

# Home care providers battle gov's cuts

## Caps on hours and decreases in Medicaid reimbursements may force some out of business

By CLAUDE SOLNIK

Although strong demand from an aging population is turning this into a banner year for the home health care sector, providers are fending off cuts they say could cripple the industry.

The governor's proposed budget includes \$62.9 million in cuts to what's known as the trend factor, a sort of cost of living increase; \$73 million in caps on hours for services; and increases in costs of \$17.6 million by doubling the gross receipts tax.

These would affect an industry already struggling under the weight of \$120.9 million in 2008 reductions and \$208.2 million in reductions for 2009.

"They've been devastating," said Taryn Birkmire, executive director of Recco Home Care Service in Massapequa and president of the Long Island chapter of the New York State Association of Health Care Providers. "[Cuts affected firms' ability] to hire additional staff and keep up with the mandates, criminal history record, home care registry. You can't add to your staff."

She said the latest round of cuts, following the recent MTA payroll tax, would not only hurt rates, but limit Medicaid reimbursement to

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12 hours a day.

"Now they're looking to cap our services," Birkmire said. "It's going to affect the industry dramatically."

Phyllis Wang, president of the New York State Association of Health Care Providers, said the cuts would hit an industry that benefits the state and patients financially and medically.

"There are very few programs in the budget that can save the state money while positively impacting a significant number of people," Wang said. "Home care is patient preferred, cost effective and is the future of health care in the United States and around the world."

The cuts could affect service providers in Nassau, Suffolk, New York City and Westchester most, since these areas have living wage mandates that increase providers' costs.

"They want us to give the living wage, but they keep cutting back and taking back," said Linda Cunegin, owner of Tri-County Home Nursing Services in Westbury.

She said the contemplated cuts could drive smaller providers under, further reducing services.

"Some will go out of business," Cunegin said. "If the cash flow is being sliced, it's going to have an impact on the survival of the fittest, which are the bigwigs, the nationwide agencies."

Gov. David Paterson, however, argues that the state needs to realize savings wherever possible, including all forms of health care.

The governor's budget seeks to close a nearly \$8 billion deficit in part with \$1.9 billion in health care cuts and levies, including \$1 billion in reductions to providers and programs and \$923 million in taxes and assessments.

But some said the state should encourage home care as an attractive alternative to nursing homes rather than cutting reimbursements.

"For the last 10 or 15 years, there's been a trend away from residency in a skilled nursing facility or long-term inpatient facility," said Thomas Fazio, a partner at Blodnick & Fazio, a Garden City law firm with a health care law practice. "It's generally viewed more favorably to have the person in the community at home, if possible. For a lot of people, that requires home health care."

In addition to providing better quality of life, Fazio said home health care costs less than nursing homes.

"It's cheaper to pay for a home health care aide a few hours a day, a week or full time than to have somebody residing in a nursing home," Fazio said.

He said cuts and the 12-hour Medicaid ceiling could force more people into nursing homes.

"As you cut the availability of home care, you're encouraging and sometimes forcing people to go into a different setting, like a skilled nursing facility," Fazio said. "Whatever savings you garner from cuts in home health care are going to be offset by increased costs to the system."

States that increased the use of home



care in 2009 spent 15.3 percent less on nursing homes, while those decreasing the use of home care saw a 3.4 percent increase in nursing home spending, according to Health Affairs Report, a peer-reviewed health care journal.

Cunegin already is seeing insurers, the state and those assessing patients' needs often reduce services by 30 percent, a more informal way to save.

"There's a rainbow of reasons that might happen," Cunegin said. "But there are limited resources for the service relative to money."

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**Taryn Birkmire, executive director of Recco Home Care Services, said the previous cuts to her industry have been devastating.**