



Testimony Presented to the NJ Senate Budget Committee
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NJ FY 2008 Budget Will Have Significant Long-term Impact On New Jersey Patients

Good morning, Chairman Kenny and members of the Committee. Thank you for the opportunity to testify today on Governor Corzine's proposed budget for Fiscal Year 07-08. I'm JoAnn C. Dixon, Executive Vice President & CEO of the Home Health Services and Staffing Association of NJ. I'm pleased to offer testimony on behalf of our 300+ member firms throughout the State.

I can't imagine one New Jersey taxpayer who is unaware of the bind the State is in as it puts together the budget this year. Home Health Services believes we all should contribute to the solution, not simply grouse about the problem. For there is a trickle down effect as far as budgets are concerned – if the State hurts we all hurt.

And the people who will hurt the most are the frail elderly and disabled NJ Medicaid clients whom receive Personal Care Assistance at home. With over a quarter million New Jerseyans currently over 85, a number that is expected to grow by 30% by 2014 and continue expanding, need for long-term care is making the home-care industry even more important than it has been.

As, Josefina Carbonell, Assistant Secretary for Aging pointed out in her testimony on the Federal budget not too long ago "...we got input from our customers and key stakeholders, our seniors and their caregivers, and members of the aging network, from all across the nation. We heard from consumers, both older and younger alike, that they want to remain at home. We also heard loud and clear that our system is still biased in favor of expensive nursing home care, and people are generally not aware that lower cost options are even available or find it extremely difficult to access these alternatives."

But seniors aren't the only ones who benefit from home care. Research shows children recover best at home with the encouragement and love of their families. Also, many treatments for children with chronic conditions can now be done at home more cost effectively than in a hospital setting.

Much is happening, that will impact our industry, typically the sociological aspects of:

- The jump in numbers due to the impact of the aging baby boomer population who just reached 60 last year – currently 30.8% of New Jerseyans are *boomers*-
- The growing numbers of medically fragile children we work with who are on ventilators, disabled and developmentally challenged with severe infirmities
- The significant numbers of war wounded who will need home care
 - As an urban State we will see disproportionately greater number of these embattled citizens
- The increasing numbers of what the accountants call the "DINKs" *Double Income – No Kids* couples who will not have the family component for healthcare support as they age.

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The Home Health Services and Staffing Association represents over three hundred home health services organizations, statewide, licensed by the Division of Consumer Affairs. The association's code of ethics promotes the highest standards in the provision of quality home care and works cooperatively with federal, state and local governments for the achievement of quality health care and control of health care costs.

- Growing numbers of victims of external environmental disturbances on our health such as the increase in pulmonary illnesses and toxin-caused long term suffering

In fact, *long term* is here. *WE* will directly generate greater needs for home health care not less. We can therefore make some decisions now that will make it easier later, or someone will make that decision for us. This decision *is* personal – we need to think long-term NOW.

The average nursing home costs are approximately four times more than home care per year. We believe this is, as the kids say, “a no-brainer,” **PCA funding saves Medicaid dollars. A nursing home cost \$233/day in 2006; PCA program costs \$62/day.** Other States have done it, we believe that NJ can too.

In fact, the Congressional Joint Economic Committee cites home health care as least costly. And **Personal Care Assistance receives Federal 50% matching funds;** an increase in PCA funding will result in an increase in Federal matching funds.

Our goal at *Home Health Services* is to create an environment that allows for people to stay where they want to be and heal best – *at home*. But we won't be able to unless we begin a campaign to educate more people as health care professionals and shift some money to more economic home care to *STRETCH* our State health care dollars.

What we are doing

1. At *Home Health Services* we are working to bring federal money for education in the healthcare field by partnering with universities right here in NJ. This is our direct contribution to a solution to meet the growing need for healthcare workers and to reduce the 6.8% unemployment rate. We're focused on developing those without a career track, or whose careers are now obsolete, to attract more people to this burgeoning field, thus raise their career expectations and meet the needs of 500,000+ people in NJ who will need care by 2020.
2. We invite the State to sit at the table with us to plan a brighter future for healthcare and future budgets. The budget as it stands does not seem to support what the State and the Federal government have indicated they want to do.
3. In fact, this year we saw the first small increase in State aid in five years for personal care assistance (PCA), while during the same period of time the need has jumped significantly each year. The reimbursement for trained nursing care has not had an increase since 1995 although cost of care, travel and benefits has also radically increased. While the reimbursement is still the same (1 visit reimbursement) it is often necessary for 2 assessment visits and an orientation visit for the home health aide – it is estimated that it costs an agency roughly \$120-\$150 per new patient while the reimbursement remains at \$35.

FY 2008 State budget reduces allocations to the DHS/ Division of Disability PCA Program and home care waiver programs by 4.5% and the Department of Health and Senior Services by 3.9% we suggest here that if, in fact, the State means what it says and you want us to keep pace with the growing needs of New Jersey residents, some of the supplementary funds going elsewhere in the budget need to be shifted to these areas. If they aren't, the budget crisis we have now is minimal compared to the immoral and shocking crisis we will have on our hands with the sick and infirmed 5-10 years from now. PCA reimbursement hasn't been increased in 20 years.

This is an issue that won't go away – it will only get worse the longer we put it off, and you and I will be the victims; because no matter how much money we may have we won't be able to buy our way out of this one if there are too few healthcare personnel to fill the need.

Thank you - we remain available to meet with you to discuss this further.

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