



Statement of the Pennsylvania Homecare Association

Before the

Senate Aging and Youth Committee

On September 7, 2011

Presented by

**Vicki Hoak, Executive Director
Pennsylvania Homecare Association**

Good morning. Thank you Chairman Ward and Chairman Kitchen for having us here today to talk about long-term care and the importance of in-home care as part of the long-term care continuum. The timing of this hearing couldn't be better. In August, Governor Corbett provided direction to the various departments for the preparation of the 2012-13 budget. As part of the program policy guidelines for agency budget requests the Governor noted that "agencies should not assume funding increases for the 2012-13 fiscal year and should continue to evaluate current programs and recommend changes that will improve program management and operations, reduce costs and optimize direct services."

The guidelines further noted that "Medical Assistance long-term care and health care in general will continue to drive much of the Commonwealth's budget. Therefore, the departments of Health and Public Welfare must continue to identify cost savings and efficiencies."

That sets the backdrop for today's discussion. Looking closely at past budgets, one quickly recognizes that our seniors make up 35% of our Medicaid population, yet their care represents 69% of Medicaid's overall spending.

This is largely due to the expensive services provided to our seniors under Medicaid, which is primarily nursing home care. Yet, the most preferred and cost-effective care – receiving services in one's own home still remains "an exception to the Medicaid rules and is capped on the number of people who can receive these services. The bulk of our long-term care system is spent on nursing homes – about \$3.5 billion compared to in-home services, which account for \$386 million.

When talking about senior care and support, it is also important to differentiate between what our Medicaid program pays for and what the federal Medicare program covers. Basically, Medicare pays for physician, inpatient, outpatient, prescriptions, home health and hospice care while Medicaid is the primary payer for nursing home care and the limited personal care services provided under our state's Aging Waiver program. For those individuals who are dually eligible meaning they are eligible for both Medicare and Medicaid, they are older and have low incomes, Medicaid also pays for these individuals' Medicare Parts A and B premiums and cost-sharing.

My presentation will take you through the various stages of in-home care and services – and how older Pennsylvanians receive services and supports that enable them to remain at home as they grow older.

First, we'll talk about non-medical home care services offered by homecare agencies. These homecare agencies offer assistance with activities of daily living that include bathing, medication assistance, meal preparation and transportation. A little over a year ago, homecare agencies were required to be licensed by the Dept. of Health and today there are more than 1,100 private duty homecare agencies offering non-medical in-

home services in our state. These agencies are required to do criminal background checks on all workers, TB screens and ensure that their homecare aides receive training and are competent to assist our seniors.

This type of non-medical home care service sometime referred to as personal care, is usually paid for privately or many times, is provided by family members. Family caregivers play an important part in our long-term care system with an estimated 1.3 million Pennsylvanians caring for an elderly parent or loved one.

However there are also two government-funded programs that pay for in-home personal care services for people over 60: the Medicaid Aging Waiver Program and the Lottery-funded OPTIONS program. The Medicaid Aging Waiver program, (serves about 16,000) provides extensive home and community-based long-term care services to individuals as an alternative to nursing home placement. It is referred to as a waiver program because services are funded through a special waiver of certain Medicaid restrictions, allowing payments typically used for nursing home care to be used for home care services. All of the following criteria must be fulfilled, in order to be Waiver Program eligible:

1. Be 60 years of age or older
2. Meet Medicaid financial requirements , or have an income of no more than 300% of the SSI level (\$2.022) and no more than \$8,000 in liquid assets
3. Require the level of care of a nursing home

The other in-home services program is the Lottery's OPTIONS program. This program has more flexible eligibility guidelines and many times will serve people with higher incomes and perhaps higher mobility. About 32,000 people are having in-home services paid for by the Lottery, which also requires individuals to pay a certain amount toward their care, which is determined on their income.

For other older Pennsylvanians, in-home medical care, which is provided by a Medicare-certified home health agencies must be ordered by a physician. In fact, that's really true – this type of medical care, mostly covered by Medicare, requires a physician's order and mandates that the individual is home bound and is in need of skilled medical care such as nursing and therapy.

This medical care is provided by Medicare-certified home health agencies, for usually a 60-day period consisting of about 18-20 visits by nurses, therapist and home health aides. The average cost of a 60-day episode of care is about \$2,100.

In fact, in 2009, 405,868 Pennsylvanians received Medicare home health services, from one of 409 Medicare-certified home health agencies. These agencies are also licensed and inspected by the state Department of Health. Furthermore, when it comes to post

acute care, more people receive these services in their home by home health care professionals, than all other post acute providers combined.

The third type of in-home care is hospice care. Hospice care is reimbursed primarily for seniors under Medicare however in Pennsylvania hospice is also paid for under our Medical Assistance program. A physician must certify a patient has a terminal illness that will likely cause death within six months. This end-of-life care is one of the most visible forms of in-home care. Not only is hospice care for the patient but it is also supports family and friends. It's dignified, extremely cost effective and so valued during someone's final months of life.

As Pennsylvania faces severe budget shortfalls in the years ahead, providing quality services to the state's growing older population is a major driver of the Commonwealth's fiscal dilemma. To address this issue Pennsylvania must analyze and revamp the way our state cares for its seniors and adults with disabilities so that spending is controlled, efficiency is embraced and services reflect the population's unwavering sentiment of wanting to remain at home.

This will require Pennsylvania adopting a different mindset and modifying the Medicaid rules to eliminate substantive and procedural barriers to accessing home and community-based services.

Today, two seniors with similar functional limitations, but seeking different types of care – nursing home and in-home – are treated completely different under the law. Nursing home care is an entitlement. Any eligible consumer that wants it gets it. For individuals who want nursing home care, there is never a lack of support and never a wait for services.

By contrast, in-home care is not an entitlement or easily accessible. People, who want to receive care in their own home, may or may not get it depending on the availability of an Aging Waiver "slot", their functional assessment and their income and assets. Today, seniors are waiting at least two months before being approved for in-home services. Medicaid Home and Community-Based Waiver Programs may be reduced or eliminated during any given budget cycle. Yet, home-based care costs less than one half of what it costs to provide nursing home care. States have demonstrated savings by remodeling their systems to provide more in-home care, even though they serve more consumers through the redesign.

To eliminate some of these barriers and redesign our long-term care system, Pennsylvania must:

- Permit an income spend-down for individuals who want home-based care similar to what exists for nursing homes.

- Allow applicants to the waiver programs to have their care needs swiftly identified, their clinical eligibility determined (in less than 14 days) and permit them to estimate their financial eligibility status (based on applicants attestations of income and assets, which will be confirmed later) so that in-home services can be provided as quickly as individuals can be admitted to nursing homes.
- Expand intervention and supportive services by offering a broader scope of intervention services to people whose needs do not meet Medicaid's clinical eligibility criteria but who would benefit from intervention services to prevent further decline and institutionalization.
- Add chronic care management and preventive services to the long-term care continuum. By proactively addressing the needs of those individuals with chronic conditions Pennsylvania can reduce hospitalizations and nursing home admissions.
- Pass legislation adopting the federal criteria for the Family Caregivers Program. Introduced by Senator Ward, SB 639 would expand the definition of a caregiver to allow more families to take advantage of this underutilized program.

It is a fitting time to engage in meaningful systems change. While the economic climate has begun to improve, states continue to struggle to meet the needs of their frail elders and chronically ill within their existing systems. Pennsylvania's existing system is not positioned to handle the stresses facing it with the increased demand for long-term care services that is anticipated with the aging of the Baby Boomers. Only an immense transformation and a significant paradigm shift will enable Pennsylvania to support the number of individuals who will need long-term services and supports in the way that they want without an explosive impact on the state budget.

The evidence shows that savings will be accomplished when significant changes are made – savings that are measurable even after one accounts for any speculated increase in utilization and availability of home-based care.

There are significant Medicaid dollars to be spent by reallocating funds from Medicaid institutional care to Medicaid home-based care. And, there are significant state-only dollars to be saved by making more home-based options available under Pennsylvania's Medicaid state plan. It is time for the Commonwealth to make a significant system transformation to both increase the availability of home-based options and realize the savings.

Pennsylvania's Governor and the General Assembly need to work together to eradicate the biases in our state's long-term services and supports system. This is the only way to achieve the full potential to meet individuals' needs and preferences for home-based care and to realize the full potential of savings that home-based care can yield .