

# Memorandum of Support

## on Senate Health Agenda May 21, 2024



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HCA, New York State's home care association, represents hundreds of providers and thousands of staff who collectively provide health care to hundreds of thousands of New Yorkers. HCA members include Certified Home Health Agencies, Licensed Home Care Services Agencies, Long Term Home Health Care Programs, Hospices, Managed Long Term Care/PACE Plans, Consumer Directed Personal Assisted Programs, waiver programs, allied health and health support organizations.

*"Helping New Yorkers  
Feel Right at Home"*

**To: The Honorable Kathy Hochul, Governor of New York State**

**Re: S.4791-B (Rivera / A.7460-A (Paulin))**  
*An act to amend the public health law, in relation to rates of payment for certified home health agencies*

**Date: May 2024**

The Home Care Association of New York State (HCA) **strongly supports S.4791-B (Rivera)/A.7460-A (Paulin)**, which would help provide stable and sustainable rates for certified home health agency (CHHA) services.

This legislation is **urgently needed** for complex care patients across NYS, and indeed for the broader health care system which depends on skilled CHHA services.

CHHAs serve over 450,000 patients in NYS. CHHAs provide nursing, therapeutic, social work, home health aide, and other skilled comprehensive services to patients in their homes. Clinical acuity, complexity and volume of patient and community need for these services are rising more than ever.

The CHHA component of NY's home health system is severely underfunded, with over 50% of CHHAs in NYS incurring serious and continual financial loss providing services to an increasingly needy population. The state's CHHA rate methodology has failed to provide these agencies a cost of living adjustment (COLA) in 15 years, contributing to growing numbers of agency closures, including the recent closure of a CHHA that, for 40 years, has served the largest and most challenging region in the state.

Moreover, for consecutive years, while the state budget has increased CHHA responsibilities and wage mandates, it has not included commensurate and stable funding for these agencies. Yet, funding increases have been provided for other health sectors.

Senator Rivera's and Assemblywoman Paulin's legislation would greatly assist NY's CHHA patients and health care access as a whole.

It would update, amend and bolster the rate setting mechanism for CHHAs in several key ways. In NY, Medicaid CHHA payments for the majority of patients are made based on 60-day episodes of care. Pediatric services and adult cases with low visits and expenditures are handled differently, and are paid based on individual service rates, and are subject to ceiling limitations that were set in 2009.

This bill directs the Commissioner of Health to provide a nominal 10 percent adjustment in CHHA rates (to help catch up for the 15 years since 2009 with no COLA). The bill further authorizes the Commissioner to recognize other critical, real costs not accounted for in the

state's methodology (e.g., workforce, regulatory mandates, technology), and directs the establishment and posting of payment benchmarks for other third-party payers' use that will provide more sustainable rates for services to the state's frail and vulnerable populations.

Years of service underfunding combined with increasing CHHA patient acuity, workforce shortages and overall increased community need for home care have yielded an extremely unstable rate structure for the vital services CHHAs must provide that keep patients from hospitalizations, emergencies, nursing home placement, and other high-risk episodes. The need for highly skilled, accessible CHHA services has dramatically increased without a commensurate increase in reimbursement. Simultaneously, hospitals are discharging patients sooner and in more acute condition than in the past, and many previous inpatient procedures (such as cardiac and joint replacement surgeries, and other complex procedures) are now being done on an ambulatory or same-day or overnight hospital basis. Moreover, hospitals, CHHAs and physicians are collaborating in new and transformative models of care that are forming the future of the health care system, and rate-setting support for CHHAs is critical for this work.

**HCA applauds Senator Rivera and Assemblywoman Paulin for this crucial and pace-setting bill in NY health care, and urges both Houses to pass this bill.**