



## **NEWS RELEASE**

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For immediate release

### **Skyrocketing fuel prices force budget crunch for many home health caregivers**

HARRISBURG (March 17) – In 2003, the last time the Commonwealth increased its reimbursement to home health care providers, gasoline was selling for \$1.35 a gallon. Today, with gasoline at \$3.30 and more in many parts of Pennsylvania, homecare agencies are still getting the same \$77 per home visit and eating the skyrocketing cost of fuel or cutting corners in other areas. And, according to the Pennsylvania Homecare Association, providers are fresh out of corners to cut.

Homecare has been hailed by Gov. Edward G. Rendell as the “next big thing” to keep down the costs of health care by providing quality service, personal attention, and nursing skills without the overhead of large bricks-and-mortar institutions. But critical funding has not yet followed favorable reviews. The Commonwealth has increased the payment for home health care Medicaid recipients just once in the past 16 years. The current Medicaid reimbursement rate is \$77, while the actual average cost per home visit according to a two-year-old study -- is \$118, a \$41 loss every time a nurse provides care to a patient. Record high gasoline prices have made the gap even wider.

“According to a University of Pittsburgh study, a typical registered or practical nurse making home calls can expect to drive a total of 60 miles a day between appointments,” said Vicki Hoak, executive director of the Pennsylvania Homecare Association. “You can do the math. Figure an average of 20 miles per gallon for the nurse’s car and that works out to five gallons of gas a day just getting between patient homes. That’s \$11.50 they must pay just for gasoline – but the typical homecare agency reimburses the staffer at the Internal Revenue Service rate of 50.5 cents a mile – or \$30. It’s not a number that our providers can swallow or ignore.”

With a loss for services already stretching homecare agency budgets, Medicare and private pay customers help to offset costs and reduce monetary losses for the agencies, allowing them to stay in business.

According to the State of the Homecare Industry in Pennsylvania report, released last year by the University of Pittsburgh, homecare agencies staff, including nurses, physical, speech, and occupational therapists and home health aides traveled 210 million miles in 2005.

The Pennsylvania Homecare Association is seeking a \$10 million increase in the state's 2008-09 budget allocation to increase the Medicaid reimbursement to \$100 per visit for skilled services. The increase will help offset the cost of nursing and therapeutic care, rising gasoline prices, and workers' compensation premiums for home health agencies. Last year alone, Pennsylvania home health agencies spent an additional \$6.7 million to help cover the rising gasoline costs.

"On any given day, a home health nurse sees five patients a day, averaging 12 miles per day between each patients home. Mileage can be even higher if a nurse is working in a rural area of the state," said Hoak. From the \$77 reimbursement amount provided by Medicaid for a nursing visit, agencies pay salaries, mileage, workers compensation, insurance premiums for employees, medical supplies, and many other overhead costs. "In addition to the increase in gasoline prices, our cost of doing business has risen 15 to 25 percent since the last increase."

Medicaid provides basic health care for low-income individuals under the age of 60 and for the elderly under the state's Aging Waiver program. Nearly two million people are covered by Medicaid in Pennsylvania, but only about 10,000 of those receive at-home health care and another 12,000 people under the Aging Waiver, she said. "It's clear that the Governor would like that number to grow because even at \$100 per visit, homecare is less costly than hospital or nursing home care," Hoak said. "But our members can't afford to shoulder an even larger caseload and more losses."

Hoak called the situation the "invisible crisis."

"Unlike other healthcare providers, home health care is invisible to the community at large. We don't have any big, imposing edifices to drive by daily. We're the quiet solution," Hoak said. "We're critical when it comes to helping people stay out of hospitals and nursing homes. And we're cost effective: To provide in-home care to a senior citizen so that they don't have to go to a nursing home costs Medicaid \$23,000 compared to Medicaid's cost for a person in a nursing home at \$56,000 a year."

The Pennsylvania Homecare Association is headquartered just outside of Harrisburg and represents more than 300 agencies that deliver care and support directly in the homes of more than a million elderly and disabled citizens in the state of Pennsylvania. To learn more about in-home care, visit the PHA website at [www.pahomecare.org](http://www.pahomecare.org).