Presented by

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Before the
Senate Aging & Youth Committee
April 8, 2008

Good morning and thank you Chairperson Vance, Senator Washington and committee members for the opportunity to speak with you about how the Commonwealth cares and supports our senior citizens today and into the future.

The Pennsylvania Homecare Association represents some 400 agencies that provide in-home medical, personal and end-of-life care to some 170,000 Pennsylvanians on any given week. To give you an idea of just how big this network of care is, consider that all of our hospitals and nursing homes do not house that many patients on any given day. We are talking about a group of citizens equal to the combined populations of Harrisburg, Lancaster, York and Carlisle.

And it's a diverse community receiving care in the home. Not just senior citizens and those with disabilities but also newborns and very young children and every other age in between who are dealing with chronic illnesses or recuperating from accidents or hospital stays. The care can range from home health aides, who help bathe and dress consumers to high-tech, specialty care provided by pediatric nurses so children can live at home with their families.

For several years now, state government has focused much attention on health care; in particular long-term care, which I'm happy to report today includes not only nursing homes, but in-home care, personal care homes, assisted living, adult day and domiciliary care. This shift, from a system totally reliant on nursing homes, is far from complete. In fact, today, I think we need a jump start to help ensure that actions are in concert with our intentions.

There can be no doubt about our intentions. There seems to be an acceptance on the part of the nursing home industry that their profitability is greatest and their role best fulfilled in providing care in a long-term setting for those with the most serious health issues. Hospitals, for their part, have increasingly stringent protocols aimed at limiting hospital stay to a few days or less for all but the most serious and life threatening procedures.

To be sure, there are an increasing number of intermediate care facilities addressing various specialty needs – all at a relative savings in costs for insurers. But there is also an almost universal acceptance that quality care provided in a home setting is not only cost effective but can have a favorable impact on patient recovery.

For several years now, Administration officials have pledged their full support for shifting more emphasis to home and community-based care – calling this the ***rebalancing of the long-term care system.*** In other words, *balancing* our system so consumers have the right to choose where they are cared for with the assumption that more will choose to remain in the community; instead of a nursing home.

We couldn't agree more with this concept and we applaud the Administration for their commitment to this philosophy of developing a broad continuum of long-term care. But

members of our association see a troubling disconnect between intent and action. There can be no doubt that homecare is a priority. We hear about it repeatedly. Consider this from Governor Rendell as reported in the Pittsburgh *Post Gazette*:

"Home and community-base services offer Pennsylvania residents what they really want – the opportunity to remain independent in their own homes where they can continue to be a vital part of family and community…on average, two older Pennsylvanians can be served in the community at half the cost of service to one individual in a nursing home.."

And this from Rosemarie Greco, Director of the Governor's Office of Health Care Reform in the Philadelphia *Inquirer:*

"Our goal is to provide services that help people stay in their homes for as long as possible. That means we need to rethink the way we provide long-term care and services. It's a double win. It will save taxpayers million of dollars and eliminate the barriers that keep people from receiving the long-term care and services they need at home."

But we would wish that the Governor would take his cue from the old Star Trek TV series where Capt. Jean-Luc Picard of the Starship Enterprise turns to his first officer, William T. Riker and expresses his wishes along with these instructions:
"Make it so."

We know the Rendell Administration believes in home healthcare and the increasing role it should play in the continuum of care. We just wish he would give the instruction clearly to the state's various departments and agencies to "make it so."

Until that happens, we're likely to be seeing disconnects like the state Aging Waiver program. For the last two years, the allocation for the state Aging Waiver program, the only Medicaid program that provides in-home care to seniors so they don't have to go into a nursing home, has been under spent by more than $200 million. That means that hundreds of seniors did not receive in-home care or had their hours of care greatly reduced. This under spending has occurred, according to one state official because we "over-corrected the problem."

DPW Medical Assistance – Long-Term Care Budget History

($ in thousands, state and federal dollars)[1]

Long-term Care Facilities	FY 05-06 Actual	FY 06-07 Estimated	FY 06-07 Actual	Margin +/- Estimate v. Actual	FY 07-08 Estimated	FY 07-08 Available	Margin +/- Estimate v. Actual
Nursing Facilities (County and Non-public)	$2,832,561	$2,973,525	$2,903,932	($69,593)	$3,036,482	$2,964,228	($72,254)
Home and Community Based Waiver	$261,585	$293,224	$217,300	($75,924)	$279,258	$154,286	($124,972)
Recipients 60+ Receiving Institutional Care (monthly average) [2]	73,136	72,629	73,946	1,317	72,430	74,507	2,077
Monthly average recipients 60+ receiving Aging Waiver services.	14,611	14,692	13,241	(1,451)	13,764	12,886	(878)
Unduplicated yearly total of recipients 60+ receiving Aging Waiver services	20,301	22,127	17,950	(4,177)	24,320	20,630	(3,690)

This was the problem: The Aging Waiver program was growing. The state had implemented a demonstration project, called *Community Choice*, which provided consumers with homecare quickly by expediting the eligibility process and permitting Medicaid presumptive eligibility – two things that are "routine" for nursing home admissions but are NOT permitted in the case of home and community-based care. As a result, more people were receiving in-home care but the growth did not have an immediate impact on decreasing the number of nursing home admissions so cost controls were established in late October 2005.

The major control was a new care plan review process. If a consumer's care plan, developed by an Area Agency on Aging (AAA) case manager exceeded $55 a day, it had to be approved by a higher authority, which many times was a review panel in Harrisburg. So just as you might imagine, suddenly care plans were only $55 a day to avoid having to be sent for review.

Enrollment fell from 14,611 in FY05-06 to 13,241 in FY 06-07 – all at a time when state officials were talking and writing editorials saying…."we want to give every one an opportunity to stay at home…"

We can no longer afford to just talk about giving people the help they need to stay at home. Our baby boomers are reaching the age of 60 – one every seven minutes. We must

[1] Governor's Executive Budget; FY 2008-2009, FY 2007-2008, FY 2006-2007

[2] Governor's Executive Budget; Department of Public Welfare; FY 2008-2009, FY 2007-2008, FY 2006-2007

enable our aging population to remain at home because that's where they want to be AND that's where they deserve to be. Our system must be responsive to consumers' and taxpayers.

First and foremost we must strengthen the home and community-based network. The proposed budget for next year does not, once again, include any rate increase for in-home care; yet most health care reform discussions always include keeping people at home and out of hospitals and nursing homes.

Homecare can help make that happen and do it in a way that is extremely cost effective. But several realities demand our attention. First and foremost is the impact rising gasoline costs are having on home health care, especially when you consider that last year alone, homecare professionals in Pennsylvania drove 210 million miles. This, coupled with increasing workers compensation and healthcare costs is ample justification for a Medicaid increase. The last time home health care received a Medicaid increase, just ONE in the last 16 years, gasoline was $1.32 a gallon – today it's $3.30.

I'd like to tell you about an older woman in Philadelphia who is receiving in-home care under the Aging Waiver program. Betty lives in a high rise apartment building at the corner of 39th and Walnut. She is 94 years old and lives alone. She loves her neighbors and has two grandchildren who visit often. Unfortunately, Betty has heart disease, hypertension and severe arthritis. A homecare aide comes to her apartment for 4 hours every day – 7 days a week.

The aide helps Betty with bathing, grooming, laundry and other household tasks. The homecare agency receives $15.28 per hour or $61.12 a day, which comes to $22,308 a year. Betty has received this level of care for the last three years totaling $66,924, which is the only way she has been able to remain in her apartment. That same amount of money, would cover just **one year** of care if she was in a nursing home. Betty is where she wants to be at home; and the state is saving money.

Elsewhere, in Indiana County, Mrs. Albright, a 77-year old, has no family. She lives alone. The VNA has been caring for her since 2002 through the Aging Waiver program. She is overweight, but at that time homecare nurses and aides were successful in designing a more healthy diet with some walking around the house and Mrs. Albright lost 50 pounds. She was successful because of her determination but also because of the support and help she received from homecare professionals, during their six hour shift each day.

Unfortunately, her hours of care were decreased following the implementation of the care plan review process. Instead of six, she was cut back to four – two hours in the morning and two hours in the evening. She regained her weight and has been hospitalized several times. Each time she is hospitalized through the emergency department the cost is about $7,400 and sadly, every time she is hospitalized – she's one step closer to a nursing home.

A Carnegie Mellon Study conducted on behalf of Blue Shield of California is a great example of how in-home care can help in reducing healthcare costs. The study examined the impact of "patient-centered management" on about 700 patients with chronic conditions. Each patient received coordinated care from a team of physicians, nurses, homecare, hospice and social workers. The results? A 38 percent decrease in hospital admissions, a 30 percent decrease in ER visits and a savings of $18,000 per person. But the most significant result was a 22 percent increase in homecare utilization.

We must create a healthcare system that focuses more on prevention; and has the consumer and family at its center. It must be built on consumer empowerment, chronic care management and technology, with a heavy emphasis on wellness and prevention.

Yes, we have made some progress here in Pennsylvania; but not enough. I commend the newly created Office of Long-term Living and its philosophy for revamping our long-term care system. Pennsylvania is the recipient of a federal grant, *Money Follows the Person*, which will transition 1,800 people out of nursing homes over the next three years. This will build on the current Nursing Home Transition program. It has been successful. But why is our focus so reactionary? Rather than keeping people at home and preventing admissions to nursing facilities or hospitals, our state's efforts have been after the fact - allowing individuals to go into a nursing facility and then trying to transition them out. Wouldn't our efforts be better spent preventing their admission in the first place?

Both the Aging Waiver program, which is Medicaid funded and the Lottery-funded OPTIONs program do just that: Each program provides in-home care to help people remain at home for as long as possible and both programs have been heralded as a win-win for government and consumers. Consumers who prefer to remain at home do so with these helpful services; and government wins because in-home care is much cheaper than institutional care.

Medicaid reimburses nursing homes $67,000 a year per person, while Aging Waiver services cost $21,000. Next year's proposed budget includes sound initiatives that seek to improve our long-term care system: expanding adult day, studying the rate-setting for the Aging Waiver program and exploring the possibility of adding a personal care benefit to Medicaid and leveling the playing field to allow community spend down.

But we have to pick up the pace and make up for lost time – two years to be exact.
For two years, we have allowed funding to go unspent that was intended for the Aging Waiver program, which was created on the principle of providing people with alternatives to nursing homes.

We're also using Lottery dollars to pay for nursing homes – an estimated $248 million and another $8.2 million to pay for the salaries and administration of the Aging Department. Yet, more than 4,200 senior citizens are on a waiting list for home and community-based services!

We urge you as members of the Aging and Youth Committee to review the current Long-term Living system to ensure that it reflects the needs of today's senior citizens and its future customers – you and me. Look at where the money is going and see what you're getting for your money. Pennsylvania must continue with its re-direction of where long-term care is being provided. There is no place like home; whether that is a senior living with her daughter's family or alone next door; in an apartment or an assisted living facility – no matter what home looks like –that's where people want to be. And that's where the state's funding should be.

We are on the right track, but we have lost our momentum. We must ensure that individuals have access to the right care, when they need it and where they want it. Building a continuum of care is not something that happens over night; but we need to speed up our progress by eliminating the barriers that exist today to receive home and community-based care and strengthening the home and community-based provider network.

Thank you for this opportunity.