



New York State Association of
Health Care Providers, Inc.

Representing home and community-based care

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July 21, 2008

Commissioner Richard F. Daines
New York State Health Department
Partnership for Coverage
Empire State Plaza
Corning Tower, Room 2001
Albany, NY 12237

Superintendent Eric Dinallo
New York State Insurance Department
Partnership for Coverage
Suite 1700
One Commerce Plaza
Albany, NY 12257

Dear Commissioner Daines and Superintendent Dinallo:

Thank you for the opportunity to comment on the instructions given to the Urban Institute to model proposals for universal health insurance coverage in New York.

The New York State Association of Health Care Providers, Inc. (HCP) is a statewide trade association representing home care and community-based providers through advocacy, information and education. HCP represents approximately 500 offices of Licensed Home Care Services Agencies, Certified Home Health Agencies, Long Term Home Health Care Programs, Hospices and related health organizations throughout New York State. Through a strong network of regional chapters and an active State office in Albany, HCP is a primary authority of the health care industry.

HCP supports expansion of access to health insurance and a movement toward universal health coverage in New York State. HCP and our members view the issue of universal coverage from two distinct perspectives: first, as the providers of home care, an important part of the State's health care continuum; and second, as an industry comprised of many small business that often struggle, or are unable, to provide affordable health insurance for their employees.

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Expanding patient access to home care, an important part of the State's health care continuum

HCP recommends that home care be included in all benefit packages provided to New Yorkers under a universal coverage plan. Patient access to cost-effective, quality home care services should be a cornerstone of New York State health policy, including a strategy for universal health insurance coverage. New York has and must continue to look to home care as the primary source of services to keep patients in their homes and communities.

HCP is pleased that the Family Health Plus (FHP) benefit package, modified to include full mental health parity, will be used in the model for proposals that include a comprehensive benefit package (i.e., Medicare-for-All, New York Health Plus, and Combined Public-Private Reform). Use of this benefit package as the benchmark would expand access to home care to those who are currently uninsured, as FHP covers hospice care and a limited home health benefit (short term, acute home care in lieu of hospitalization, up to 40 visits per year). FHP offers a more generous home care benefit as compared to Healthy New York, which imposes co-pays and does not cover hospice care. Still, **HCP recommends expanding the home care benefit in FHP and the universal coverage models to provide improved home care benefits, recognizing the cost-efficiency of this important part of the health care continuum.**

Home care agencies faces major challenges in providing coverage for their employees

Unique Challenges for Home Care Agencies

The cost of insurance premiums is rapidly increasing for all employers. Often, premiums are even higher for home care providers, as many agencies are small businesses that have difficulty negotiating effectively for lower group rates with insurance companies. As a result of these high premiums, many home care agencies are not able to offer affordable insurance to their employees, especially those who are part-time or newly hired. This struggle with affordability also means that some employees who are offered coverage may not be able to participate in their employer's insurance plan because of their personal financial constraints. As a result, many choose to go without coverage.

Home care providers face additional financial constraints. As an industry that serves many Medicaid patients, home care agencies rely heavily on payments from the government for services they provide. Home care providers who are currently serving Medicaid patients are subject to fixed rates that are set through a cost-based reimbursement methodology with a built-in time lag of two years. Under the current methodology, certain Medicaid reimbursement rates, particularly Personal Care, often fail to come close to reflecting the actual cost of doing business, and providers are hard-pressed to absorb their current costs for two years without appropriate reimbursement. As a result, providers often bear a significant financial burden when purchasing health insurance for their employees.

Modeling Proposals

Single Payer and New York Health Plus

The Medicare-for-All and New York Health Plus models would provide the greatest benefit to employers, as they do not place financial burdens on employers as part of the State's efforts to expand health coverage in New York.

The Combined Public-Private Reform

The Combined Public-Private Reform would also provide some relief to employers who want to offer coverage, including the Merger of Individual and Small Group Markets, the Establishment of a Health Insurance Exchange, and the Introduction of a Public Program Buy-In Option. These elements of the proposal would offer small employers more affordable options for providing coverage for their employees.

However, the Employer Health Care Contribution included in the Combined Public-Private Reform will be burdensome for employers. As detailed in modeling instructions, the Employer Health Care Contribution would require an assessment of six percent of payroll, subject to a credit against that assessment for the value of health coverage employers choose to provide to their employees. The modeling of this option will examine the impact of the assessment assuming three situations: (1) the assessment applies to all employers and workers; (2) employers with less than 25 employees are exempt from the assessment; and (3) part-time workers are exempt from the assessment. In order to accurately reflect the cost of this option, **HCP recommends the modeling formulas include an appropriate increase in Medicaid reimbursement that recognizes the unique financial constraints of employers who receive reimbursement from Medicaid and other public payers. A six percent increase in expenses will have a major negative impact on providers who are subject to the two-year Medicaid reimbursement lag; the State must provide financial relief for these providers who want to offer coverage to their employees, but will be unable to do so under the current reimbursement system.**

The Freedom Plan

The Freedom Plan's tax credit for up to 50 percent of the cost of health insurance premiums paid by individuals and small groups with 50 or fewer employees will make health insurance more affordable for New York's home care providers. **However, this phased-in tax credit will not cover the entire cost of providing coverage and may mean that coverage remains unaffordable for many small businesses.**

Additionally, HCP is concerned about patient access to home and community-based care under the Freedom Plan model, which removes health insurance benefit mandates, regulatory requirements, and relies on the limited benefits of Healthy New York. Such radical deregulation of insurance programs in the State may make coverage affordable, but doing so should not be accomplished at the expense of patient access to home and community-based care.

Moving forward

Universal health insurance coverage is a laudable public policy goal. HCP and its members appreciate the opportunity to comment on this initiative and look forward to working with the Department of Health and the Department of Insurance to implement a plan for universal coverage in New York State.

I hope these comments prove useful to you in your endeavor to expand access to coverage in New York. As always, HCP staff is available to answer any questions you might have about the home care industry. We look forward to working with you on this exciting project.

Sincerely,

A handwritten signature in black ink, appearing to read "Phyllis Wang". The signature is fluid and cursive, with a large initial "P" and "W".

Phyllis A. Wang
President