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President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

Vice President Joseph Biden
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20501

Dear President Obama and Vice President Biden:

I am writing to thank you for working to ensure that any Medicare provisions included in a budget deal strengthen the Medicare program and protect its beneficiaries. In particular, I wish to express my gratitude that your staff is working on an alternative to a home healthcare copayment and misguided cuts that would seriously impact frail seniors and actually result in increased Medicare costs.

It is well documented that home health care is both a seniors-preferred and cost-effective setting for clinical treatment. Unfortunately, some are now advocating the reintroduction of a copayment for home health services. As you know, there once was a home health copayment – until Congress wisely repealed it in 1972 due to the burden it placed on seniors and the services it shifted to more costly settings.

AARP, Easter Seals and a number of other concerned organizations have correctly noted that reintroduction of a home health co-payment “would place a disproportionate and damaging burden on the backs of Americans who can least afford it.” I could not agree more for the following reasons:

Seniors Receiving Home Health Are Disproportionately Poor and Sick

- Nearly 4-out-of-5 non dual-eligible home health beneficiaries have no secondary Medigap coverage and, consequently, would be personally responsible for the full copayment.
- More than half of these beneficiaries have incomes below \$21,780 per year. In fact, these seniors experience a 25% greater rate of poverty than the typical Medicare beneficiary.
- Their copayment would be \$300 per 60-day episode – equivalent to a typical senior’s monthly groceries.
- These beneficiaries are three times more likely to have Activities of Daily Living (ADL) limitations.
- Due to these factors, a home health copayment would be regressive and devastating to seniors.

A Home Health Copayment Will Shift Seniors to More Costly Settings

- The Medicare Payment Advisory Commission (MedPAC) has cautioned that “A disadvantage of requiring beneficiary cost sharing for post-hospital episodes of home health

care is that it could encourage beneficiaries to use higher cost post-acute care settings, such as skilled nursing facilities or inpatient rehabilitation facilities.” (Nursing home care costs 2.5 times and hospital-based care costs 10.5 times more per day than a typical home health visit.)

- By incentivizing patients to seek care in more costly settings that do not require out-of-pocket payment, a copayment will be counterproductive – increasing the use of more expensive care.

A Home Health Copayment Will Increase Medicare and Medicaid Costs

- Research firm Avalere Health estimates that the copayment-caused shift of patients to hospitals, nursing facilities and other settings could increase Medicare costs billions of dollars over the next 10 years.
- Avalere also projects that a home health copayment will drive up Medicaid costs because States bear a portion of the copayment for dual-eligible individuals and due to patients shifting to more costly settings.
- The Congressional Budget Office (CBO) has confirmed this problematic effect, noting in its analysis that a home health copayment “would result in increased spending by Medicaid.”

A Home Health Copayment is Deeply Unpopular

- According to a recent Greenberg/Fabrizio Ward poll, the American public does not want Congress to reverse course and reinstate a home health copayment.
- In the poll, voters expressed strong opposition to imposing a copayment on home health patients: 73% of voters expressed opposition to a home health copayment. Opposition was especially strong among elderly voters – in fact, 81% of seniors polled oppose a home health copayment.

I am troubled that some are suggesting copayments or other fees on seniors are necessary to make sure they have "skin in the game." This strikes me as ironic, to say the least. After all, seniors already have extraordinary skin in the game: they have paid taxes, built our nation, and defended its freedom. Taking or taxing their hard-earned benefits is the wrong thing to do to a generation that deserves so much better.

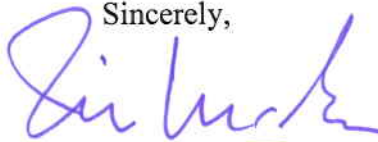
Instead, we need to find a better way to help preserve and strengthen the Medicare program and, like all sectors of Medicare, the home healthcare community has an important role to play. This community has proposed a thoughtful reform plan that will strengthen program integrity and achieve substantial savings without burdening beneficiaries.

Among the home health community’s proposals are measures that will strengthen the quality and integrity of the benefit, ensure payment is not made for abusive service utilization, and establish initiatives that will drive innovation and reduce program costs. Other proposed safeguards achieve savings by screening questionable claims, improving payment accuracy, and targeting bad actors. Compliance initiatives include strengthened conditions of participation, creation of an independent accountability agency, full data transparency, and much more. The proposal also includes initiatives to reduce costs and enhance patient outcomes using proven patient care technologies. All told, it is estimated that this common-sense package of reforms could save nearly \$23 billion over the next 10 years.

These proposals do more than demonstrate the home health community's commitment to a strong, compliant, and cost-effective skilled home health benefit. They help point the way to significant program savings that can be achieved without restricting patient access, cutting benefits, or increasing the cost of Medicare for its beneficiaries.

We can achieve sustainable Medicare savings, improve quality outcomes, and strengthen program integrity, but doing so requires thoughtful reforms – not the imposition of a copayment on beneficiaries or across the board cuts on the care they receive. Thank you for your efforts to uphold our commitment to America's seniors and the millions of beneficiaries who depend on a meaningful and affordable Medicare program.

Sincerely,



James P. McGovern
Member of Congress