



HOSPITAL HOME CARE

ASSOCIATION OF AMERICA

228 Seventh Street, SE, Washington, DC 20003-4306

October 19, 2011

The Honorable Patty Murray
Co-Chair, Joint Select Committee on Deficit Reduction

The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee on Deficit Reduction

Members, Joint Select Committee on Deficit Reduction

The Honorable Max Baucus
The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James E. Clyburn
The Honorable John Kerry
The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey
The Honorable Fred Upton
The Honorable Chris Van Hollen

Dear Co-Chairs and Members:

The Hospital Home Care Association of America (HHCAA) is the nation's leading advocate for infirm, critically ill homebound patients and the hospital organizations that provide skilled nursing and complex rehabilitative care to them in their homes. As you review options for reducing federal spending in connection with the Budget Control Act, we urge you to reject policies that would impose new out of pocket costs on our patients, and new cuts to our hospital's essential resources for caring for them. The HHCAA supports efforts to reduce our nation's debt, but strongly believes that the best solutions lie in targeting waste and abuse in the system before shouldering seniors with new costs.

Proposals to charge Medicare beneficiaries coinsurance for accessing home care services are especially troubling. Our patients already face significant financial burdens associated with their preceding inpatient stay, including deductibles and coinsurance.

Medicare law requires that, for inpatient hospital services furnished in each spell of illness, the patient is responsible for an inpatient hospital deductible. In 2011, the deductible is \$1,132 *per spell of illness*. There can be more than one spell of illness, and thus more than one required deductible, in a calendar year. Furthermore, when inpatient hospital services are received for more than 60 days during a spell of illness, the patient is responsible for a coinsurance amount for each day after the 60th and through the 90th (\$283) and the 91st through the 150th (\$566).

An additional coinsurance amount for post hospital home care services would create an additive and onerous financial burden on patients already forced to absorb significant out of pocket costs associated with their illness and their hospital stay. A new study by Avalere Health, LLC found that users of home health services who would be subject to new coinsurance are generally poorer and in worse health than other Medicare beneficiaries, and are less likely to be covered by Medigap insurance. New coinsurance requirements could lead to patients forgoing needed care, and returning to the hospital,[\[1\]](#) or extending their inpatient stay overall, in each instance creating unnecessary, avoidable and more expensive costs.

Furthermore, new across the board cuts to hospital home care agencies are problematic as well, since, as a general rule, our costs are not reviewed by or included in Congressional advisory analyses like those published by Medicare Payment Advisory Commission (MedPAC). Hospital home care agencies account for 16 percent of all home health agencies, yet neither Congress nor the Administration has any clear picture of our costs and revenues. In general, hospital home care agencies have lower margins than freestanding agencies, resulting from a number of factors including, but not limited to, differences in wage structure, payer mix and staff utilization.

Consequently, across the board cuts, including proposals to accelerate rate rebasing and administrative cuts for so called “case mix creep” uniquely jeopardize the hospital home care agency model. Such cuts threaten the hospital home health agency ability to maintain services, reduce the length of inpatient stays and lower overall system costs. A September 2011 study from The Moran Company found that, nationwide, over 80% of hospital-based home health agencies would experience negative Medicare margins if rate cuts already proposed by CMS for 2012 are finalized. Still additional across the board cuts would further destabilize our already fragile delivery system.

The HHCAA is committed to working with you on meaningful ways to reduce the deficit and improve the efficiency of federal health care spending. We believe hospital home care agencies should be incentivized to serve patients and provide important cost savings tools that make crucial contributions to reducing hospital and overall health system spending.

The introduction of new coinsurance requirements on patients, and across the board rate cuts on the hospital home health agencies that serve them, create barriers to home health care’s use that could perversely extend rather than reduce hospital length of stay and create new costs that could and should otherwise be avoided. We urge you to

reject imposing copayments on patients receiving home health care and new cuts on the hospitals that provide these essential cost saving services, and stand ready to assist you in defining alternative reforms targeted to eliminating waste and abuse in the system as a first line of action.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen R. Thomas".

Karen R. Thomas, BS, MS, CMA
Chair

[Trivedi, Amal N., Husein Mooloo and Vincent Mor. "Increased Ambulatory Care Copayments and Increased Hospitalization among the Elderly." New England Journal of Medicine 362 \(2010\): 320-328.](#)