

Home Health and Private Duty Funding



Home Health - Background

- What is Home Health?
 - Intermittent skilled services.
 - Nursing, Therapy, Aide services.
 - Requires an order from a MD, NP, or APRN.
 - Medical Necessity must be met.
 - In a typical episode, the nurse and aide (separately) would perform a visit 2-3x per week.
 - KY requires Medicare Certification for licensure.
 - Licensed health care service, regulated by certificate of need.
- Not a facility or brick and mortar
 - No “assets” from an accounting perspective
 - Frontline staff out in the home/community with administrative support
- Almost every point of contact between a patient and their direct service worker (most often a nurse) happens in the home.

Home Health

- 97 Licensed Agencies in KY
- Agency Types
 - Hospital-based
 - National Organizations
 - Health Departments
 - Standalone Nonprofit Operations

Home Health Payments

- Large Majority of Patients in Medicaid Managed Care
- No change since 2005
- Current Rates
 - Skilled Nursing \$87.15/visit
 - Home Health Aide \$34.13/visit
 - Speech Therapy \$85.05/visit
 - Physical Therapy \$85.05/visit
 - Occupational Therapy \$85.05/visit
 - Medical Social Service \$68.25/visit

Private Duty

- Skilled Nursing in the Home for Extended Hours
- Regulations differ from Home Health
- Rates have not been adjusted since 2014/2015
- Nursing is reimbursed \$36/hour.

Workforce

- This is an unstable industry
 - Staff turnover is estimated at anywhere from 40-70%
 - Merger/Acquisitions increase instability
 - Home Health Agencies continue to decrease other offerings (waiver in particular)
 - Employees are scarcer than ever
 - Competition from Nursing Homes and Hospitals continues to erode Home Health access
 - Rates directly impact access and workforce
- Recruitment cost for one worker: \$4,000
- Inflation/Competition continues to drive these costs/wages up
 - Reimbursement stays the same

Kentucky Population & Workforce Needs

- 36% of Kentuckians over the age of 50
- 68,700 Projected Direct Care Worker Openings by 2030
- 16,000 RNs needed by 2024 (currently operating at 20% shortage)
 - 500 nursing school seats sat empty in 2022
 - RNs are receiving little information/training on Home Health (NC pilot project)
- KY Direct Care Worker Wage Score: -\$1.75.
 - Workers could earn \$1.75 or more an hour in another industry with same skills

Consumer Impacts

- MCOs continue to ratchet down services, especially Home Health Aide authorizations
 - Agencies are forced to deploy the most expensive labor (nursing)
- Billing and administrative hurdles continue to increase – getting paid by MCOs is becoming more and more difficult
- The net result is consumers cannot access Home Health in the way they should be able to
 - Rural areas, in particular, can no longer act as a safety net
- In the leanest healthcare industry (labor is almost the entire cost), agencies are struggling
- Kentucky should be growing Home Health/Private Duty, not letting it stagnate

Surrounding States

- IN
 - Skilled nursing
 - \$98.29 first hour, \$63.80 thereafter
 - Home Health Aide
 - \$63.02 first hour, \$28.52 thereafter
- OH
 - Skilled Nursing
 - \$52.20 first hour, \$22.76/hour thereafter
 - Home Health Aide
 - \$23.26 first hour, \$12/hour thereafter
- IL
 - Skilled Nursing
 - \$111/visit
 - Home Health Aide
 - \$111/visit

Similar Size/Smaller States

- OR
 - Skilled nursing
 - \$201.84/visit
 - Home Health Aide
 - \$64.61/visit
- SC
 - Skilled Nursing
 - \$122/visit
 - Home Health Aide
 - \$122/visit
- VT
 - Skilled Nursing
 - \$108/visit
 - Home Health Aide
 - \$49.08/visit

Recent Efforts on Reimbursement

- Home Health Technical Advisory Committee
 - Recommendations
 - Increase Home Health Rates
 - Increase reimbursement for supplies to help agencies avoid losing money
 - Transparency for billing requirements by MCOs
 - Add certain supplies to be covered by the Medicaid program
- ARPA Funds
 - Targeted at Home Health/HCBS
 - Cabinet used those funds to finalize its waiver increases – no \$ to Home Health

Solutions

- Increase Reimbursement Rates for Home Health and Private Duty
 - Stabilize the Market
 - Allow Kentuckians to be served where they want to be - in their homes
 - Begin to rebalance towards Home and Community-based services
- Provider Tax
 - Not currently a viable option
- Rebalance Spending so Kentuckians can stay in their Homes.
- Value-based payments should be on the table.

Thank You

- We encourage you to support Home Health and Private Duty in the budget session.
- Questions?