Testimony to the Joint Legislative Budget Conference Committee On Health & Medicaid

February 11, 2025

Home Care Association

Of New York State

HCANYS

Home Care Association of New York State

Opening Remarks

I'm Al Cardillo, President & CEO of the Home Care Association of New York State (HCANYS). Thank you Chairs and members of the Committee for this opportunity to testify to the Joint Legislative Budget Committee on the 2025-26 New York State Health and Medicaid Budget.

HCANYS

HCANYS is the statewide nonprofit association comprised of all levels of home and community based health services. Members include providers, health plans, waiver programs, consumer directed programs, health and direct care personnel, and allied support services organizations, whose state and federal licensure or mission is the provision of health care and support at home. Our provider and plan members care for hundreds of thousands of patients across NYS.

HCANYS Member Providers, Plans, Programs, Service Organizations **Member Types: Hospitals, Health Systems, Community Agencies, Long Term Care Systems, Health Plans**	
Certified Home Health Agencies (CHHAs)	Consumer Directed Personal Assistance/FI (CDPAP/FI)
Licensed Home Care Services Agencies (LHCSAs)	Nursing Home Transition and Diversion (NHTD) Home and Community Based Services Waiver
Hospice and Palliative Care	Traumatic Brain Injury (TBI) Home and Community Based Services Waiver
Managed Long Term Care Plans (MLTCs)	Allied Services and Supports
Programs of All-Inclusive Care for the Elderly (PACE) Plans	Health systems, Technology organizations, consultation, research and data, and other clinical

We are also a 501(c)(3) charitable organization, HCA Education and Research (HCA E&R), which leads statewide health initiatives directly and with partners, including the hospital associations, the state/federal Quality Improvement contactor IPRO, state agencies, universities, and other. Our HCA E&R initiatives include the: *Statewide Hospital-Home Care Collaborative, Statewide Health Disparities Multitiered Initiative, Sepsis Screening, Prevention & Intervention, Collaborative Models of Community Medicine & Paramedicine, Statewide Virtual Senior Center partnered to Selfhelp*

Community Services, Strengthening the Home Health Care Nursing Workforce, Hearts in Home Care Nurse Scholarship program, Health Emergency Preparedness, and more.

Home Care – A Core Component to the Health Care System

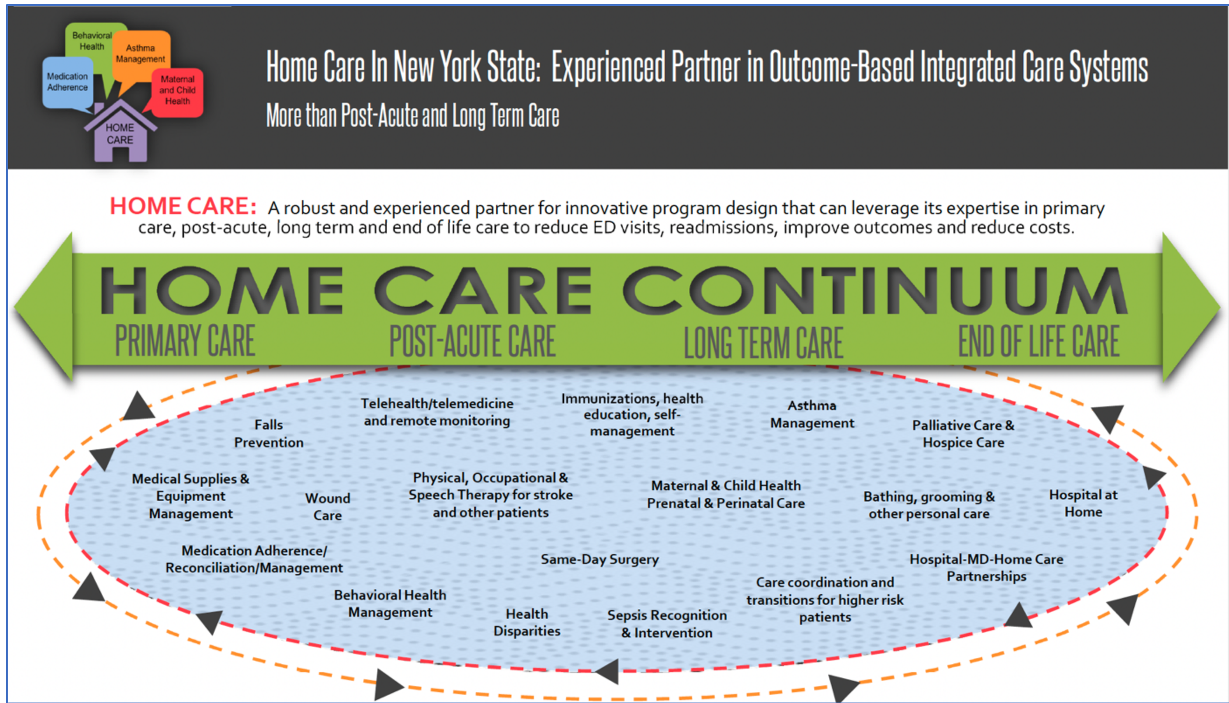
Home health care is vital component of the state health care system, and is declared such in state law. The preamble to Public Health Law Article 36 declares:

> *"The provision of high quality home care services to residents of New York state is a priority concern. Expanding these services to make them available throughout the state as a viable part of the health care system and as an alternative to institutional care should be a primary focus of the state's actions."*

The commitment to this priority policy is further reinforced in two major bills: A.1493 by Assemblywoman Paulin, which funds the Public Health Law program for State Aid to Meet Community Home Health Need; and S.2931-B by Senator Rivera and A.4583-A of 2023-24 by Assemblywoman Paulin, which is "The New York Home Care *First* Act." These bills are crucial to the stability and advancement of the home health system in the state, and we urge their adoption. In the ensuing part of my testimony today, I will speak most directly to the urgency of the State Aid Program supported by A.1493.

Though often associated with long term care, home care truly spans and serves the entire contiunuum of need, as shown in the next two exhibts. To meet this broad spectrum of needs, the agencies need a commensurate level of support.

Home Care Serves the Continuum of Need	
• Prenatal, post-partum and infant care	• Rehab and Recovery Care
• Children with special needs	• Chronic illness and disabilities
• Major medical needs (diabetes, heart failure, COPD, asthma, life-threatening episodes like pneumonia, urinary track infections, hip and major orthopedic injuries, complex wound care	• Primary and preventive care, and public health
• Pre-acute, acute and post-acute care patients	Palliative and end-of-life care
• Pre- and post-surgical care	Specialized programs integrated with hospitals, physicians, mental health



HCANYS primer on home and community based care that we conducted this past January or legislative offices is accessible here at this link, and will provide you with further detail on the services, operations, access, priority challenges, and state of the industry statistics.

HCANYS Priorities & Responses to the Intiatial Executive Budget

While HCANYS areas of interst and intended input on the budget are extensive, in today's testimony I will focus on the following areas:

➢ State Aid and Funding for Home Health Community Need & Updates to the CHHA Rate Methodology	➢ Restore Essential Programs Eliminated or Capped by the Executive ○ Quality Pool for MLTC/PACE ○ Capping of NHTD
➢ Modify or Reject "Hospital at Home" program	➢ Support but Modify Hospice Funding Proposal
➢ Health Workforce – Support But Modify the Executive's Proposals to Address Home Care & Hospice as well as LHCSA/MLTC Minimum Wage Funding	➢ Support CDPAP/FI Not in the Governor's budget but program needs support

Our propopsoals and recommendations are summarized in the chart on the next page, and the testimony that follows will further detail each item.

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HCANYS Preliminary Analysis & Response to 2025-26 Executive Health Budget Proposals
Home & Community Based Services Priority Recommendations

Urgently Fund The State Aid for Home Health Community Need Program
Update and fund the statutory provisions in public health law for State Aid to Certified Home Health Agencies to Meet Community Need across NYS regions. Accomplish by incorporating A.1493 (Paulin) language in the Health and Medicaid Article VII budget bill (see attached initiative) and the associated funding at $70 million (combined federal/state shares) for underserved populations and regions, staffing including nursing, and technological support.

- The Executive Budget provides over $500 million in new funding for all major health provider sectors, but completely overlooks home health for the third successive year. Demand for skilled home health care is substantially increasing, while funding has eroded to the point of unsustainability and diminished access. Current HCA data studies show 58% of CHHAs providing services at steep and worsening losses. The omission of home health from the Executive budget proposal is unjustifiable, inequitable vs the support being provided to the other sectors, and jeopardizes the operation of the balance of the health care.

Hospital at Home
Modify the Executive's proposal to require that the program be provided under a collaborative relationship between the acute care hospital and an Article 36 state certified/licensed home care provider for the in-home acute and post-acute care components; also, consider targeting funds under Transformation Safety Net Program to support the development and hospital-home health collaborative rollout of the program.

Home Health & Hospice Workforce
Support the below-listed Executive budget health workforce proposals, with modifications. The Executive proposals include: the nurse licensure compact (support); the Nurses Across NY program (modify to add $2M dedicated for the home care and hospice sectors), expansion of the Increasing Training Capacity in Statewide Health care Facilities grant program (modify to include and create parity for home care and hospice in this program). HCA also recommends amending language to require the NYS Department of Health (DOH) to adequately reimburse health plans and providers for the 2025 Minimum Wage increase, and to Incorporate the NYS Preceptor Stipend Program (A.2331 McDonald) into the Health or Education Article VII budget bill.

CHHA Episodic Payment System
Support the Executive proposal for continuation of the CHHA episodic payment system, with modifications (aligned with S.4791-B Rivera/A.7460-A Paulin of 2024) that add flexibility to the methodology, update the rates, and support adequate CHHA rates by payors beyond Medicaid. The current methodology is not responsive to costs over the base year (outdated since 2013-15), nor to any emerging staff, wage or operational factors, nor been adjusted for trend factor in over 15 years.

Support Hospice Funding
HCANYS supports the Executive proposal to increase hospice funding. We further recommend that disbursement of the funds be direct to the hospice agencies and not based on Medicaid service claims only, as this greatly under-represents hospice's service base. (HCA current data studies show 40% of hospices providing services at a loss.)

MLTC/PACE
Reject the Executive's proposed elimination of the quality pool funding.

Nursing Home Transition and Diversion Program (NHTD)
Reject the Executive's proposed enrollment cap on the NHTD program. NHTD is currently an essential option in the delivery system.

Consumer Directed Personal Assistance Program (CDPAP)
While CDPAP is not currently addressed in the Executive Budget, HCANYS looks forward to legislative efforts to support this vital program.

Home Care is healthcare.

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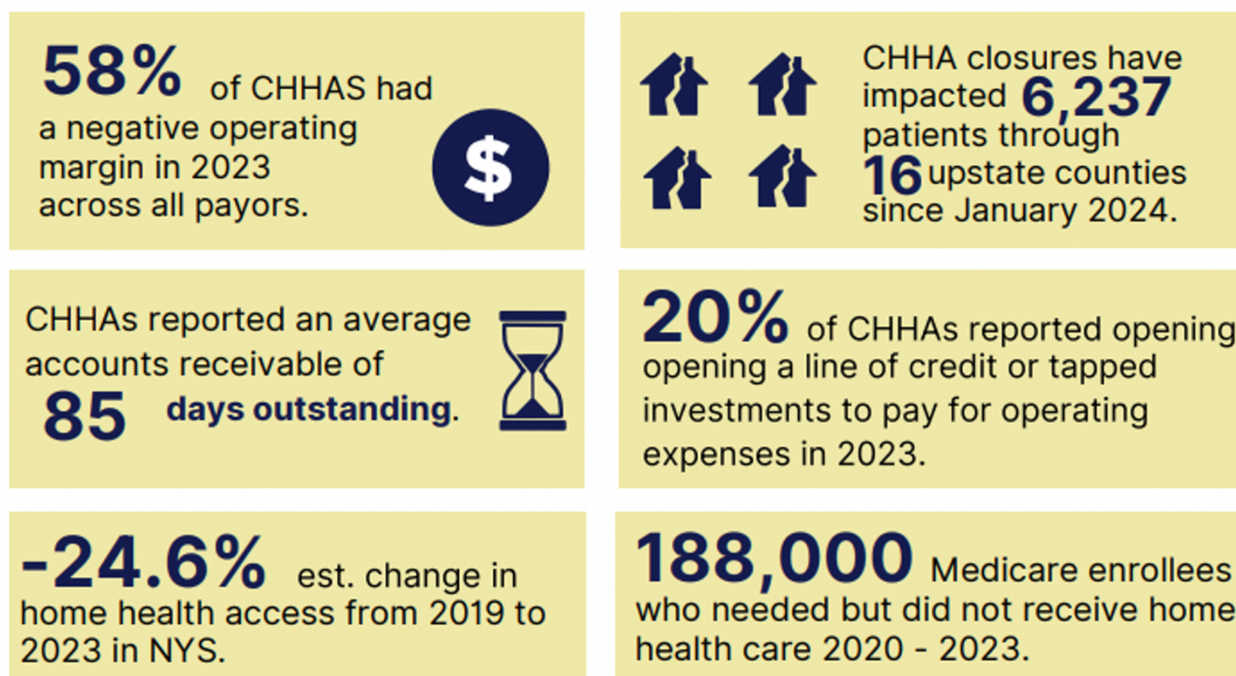
I. State Aid for Home Health Community Need

Home care fiscal trends in NYS show eroding margins that, for major portions of the home care sector, are unsustainable. Currently, for example, **the majority of NY's certified home health agencies (CHHAs) are operating at substantial losses trying to meet community services needs,** due substantially to extraordinary and rising demand, increasing complexity of care needs, and under-reimbursement. The statistics below underscore problem and impacts agencies and patient care.



Data sources: HCANYS 2024 State of the Industry Report; and VNS Health 2024 Health Studies

Many of the services required under home care's mission are either outside the realm of the current reimbursement structure, or are not practical for recovery in the negotiated rate process. These same limitations, for example, are rightly recognized under law and funding for other major sectors, such as for hospitals and community health centers, and accordingly, are supported with supplemental funding through pools and other external sources dedicated to these services.

- **Fund PHL 3615 - State Aid for CHHA Community Need**

  While section 3615 of the Public Health ostensibly provides this same type of support mechanism for Certified Home Health Agencies, the program has been left dormant and no other resource has been provided in its place. In 2023 the Senate proposed $30 million in state

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share funding for state aid for CHHAs in its one-house budget; in 2024, the Assembly followed suit similarly proposed $30 million state share for CHHA aid; yet the two houses have not come together in the same budget cycles to sustain the proposals in the final budgets. This needs the year to get this state program reactivated! As shown in the prior graphic, home care agencies are closing in the state, they are losing further losing ground, and patients and local health systems are being greatly impacted.

This year the Executive budget proposes over $600 hundred million in increased funding and support for nearly every sector of the health care system, *except for home care*.

This represents the third-successive year of health care funding increases for other sectors, but leaving home care, and especially CHHAs, overlooked**.**

We have respectfully asked the Executive to amend the proposed budget to equitably include funding for home and community services along with other sectors in this budget, as well as to include language such as we have proposed to reactivate the State Aid for Home Health Program. We ask your support to do the same..

CHHAs play the unique role in the home care continuum of being the major provider of care for patients requiring highly complex, skilled services and medical management. CHHAs are vital to transitioning patients home from hospitals, diverting patients from emergency admission back into the community, partnering with physicians and hospitals for pre- and post-surgical procedures, management of high risk conditions, keeping patients from institutionalization, providing prenatal, maternal and post-partum care support, and beyond.

HCANYS urges the Legislature and Executive to include in the Health and Mental Health Article VII language based on Assemblywoman Paulin's A.1493 to annually fund and update this state aide to CHHA program, and to provide funding for a combined allocation of $70 million (state and federal shares), but annually subject to appropriations. A further explanation is attached at the end of this testimony, and is also linked here: State Aid for CHHA Community Need.

- **Authorize Updates to the CHHA EPS Rate System and Make it Available as a Standard Beyond Medicaid Payors**

Along with reactivating the State Aid Program for CHHAs, it is critical to update the Medicaid payment methodology called EPS, or Episodic Pricing System, which provides CHHAs with a base rate for a 60 day episode of care.

Not only has this episodic base rate and methodology not been updated in 10 years, but the individual service rates that go along with the methodology have also not been updated for trend in over 15 years. When these individual rate calculations are then used as benchmarks in other ratemaking for CHHAs, they result in the CHHAs being substantially underfunded in the rate negotiation process.

Another issue with the EPS methodology is that it contains no authority for the Commissioner of Health to be able to adjust the rates for any cost factors that are not in the historical rate base. This means that these providers suffer huge losses in real time service. Even with base year updates, the methodology still does not reflect real cost or sustainable pricing. There needs to be a provision added to the public health law allowing the Commissioner, DOB or other authority to adjust these rates.

HCA thus urges the Legislature and Executive to adopt language in the Health and Mental Health Article VII budget bill based on provisions similar to A.7460-A (Paulin) and S.4791-B (Rivera) of 2023-24, corrects the methodology. For the 2025 budget cycle, HCA has presented new language that eliminates any fiscals from this 2024 language, provides the needed updates in the methodology, and enables the EPS rates to be available for CHHAs and rate payers to use for a more accurate basis for rate determinations.

II. Hospital at Home Program/Offsite Acute Medical Services Program - Modify or Reject as Proposed

The Executive Budget again this year contains a provision that would allow hospital services to be delivered offsite in patients' homes bypassing state licensing and industry accreditation standards for the delivery of care in the home. These standards and current state law **unequivocally require** that when these types of health care services are provided in the home,

they must be provided by a federally and state certified or licensed home care services agency. This policy, like all licensure statutes, was enacted to ensure a uniform standards as a baseline for practice, regulation, staffing, training, oversight, governance, and quality measures for care in the home.

Not only is this Executive proposal, as currently structured, violative of these standards, it further violates the basic tenets of overall health care licensure in the state. Neither providers nor practitioners are permitted to circumvent licensure to provide services or to practice in manner that crosses into another jurisdiction of licensure for which the provider or practitioner is not licensed. The Executive proposal takes a dangerous step, and sets a dangerous precedent, in this very direction. However, the Executive's proposal can be easily and readily rectified through a requirement hospitals wishing to provide in-home services collaborate with a home health agency for the program.

HCANYS has been a state and national leader in promoting collaborative programing between hospitals and home care. To this end, HCANYS has worked to obtain and to implement major grants in the state to support the joint, collaborative work of home care, hospitals, physicians and others in providing new heights in health care coordination, access, quality, innovation, and efficiency.

HCA urges the Legislature and Executive to modify the Hospital at Home Program/Offsite Acute Medical Services Program proposal to require that in-home services provided to patients under the program are provided in a collaborative capacity with a duly certified and/or licensed home care agency. Indeed, currently, hospital-home care programs for acute care in the home are operating in the state in exactly the collaborative fashion that HCANYS proposes for rectification of the Executive proposal. This will promote efficiency, incorporation of appropriate expertise, avoid duplication, and build on the home health structure that is ultimately needed for the future health care system.

HCANYS has now shared with the Legislature and Executive language amending the Executive proposal that not only accomplish this collaborative purpose, but that will also add direct support to hospitals seeking to implement the model. HCANYS amendments would tap into

Public Health Law section 2805-x, the Hospital-Homecare-Physician Collaboration law, and within this law, tap its provisions for procedural flexibility, reimbursement support, grant support, and related program support for these hospital at home models. HCANYS members and Board of Directors have been meeting with legislative offices to describe the current effective programs based on hospital-home care collaboration and we urge all parties to work together to pass and achieve a solid and impactful program for the state.

Absent modifications, HCANYS is constrained to vigorously oppose the Executive proposal.

III. Health Workforce - Support But Modify the Executive's Propoals

The single greatest challenge across NY's entire health care system continues to be the unmet need for health personnel, and the difficulty in recruitment, training and retention of sufficient, quality staff to meet the needs of citizens and communities.

The needs within the system are diverse and many, and wages, while important, are not the lone answer.

Home care faces a highly unique set of challenges in workforce supply, recruitment, training and retention. Unlike work in facilities or office-based health settings, individuals working in home care must travel to patients and attend to them in their own homes. This entails complex scheduling, issues distance or safety, encountering unforeseen circumstances in streets, homes, families, weather, and ultimately, the specific physical environment where the care is to be rendered to the patient. It also entails providing **for all of the services** the patients require, including all that must be arranged in-home setting as well as services requiring transport of the patient across the community. The responsibilities and implications of these other dynamics involving care in the home setting make providing this care extremely challenging. For most, it is a mission of true devotion and compassion; but its challenges are steady, and often immense, and very difficult to sustain.

Nurses in home care are central points of care management. Without the nurse, cases cannot be opened, managed, or sustained. One nurse in home care handles about 25+ individual cases. That means, for every vacant home care nursing position, 25+ patients cannot be

onboarded into care. Turnover rates are in above 30%. Because of home care's unique elements, and the specialized training that is required to work in this field, it takes approximately nine months to a year for an agency and preceptor to fully orient a nurse to the field and assume fulltime practice capacity. One agency recently quoted $150,000 as the amount lost every time a nursing position is turned over.

- The Executive budget includes a series of positive workforce proposals, among them the Nurse Licensure Compact, the Nurses Across New York program, and the Increasing Training Capacity in Statewide Health Care Facilities grant program. **HCANYS urges the Legislature and Executive to support these initiatives in the final budget, but with modifications.** HCANYS **supports** the Compact; urges the addition of $2M in the Nurses Across NY program dedicated to home care and hospice, and requests parity for home are and hospice in the Increasing Training Capacity program. HCANYS has submitted language to Legislature and Executive for each of these changes. HCANYS also urges support for incorporating the Preceptor Stipend Program, A.2332 by Assemblyman McDonald, in the Health or Education Article VII budget bill. This would be hugely beneficial to the field and to an important structural improvement addressing present and future health workforce needs.

- **Minimum Wage Reimbursement Adequacy for Workers, LHCSAs & MLTCs**

  Reimbursement to health plans and LHCSAs continues to lag behind cost and affordability for meeting the Minimum Wage increases. After wage and benefit requirements are met, increasingly shrinking amounts remain for support of the services and support of the workforce beyond wage support. In a survey conducted by HCANYS, 54% of LHCSA respondents were operating at a loss, and 60% of the MLTCs reported a negative premium position.

  As minimum wage is a state required payment, the Legislature and Executive should ensure that these mandates are accompanied by direct, clearly discernable, and full coverage of the wage and benefit costs in the Medicaid reimbursement methodology, and that it also clearly provide for adequate and sustainable payment for program and operating responsibilities of providers and MLTC plans.

IV. Reject Elimination and Capping for Essential Programs

- **Restore MLTC/PACE Quality Pool Funding**

  The quality pool was created with funds carved out of the health plans, to be apportioned back to the plans based on their performance on state-tracked quality measures. The Executive budget now proposes to eliminate the quality pool, to the detriment of plans and providers who are responding to quality incentives, and ultimately the detriment of the patients that benefit from them. Elimination of the pool is in contradiction to the policies of the state with regard to quality, as well as with regard to new federal standards for patient-centered service. **HCANYS urgest the Legislature to reject the Executive's elimination of the quality pools and to fully restore the program's funding (scored by DOB at approximately $23M state share).**

- **Reject Executive Proposal to Cap the of NHTD Program**

  The Executive Proposes to cap enrollment in the Nursing Home Transition and Diversion program. NHTD stands as one of the lone home-based alternatives to long term institutional care, representating a choice to the patient outside of managed care services. The 2011 Medicaid Redesign Team systematically elminated or made dormant programs and options for long term care at home outside of managed care, including the Long Term Home Health Care Program (made dormant) and long term CHHA services (made dormant).

  At the very time that the need and demand for services like NHTD are increasing, this proposal would unwisely limit the system. **HCANYS urges the Executive to reconsider, and the Legislature to reject, the proposed capping of this important program.**

V. Hospice Funding

Hospice is a vital part of the health continuum, and is the main provider of service for palliative and end-of-life care. NYS has the negative distinction of the having the lowest access rates to hospice services (as measured by days in hospice) of any state in the US. HCANYS has been working for years directly and with colleagues to improve hospice access. New Yorkers need this program to be further supported programmatically and fiscally, and the state's return on investment will abound. Current HCA studies show 40% of hospices in NY providing services at a loss.

HCANYS supports the Executive budget proposal to include hospice in the proposed health care funding increases. However, we suspect that the funding level and allocation method planned for hospice (and other sectors) in the Executive proposal will be by the number of each hospice's Medicaid claims. Providing the funds for hospice providers based solely on Medicaid claims transactions will greatly under-represent a hospice's service base, which is substantially more Medicare and private than Medicaid. We urge that the level and allocation of the funds to hospices be based on a rendering of more accurate measures of hospice service and need, and that the funds be allocated through a directed payment process.

Support the CDPAP Program

The initial Executive Budget appears to be silent in relation to the reforms to the CDPAP/FI structure adopted in the 2024-25 State Budget, and the potental implications of the reforms on the system, the personal assistants, the services, and the consumers. HCANYS is concerned with asepcts of the reforms as they are being implmented by the state. HCANYS opposed the 2024-25 budget reforms to CDPAP and as the approach for achieving the stated goals in program use and efficiency. HCANYS stands ready to work with the Legislaure and Executive on efforts to support this vital program, the consumers, their personal assistants, the FIs and providers, and the local health systems that depends on these services.

Concluding Comments

HCANYS thanks the Chairs and Committee members for this opportunity to present our budget analysis and recommendations to you. We look forward to working with the Legislature and Executive on the priority needs and proposals we have presented to you today, as well as on a solid and beneficial final budget for New York overall.

I would be pleased to answer any questions and/or to follow up with you in any way.

(Please see the attachment for the additional information on the State Aid Program for Home Health Community Need, followed by a final attachment with HCANYS policy team contact information.)

PASS & FUND A.1493
STATE AID FOR CERTIFIED HOME HEALTH AGENCY SERVICES TO MEET COMMUNITY NEEDS
FUND AT $70M STATE/FEDERAL SHARE

HCANYS
Home Care is healthcare.

CERTIFIED HOME HEALTH AGENCIES IN YOUR COMMUNITY NEED YOUR SUPPORT!

Certified Home Health Agencies (CHHAs)

- Are a core part of the health care delivery system
- Deliver essential health, medical, therapeutic, and life-sustaining care for about a half million NYers - 50% of all NY home care cases.
- Patients are maternal, infant and pediatric; pre- and post-surgical; pre-, post-acute care and rehab; clinically complex; public health; and more.
- Services include: Registered Nurses, Licensed Practical Nurses, Physical/Occupational/Speech Therapists, Nutritionists, Registered Dietitians, Medical Social Workers, Certified Home Health Aides, Remote Patient Monitoring, Care Management, medical supplies, and other supports.

What Needs to be Done

1. Pass and fund in the 2025 state budget, legislation to update the public health law mechanism (Sections 3607 & 3615) for annual state aid to certified home health agencies to meet community need across all regions of the state. This mechanism and funding are supplemental to the rate process.
2. Essential needs to fund include: increased service capacity and access; services to high-risk, high-need and diverse populations; under-served areas and populations; health disparities; recruitment, training and retention of nurses and essential workers; specialized training; technology; and more.
3. This legislation will bring home care into parity with other sectors (e.g. hospitals, clinics) receiving public pool funding outside the rate process for vital public need.

Currently, the majority of NY's CHHAs are functioning well below sustainable fiscal margins, and are without the funding needed for the capacity to meet the current, and substantially rising, demand for care.

58% of CHHAS had a negative operating margin in 2023 across all payors.

CHHA closures have impacted **6,237** patients through **16** upstate counties since January 2024.

CHHAs reported an average accounts receivable of **85 days outstanding.**

20% of CHHAs reported opening opening a line of credit or tapped investments to pay for operating expenses in 2023.

-24.6% est. change in home health access from 2019 to 2023 in NYS.

188,000 Medicare enrollees who needed but did not receive home health care 2020 - 2023.

Because CHHAs function as part of the vital continuum of care for patients, CHHA underfunding greatly exacerbates the crisis in the overall health delivery system, including the overcrowding of emergency rooms, difficulty transitioning patients to post-acute service, ability to conduct preventative care in the community, and ability to keep patients out of nursing homes and more. This targeted investment in CHHAs will reduce overall costs in the health care system and improve care and access for patients.

Data sources: HCANYS 2024 State of the Industry Report; and VNS Health 2024 Health Studies

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