

Sen. Chuck Grassley
Opening Statement
Senate Special Committee on Aging Hearing on Home Health Care
March 31, 1998

This hearing will come to order. As Chairman of the Special Committee on Aging it is my pleasure to welcome my colleagues, our witnesses, and members of the public to this important hearing. This morning I know this hearing is competing with a key meeting of the Finance Committee on IRS reform - a big issue for me -- and meetings of some other key committees too. But I'm sure that many of my colleagues will be stopping by when they can.

Because the Medicare home care benefit primarily benefits older Americans, the Aging Committee is a natural forum for these issues. Last year, this Committee examined some of the fraud & abuse problems that have troubled the home health program. Let me emphasize that we have not lost interest in stopping fraud & abuse; to me, the two hearings are two sides of the same coin. Payment problems, or unworkable regulations, threaten access to home care -- just as illegal activity does. Both hearings are about preserving this benefit so that our seniors can have access to home care.

I want to make another point. Addressing these issues cannot mean abandoning the fiscal restraint we need in our entitlement programs. There is a history of tremendous growth in Medicare home health spending in the last 10 years. As this Committee has heard again and again, we face a major crisis in funding Medicare when the baby boomers retire, and now that's just over 10 years away. Preserving Medicare for the next decade was a real victory. We have to address these home health issues within the context of fiscal discipline.

Now, why is home care so important? As citizens often remind us, they prefer to receive care in their homes, rather than in institutions. Who wouldn't? In addition, institutional care is expensive. Just ask seniors who have to spend down their assets in order to get into a nursing home -- or ask their state Medicaid directors. There is little doubt that home care can be much more cost-effective for the Medicare program than institutional care. And in many states, such as Iowa, there are simply not empty nursing home beds. All this is to say that access to home health care is not a luxury for our seniors: it is a necessity. We just have to make this program work.

All of us in the Senate have heard a lot of concern about home health issues, but those of us on the Finance Committee are sort of on the front lines. Senator Breaux and I have been part of a group of Finance members who have been examining the effects of the BBA home health provisions, and weighing proposals to adjust them as needed. I want to emphasize that it is a bipartisan group, because senators in both parties know how important home care is.

Now, I'll be frank about my concerns about these issues. The surety bond issue is one that's causing a lot of frustration. This requirement was based on the experience of the Florida Medicaid program, where the bonding process served as a screen, keeping fly-by-night operators out of the system. I believe that's what we in Congress thought we were getting in the BBA.

But HCFA's rules have made the bonds a vehicle for HCFA to recover overpayments to agencies. Some of our witnesses today will talk about the availability of bonds under this approach. Several of us on the Finance Committee have written to HCFA to explain what Congress's intention was. While HCFA has made some modifications to its rules, it continues to argue that they are an appropriate way to recover overpayments. One of the issues for us to examine this morning is whether all reputable agencies will ever be able to obtain bonds, and participate in Medicare and Medicaid, under this approach. For rural

areas where there may be only one or two agencies, this question is critical.

Another area I'm concerned about is the Interim Payment System. The most troubling thing about the IPS is that it seems to reward agencies that were costly in the past, while punishing those that were cost-effective. A town may have two agencies -- one with high costs, one with low. Why should we be willing to pay much more to that expensive agency, when we don't know that its patients are any sicker? Will the low-cost agency have to stop accepting patients with more serious health needs? Will it even be able to stay in business? What effect would that have on seniors' access to home care in that town?

On the venipuncture issue, there seems to be a lot of confusion about exactly how many seniors have been affected by the change of policy. I would expect that many of those affected would have a need for another skilled service, and thus would still be eligible for home health. But are there many seniors for whom that's not the case? I hope that we'll be able to get some facts on that question.

I note that the IPS and the new venipuncture policy would be harder to change than the surety bond rules. That's because they would require Congressional action. There's a lot of reluctance on the Hill to do any Medicare legislation this year, especially because any bill would not be protected by reconciliation rules. But the chances of any legislation would certainly be improved if HCFA supported it. So in addition to Ms. DeParle's views on the surety bond regulations, I am also anxious to hear whether HCFA believes that any legislation is needed on any of these three issues.

On our second panel, we have a number of witnesses from the home care community, testifying on these three issues. One of them is one of my constituents from Iowa, so I extend a special welcome to her. Let me emphasize this: this is meant to be a fair hearing, where both HCFA and the home care community will be able to air their views. Let's all agree to adopt a cooperative attitude, and let's all recognize that we share the goal of preserving access to home care.

Now, let me introduce Nancy-Ann Min DeParle, the Administrator of HCFA. Ms. DeParle was confirmed as Administrator late last year, so she wasn't yet on the job when HCFA supported the inclusion of these three items in the BBA. Maybe that'll affect her views of them -- I guess we'll see. Ms. DeParle, I know how busy HCFA is now, and I want to thank you for being here. I understand that you may not be able to stay for the testimony of our second panel, but I hope that your staff will be able to stay and hear it, because I think that listening to one another is an important part of making this hearing a true dialogue. Please begin.