

ENSURE APPROPRIATE MEDICAID RATES FOR HOME HEALTH AND FUND THERAPIES IN THE HOME

ISSUE: Inadequate reimbursement for home care services are causing access problems by discouraging providers from participating in the program and forcing some agencies to limit acceptance of Medicaid patients. This creates a second-class health care system for Medicaid patients, who are often forced into institutional settings, and contributes to the Medicaid program's strong institutional bias.

Medicaid Home Health Care (skilled nursing care and home health aide; *includes physical therapy, occupational therapy, speech therapy but these services are not currently funded for the aged, blind and disabled*)

Criteria for Elderly or functionally disabled clients:

- The participant requires **intermittent skilled nursing care** which is reasonable and necessary for the treatment of an injury or illness. The services are performed by or under the direct supervision of a licensed nurse (RN or LPN) to assure the safety of the patient and to achieve the medically desired result.
 - In most instances, this definition refers to a participant requiring a skilled nursing service at least once every 60 days and in rare instances, every 90 days. Most participants require services no more frequently than several times a week.
- The services are prescribed by a physician and provided in accordance with a Plan of Care;
- These services are not for patients who need full-time care because they're seriously ill or people who are dying
- Home Health Aide services include: personal care; simple dressing changes which do not require the skills of a licensed nurse; assistance with medications which are ordinarily self-administered

Cost Drivers making home health different from other similar service providers:

Travel Time

Employers must pay for time traveled between work shifts for two different patients. Travel between patients during the workday qualifies as compensable hours worked. Travel time is not reimbursed in what the providers receive in their Medicaid rate. This is a huge concern for rural providers where there is sometimes an hour or more between clients.

Gas/mileage

Missouri home care workers drive over a hundred million miles per year. The cost associated with mileage/gas/drive time is astronomical and different from what other providers of similar types of care incur. Nursing homes and hospitals do not face this type of enormous expenditures.

Workers Compensation Insurance: Home Care companies have no control over the environment in which their workers must work. Subject to bad weather, poor environmental factors (such as poor porch/step construction, dogs, drugs), and little if any assistance with physical tasks like lifting, home care workers suffer a higher degree of injury and mishap. Workers compensation rates are high in this industry.

Health Insurance for Worker: Many companies do offer some type of health insurance coverage for direct care workers, however, most smaller home care companies are unable to afford the costs. For those companies that do provide health insurance, the costs continue to rise faster than reimbursement.

(over)

Staff Turnover

The severe limitations on reimbursement under Medicaid make it extremely difficult for home care agencies to comply with any requirements to increase wages, much less provide wages and benefits that reflect the worth of the care provided. This combined with difficult working conditions leads to high turnover rates and vacancies. Staffing has become the biggest concern for home care agencies today. Low wages in home care leads to high staff turnover, critical low levels of available workforce and care instability.

Current Home Health Medicaid Rates:

- Medicare CY2019 per Visit Payment: \$146.73
- Medicare Median Actual Cost per Visit: The median per visit cost in Missouri is **\$161.88**
(based on Medicare cost reports- 2018 Medicare Home Health Dashboards, BKD CPAs & Advisors)
- Current MOHealth Net Rate: \$79.49 (**only 54% of CY19 Medicare rate and only 49.1% of the median per visit cost**)

It is unfortunate that the costs of providing services to the most vulnerable continues to rise making it cost prohibitive for agencies to provide services to those who need them the most and potentially forcing them into a nursing home for needed care.

- *(note: in FY19, nursing homes received an additional reimbursement rate increase in their daily rate along with the provision that rates for the homes are to be recalculated every year to account for constantly rising health care costs)*

RECOMMENDATIONS:

First,

- Assure access to care comparable to the non-Medicaid patient population
- Ensure reimbursement sufficient for providers to conform with quality and safety standards
- Guarantee payments sufficiently adequate to incentivize providers of care to operate efficiently while meeting the cost of care provisions

Year 1 – Reimburse 65% of the median Medicare per Visit cost (from cost reports)

Year 2 – Reimburse 75% of the median Medicare per Visit cost (from cost reports)

Year 3 – Reimburse 85% of the median Medicare per Visit cost (from cost reports)

Year 4 – Reimburse 100% of the median Medicare per Visit cost (from cost reports)

Continue to reimburse 100% thereafter

Second, as a potential cost savings approach, **FUND THERAPIES**

Currently, therapies are NOT funded for home health

- Those in need can only receive during hospital stay or in nursing home which increases the cost to the Medicaid program
- Options: either go without services which increases risk of re-hospitalizations or go to nursing home

RATIONALE: The demand for home health care services will continue to increase as the elderly and disabled population grows. Our reimbursement system does not pay sufficient attention to the effect payment rates have on patients' access to care and the cost of efficiently delivering home care services. The state must engage in an analysis of the rate setting methodology and the adequacy of payment rates to ensure Medicaid recipients continue to receive the right to high quality home care.



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