



ANTELOPE VALLEY  
HOME CARE

A facility of Antelope Valley Healthcare District

August 9, 2008

Ms. Marie Taketa, Chief  
Rate Analysis Unit  
Rate Development Branch  
Department of Health Care Services  
1501 Capitol Avenue, MS 4612  
Sacramento, California 95899-7413

Re: Comments on Medi-Cal Rates for Home Health Agency Services

Dear Ms. Taketa:

I am the Administrator of Antelope Valley Home Care, a Facility of Antelope Valley Healthcare District. This letter is submitted in connection with the Public Hearing to be held by the Department of Health Care Services on August 11, 2008.

For the reasons discussed below, we believe that the Medi-Cal payment rates for home health agency services are much too low, and that a substantial increase in these rates is way overdue.

First licensed in 1987, Antelope Valley Home Care (AVHC) became a department of Antelope Valley Hospital in 1992 to serve the home health needs of the diverse cultures of the Antelope Valley. Currently, there are only two hospitals in the High Desert area of Los Angeles County, which includes the cities of Lancaster and Palmdale. As a district hospital, Antelope Valley Hospital provides service to all patients, regardless of payor. The only other hospital in this geographic area is a for-profit hospital that does not have a Medi-Cal contract for inpatient hospital services. If a Medi-Cal patient is brought to that hospital's Emergency Department, the patient is assessed and stabilized in accordance with EMTLA regulations, then transferred to Antelope Valley Hospital.

The only County Hospital in the High Desert area (High Desert Hospital) ceased providing inpatient services in 2004. The nearest County hospital is Olive View Medical Center, which is located about 50 miles away in Sylmar. As a result of these factors, Antelope Valley Hospital serves a significant number of Medi-Cal patients.

Patients of Antelope Valley Hospital are frequently identified as ready for discharge, but requiring home health care services. Due to higher reimbursement rates for Medicare and Private Insurance patients, we have little difficulty placing these patients who require home health care services with a home health agency, as there are several local home health providers willing to provide services to these patients.

However, Antelope Valley Hospital has great difficulty placing Medi-Cal patients with an outside home health agency. Most freestanding home health agencies refuse to take any Medi-Cal patients, or place severe limits on the number of Medi-Cal patients they will accept. The reason given by the agencies for not taking

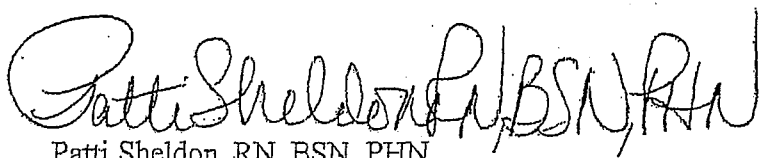
Medi-Cal patients is that the Medi-Cal reimbursement rates are so low that they do not cover the cost of providing service. In addition to fewer, and fewer home health agencies willing to accept and care for these patients, there are fewer physician's willing to care for them as well. This becomes a bigger problem as home health agencies cannot accept a patient onto service without a physician willing to oversee the plan of care.

One of the main reasons that Antelope Valley Hospital continues to operate a home health agency is to ensure there will be an agency available to provide home health services to Medi-Cal patients ready for discharge from the hospital. If AVHC is full, and unable to accept additional patients, and a home health agency cannot be located for a Medi-Cal patient who is ready for discharge from the hospital needing home health care, that patient often must be kept in the hospital for additional time. This results in an inappropriate increase in the hospital's length of stay, resulting in a lack of open beds for the enormous volume of patients processing through our busy Emergency Department. As the 2<sup>nd</sup> busiest Emergency Department in Southern California, this is an unacceptable situation.

The cost to Antelope Valley Home Care of providing home health care services to Medi-Cal beneficiaries is significantly higher than the Medi-Cal reimbursement rates for these services. Currently our direct cost for providing a skilled nursing visit to a home health patient is approximately \$113 per visit; adding overhead costs to this calculation brings the cost to just over \$200 per visit. The Medi-Cal reimbursement for skilled nursing visits is \$74.86 per visit (Without the 10% reduction scheduled for July 1<sup>st</sup>!), which is substantially less than even the direct cost of such visits. However, Antelope Valley Hospital continues to operate the home health agency and to provide services to Medi-Cal patients because it loses less money on Medi-Cal home health patients than it does to keep the patient inappropriately hospitalized.

The issue of insufficient reimbursement for Medi-Cal home health patients has been an increasing problem for the past few years, but has become a totally unacceptable situation at this point. As more and more providers cannot cover the cost of providing care to Medi-Cal patients given the current payment structure, more and more of these needy patients will end up unable to obtain the important health care that they require. The current low Medi-Cal rates ARE already negatively impacting access of patients to the health care that they so desperately need. Please remedy this situation now, by setting appropriate provider rates to allow us to continue to care for these deserving patients! Thank you for your attention to this important matter.

Sincerest Regards,



Patti Sheldon, RN, BSN, PHN  
Administrator, Antelope Valley Home Care