Hines**, Vice Chair of HCA's Board of Directors and President and CEO of HCA-member agency **Visiting Nurse Service of Rochester and Monroe County**. In the testimony, Ms. Hines describes the cumulative impact of a **half-billion** in direct reimbursement cuts coupled with far-reaching changes to the home care delivery system that have the potential to eliminate vital services for persons seeking care at home as a less costly alternative to institutional care.

"The combination of almost a half-billion dollars in Medicaid home care reductions – coupled with hasty and ill-conceived attempts to transform the current system of home care delivery – would impair the ability of providers to serve patients and eliminate access in large areas of the state," Ms. Hines said. "In health care, we have a term for co-occurring conditions, much like the Governor's litany of funding cuts and staggering program changes – it's called co-morbidity – which is often lethal since multiple compounding medical conditions can lead to death."

"HCA cannot emphasize enough our vehement opposition to the Governor's proposals and our plea to you to reject them for the sake of the patients and their families, and the survival of the system," Ms. Hines added. "Nothing less is at stake, as this Budget would crush a system designed to meet the fundamental needs of patients at the same time that it functionally contributes to the state's overall cost-reduction efforts by averting the need for premature, unnecessary – or unnecessarily lengthy – facility-based care."

Home care services have already been dealt nearly \$150 million in Medicaid funding cuts (combined state and federal shares) just in the past several months, as part of the April 2008 Budget agreement and the Governor's August 2008 midyear deficit-reduction plan.

"Agencies like mine that have survived past funding cuts now walk a delicate tightrope, attempting to maintain our mission to patients while staying alive financially," Ms. Hines stated. "New York's home care system – already strained, stressed, and financially fragile because of past cuts – will be damaged irreparably by a flank of new Budget proposals that will eviscerate vital patient care throughout New York State."

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HCA and the New York Association of Homes and Services for the Aging recently issued a report which further chronicles the perilous state of home care access. Entitled *Unstable Ground: The Fiscal Instability of Home Care In New York State*, the report found that 71 percent of programs serving long-term home health care needs and 53 percent of programs serving patients with post-acute home care needs reported operating losses in 2006, due to inadequate reimbursement and rising costs.

As part of the report, providers were also asked to assess the consequences of a prospective 5-percent and 10-percent Medicaid cut. Nearly half of respondents indicated that they would seriously consider closing their doors under a 10-percent Medicaid cut. That was before the Governor released his Budget proposal and advanced Medicaid cuts of 12 percent to 25 percent for most home care agencies.

“If nearly half of agencies are likely to close under a 10-percent cut, consider the consequences for providers that now face combined home care cuts ranging as high as 25 percent of their Medicaid reimbursement,” Ms. Hines stated.

HCA has been a leading advocate of efforts to obtain an increase in the Federal Medical Assistance Percentage (FMAP) for New York State under legislation being negotiated in Congress as part of a broad economic stimulus plan. Such an increase could bring New York up to \$10 billion in additional Medicaid funding over a twenty-seven month period. HCA strongly believes that any increase in FMAP must be used to offset the billions of dollars in Medicaid cuts proposed by the Governor rather than be funneled away for non-Medicaid purposes as the Governor has indicated he may do.

“When it comes to FMAP, once again the Governor has gotten it backwards, intending to enact draconian, system-crushing Medicaid cuts rather than await the imminent outcome of Congressional action to provide relief to New York through an increase in federal Medicaid funding,” Ms. Hines stated. “We ask the Legislature to reject such a backwards sequence of events, and await the federal outcome prior to considering the Governor’s proposed cuts to health care.”

A copy of Ms. Hines’ testimony is available online at:
<http://www.hca-nys.org/documents/FinalHCABudgetTestimonyFeb2009.pdf>

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Considered to be a less-costly alternative to care provided in the nursing home or hospital setting, home care encompasses a broad spectrum of health, therapeutic and social services delivered at home to persons with disabilities as well as patients who are chronically ill or recovering from an illness. Home care patients include newborns requiring maternal-infant care services, children in need of therapy services, elderly patients whose chronic medical condition requires skilled nursing care or home health aide assistance, technology-dependent patients who depend on life-sustaining home medical equipment, and many others.

Governor Paterson's Proposed 2009-10 Executive Budget - Home Care Funding Cuts

Home Care Proposal	Affected Providers	STATE SHARE		STATE & FEDERAL SHARES		TOTAL 2009-10 IMPACT		GRAND TOTAL
		DOB Projected State Fiscal Year 2008-09 Impact (1/1/09-3/31/09) State Share Dollars	DOB Projected State Fiscal Year 2009-10 Impact (4/1/09-3/31/10) State Share Dollars	DOB Projected State Fiscal Year 2008-09 Impact (1/1/09-3/31/09) State & Federal Share Dollars	DOB Projected State Fiscal Year 2009-10 Impact (4/1/09-3/31/10) State & Federal Share Dollars	DOB Projected State Fiscal Year 2009-10 Impact (1/1/09-3/31/10) State & Federal Share Dollars	Total Impact Year 2009-10 (1/1/09-3/31/10)	
1. Eliminates Remainder of Reduced 2008 Trend Factor (Applied 1/1/09-12/31/09 for PC)	C HHAs L THHCPS Personal Care	\$1,801,265 \$1,018,511 \$4,252,011	\$7,205,059 \$4,074,043 \$12,756,033	\$3,602,530 \$2,037,022 \$8,504,022	\$14,410,118 \$8,148,086 \$25,512,066	\$18,012,648 \$10,185,108 \$34,016,088	\$62,213,844	
2. Eliminate 2008 Medicaid Trend Banking Factor (Applied 1/1/09-12/31/09)	C HHAs L THHCPS Personal Care	\$2,166,432 \$1,297,500 \$865,061	\$6,499,295 \$3,892,501 \$2,595,002	\$4,332,864 \$2,595,002 \$1,730,122	\$12,988,590 \$7,785,002 \$5,190,004	\$17,331,454 \$10,380,002 \$6,920,126	\$34,631,582	
3. Eliminate 2009 Medicaid Trend Factor	C HHAs L THHCPS Personal Care	\$2,413,695 \$1,625,995 \$4,529,508	\$9,654,779 \$6,503,990 \$18,118,031	\$4,827,390 \$3,251,990 \$9,059,016	\$19,309,558 \$13,007,960 \$36,236,062	\$24,136,948 \$16,259,950 \$45,295,078		
4. 10% Reduction to Medicaid Rate Ceilings	C HHAs L THHCPS	\$4,275,104 \$2,516,649	\$17,100,417 \$10,066,598	\$8,550,208 \$5,033,298	\$34,200,834 \$20,133,196	\$42,751,042 \$25,166,494	\$67,917,536	
5. Administrative & General (A&G) Cap	C HHAs L THHCPS MLTC	\$1,803,812 \$1,164,109 \$0	\$7,215,248 \$4,656,434 \$6,300,000	\$3,607,624 \$2,328,218 \$0	\$14,430,496 \$9,312,868 \$16,600,000	\$18,038,120 \$11,641,086 \$16,600,000	46,279,206	
6. Across the Board Home Care Reduction of 1%	C HHAs L THHCPS Personal Care	\$1,111,917 \$714,637 \$2,039,328	\$4,447,668 \$2,868,547 \$8,157,313	\$2,223,834 \$1,429,274 \$4,078,656	\$8,895,336 \$5,717,094 \$16,314,626	\$11,119,170 \$7,146,368 \$20,393,282	38,658,820	
7. Assessment on Revenues (Applied 3/1/09-3/31/10)	C HHAs L THHCPS LHCAS	\$0 \$0 \$0	\$17,060,593 \$4,873,636 \$16,746,559	\$0 \$0 \$0	\$17,060,593 \$4,873,636 \$16,746,559	\$17,060,593 \$4,873,636 \$16,746,559	\$38,680,788	
8. Individual Across the Board Reductions (Applied 3/1/09-12/31/09)	C HHAs (3.5%) L THHCPS (1.5%) Personal Care (1.5%)	\$1,599,925 \$356,961 \$1,018,644	\$12,810,932 \$2,868,261 \$8,156,497	\$3,199,850 \$713,922 \$2,037,288	\$25,621,864 \$5,716,522 \$16,312,984	\$28,821,714 \$6,430,444 \$18,350,282	53,602,440	
9. Other Home Care Cost Proposals Change CHHA Medicaid Reimbursement Statewide RT&R Workforce Monies Reductions Upstate ACE Workforce Monies Reductions Include Personal Care in Managed Care	C HHAs CHHA Home Care Personal Care	\$0.00 \$4,000,000 \$0	\$6,250,000 \$4,625,000 \$9,000,000 \$900,000	\$0 \$0 \$8,000,000 \$0	\$12,500,000 \$9,250,000 \$16,000,000 \$1,800,000	\$12,500,000 \$9,250,000 \$16,000,000 \$1,800,000	\$475,226,192	
Total Impact		\$40,571,064	\$216,382,426	\$81,142,128	\$394,084,064			