



**For Immediate Release:**  
December 16, 2008

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## **Joint HCA/NYAHS Report Reveals Home Care Financial Picture**

**The Home Care Association of New York State (HCA) and the New York Association of Homes and Services for the Aging (NYAHS) today released a comprehensive report that reveals the financial picture of home care providers and the impact of prospective Medicaid cuts on the capacity to serve patients at home in the community.**

The report, entitled *Unstable Ground: The Fiscal Instability of Home Care in New York State*, is being delivered today to state lawmakers, the Governor's office, policymakers and the media.

"What emerged from our analysis of cost reports and member surveys is a troubling picture of financially vulnerable organizations struggling to keep pace with cost and the level of services in order to continue to provide quality services to people needing care in the community," the report states. "Because costs have outpaced Medicaid, Medicare and managed care rates of reimbursement, most providers are losing money on operations, and the losses are worse than they were two years ago."

Despite the role of home care in efforts to rebalance the state's long term care system towards more home and community-based care, the report states, "these services have been the target of repeated Medicaid cuts. These cuts are increasingly threatening the viability of the entire health care system along with the establishment of reforms necessary to achieve a more person-centered service system."

Among the report's key findings:

- Seventy-one percent of Long Term Home Health Care Programs (LTHHCs) and 53% of Certified Home Health Agencies (CHHAs) reported operating losses in 2006 due to inadequate reimbursement (CHHAs typically provide short-term, post-acute care while LTHHCs provide in-home services to patients who are medically eligible for admission to a nursing home, historically at 50% the cost of nursing home care);

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- Nearly half of agencies may seriously consider closing under a prospective 10% Medicaid funding cut;
- Approximately 41% of providers reported that their current cash flow situation is “worse” or “much worse” now compared to 2007; and
- Sixty-six percent of CHHAs and LTHHCPs are currently experiencing a shortage of professional staff, while approximately 85% are encountering difficulties in maintaining the needed level of staff.

The full report can be found online at: <http://www.hca-nys.org/documents/HCANYAHSAJointHomeCareReport2008.pdf>.

### *HCA/NYAHSA Survey and Cost Report Analysis*

As part of their report, HCA and NYAHSA conducted a detailed analysis of CHHA and LTHHCP 2004, 2005 and 2006 cost reports (the most recent years available), which provide concrete data on agency or program finances. These cost reports are the certified financial statements providers must submit to the New York State Department of Health each year. They form the basis of the state’s Medicaid rate calculations and, as such, are pivotal to the determination of Medicaid funding in New York State.

To further reinforce this hard data analysis, HCA and NYAHSA also conducted a joint survey of their CHHA and LTHHCP provider members, 90 of which participated – a number that represents 40 percent of these agencies and programs statewide.

In the survey, providers were asked to consider a series of current and potential measures taken in response to financial hardship (i.e., staff reductions, borrowing to meet expenses, agency/program closure, delay in paying contracted service providers, etc.), and to assess whether the described actions currently exist and to what extent each of these described actions is likely to occur under a 5 percent and 10 percent Medicaid revenue cut.

While policymakers have stressed the importance of home and community-based programs as a solution to making Medicaid more efficient, funding cuts have undermined efforts to deliver cost-effective and comprehensive in-home care to thousands of New Yorkers. This year alone, New York home care providers are being subjected to **\$140 million** in total multiyear Medicaid funding cuts (combined state and federal shares). Without home care, many patients would otherwise have no alternative but to enter a nursing home or depend more heavily on other costlier facility-based health services.