

**Testimony on Sub House Bill 166
State Biennium Budget
Craig Colton, Patriot Homecare
May 7, 2019**



Chairman Oelslager, Ranking Member Cera, and Members of the House Finance Committee, thank you for allowing me to provide testimony today on HB166—the state budget. My name is Craig Colton and I am the CEO at Patriot Homecare in Girard. I come before you today asking for your assistance to stabilize skilled home health Medicaid rates, which are nearing a crisis because they are so low.

Skilled home health rates are the same today as they were in 1998. The lack of investment in this area has created critical access issues for some services and has left many patients forced to seek more expensive care in nursing homes or hospitals. With Medicare expenditures three times higher than Medicaid, and with expensive new regulatory requirements such as EVV, my agency's ability to continue to provide Medicaid services is now in jeopardy.

Patriot Homecare provides Skilled Nursing, Physical Therapy, Occupational Therapy, Speech Therapy, Social Work and Home Health Aide services in a skilled setting within the patient's home. Most of the patients that we serve fall into two categories: 1) Patients that are being released into their home following an acute care stay at a hospital and/or nursing home, or 2) Patients referred to us by a doctor in order to prevent an illness or injury from becoming severe enough as to require a hospital and/or nursing home stay. The services we provide either decrease the length of stay in the acute care setting or prevent those services from being required. This not only allows the patient to stay in the home that they love, but mitigates the huge costs of the acute care setting. I am testifying today because I want the esteemed people at this hearing to understand the impending crisis that is looming to the Medicaid population in Ohio if the huge rate disparity between the Medicaid and Medicare reimbursement rates is not met.

When determining a proper rate for Home Health services, it is easy to focus only on the amount of money it would take to send a clinician into the home. An outsider to our industry may break this down into the hourly or per visit rate that we pay the clinician, the cost of benefits like 401K and health care, as well as the mileage expense. For our agency, this rate comes out to an average of 69 dollars per clinical visit. Unfortunately, each of these visits requires extensive internal coordination between our different disciplines providing the care, coordination between our staff and the patient's physicians and/or referring facilities, as well as the administrative staff needed to meet all regulatory requirements and billing. For example, we have care coordinators that have to coordinate with case managers from the referring facility. We have to confirm eligibility of insurance and authorization with the insurance company. We have a high degree of Quality Control and Assurance that has to be performed to ensure the growing number of Medicare/Medicaid requirements are met. We have facility and software expenses, and this is not a comprehensive list. These additional costs increase our total cost per visit to an average of 110 dollars. For care originating in 2018, Medicare paid our agency at 3.1 times the rate of Medicaid. This resulted in our agency losing an average 971 dollars per Medicaid patient. In the past, we have been able to serve the Medicaid population within our community by subsidizing their care with the reimbursement we receive from Medicare patients. Over time, our ability to subsidize the Medicaid population with Medicare payments is decreasing because private insurance companies are enrolling more and more Medicare patients into Medicare Advantage and HMO plans. These plans not only cut the reimbursement to less than half of what traditional Medicare pays, but increase the regulatory requirements, and thus the cost of providing care. Unfortunately, the bottom line is that we can no longer afford to lose large sums of money on the Medicaid patients that desperately need our services. This situation is rapidly becoming a crisis

for these patients as agencies are faced with the choice of turning down services to these patients or risking bankruptcy.

I would like to highlight a couple of examples of Medicaid patients that have received our care in 2018. The first is a 60 yr old man who had a traumatic brain injury while at home. After being found at home and spending time in the hospital and a nursing home, the case manager at the nursing home asked if we could admit him under our services so he could go back to his home. We performed 84 visits which included Nursing, Physical Therapy, Occupational Therapy and Speech Therapy over 113 days. We lost 4,188 dollars on this patient. I bring him up as an example of the large sums of money that can be lost at the current Medicaid rates. It is not hard to see that when agencies know this type of loss is coming, most are not going to accept these patients into their services, and the patients will remain in hospitals and/or skilled nursing facilities. Additionally in 2018 we administered care to a 27 year old female that was left in a quadriplegic state due to a tumor in her spine. She first received care in a hospital and then a nursing home. This patient had almost no family support. After failing several times to place the patient into homecare, her case manager called us and pleaded with us to take the patient. We accepted the patient. She was with us for 179 days with no family support until family outside our service area agreed to move her in with them. Upon moving she was transferred to another homecare. In total, we provided 25 visits at a loss of 1,333 dollars. Without compassionate homecare providers that are willing to accept a negative profit margin on Medicaid patients, these patients would rack up Medicaid bills astronomically higher within the confines of a hospital and/or nursing home. It is unacceptable that homecare providers are expected to lose money every time they provide care to patients that desperately need that care.

In conclusion, I have great confidence that the compassionate people that have taken the time to participate in these proceedings will address this pending crisis, not only for the benefit of the Medicaid population in Ohio that depends on them, but for the continued solvency of the Medicaid program. Increasing home health rates will allow Patriot Homecare, as well as many other homecare agencies in Ohio to continue to serve the Medicaid population in accordance with their needs. Without this action, our ability to serve the Medicaid population will continue to dwindle, a prospect that is heartbreaking.

Thank you again for allowing me to testify today. I'm happy to answer any questions you may have at this time. Thank you.