

Q&A: VNS Health Exec on How to Keep Home Care Equitable in the Face of CMS Cuts

Jacqueline Neber, August 18, 2023



In July, the federal Centers for Medicare and Medicaid services proposed a \$375 million cut to the 2024 Home Health Prospective Payment System that would boost payments by just under 3% for home health agencies all over the country. However, industry leaders are concerned because they'd also absorb a 5% decrease from other agency adjustments, potentially impeding their ability to provide care to vulnerable communities.

Home health industry leaders have met the proposed changes with backlash, including those based in New York. Dan Savitt, the chief executive officer of VNS Health which provides home care to communities throughout the five boroughs, Westchester and Long Island, spoke to how agencies can continue to keep care equitable in the face of potential slashes.

What are the proposed CMS rules you're most concerned about?

The proposed rules are continued cuts in reimbursement. We're really cutting what I would say is one of the most critical components within the health care system, and where we see some of the largest gaps in care, especially when we talk about health care disparities. So those areas, and not just New York but across the country, that are really struggling [to make sure] people have access to care in the home and community. And so the cuts we saw in '23, and the continued costs and '24—and CMS is actually calling for a \$3.4 billion temporary adjustment, but additional cut, which is a 21% reduction that could come at any time.

There's 3.4 billion that CMS, we believe, has incorrectly calculated as overpayments during the public health emergency. They want that \$3.4 billion back and their way of getting that additional cut over and above what I just talked about. [It] would just continue to be devastating to home health agencies trying to do this work every day in a really tough environment.

How do these cuts impact home health care businesses?

Reimbursement already does not fully cover the cost of delivering these services, especially in those areas that are experiencing significant difficulties like I talked about, those that experience the most health disparities. I like to use the Bronx as an easy example in our city: when you have cuts, but yet increasing wages, just to keep up with the industry, and then you have a major shortage and nursing capacity on top of that... The result of that is we take less of the referrals that come in. So there's less care [for] the community. The losses just compound from there. Every cut is adding to the overall losses, which is why we're seeing home health agencies across New York state find it really difficult to continue to do this work.

Is there a large need for this kind of care in New York right now?

As people age, the need for home and community based care just increases, that's the simple math. We've seen our referrals to our programs across our communities continue to rise, even though the capacity to take those referrals for needed care continues to decrease.

What are some solutions agencies are trying to continue bringing care to vulnerable New Yorkers?

The first step that we have to take as an industry is to continue to demand more acceptable rates for managed care. The second is we have to find ways to become more efficient, which is not easy. Often we hear things like, 'We could introduce more telehealth or more technology.' The problem is, the regulatory environment and the payment environment has not kept up with technology.

Even though we could potentially do more virtual visits, the way that Medicare pays for home health does not allow us to bill for those virtual visits post the public health emergency. We don't have a lot of levers to be able to improve our profitability so that we can continue to serve these hard-to-serve areas.

At VNS Health, we fund the losses in other ways. And that's not sustainable. If you're a standalone home health agency, it's impossible to do. Your options are really to shut down or to sell your business to typically one of the national or larger organizations.

Are you worried about that for VNS Health?

Because we're so large, we have significant leverage, significant relationships both with our hospital partners and with our managed care organizations that we work with. So we've been able to get it to improve our rates there. We've been doing this care for 130 years. It is core to our mission. We may need to pivot in many ways to overcome these pressures, but we need help from our hospitals and partners in the communities [and] we need help from the state and federal agencies in order to keep us moving forward.

What else do people need to know?

There's a lot of discussion at the state and federal level about the desire to close the disparities in health care in our Black and Brown communities. And I can tell you the payment mechanisms and budgeting are not aligned with reducing health disparities.

In order to serve patients in the Bronx, not only do we need nurses, which is really difficult to attract and retain, but you have to pay for escort services because of safety and security issues. You have to pay for transportation

because there's nowhere to park. It is a very inefficient model of care in the Bronx, and none of that is funded through the CMS payment models. It's important to understand that we continue to see disparities widen in these communities, and we need to do something about it as a health care system—not just the home care community. We need the hospitals and physicians to step up and say, 'My patients are not getting access to care.' We need our partners in the community to help advocate with us to make sure that we have adequate funding for delivering home and community-based care.

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