

**Committee on Ways and Means****Hearing on the President's and Other Bipartisan Proposals to Reform Medicare Post-Acute Care Payments****June 14, 2013****Statement for the Record**

The Visiting Nurse Associations of America (VNAA) thanks the Committee for this opportunity to submit a statement for the record for the hearing on the "President's and Other Bipartisan Proposals to Reform Medicare Post-Acute Care Payments." VNAA remains very concerned about proposals that would impose short-sighted payment cuts in the Medicare program. VNAA continues to support efforts to strengthen the role that post-acute care can play in improving quality and reducing health care costs across the health care system.

*Home Health Overview*

VNAA represents community-based nonprofit home health and hospice providers throughout the United States. Our members care for patients with serious and often chronic conditions by providing a full array of healthcare services along with care coordination, management and prevention. Our members are a vital link between homebound patients, their physicians and acute care settings. VNAA members serve all patients without regard to their ability to pay or the severity of their illness, with a particular focus on ensuring access for vulnerable patients.

Requirements for the home health benefit are clearly defined and stringent. Only a physician may order home health after a face-to-face encounter with the patient. The patient must be unable to leave home without a "considerable and taxing effort" and a skilled care such as nursing or therapy must be required. Care must be intermittent. An "episode of care" lasts 60 days but can be renewed if specific conditions are met.

According to the most recent statistics, the Medicare Payment Advisory Commission (MedPAC) reports that only 3.4 million or 9.5% of traditional Medicare beneficiaries used home health in 2011. Beneficiaries who have multiple chronic conditions account for a greater share of Medicare spending than those with a single chronic condition or none. Of the patients who received home health in 2011, 86% have 3 or more chronic conditions.

Home health represents only a very small percentage of Medicare expenditures and helps to reduce costly inpatient care. According to MedPAC, home health was only 4% of overall Medicare spending in 2011 compared to 24% for hospital inpatient and 6% for skilled nursing facilities.

### *Policy Recommendations*

VNAA supports the goal of placing the Medicare program on sound fiscal footing and takes seriously the policy recommendations in the President's budget to encourage efficient post-acute care and related recommendations by MedPAC and other organizations. However, our members strongly believe that improvements in the Medicare program should be made through encouraging participation in more collaborative delivery, rather than through across-the-board payment reductions to providers or the imposition of co-payments for patients.

For this reason, VNAA has strongly supported and been actively involved in efforts to decrease hospital readmissions, better coordinate care through participation in new delivery models (Accountable Care Organizations, Independence at Home projects bundling programs) as well as increasing use of health information technology (HIT) to improve patient care.

The active involvement of VNAA's members in these new delivery models is driving real care improvements on the ground. These improvements include working more closely with hospitals, doctors and nursing homes to improve patients' transitions from institution to home and ensuring patients have the supports they need to keep them out of the hospital. As part of this effort, VNAA member agencies have placed an increasing focus on medication reconciliation efforts and on ensuring all providers on the health care team are appropriately sharing pertinent patient information, such as discharge summaries, through the use of HIT. These efforts are resulting in more informed decisions about patient care and improved care coordination. Over time, we strongly believe these activities will result in better quality outcomes and reduced costs to the Medicare program.

VNAA urges Congress to work with post-acute providers to determine if there are barriers in the current system that discourage providers from participating in or being successful in these new delivery models. For example, home health and hospice providers do not receive federal incentive payments for their investment in HIT which makes it difficult for them to assist physician and hospitals in more effective management of patient care.

VNAA would be very interested in working with Congressional leaders to identify challenges and opportunities to realize the full value of high-quality cost effective care at home. VNAA believes that continuing on the path toward delivery system reform is the appropriate way to place the Medicare program on stronger fiscal ground, rather than focusing on policies that simply reduce payments to providers or implement co-payments for beneficiaries.

VNAA further urges Congressional leaders ensure the Medicare home health prospective payment system adequately covers the costs of treating vulnerable patients. Recently, VNAA completed a study focused on vulnerable patients who received home health. Results of the "Vulnerable Patient Study" demonstrate that imposing additional out-of-pocket cost requirements, such as establishing a home health copay, could

reduce access to care for the most vulnerable patients. The study also raised concerns about whether home health agencies are paid appropriately for treating certain high-risk patients.

Specifically, the study found that Medicare home health episodes for patients with the following characteristics tended to have significantly lower reimbursement compared to cost:

- Communities with lower median household incomes
- Poorly-controlled chronic conditions (e.g. hypertension, diabetes, peripheral vascular disease)
- Intensive treatments including respiratory, intravenous, infusion therapy, and parenteral nutrition
- Clinically complex post-acute and community admissions
- Serious or frail overall status
- Problematic (higher stage) pressure ulcers
- Urinary and bowel incontinence
- No caregiver assistance for activities of daily living (eating, mobility, hygiene) as well as medication administration or medical procedures such as wound cleaning

Given the findings of this important study, VNAA urges that any changes to the Medicare home health payment system, including rebasing, must take into consideration the costs of providing care to patients with these characteristics.

VNAA appreciates this opportunity to provide input into the Committee's considerations on post-acute reform proposals and looks forward to continuing to work with you on efforts to strengthen the Medicare program. If you have any questions please contact Kathleen Sheehan, Vice President of Public Policy, VNAA at 202-384-1456 or [ksheehan@vnaa.org](mailto:ksheehan@vnaa.org).