HOME CARE ASSOCIATION
OF NEW YORK STATE

State Budget Action Needed to Support Home Care Access and Assist Priority Public Health Solutions

HCA 2017 State Advocacy

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New York's home care system is pivotal to meeting the medical and related support needs of our citizens. Home care does this in primary, home and community care settings – managing and delivering care out of hospitals, emergency rooms and institutions, saving untold dollars and supporting quality of life, in complete alignment with state and federal health care system goals.

Basic, adequate financing and regulatory flexibility are critical to these purposes – and this need is even further amplified by the cascade of new state/federal wage requirements, operating standards, and new models that depend on home care's participation.

The 2017-18 state budget ***must*** provide reimbursement stability and accompanying support needed for home care's workforce, infrastructure and regulatory flexibility.

These needed budget actions are described in this report.

THE ISSUE: Participation in the State's New Models of Care Requires Flexible and Enabling Home Care Regulation.

New York State has invested in multibillion-dollar policy changes, such as the Delivery System Reform Incentive Payment (DSRIP) program and Value Based Payments, seeking to dramatically expand the service shift from hospitals to primary and community care settings. Experience shows that longstanding regulatory requirements in the system disserve home care's freer capacity in these new models. These requirements also miss further opportunity for home care proficiency to drive down costs, reduce unnecessary hospitalizations, and address critical areas of public health, as home care has always done.

HCA has proposed budget language that would target home care regulatory flexibility for these express public health and new model purposes. The Governor's Executive Budget is similarly seeking regulatory flexibility, but through a proposed "Health Care Regulation Modernization Team." This Team would consist of appointed stakeholders to recommend regulatory changes across the system, and with great emphasis on home and community based care. This initiative is based on the right theme, but will need to be tailored to effectively address home care issues and also to ensure that, overall, this proposed Team process and outcome maintains the basic order and integrity of system roles.

Home care licensure – and indeed all provider licensure – is established for fundamental public health protection, operational standards, expertise and integrity. Increasingly, institutions and entities that are ***not*** lawfully designated providers of state and federally licensed home care services are trying to overstep explicit licensure and sanctioned service jurisdictions to provide home care. Any budget authorization creating a Regulation Modernization Team as the vehicle for flexibility must contain explicit language to ensure the Team's scope and outcome do not cross such lines, exacerbating an already serious problem for home care or inviting the same problems for other sectors. With these and other appropriate parameters, the budget needs to adopt language to maximize long-needed opportunities for flexibility for home care and all providers. HCA has provided the appropriately tailored language for home care.

Flexibility for home care, with appropriate reinforcement of home care's position in the continuum, would ensure that the right and lawfully intended entities participate effectively and efficiently to meet model goals.

THE SOLUTION: Rework the Executive budget proposal to incorporate regulatory flexibility for home care's maximal participation in new delivery and payment models (including DSRIP, Value Based Payments, patient centered medical homes/advanced primary care practices, Accountable Care Organizations, bundled payments, etc.). This language should also harness home care's public health capabilities in major health and cost-saving areas such as: maternal and child health; sepsis prevention, early identification and treatment; falls prevention; asthma mitigation; cardiovascular health management; disparities; and others. HCA has already advanced draft legislative language to this effect for inclusion in the budget process.

THE ISSUE: Payment Rates to Managed Care Plans and Home Care Providers MUST Adequately Cover Services.

Payment and service decisions in today's home care system are substantially integrated with managed care. This means that managed care plans are paid a premium rate to cover and manage the service costs of network providers, including home care and other long term care services entities. This shift has involved changes in payment patterns for coverage of thousands of patients, with a second wave of enormous new changes underway in the shift to Value Based Payments.

The state's current payment methodologies for home care providers and managed care plans ("mainstream" managed care and Managed Long Term Care, or "MLTC," plans) need to be further honed in statute so that these methods consider all of the real and relevant costs of: providing services; meeting state and federal wage mandates; complying with operating standards; and enabling home care's participation in the state's new reform models. Absent these changes, managed care plans and providers now shoulder destabilizing financial losses for the services they provide, as revealed in HCA's latest comprehensive financial report of the industry. These losses come at a time when plans and providers cope with a battery of new costs imposed on the system, including labor costs like the recent minimum wage hike.

The Governor's budget proposes $242.7 million for home care/MLTC costs for fiscal year 2017-18 minimum wage increases under Medicaid. But recent Medicaid distributions for minimum wage costs have been highly problematic and inadequate for matching the needs of managed care plans, providers and the workforce. This is largely due to state distribution guidelines that have been vague or inconsistent in the direction of funds. Payment rates to plans and providers for labor and other costs must be consistent, predictable, timely and sound. They must also account for the cost impact on plans and providers of the state's higher wage mandates that equally apply to services to Medicare and other non-Medicaid beneficiaries, primarily the elderly and disabled on fixed incomes.

At the same time, the Governor's budget proposes a series of actions that will cut funding to MLTCs and otherwise erode their financial position. These include cuts in rate payments promised for quality performance, changes in recipient eligibility, the carve-out of transportation services, a ban on plans' ability to market, and other deleterious actions. These kinds of cuts and actions only further financially strangle an already financially strained managed care plan-provider delivery system.

The state is obligated by law to ensure actuarially sound rates to managed care providers, so that costs are covered for beneficiaries. Rate soundness is all the more important as home care providers participate more fully in state reforms such as DSRIP and Value Based Payments.

THE SOLUTION: The state budget must include language and funding to ensure coverage of major new wage obligations, related labor expenses, and basic costs for delivering accessible, quality home care to the state's citizens, including restoration of the proposed MLTC cuts.

HCA has advanced legislation to further solidify statutory standards to ensure actuarially sound managed care and provider rates for program services and costs. These provisions are all the more urgent with imminent, next-phase increases in wage/labor expenses as well as other costs necessitated by state reforms. The HCA legislation would also ensure consistent adjustments under the Episodic Payment System (EPS) for those home care providers reimbursed directly by the state Medicaid program.

THE ISSUE: Capacity and Direct Care Staffing of the Home Care System Must be Adequate to Meet Statewide and Community Needs; Current Workforce Shortages are Jeopardizing Access to Care.

Throughout the state, there are serious geographic and professional area shortages preventing critical access to home care, affecting patient care quality, and hindering the success of state policies to lower costs through more appropriate and timely patient care in the community.

Workforce shortages, recruitment, and retention issues have challenged the home care system for many years. New wage requirements and labor costs (not reimbursed to home care agencies and managed care plans) complicate this dynamic, as do an array of factors that uniquely apply to direct care personnel in the home care field.

According to HCA's recent financial report on the home care industry, a 24% turnover rate is reported for home care aides and a 21% turnover rate for nurses and other professional staff. On average, anywhere from 10% to 17% of direct-care positions remain unfilled, as are additional positions which are desperately needed. Many agencies are unable to accept patient care cases due to staff shortages.

Statewide senior citizen groups are likewise characterizing this situation as a "crisis" in home care access and, with HCA, are advocating for a must-act solution in this budget.

THE SOLUTION: In addition to providing vital rate method changes and funding to better support the home care workforce and service accessibility, the state budget must also establish and set in timely motion a comprehensive, short-and-long term multifactorial plan to ensure statewide and regional home care capacity to meet the system's and citizens' needs. Both geographic and professional service (i.e., pediatrics, palliative care, mental/behavioral health) shortages and remedies must be addressed in this plan. HCA has presented the Legislature and Governor with proposals to this effect.

THE ISSUE: The State Lacks – and Needs – Dedicated Infrastructure Support for Enabling Home Care's System and Patient Care Mission

Home care is currently one of the only sectors without a dedicated working infrastructure fund, at the same time that other entities enjoy long-established working capital pools for Health Information Technology and other infrastructure needs.

The Governor's budget includes a commitment of $500 million in infrastructure funding for all health care sectors. Last year's appropriation was $200 million, with a minimum of $30 million lined-out specifically for the community-based system, including clinics, home care, behavioral health, substance abuse providers, mental health services, and others.

HCA applauds the proposed increase in the total pool (from $200 million to $500 million), but asks that the minimum set-aside for home and community health care (static at $30 million in the Governor's proposal) be likewise increased.

Since the state seeks to shift at least 25% of hospital use and expense into community-based care, the proportion of this $500 million total pool should (at a minimum) be equitably indexed to this 25% shift – or a $125-million community-care portion of the $500 million. This would still fall short of funding needs, given that the community sector has long been overlooked in the billions of state and federal funds that have poured into the institutional sector infrastructure, which the state and feds are ironically seeking to shrink. In addition to a portion above the $125 million, a fund specifically for home care is also needed.

Home care's infrastructure needs include clinical and information technology; electronic medical record integration; interoperability with physicians, hospitals, behavioral health, MLTCs, and others. Better technological integration of home care would alone have a profound, game-changing impact on the entire health system's operating intelligence when it comes to management of patient care conditions, quality outcomes, transitions across the system and further development of value based methods. This is especially vital in connection with reforms such as DSRIP, Medicaid Redesign, Value Based Payments, and other health and innovation efforts.

THE SOLUTION: Equitably index for home and community health a minimum of $125 million from the Governor's $500 million budget infrastructure pool proposal, building off of last year's budget agreement, and designating further funds and/or prospective mechanisms for home care specifically. These include the following: (i) Create a working capital rate factor for home care and MTLC and/or dedicate home care funds through an existing Article 36 infrastructure program with priority purposes and a portion of this year's pool; (ii) Support Article VII inclusion of Senator Hannon's and Assemblyman Gottfried's technology investment (S.8168) and quality innovation (S.7810/A.10696) legislation supporting this critical infrastructure on an ongoing basis, which also will provide for state savings opportunities (ROI) from such investment.

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