VNS Health

VNS Health Testimony to the Joint Legislative SFY2024 Budget Hearing on Health

February 28, 2023

Chairs Krueger, Weinstein, Rivera, and Paulin and members of the Senate and Assembly Health Committees, Assembly Ways and Means and Senate Finance: thank you for the opportunity to submit testimony for the Joint Legislative Budget Hearing on Health. I am Dan Lowenstein, Senior Vice President of Government Affairs for VNS Health, formerly known as the Visiting Nurse Service of New York.

VNS Health, a nonprofit that has operated continuously for almost 130 years, is the largest home and community-based health care organization in NYS. We provide care to more than 43,000 NYS residents each day, including through high-quality Medicaid & Medicare plans covering more than 32,000 seniors, people with disabilities, and people living with HIV/AIDS; the largest certified home health agency (CHHA) and hospice in NYS, and behavioral health services for over 20,000 at-risk or seriously mentally ill New Yorkers last year alone.

I am providing comments and recommendations on five areas of interest and concern, followed by specific information about the CHHA and hospice workforce and access crisis, along with details on our proposal to confront it.

Include the Home Health/Hospice Workforce & Access Fund to support frontline workers with financial incentives, training, and transportation ($35M). Hospitals are trying to discharge more, sicker patients to certified home health agencies (CHHAs), but amidst the severe nursing shortage, CHHAs are taking on fewer patients. Nationally, about one million patients referred to home health were turned away because of staffing shortages in 2022 – a 300%+ increase from 2019. Because of staffing issues, VNS Health could not provide care to 11,600 hospital patients last year. Hospices are struggling with similar staffing issues. The crisis is reducing hospital capacity and revenue, increasing readmissions, and creating "home health and hospice deserts" in urban, suburban, and rural communities. (More information follows our other budget priorities.)

Restore the Medicaid Quality Incentive Program (QIP) and make it permanent in statute with a 1% addition to plan premiums. The Executive Budget eliminates QIP. This program rewards Medicaid plans (including MLTCs and HIV Special Needs Plans) that excel on key health measures for their members. Plans use QIP funds to reward providers who improve care and outcomes for their patients, including addressing social determinants of health and complex care needs. Eliminating QIP advantages lower-quality plans and hurts higher-quality plans. We request that you adopt S.3146 (Manion), which would make QIP permanent with funded with at least 1% of the premium for Medicaid managed care plans.

Enact the Pharmacy Benefit Compromise to avert care disruption, preserve the safety net, restrict PBMs, and save Medicaid dollars. HIV Special Needs Plans (HIV SNPs) are highly effective at ensuring low-income and marginalized people living with or at risk of HIV/AIDS get the medication they need to prevent HIV infection and AIDS. The Rx "carveout" slated for April 2023 threatens to disrupt care for over 16,000 HIV SNP members and undermine Ending the Epidemic (ETE). We urge the Legislature to enact the "compromise" being advanced by a broad coalition of stakeholders (S.1536 -

Rivera). This would enhance the state's bargaining power through a single Preferred Drug List, prohibit pharmacy benefit managers from limiting where patients get their prescriptions filled, and enable Medicaid plans to get real-time pharmacy information so people can get their prescriptions filled without delay.

Restore Consumer Directed Personal Assistance Services (CDPAS) Wage Parity. The Executive Budget removes wage parity from CDPAS and subsidizes workers' health insurance. We support initiatives to reduce administrative costs and ensure broad health coverage in a more cost-effective manner. However, MLTC members with disabilities also use wage parity funding to offer wages above the minimum wage, which is necessary to recruit the workers they need to remain independent. Eliminating wage parity will severely reduce worker availability for thousands of MLTC members with disabilities who have high-skill needs and rely on CDPAS, threatening their independence and making institutional placement more likely.

Invest in the Community-Based Mental Health Workforce, including 8.5% COLA, tuition assistance/loan forgiveness. We commend Governor Hochul for tackling the mental health crisis, including joint OMH/OASAS licensure and funding for Certified Community Behavioral Health Clinics (CCHBCs), managed care requirements, Assertive Community Treatment (ACT), Intensive Mobile Treatment (IMT), and mobile crisis units. To be successful, the budget must prioritize workforce recruitment and retention.

Home Health/Hospice Workforce & Access Fund ($35M)

The Home Health/Hospice Workforce & Access Fund would enable NYS to confront the ongoing staffing and care access crisis by enabling certified home health agencies (CHHAs) and hospices to recruit and retain more frontline workers. Funding would directly benefit workers through:

- **Financial incentives:** E.g. direct payments as well as student loan repayments or other tuition assistance in return for service commitments.
- **Nurse training programs:** Specialized RN home health/hospice residency programs for newly-graduated nurses, and specialty nursing degree programs to grow the pipeline of home health and hospice nurses.
- **Secure travel to patients' homes**: E.g. car service/ride share, fuel and parking costs, and walking escorts. Supports staff traveling long distances, to remote or potentially unsafe locations, and for after-hours care.

Funds would be directed to CHHAs and hospices with staffing shortages as demonstrated by challenges accepting referrals from hospitals or community providers, prioritizing agencies with a longstanding commitment to underserved or hard-to-serve patients or communities. Funds would be available immediately while federal participation is sought.

The Home Health and Hospice Crisis

CHHAs serve more than 400,000 NYS residents a year. Faced with longer stays and fewer available beds, hospitals are trying to discharge more, sicker patients to CHHAs. But amidst the severe nursing shortage, understaffed CHHAs across NYS are taking on (admitting onto home health service) *fewer* patients.

- Nationally, approximately one million patients referred for home health were turned away because of staffing shortages– *a **300%+*** increase from 2019.[i]
- Statewide, Medicare **home health admissions *declined by 12% in less than two years,*** with some regions seeing much steeper declines (**Finger Lakes: -33%; Bronx: -26%)** (Figure 1, 2) [ii]
- ***New York hospital referrals to home health in 2022 were 79% higher than 2019, but CHHAs only accepted 25% of referrals last year,*** down from 43% in 2019. (Figure 3) This includes multiple CHHA referrals per patient to try to place patients).[iii]
- The ongoing nursing shortage has left CHHAs severely understaffed. While most CHHAs (including VNS Health) have raised wages recently, they cannot keep up with hospitals and other providers.
- Home health reimbursement is not keeping up with costs, making it harder to pay workers more. Medicare reimbursement, about half of HHAs' revenue, was largely flat in 2023 while annual health care costs increased 7.7%. Payments are likely to actually be cut further over the next three years. Meanwhile, Medicare Advantage, Medicaid, and commercial insurance typically pay much less than traditional Medicare. ***75% of New York State CHHAs had negative margins in 2021; the average margin was -22%.***[iv]
- Higher transportation costs and public safety concerns are making it harder to recruit and deploy CHHA staff. ***Personal safety in the field was the #1 concern of 45% of nurses*** *considering home health care.*[v]
- Hospices are struggling with similar staffing issues, contributing to ***NYS being lowest in the nation in hospice use.***[vi]

The VNS Health Experience

All CHHAs are struggling to recruit and retain workers, particularly RNs. Serving NYC, Nassau, Suffolk and Westchester, VNS Health operates the largest CHHA in NYS (about 12% market share). Here is our experience.

- Hospital referrals to home health care ***increased 20%*** since 2020, and are now higher than 2019 (pre-COVID).
- Hospital patients admitted onto home health service ***declined* 23%** from 2019 to 2022.
- Only **44%** of hospital referrals to home health were admitted onto service in 2022, down from **59%** in 2022. The largest declines were in areas with the greatest health disparities: ***30% of Bronx hospital referrals*** *were admitted to home health in 2022*, down from **55%** in 2019. (Figures 5-11)
- ***More than 11,600 patients*** did not receive home health care from VNS Health in 2022 because of lack of staff capacity – a ninefold increase from 2019.

All data from VNS Health and Homecare Homebase EMR

Impact of the Home Health Crisis

Reduced Hospital Capacity and Revenue

Patients who cannot be discharged stay in the hospital longer, leading to delayed admissions for new patients needing hospital care and backing up emergency rooms. Delayed admissions means reduced reimbursement revenue for hospitals. The average length of stay (ALOS) for NYS hospital patients referred to home health has ***increased 9.2% between 2019-2022, and is now 8.2 days*** *(more than a day higher than the national average),* indicating that patients are waiting longer to be discharged home (Figure 4).[vii] Addressing the home health crisis will directly help New York's hospitals, which are struggling with their own negative operating margins and workforce challenges.

From New York State's hospital associations:

> *…Patients are staying at the hospital longer because their needs are more complex and/or a diminishing number of post-acute and other appropriate settings are preventing hospitals from discharging patients. Hospitals are serving as nursing homes with payment that fails to keep pace with the cost of caring for these patients for weeks and sometimes months.*[viii]

Higher Patient Risk and More Hospital Readmissions

Home health care helps patients heal and recover in their homes and prevents infections, falls, adverse medication reactions, malnutrition, and numerous other adverse conditions. Patients who receive home health care were found to be ***60% less likely*** **to be readmitted to the hospital within 30 days**, and *37% less likely* to be readmitted within 90 days than those who did not receive home health care.[ix]

Worsening Health Disparities: Home Health & Hospice Deserts

The home health access crisis is highest in communities already suffering from serious health and socioeconomic disparities and poorer health outcomes. Urban, suburban, and rural communities across NYS are becoming "home health deserts:" areas already suffering from health disparities where there is little or no home health care available. Black, Hispanic, and low-income home health patients were less likely to receive care from high-quality home health agencies than their White and higher-income counterparts [x]

"Home Health Care" is not 'Home Care"

Certified home health agencies (CHHAs) and licensed home care service agencies (LHCSAs) both provide services to people in their homes, but they are very different.

Home Health Care	Vs.	Home Care
Certified Home Health Agencies (CHHAs)	Type of agency	Licensed Home Care Services Agencies (LHCSAs)
Recovery and rehabilitation	Type of care	Activities of daily living (e.g. shopping, cooking, dressing, grooming)
Short-term care, usually after a hospital stay (post-acute)	Duration	Mostly long-term care
"Skilled" care: Nurse, physical/ speech/occupational therapist, social worker. Some HHA services.	Staff	"Paraprofessional" home health aide (HHA) or personal care (PCA). Some nursing services.
Mostly Medicare or insurance. Some Medicaid.	Payment	Mostly Medicaid through MLTCs. Some long-term care insurance and private pay.
No	Wage increase in SFY23 budget?	Yes. ($3/hour over 2 years for HHAs and PCAs).

Figure 1

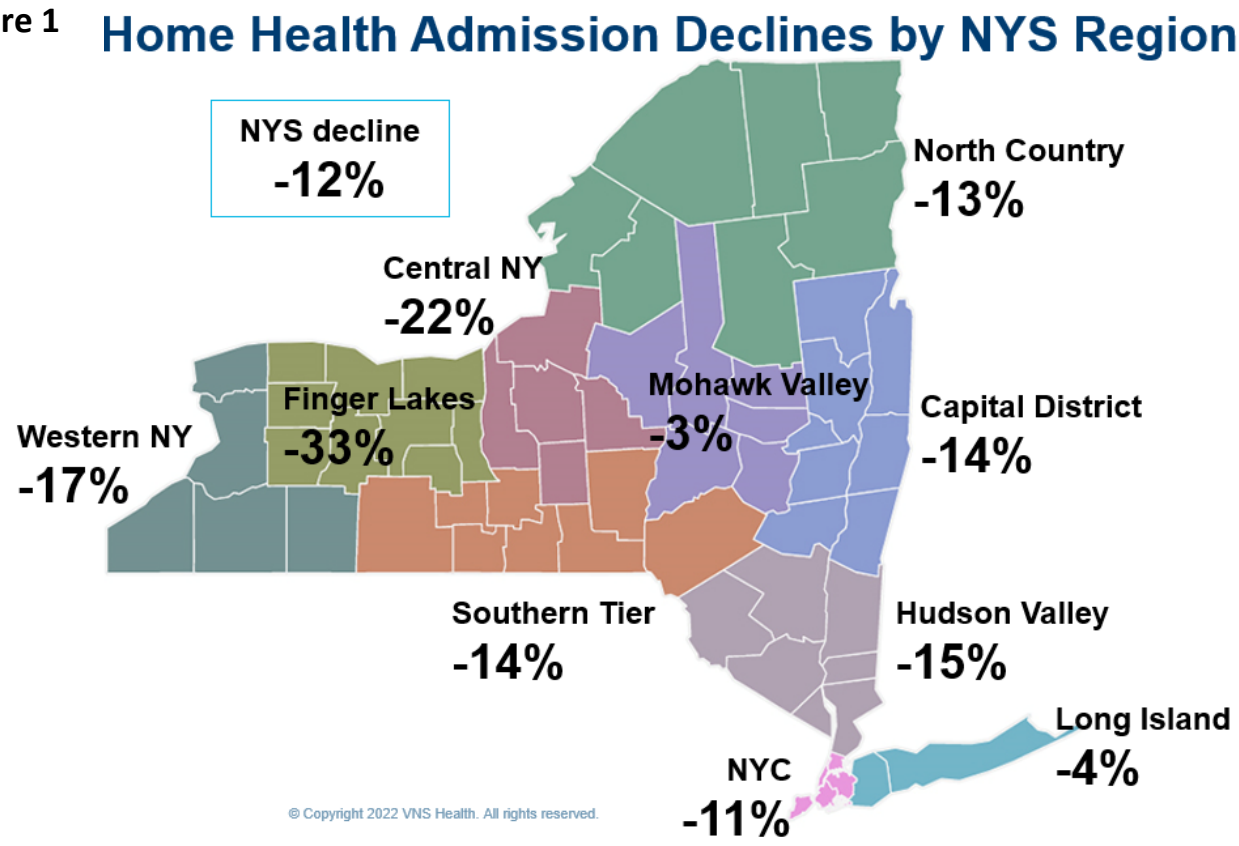
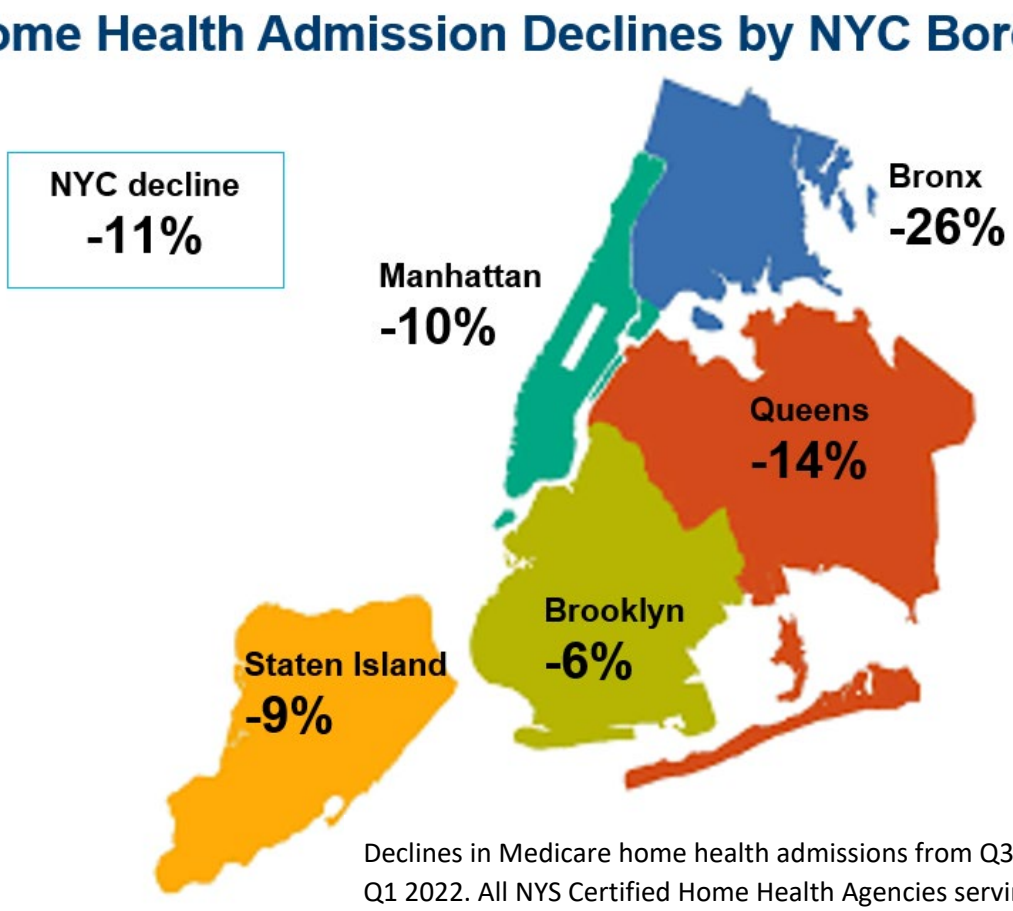


Figure 2



Declines in Medicare home health admissions from Q3 2020 through Q1 2022. All NYS Certified Home Health Agencies serving Medicare patients. Source: Medicare claims data

Figure 3

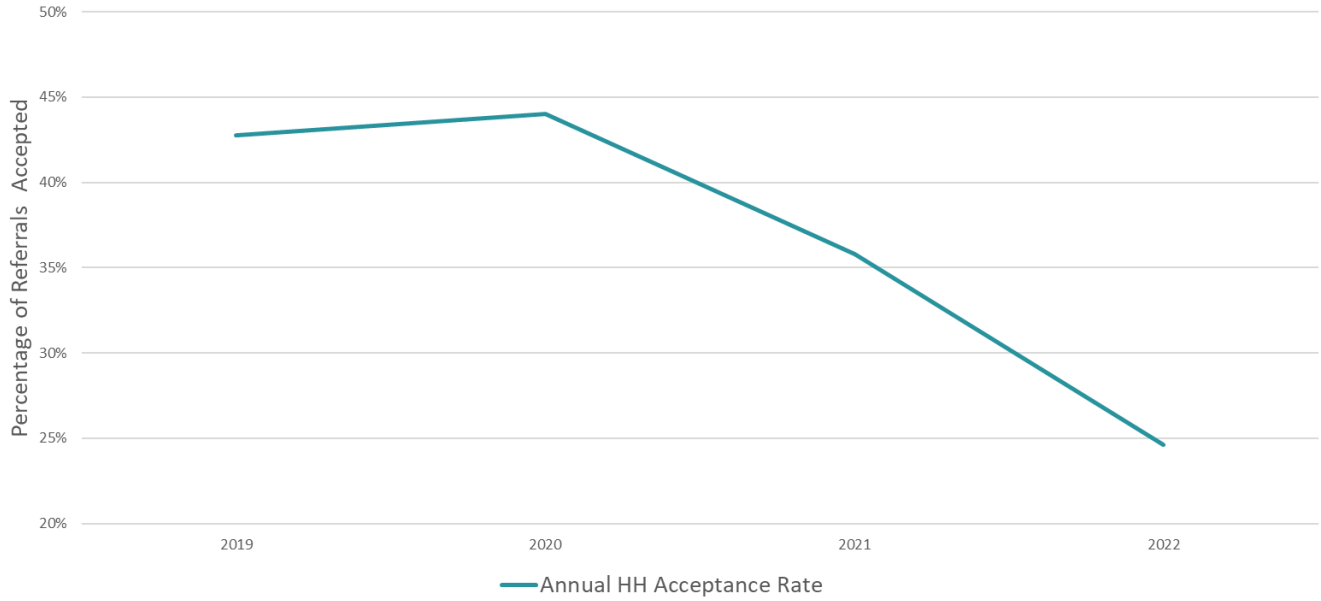
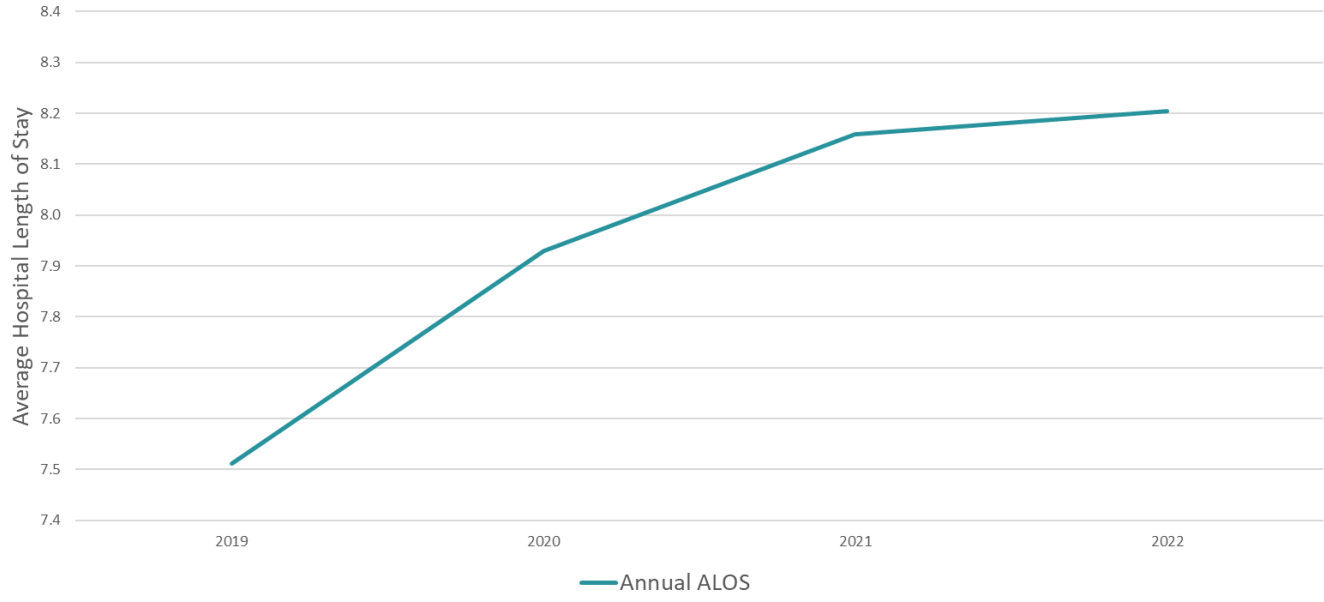


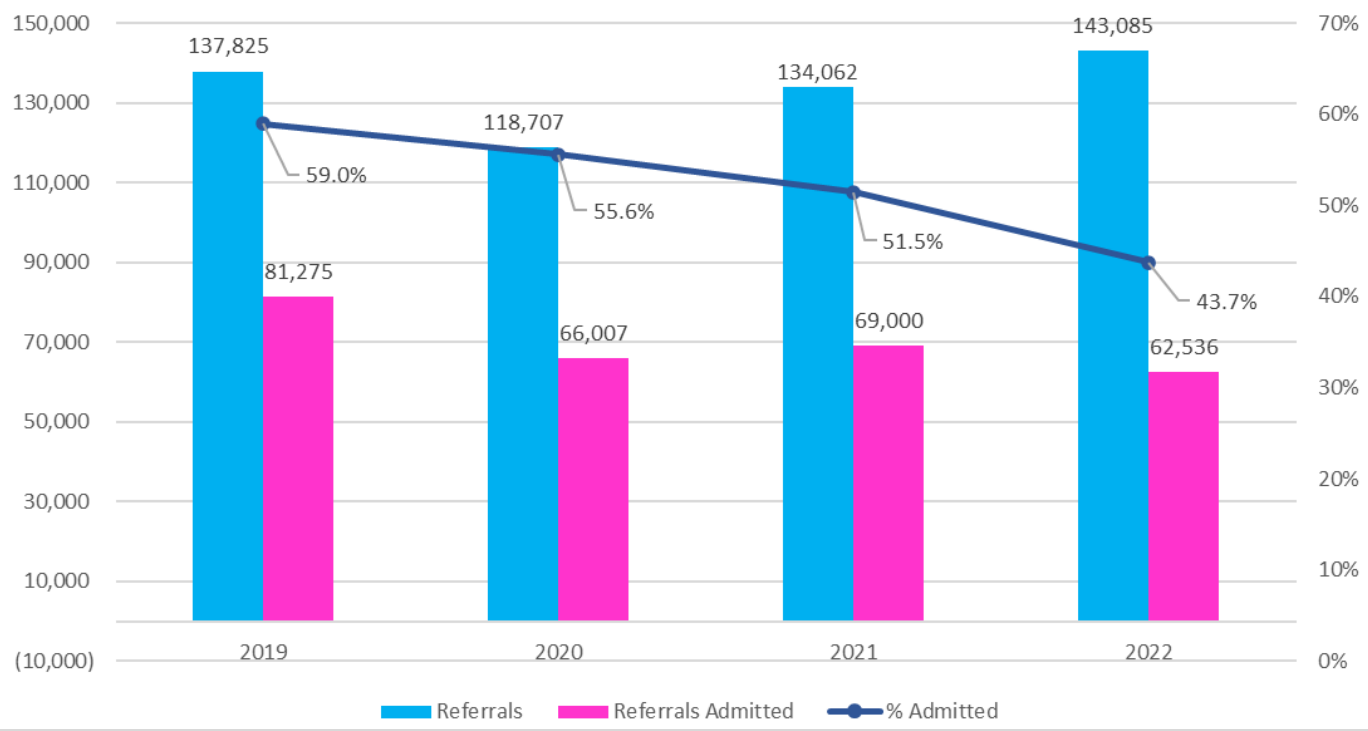
Figure 4



Home Health Referrals, Admissions, % Admitted to VNS Health, 2019-2022. Total Service Area & Borough/County

Referrals: Hospital-based referrals made to VNS Health CHHA (does not include referrals from skilled nursing facilities or physician practices). **Admissions:** CHHA admitting hospital patient onto home health service. **% Admitted:** Percentage of hospital referrals admitted and served by CHHA.

Figure 5



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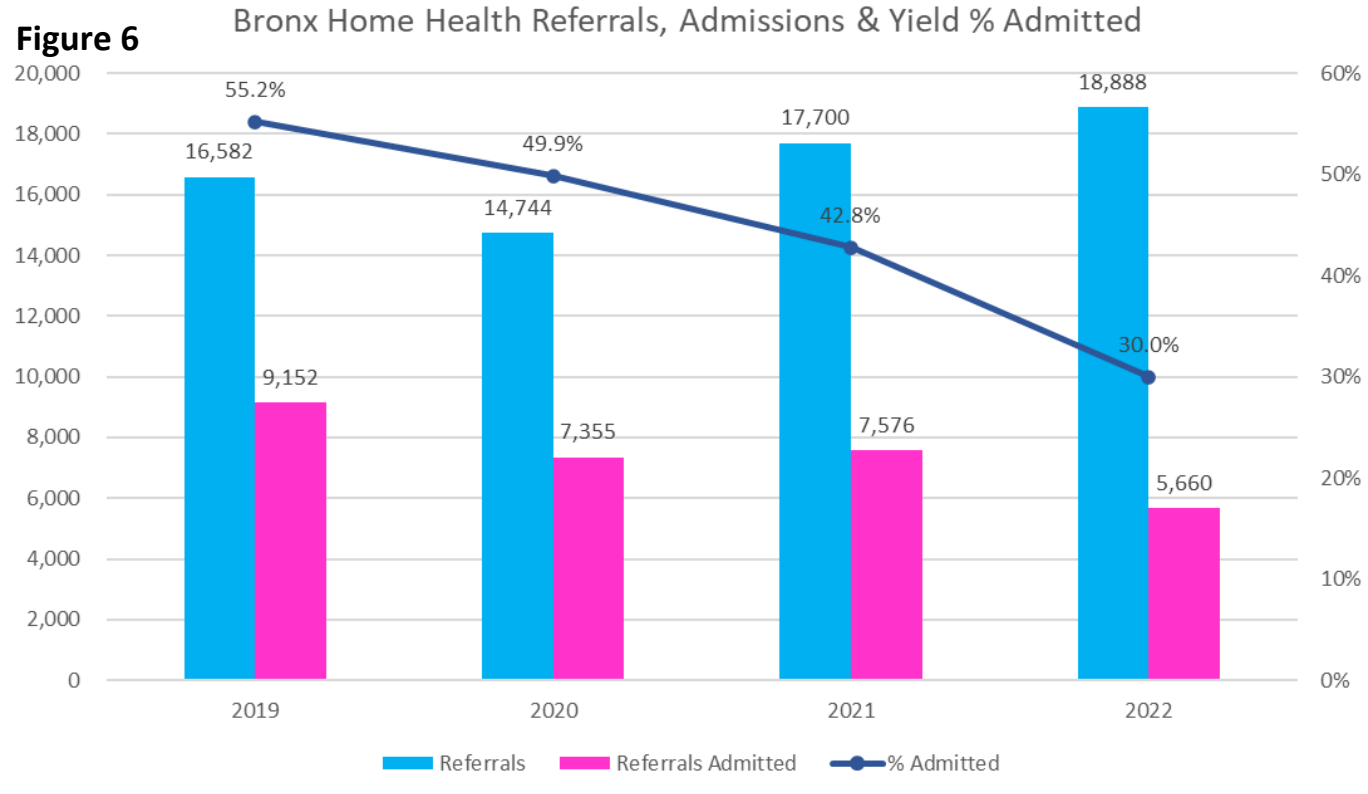

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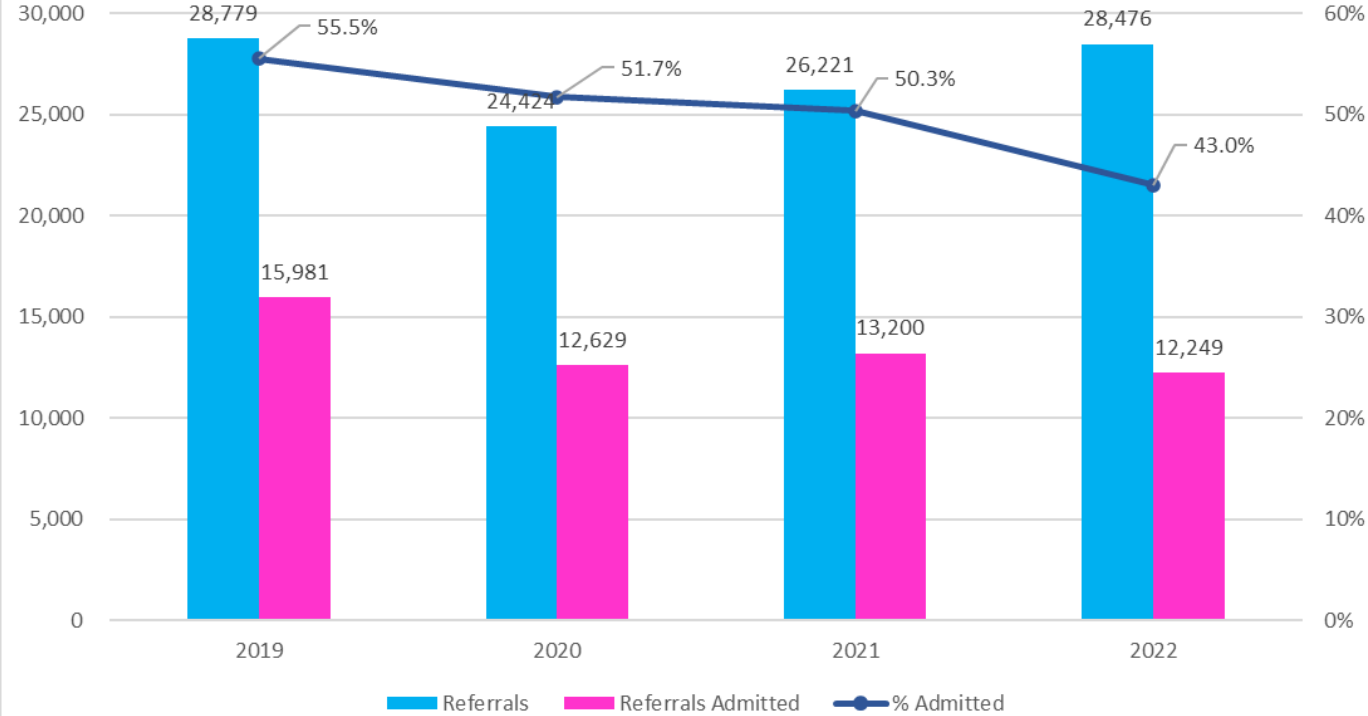

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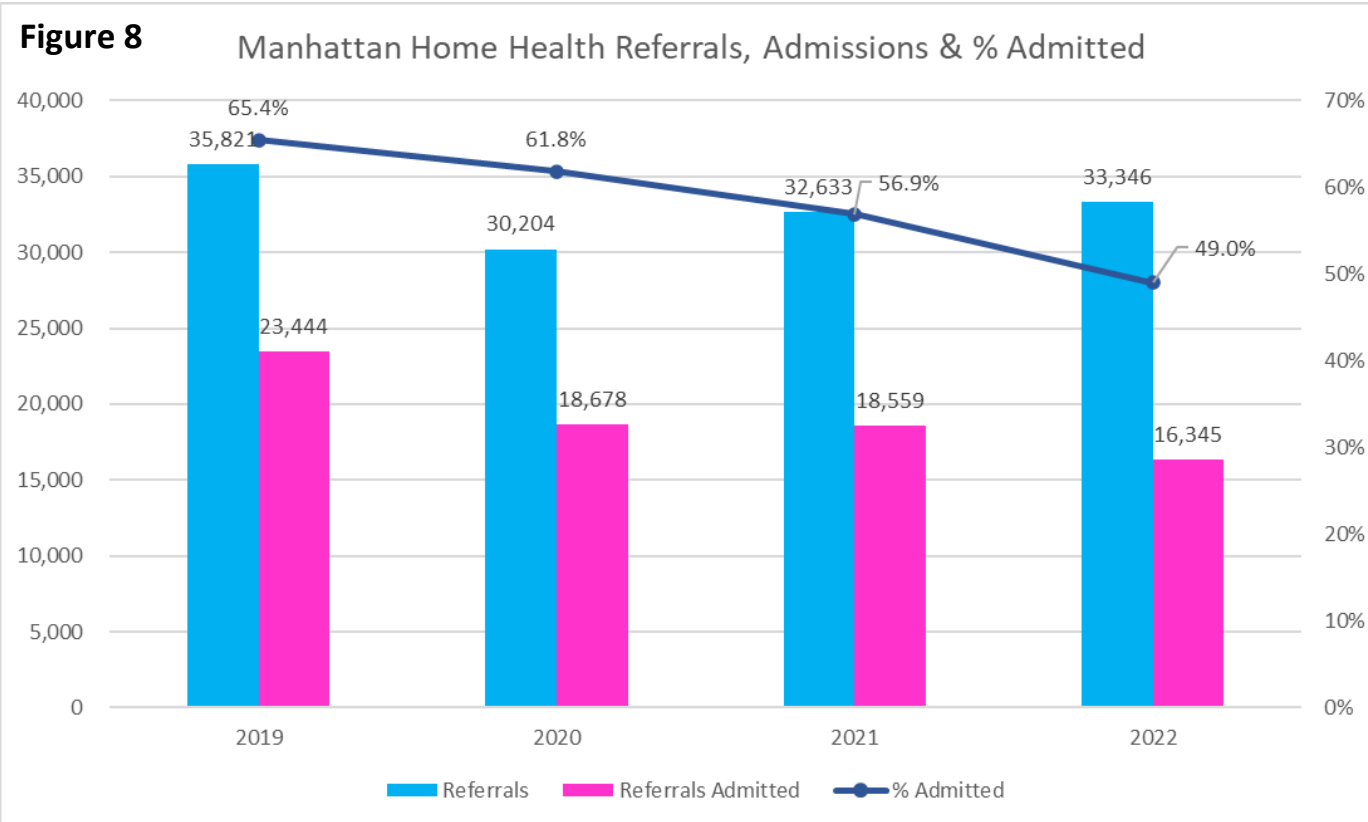


Figure 9

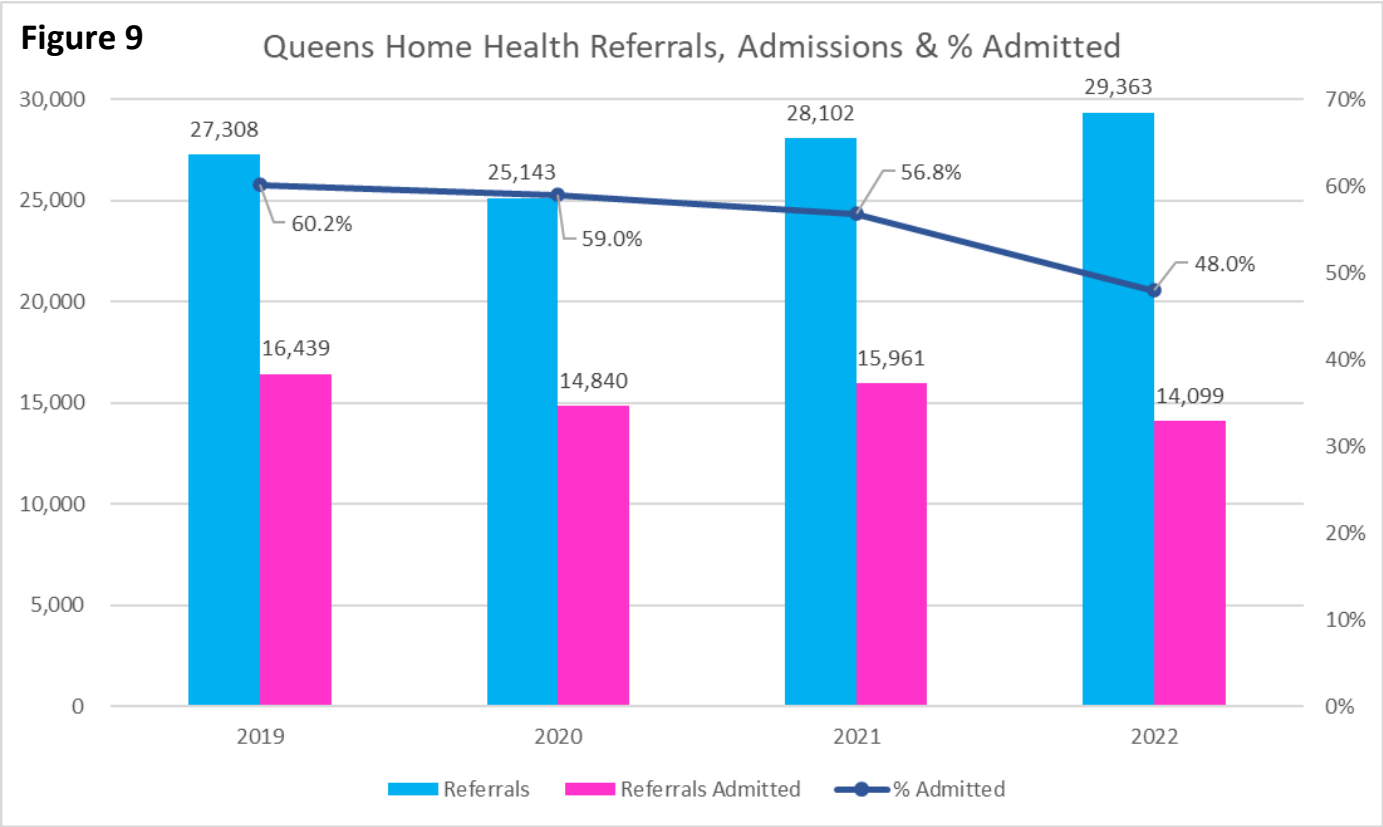
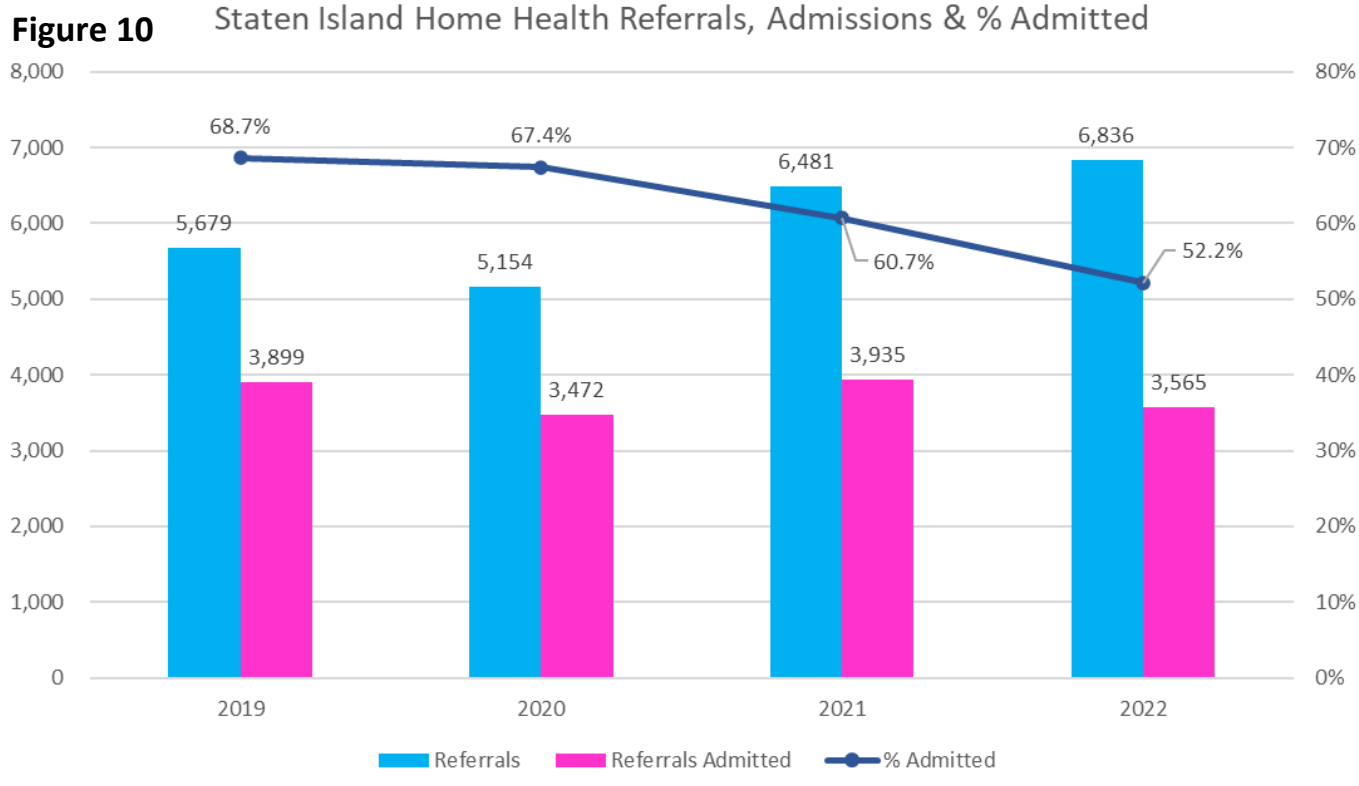


Figure 10



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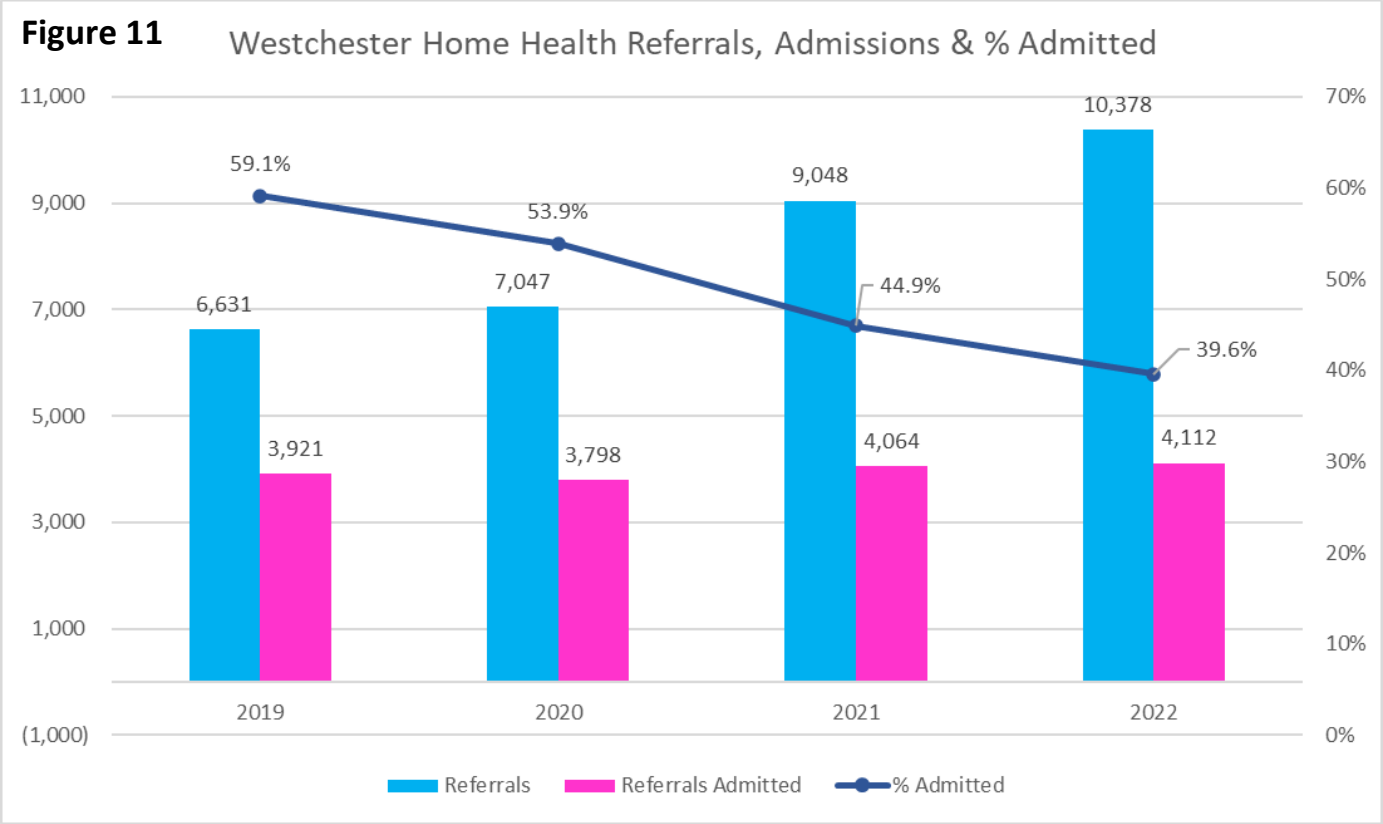
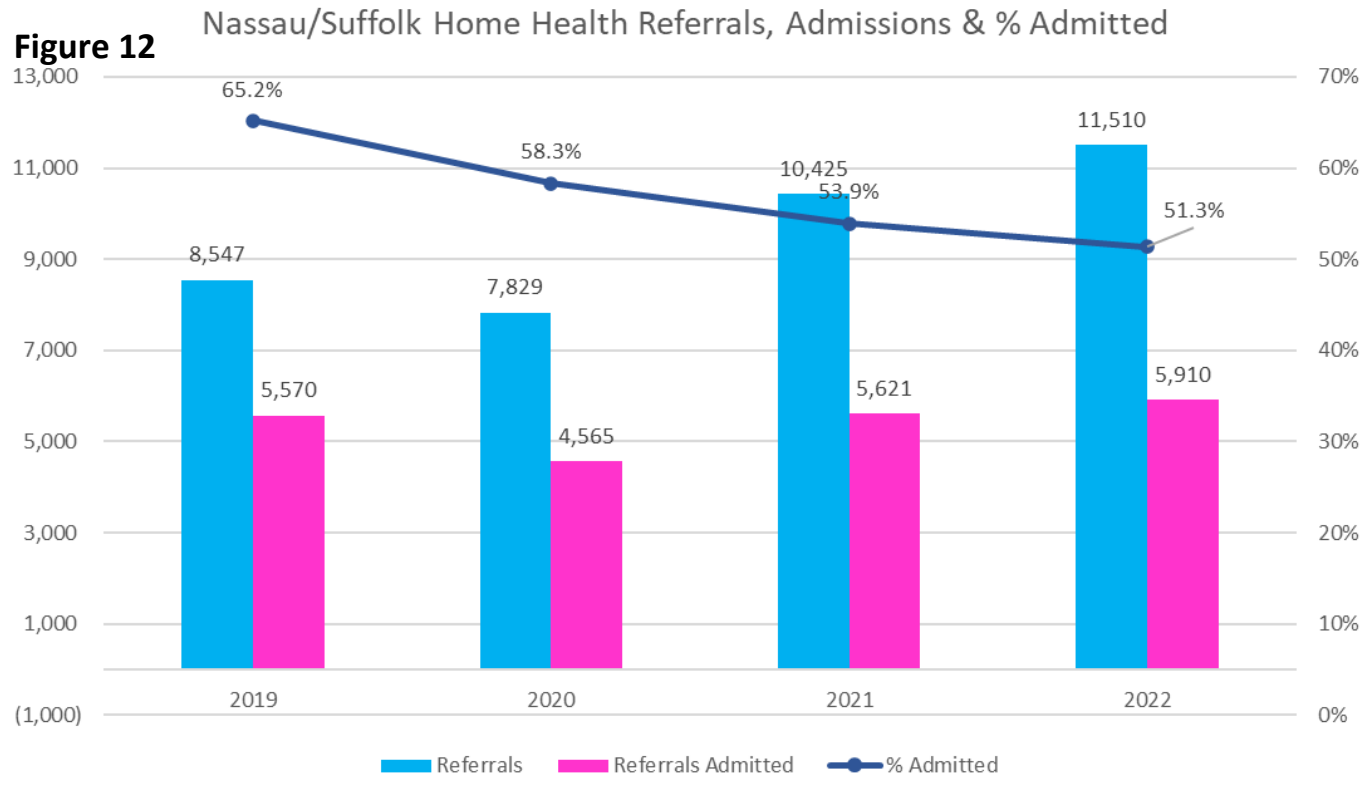


Figure 12



[i] From analysis by Home Care HomeBase in public comment on (CMS-1766-P – CY 2023 Home Health Prospective Payment System Rate Update. Page 6, Figure 1: % Non-Admits due to Staffing Shortage and subsequent discussion with HCHB staff.

[ii] Declines in Medicare home health admissions from Q3 2020 through Q1 2022. All NYS Certified Home Health Agencies serving Medicare patients. Source: Trella Medicare claims data

[iii] Source: Data from WellSky, a leading health and community care technology company, based on data contributed from 49.5% of New York State hospitals (91) accounting for the majority of inpatient admissions.

[iv] Home Care Association of NYS 2022-23 State of the Industry Report. https://infogram.com/2022-2023-state-of-the-industry-report-1h1749vg9wp9l6z?live Accessed February 24, 2023

[v] Transcend Strategy Group and 2022 survey of nurses not working in home health care. Presented at National Association of Home Care and Hospice 2022 Annual Conference. Healthcare Workforce Survey (n=1,003).

[vi] National Hospice & Palliative Care Organization. Facts and Figures, December 2022.

[vii] Wellsky

[viii] *Critical Condition: New Yorkers are losing access to care as a fiscal crisis hammers hospitals statewide.* Joint Hospital Association Survey Results. December 2022. https://www.hanys.org/communications/publications/critical_condition/docs/2022_critical_condition_report.pdf Accessed February 4, 2023

[ix] Racsa, Patrick, and Teresa Rogstad. "Value-Based Care through Postacute Home Health under CMS PACT Regulations." *The American Journal of Managed Care*, vol. 28, no. 2, 2022, https://doi.org/10.37765/ajmc.2022.88827

[x] Fashaw-Walters, Shekinah A., et al. "Out of Reach: Inequities in the Use of High-Quality Home Health Agencies." *Health Affairs*, vol. 41, no. 2, 2022, pp. 247–255., https://doi.org/10.1377/hlthaff.2021.01408