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An Affiliate of the National Association for Home Care & Hospice

October 18, 2011

Via Electronic Mail

The Honorable Patty Murray
Co-Chair, Joint Select Committee on Deficit Reduction

The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee on Deficit Reduction

The Honorable Max Baucus
The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James E. Clyburn
The Honorable John Kerry
The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey
The Honorable Fred Upton
The Honorable Chris Van Hollen

Members, Joint Select Committee on Deficit Reduction

The National Association for Home Care & Hospice's Forum of State Associations (Forum) is the nation's leading coalition of state-based home health and hospice leaders. The Forum represents the interests of home health and hospice providers and their patients through the work of state home health and hospice associations and their provider members dedicated to serving diverse populations in all 50 states.

The Forum supports the efforts of the Joint Select Committee to control federal

spending and reduce our country's debt. But we are deeply troubled by proposals to impose new cost sharing obligations on patients receiving home health care, and are equally concerned by any new across-the-board payment reductions for home health care in addition to those already scheduled to take place in 2012.[\[1\]](#)

We acknowledge that there is unnecessary and inappropriate spending in some areas of the home health care benefit, and we believe targeting them is a more appropriate first line of action than imposing new costs on patients or across the board cuts on providers. The National Association for Home Care & Hospice and the Forum both stand ready to assist you in developing alternatives that target abusive practices and protect vulnerable patients and providers that serve them.

In particular, burdening patients with new copayment requirements not only discriminates against some of our poorest and most medically complex populations receiving care in their homes, but also creates policy consequences and additional costs for states already absorbing higher coverage costs and an expanding population in their Medicaid plans.

Harm to Patients and the System

A new study by Avalere Health, LLC found that users of home health services who would be subject to new coinsurance are generally poorer and in worse health than other Medicare beneficiaries, and are less likely to be covered by Medigap insurance. More than half of home health patients have incomes below \$21,780 per year, and are three times more likely to have Activities of Daily Living limitations.[\[2\]](#) New coinsurance requirements could lead to patients forgoing needed care, and returning to the hospital,[\[3\]](#) or extending their inpatient stay overall, in each instance creating unnecessary, avoidable and more expensive costs. History has shown this, as well. Beginning in 1965, Medicare imposed a home health copayment, but Congress repealed it in 1972, because of the burden it placed on seniors and the services it shifted to costly settings.

New Burdens on States

A Medicare home health copayment would also create new burdens on state Medicaid programs. Independent projections have found that a Medicare home health copayment could drive up Medicaid costs by as much as \$2.4 billion, because states will bear a portion of the copayment for dually-eligible individuals.[\[4\]](#) The Congressional Budget Office has confirmed this problematic effect, noting in its analysis that a Medicare home health copayment "would result in increased spending by Medicaid."[\[5\]](#)

Protecting the Home Health Delivery System Infrastructure

New across the board cuts to home health agency payments would destabilize today's delivery system infrastructure, jeopardizing the ability of this crucial and low cost provider resource to manage the complex needs of low income, chronically ill patients.

By damaging the home health delivery system infrastructure, you would be reducing the ability of seniors to receive health care in their homes. A recent study by AARP found that 76% of adults over the age of 45 want to remain in their own homes as long as they can. We believe targeting unnecessary and inappropriate spending in Medicare is a far better means of achieving budget savings.

The Forum is committed to working with you on meaningful ways to reduce the deficit and improve the efficiency of federal health care spending. We believe home care agencies should be incentivized to serve patients and provide important cost savings tools that make crucial contributions to reducing overall health system spending, and that systematic cuts or policy changes that shift costs to states and/or patients should be avoided

Sincerely,



Sherl Brand, RN BSN
Chairman

[1]The federal Centers for Medicare and Medicaid Services has announced a -5.06% funding reduction to all home health agencies nationwide starting in 2012. A September 2011 study from The Moran Company found that, if implemented as announced, the cuts will lead to over 53% of home health agencies nationwide experiencing negative Medicare margins.

[2]Avalere Health, A Home Health Copayment: Affected Beneficiaries and Potential Impacts, June 2011.

[3]Trivedi, Amal N., Husein Moloo and Vincent Mor. "Increased Ambulatory Care Copayments and Increased Hospitalization among the Elderly." *New England Journal of Medicine* 362 (2010): 320-328.

[4]Dobson DaVanzon & Associates, Medicare Home Health Copayments: The Potential Impact on Home Health Beneficiaries and Medicaid Spending, July 2011.

[5]Congressional Budget Office, Reducing the Deficit: Spending and Revenue Options, March 2011.