

Medicare Changes Worry HOME CARE INDUSTRY

To make up the \$1.2 trillion it will take over ten years to insure and/or provide funds to meet the proposed federal mandate to purchase insurance and extend Medicaid benefits, about half would come from reducing federal health programs expenditures— primarily Medicare — and that has the home health care industry reeling.

Bill Dombi, vice president of law for of the Washington, D.C.-based National Association for Home Care and Hospice (NAHC), says in the government's quest to provide national health care, it is taking a step back with its cuts and proposals. Overall, there are 18,000 Medicare-certified home health care agencies nationwide, and the Medicare budget is slated to be cut by more than \$300 billion.

"It's a huge, huge cut," states Dombi. "There has to be a better way than this. Margins in home health care are only two percent as it is. There will be a ripple down effect and any of those margins will disappear." The association faces a double-edge sword: Cuts could put members out of business and curtail care to the elderly. Dombi notes there is very little commercial insurance for home care on the market to serve as an alternative.

"You can't build a new system of health care by tearing down the current one," he adds. The association is lobbying for the budget cuts to be reduced and spread out to avoid a crash in the current health care structure.

The Medicare changes, which are poised to kick in this October and include a \$1.05 billion cut in Medicare spending in nursing homes, also has practitioners wondering if patients will get the care they need or be left out in the cold.

In addition, the changes call for Medicare to make one bundled payment to the hospital that cares for the patient, which in return would be responsible for paying the nursing home or home health company for the patient after release.

"The problem we see is that if a patient wants to go to another facility, does that new facility get paid?" asks Janice Williams, partner and vice president of Matrix Home Care, LLC, a home health agency serving 30 counties in Florida. Her referral-based company provides home care after a stay in a hospital or nursing facility.

Williams believes the new Medicare proposals may preclude patients from changing nursing

facilities, including those who may want to move closer to the family. "Travelling will be tough," she notes. "This one lump sum payment is something that is going to be a big issue."

In addition, many in the industry are worried about hospitals having the responsibility of paying the nursing facility or home health care agency. Dombi says the post-acute care bundling gives the power of managing post care to hospitals that do not have the expertise of home care agencies.

"They (the hospitals) will become insurance companies and manage care," he states. "They don't manage it now. How can *they* manage it?" On the other hand, he says hospice has a great track record in efficient management, as well as saving money for hospitals by reducing re-hospitalization.

"One dollar spent on home health care saves \$2 for the hospital," Dombi cites, "and makes for a happier patient."

He says the NAHC has proposed a community-based organization, such as hospice, to be responsible for arranging the care. The good news for his members is a proposal to make the bundling program a pilot before full implementation. **IWC**