

## OPENING STATEMENT

### SENATE SPECIAL COMMITTEE ON AGING

#### Hearing on Medicare Home Health Policy

March 31, 1998

I would first like to thank Chairman Grassley for calling this hearing to help highlight some of the problems the home health industry and the patients they serve are having as a result of the Balanced Budget Act we passed last year.

Let me emphasize that I strongly supported the budget agreement as a necessary step towards getting our fiscal house in order. I think, however, we have a responsibility to look at how the changes in home health policy are affecting agencies and beneficiaries. We cannot turn our backs on some of the unintended consequences of this legislation. Let's be up-front about the fact that the Balanced Budget Act is hundreds of pages long and there is bound to be some fine-tuning required.

Mr. Chairman, I don't think anyone would support leaving home health the way it was prior to the Balanced Budget Act. The changes Congress made to home health policy were necessary and long overdue. It is very hard to justify cost-based reimbursement for any sector in Medicare, particularly one that has increased nearly 30% a year since 1990.

Last year, the Aging Committee had a hearing to highlight some of the problems with home health. Senator Grassley, as you may recall, we got a former home health operator out of prison to talk about how she had defrauded the Medicare program and how easy it was to do so.

While that hearing underscored the fact that there were some bad actors in the program, the overwhelming majority of home health providers are honest, efficient providers who are trying to ensure high quality care for their patients. This hearing is an opportunity to hear from them.

In my state of Louisiana, the problems plaguing home health were more evident than any other state in the country. In 1996, Louisiana had the highest level of spending on home health per beneficiary and had the largest number of visits per beneficiary. It should come as no surprise that agencies in my state would feel the effects of reductions in home health spending more acutely than most.

Since 1990, the number of agencies in Louisiana has increased from 165 to 525 so that *there are now more home health agencies than McDonald's restaurants in my state*. That is too many by anyone's count. I supported slowing the growth in home health and recognize the disproportionate effect it will have on my state but the previous spending levels were not sustainable or justifiable. What I hope this hearing will do is focus on some of the unintended consequences that these new policies have created.

We also need to monitor home health's move to prospective payment on October 1, 1999. Prospective payment will mean that every home health agency will essentially get paid the same amount for each patient they visit with some adjustments for the health status of the beneficiary. We need to make sure the playing field is level between now and then so that the good agencies are still in operation when prospective payment is implemented. My concern and the concerns I've heard expressed from many agencies is that the changes we made last year will hurt the efficient, low-cost providers while giving the inefficient, high-cost providers a competitive advantage. The practical effect of these home health changes has been to cause several low-cost agencies in Louisiana to go out of business. They simply

can't compete with agencies who are getting paid thousands of dollars more and can therefore offer extra services.

As we review the changes we made to the benefit, we must listen closely to the most important parties - the Medicare beneficiaries and the home health agencies. I have heard from literally hundreds of folks on Medicare who have been affected by these changes. I have also heard from and met with dozens of agencies who supported changes to the home health benefit and recognize that there were serious problems with it but believe that the changes Congress made will hurt the wrong people. Mr. David Martin, a home health operator from Metairie, Louisiana, will give us that perspective in his testimony.

Mr. Chairman, Congress' intent in passing these home health changes last year was *not* to keep seniors in hospitals longer or force them into nursing homes sooner. The goal, rather, was to reduce spending on home health and eliminate as much of the fraud, waste and abuse in the system as we could to preserve the benefit for those who truly need it.

Again, I commend the Chairman for holding this hearing and look forward to hearing from our witnesses today about how they are being affected by the new home health policy and some of their recommendations on a better way to approach the problem.