

## Legislative Update

### The Connecticut Association for Home Care & Hospice

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#### Rell Releases Deficit Mitigation Plan

Governor M. Jodi Rell announced her deficit mitigation plan to erase the \$470 million shortfall to the state budget yesterday. The plan proposes \$337 million in cuts to the \$18.64 billion 2010 budget passed by the legislature in September. The plan contains a 5% cut for "certain Medicaid Providers." CAHCH has confirmed it includes home care among others.

Earlier this month, the Governor announced \$31.6 million in agency budget cuts. The deficit mitigation plan calls for an additional \$19.3 million in rescissions and \$16.8 million in program cuts the Governor can order on her own authority, including reductions in some Department of Social Services programs.

Areas of particular interest to CAHCH members include:

- A 5% reduction of "certain" Medicaid Provider Rates (2% for Nursing Homes, OCF/MRs and Chronic Disease Hospitals). Some providers are getting a reduced cut because their rates were cut in the previously approved budget. Others are excluded because of lawsuits of federal rules.
- Reduction of Expenditures under the Alzheimer's Respite Care Program.
- DSS Imposed Co-Payments under Medicaid (details pending).
- Acceleration of Medicaid Audit Recoveries by Providing Staff in FY 2010.

"It is deeply painful even to suggest these cuts and yet they are unquestionably necessary," Rell said in her press release.

"State government cannot afford, literally or figuratively, to allow this budget, which has only been in effect a few short months, to grow any further out of balance."

Rell's mitigation plan will need to be approved by the legislature's Democratic majority.

CAHCH will continue to monitor developments of Governor Rell's Deficit Mitigation Plan and pass information along to members as it becomes available. Formulation of advocacy efforts to reject these harmful cuts will follow early next week. We urge you to contact your state representatives to express your concern over these harmful cuts.

## CAHCH Responds

The following is a press release issued by CAHCH in response to the cuts proposed by the Governor's Deficit Mitigation Plan.

*The Connecticut Association for Home Care and Hospice (CAHCH) is extremely concerned about the Governor's proposal to cut "Certain Medicaid Providers" rates by 5 percent.*

*The General Assembly must reject this cut for Medicaid home care providers for the following reasons:*

*Home health agencies are facing a financial crisis due to the twin prospects of cuts from the Medicaid and Medicare programs. The Health Reform bills currently being considered in Washington already contain significant Medicare cuts for home health providers - the current best case scenario in would still inflict \$600 million in Medicare cuts to Connecticut's home health agencies over the next ten years.*

*"If both of the Medicaid and Medicare cuts go into effect, we could see up to half of the home health agencies close or significantly restrict their admission of Medicaid patients," said CAHCH President & CEO, Brian Ellsworth. This occurs because home health care agencies will no longer be able to subsidize Medicaid patients, where the payment rates are 30 percent below costs for the typical agency. "As home care agencies pare back or close, Medicaid patients will end up in institutions at two to three times the cost to state taxpayers, to say nothing of the emotional toll on patients and their families," Ellsworth said.*

*In a time of economic recession, it makes no sense for Connecticut to turn away enhanced federal reimbursements under the economic stimulus bill. For Connecticut's budget to save \$14.4 million, we have to turn away \$21.6 million in federal reimbursements. The federal share of Medicaid helps Connecticut's economy because it has a two-fold multiplier effect as workers within these labor-intensive providers spend money on goods and services. "It makes no sense to turn away federal funds when Connecticut has already lost over 80,000 jobs due to the recession."*

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