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TO: Representative William Lippert, Chair, House Health Care

FROM: Robin Lunge, Director of Health Care Reform
Steven Costantino, Commissioner

DATE: February 26, 2015

RE: Responses to Questions Posed During February 19, 2015 Testimony

During DVHA's testimony in front of your committee, you had requested additional information on the items detailed below. If any additional clarification is required, please do not hesitate to contact us.

Please clarify the differences between home health, health home, and medical home:

Health homes are intended for populations with chronic conditions, including those with serious mental health and substance abuse conditions, while medical homes are intended for every individual. Medical homes historically have focused on the coordination of medical care, while health homes are intended to build linkages to community and social supports and coordinate medical, behavioral and long-term care. Medical homes tend to use physician-led primary care practices as the coordinating entity or team. Health homes may use other types of entities, such as behavioral health provider organizations, and other health care professionals. Home health refers to medical services performed by professionals that are provided in individuals' homes.

Can the home health prospective payment model be implemented without new funding?

Not completely. While the PPS design can be budget neutral, there is a need for additional resources to support implementation. Ideally, the PPS change would include a quality payment as well as the methodology change. The quality payment would be difficult to implement without additional resources. The majority of the newly proposed dollars however, were aimed to support adding a quality or value-based component to the program in lieu of just adding additional dollars to rates. It could be implemented by withholding an amount from current payments, which is paid if the agencies meet the quality score. This type of implementation could result in some home health agencies getting paid less than they currently do if they are unable to meet the quality scores. Impacts of this type of implementation on home health agencies would need further analysis.

What is the $1,250,000 based on with regard to the proposed home health payment change?

This was chosen based on an estimate that approximately 10 million in home health spending would be converted to the PPS and 10% would be appropriate quality/value-based target. The additional $$'s would cover the cost of implementation. However, since that time, based on more recent data and PPS feasibility analysis, we have recently revised the estimate to be approximately 7 million and therefore, the estimate can be reduced by $300,000, which assumes

a 10% quality pool would be appropriate. Further decrease would be justified if you reduced or eliminated the quality component.

What would be the cost implication if we were to include ambulance reimbursement in the cost shift proposal?

Medicaid is currently reimbursing approximately 43% of Medicare for ambulance services. It would take approximately $3.5-$3.8 million to increase funding to Medicare levels. There are significant differences in the way Medicaid pays compared Medicare. These have taken into account in the estimates, but will impact on providers. Standardizing payment methods would make sense, however, would take a significant amount of time and resources relative to small overall spending on ambulance services. We would estimate a smaller "re-capture" rate than we assumed for hospitals and professional services given the complexity of how regulators would be able to ensure savings through premiums or through local or town fees/taxes.

What is the breakdown by Medicaid Eligibility Group related to the $29.8 million caseload and utilization increase?

Please see chart below:

	State	**Federal**	**Gross**
ADB/Medically Needy Adults	0.39	0.48	0.87
General Adults	4.14	5.07	9.21
BD Children	2.68	3.28	5.97
Sub Total	7.22	8.83	16.05
New Adults	4.48	9.25	13.73
Total Caseload and Utilization	11.70	18.08	29.78