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Statement by the Home Care Association of New York State (HCA) On the Mid-year State Budget Cuts

Home Care Association of New York State (HCA) President Joanne Cunningham said today's mid-year State Budget agreement is an improvement over the Governor's initially proposed \$172.2 million in combined new home care cuts for fiscal years 2008-09 and 2009-10 – a figure which would have doubled to \$345 million when lost federal matching shares are taken into account.

Nevertheless, Cunningham warned, "this new package of funding cuts impairs the safety net for New York's neediest patients, threatens access to vital home care services throughout the state, and further widens the gap for providers already struggling to keep pace with the rising cost of delivering care."

Today's budget agreement reduces the Medicaid Trend Factor by an additional 1.3 percentage points in 2008 and 1 percentage point in 2009. The Trend Factor is a vital inflationary adjustment intended to fill the gap between data from two-year-old cost reports – which the state uses as a base for establishing Medicaid reimbursement rates – and present-day, actual costs.

Through these cuts, home care and personal care providers will lose a total of \$42.23 million (state share) – or \$84.46 million in combined state and federal shares – in Medicaid reimbursements for 2008 and 2009.

"These cuts to the Trend Factor deny the state's own methodology for keeping Medicaid reimbursements square with the actual rising costs of providing care," Cunningham said.

Cunningham said: "With new treatment advances, as well as lost hospital and nursing home capacity due to health care restructuring initiatives by the state, patients today seeking home care services have increasingly complex acute and chronic care needs. Add to this the growing cost of staff recruitment, as well as the toll of exorbitant fuel prices for travel to patient's homes, and it becomes very clear that when Medicaid reimbursements lag, it is the provider who struggles to catch up."

"Agencies rely on these vital Trend Factor adjustments just to keep pace with daily operations in today's increasingly costly health care environment," she added.

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