

MEMORANDUM

TO: Community Services Members

FROM: Anne Hill, Community Services Policy Analyst

DATE: November 24, 2009

SUBJECT: **Fifth and Final Meeting of Home Health Care Reimbursement Workgroup**

ROUTE TO: Administrators, Program Directors, CEOs

ABSTRACT: DOH to write report on reimbursement and subcontracting proposals.

The home care reimbursement workgroup convened for the fifth and possibly final time on November 19th to examine the Medicaid episodic pricing system (EPS) for Certified Home Health Agencies (CHHAs), and a prohibition on CHHAs and Long Term Home Health Care Programs (LTHHCPs) subcontracting with Licensed Home Care Services Agencies (LHCSAs) for home health aide services.

The Department of Health (DOH) will most likely not meet the December 1 deadline to submit a report with the workgroup's recommendations to the Legislature. The workgroup is expected to receive the draft report this week and submit changes soon after. Workgroup members will have time to read, edit and offer alternative recommendations before it is sent to the Legislature.

Meeting Summary

The department provided an update on spending trends from 2003 to 2008 of seven New York City home care agencies. Data shows that spending per recipient in New York City has increased by 73.7% (39.7% increase for the rest of the state) over this time period. According to the department, these seven agencies are driving the reimbursement change because they contribute 50-70% of CHHA Medicaid costs. The department concludes that this data demonstrates the need to move to a more rational reimbursement system.

Next, the department and workgroup discussed how the wage index factor (WIF) could be adjusted for additional labor costs, such as fringe benefits. The department suggested that CHHA cost reports and LHCSA statistical reports could be amended to collect data on fringe benefits. The workgroup still needs to decide what portion of the EPS base price should be adjusted by the WIF and which regions should be used to calculate the WIF.

Finally, a brief discussion commenced on how Special Needs CHHAs will be affected by the proposed EPS. Since the first workgroup meeting, members have had concerns over access to

care and provider disenfranchisement if Special Needs CHHAs take losses due to the outlier payment. A proposal was made by a workgroup member to exclude Special Needs CHHAs from the proposed reimbursement change.

Conclusion and Next Steps

At the conclusion of the meeting, the department reported that the Executive is aware of concerns over the financial future of home care agencies as a result of reimbursement changes and additional across-the-board cuts to home care. The final report to the Legislature will address these budget concerns and make a recommendation to continue the workgroup meetings.

NYAHSA will continue to participate in EPS meetings and advocacy. We will share the final report with members as soon as it becomes available.

If you have any questions or comments regarding the home care reimbursement workgroup, you may contact Anne Hill at ahill@nyahsa.org or 518-449-2707, ext. 141.