

# MEDICAID COST SHIFT

Presentation to the  
**House Ways and Means Committee**



Peter Cobb, VNAV Director

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# Introduction

**What is Home Health and Hospice Care?** Health care and related services provided in the home. Services include nursing, home health aide, physical, speech and occupational therapy, medical social services, hospice, maternal child health, and other related services such as homemaking, nutrition counseling, medical supplies and equipment, transportation, and laboratory services.

There are 12 Medicare-certified home care agencies in Vermont - 11 are not-for-profit agencies and one is a for-profit agency.

More than 22,000 Vermonters receive home visits each year.

Nearly one million home visits are made each year.

# Home Care Across Care Continuum

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Prevention and Wellness	Acute Care	Chronic and Long-Term Care	End-of-Life Care
Immunizations & Vaccinations	Nursing and Therapy	Nursing and Therapy	Palliative Care
Health Screening	Personal Care	Personal Care & Homemaking	Hospice Care
Wellness Nursing in Senior Housing	Care Management	Care Management	Bereavement Services
Support for At-risk Families	Referrals to Community Resources	Referrals to Community Resources	Respite House
Parenting Education & Support	Social & Emotional Support	Social & Emotional Support	
Family Caregiver Support	Telemonitoring	Telemonitoring	
	Pre- and Post-natal	High Tech Care	
	Wound Care	Traumatic Brain Injury Care	

# Home Care To All

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# Medicaid Cost Shift

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VNAVt Members Medicaid Revenues FY 2013*	Medicaid Operating Costs	Difference	Percent Gain/Loss
\$21,588,171	27,604,524	-\$6,016,353	-27.9%

\* Data for 7 of 10 VNAVt members

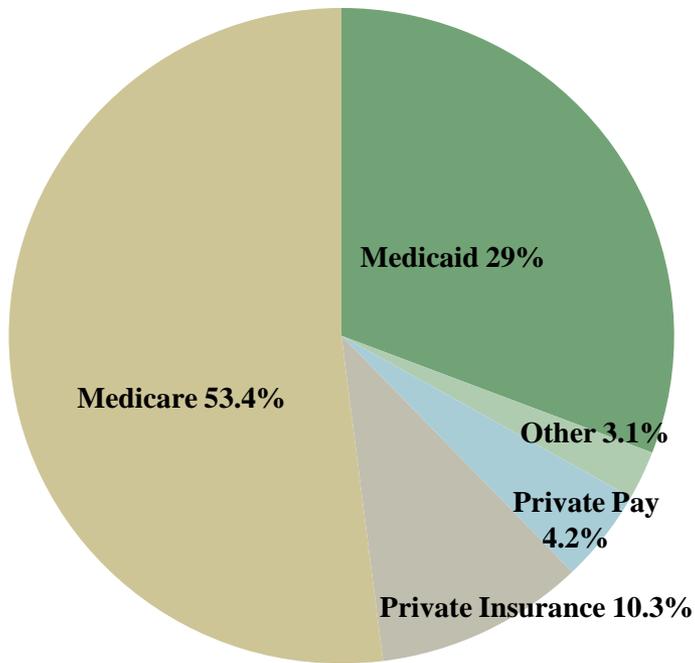
# Impact of Medicaid Cost Shift

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- Less money for investments in technology, facilities and infrastructure.
- Contributes to competitive disadvantage when hiring staff. (The average pay for a home care nurse is \$4.57/hr. less than the average pay for a RN hospital staff nurse - \$28.65hr. versus \$33.22/hr. - January, 2014 ).

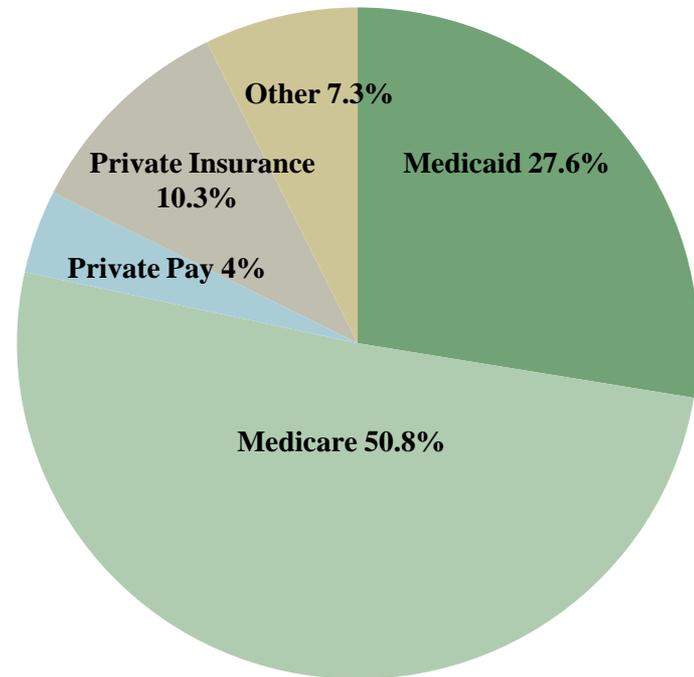
# Who Pays for Home Health

### Operating Revenues FY 2013



\$117,643,835

### Total Revenues FY 2013



\$123,524,908

# FY 2013 Revenues

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Operating Revenue	Expenses	Operating Loss	Total Revenues
\$117,643,835	\$122,021,963	\$4,378,128	\$123,524,908

Medicaid	\$ 34,136,237	29.0%
Medicare	\$ 62,783,839	53.4%
Private Pay	\$ 4,919,970	4.2%
Private Ins.	\$ 12,168,310	10.3%
Grants	\$ 2,048,600	1.7%
Other	\$ <u>1,586,879</u>	<u>1.4%</u>
Total Op. Revenue	\$ 117,643,835	100.0%

Total Expenses \$ 122,021,963

Other Income \$ 5,881,073

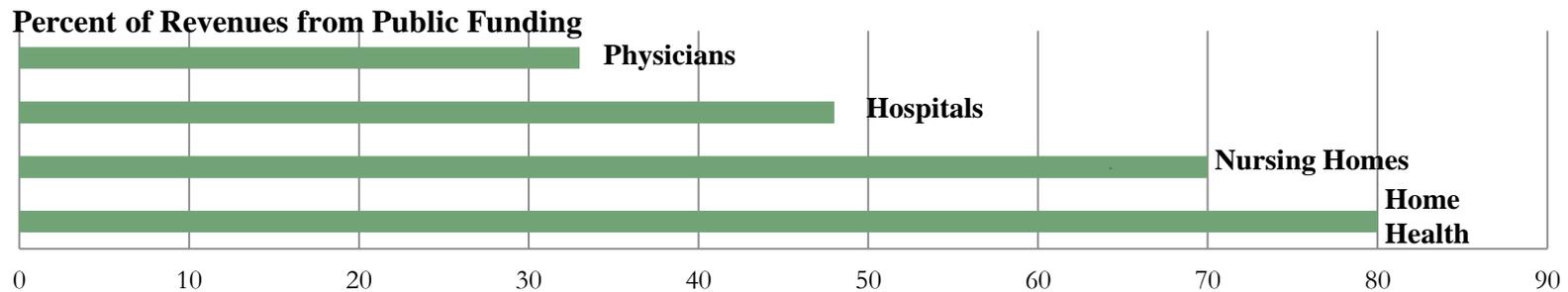
Total Income \$ 123,524,908

□ Source – DAIL Reports

# Home Care Facts

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Over 80 percent of home care is publically funded (state and federal) - a higher share than nursing homes (70%), hospitals (48%), or physicians (33%).



Medicaid and other state programs comprise nearly 30 percent of home care revenues, considerably higher than the New England or national averages.

# Medicaid Rates

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Medicaid Rates	2000	2001 (Tax Bump)	2015	% Change 2000/2015
RN	\$75.00 visit	\$95.00	\$108.42	44.56%
HHA	\$28.00 hour	\$40.52	\$49.08	75.2%
Consumer Price Index				71.0%

Medicaid pays on a fee-for-service bases. Most Medicare payments on “prospective payment”. Medicare payments are paid on a 60-day episode and based on the diagnosis of the patient. Hospice is paid on per-diem basis for both Medicaid and Medicare.

# Medicaid Tax

## Medicaid Tax – “Grow Your Own Food”

What is it? The Medicaid tax is a tax on the revenues of nursing homes, home care agencies and hospitals.

Why the tax? The purpose of the tax is to leverage additional federal funds to support the state’s Medicaid program, including improvement in provider reimbursements, without added expenses to the state’s general fund.

How does the tax work? Home care agencies pay a tax of about 4% of their total home care revenues. For every dollar paid the state gets approximately \$1.01 additional from the federal government. For most agencies, the tax payment is the third largest cost center behind salaries/benefits and travel.

# Medicaid Tax - Revenues

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	2000	2013	Percent Change
Medicaid Tax	\$1,157,611	\$4,632,129	300.1%

2000-2013	Taxes Paid	Federal Match	Total State Gain
Medicaid Tax	\$50,007,436	\$82,144,611	\$132,222,047

# Prospective Payment

In 2008, in recognition that Medicaid's fee-for-service payments most likely would not keep pace with inflation, the VNAVt members proposed a prospective payment pilot.

A Medicaid prospective payment system would provide the agencies with an opportunity to manage the patient's medical needs within the determined reimbursement.

# State Programs

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**Traditional Home Care - Traditional Medicaid** (Funded and administered by the Department of Vermont Health Access - DVHA)

Health care and related services provided in the home. These services involve patients and their families and include a comprehensive plan of treatment and rehabilitation made in collaboration with the patient's physician. Vermont Medicaid funds the same home care services as Medicare including hospice.

Services include:

**Nursing**

**Home Health Aide**

**Speech Therapy**

**Physical Therapy**

**Occupational Therapy**

**Medical Social Work**

# State Programs

**Choices for Care Waiver** (Funded through DVHA, administered by the Department of Disabilities, Aging and Independent Living – DAIL)

The Choices for Care program provides nursing-home level care in the home, in an enhanced residential care setting, and in a nursing home. Home care CFC services are:

**Case Management:** Case managers make home visits, and assist with assessment and care planning needs.

**Personal Care Attendant:** Clients who are eligible for the Medicaid Waiver Program can receive extended hours of home care attendant services to help with simple personal care, housekeeping, and meal preparation.

**Homemaker Services:** Trained homemakers offer light housekeeping, grocery shopping, errands, laundry, and simple personal care.

**Respite/Companion:** This service provides respite care to family caregivers.

# State Programs

**Maternal Child Health** (Funded through DVHA, administered by the Department of Children and Families – DCF)

This program provides comprehensive prevention/early intervention services as well as medical, educational, and psychosocial support for families.

- **Healthy Babies, Kids and Families and Family and Infant & Toddler Program.** Healthy Babies Kids & Families is a benefit of Medicaid and Dr. Dynasaur health insurance programs. Nurses and family support workers provide education and help to connect parents with high quality health care and support services in the community.
- **The Family, Infant & Toddler Program** provides early intervention services to children aged birth to three who have developmental delays or who have conditions that may lead to developmental delays. Services include specialty clinics, care coordination services, family supports and limited financial assistance for authorized medical services.
- **Medical Home Visits**
- **Prenatal and Postnatal Care**

# State Programs

## **High Tech** (Funded through DVHA administered by DAIL)

The High Technology Home Care Program is an intensive home care program administered by the Department of Disability, Aging & Independent Living. The program coordinates medical supplies, and sophisticated medical equipment, and provides skilled nursing care for technology-dependent beneficiaries. The goal is to support the transition from hospital or other institutional care to the home or to prevent institutional placement. This program provides home care service to technology-dependent children and adults. High tech services include pulmonary care and infusion therapy (parenteral and enteral feeding, IV chemotherapy, and IV antibiotics).

Services include:

**Nursing**

**High Tech Aide**

# Agency Directors

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Addison County Home Health - Larry Goetschius - tel. 802-388-7259 - e-mail - [lgoetschius@achhh.org](mailto:lgoetschius@achhh.org)

Caledonia Home Health - Treny Burgess - tel. 802-748-8116 e-mail – [trenyB@nchevt.org](mailto:trenyB@nchevt.org)

Central Vermont Home Health & Hospice - Sandy Rouse - tel. 802-223-1878 - e-mail – [SRouse@cvhhh.org](mailto:SRouse@cvhhh.org)

Franklin County Home Health Agency - Janet McCarthy - tel. 802-527-7531- e-mail - [jmccarthy@fchha.org](mailto:jmccarthy@fchha.org)

Lamoille Home Health & Hospice - Kathy Demars - tel. 802-888-4651 - e-mail – [Kdemars@lhha.org](mailto:Kdemars@lhha.org)

Manchester Health Services - Barbara Keough - tel. 802-362-2126 - e-mail - [mhs.inc@sover.net](mailto:mhs.inc@sover.net)

Orleans, Essex Home Health & Hospice - Lyne Limoges tel. 802-334-5213 - e-mail - [llimoges@oevna.org](mailto:llimoges@oevna.org)

VNA of Chittenden, Grand Isle Counties - Judy Peterson - tel. 802-658-1900 - e-mail - [Peterson@vnacares.org](mailto:Peterson@vnacares.org)

VNAH for Vermont and New Hampshire - Jeanne McLaughlin tel. 603-298-8399 - e-mail - [jmclaughlin@vnhcare.org](mailto:jmclaughlin@vnhcare.org)

VNA of the Southwest Region - Ron Cioffi - tel. 802-775-0568 - e-mail - [rcioffi@ravnah.org](mailto:rcioffi@ravnah.org)

# Questions

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Questions Contact:

Peter Cobb, Executive Director

VNAs of Vermont

[vnavt@comcast.net](mailto:vnavt@comcast.net)

(802) 229-0579 or (802) 249-5167

