

Senate Medicaid Task Force

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Thank you for allowing me to testify today. My name is Jan Costello, Executive Director of the Illinois HomeCare & Hospice Council. We represent home health agencies, hospices, home nursing agencies and home service agencies.

Our message has always been that care in the home is the most cost effective and efficient form of healthcare available to Medicaid patients. Our home health agencies provide everything from wound care and infection control to IV infusion to physical therapy. Patients, from senior citizens to children, want to remain in their home surrounded by family, pets and other comforts they have grown to cherish.

We understand the urgency to reduce costs to the Medicaid program in Illinois, especially with the implementation of the Affordable Care Act in 2014 which will bring tens of thousands more people into the program. One of the key drivers in reducing Medicaid costs is reducing hospital readmissions. That is our specialty.

Nationally, the average daily cost to a patient for a hospital stay is \$1,500 while the average cost for a home care visit is \$150. This means that at the point in the care continuum when patients are

sent home with home care, the state automatically begins saving thousands of dollars each week per patient.

Unfortunately, it is becoming more and more difficult to serve Medicaid patients at home because Illinois' current reimbursement rates for these services ranks last among neighboring states and other states of similar size. As a result, while we have a strong network of home health agencies, we have increasingly fewer of those providers that are able to treat Medicaid clients.

Our experienced providers are committed to providing skilled, in-home care to those in need -- including Medicaid recipients. Many have been faced with the dilemma of continuing to treat Medicaid patients or staying in business. As a result, the pool of available providers has dwindled and will continue to do so.

The average cost of providing an in-home visit in Illinois is \$168.44 while Medicaid currently only reimburses at a rate of \$61.34 per visit. Providers are losing more than \$100 per visit. There has not been a rate increase for providers in 10 years – not even a cost-of-living increase. It is easy to see why providers increasingly find themselves unable to remain in this market. Yet, when compared to the cost of a hospital visit, home care is a bargain –and an essential element in helping the state meet the challenge of serving its Medicaid clients.

More than just another expense, home health is a critical part of an efficient, cost-effective delivery system.

We would also recommend that Illinois begin researching the use of telehealth as another form of cost savings to Medicaid. Technology has given us the opportunity to perform functions in the home that would have not been possible just 10 years ago. It is now possible for patients to receive real-time information and diagnosis on a number of health issues and even remote monitoring

for such things like cardiac care. It could save the state thousands of dollars in hospital readmissions by covering the preventive and curative aspects of healthcare.

Finally, IHHC approaches Medicaid fraud and abuse head-on through a commitment to a Code of Ethics and by providing education on how to report suspected illegal activity. We train our members to recognize instances of fraud and abuse and report those activities to the Office of Inspector General for investigation.

As you continue to reform Medicaid in Illinois, please remember the efficiency of keeping patients in their home.

Home health care can be, and should be, an essential tool in the state's initiative to reform Medicaid. Utilizing home health care is smart public policy. It's the right policy for patients and for taxpayers.

Thank you for allowing me to speak today.

