 

Facts about Home Health Medication Administration

In Connecticut’s Medicaid/HUSKY Health Program

June 16, 2016

***Quick bottom line:***

* Connecticut Medicaid currently spends about **$115 million annually for nurses and other home health providers to visit about 6,700 individuals and give them their medications.** This does not include the cost of the medications. The amount spent solely on administering the medications represents almost half of what Medicaid spends on all home health care.
* **Legislated budget savings in this area are not being met.** Less costly alternatives are not being used by home care agencies to the extent anticipated.
* As a result, the Department of Social Services has announced a rate reduction from $61.13 to $51.96, effective July 1, 2016 – meaning that home care agencies will receive about $10 less per visit. **The services remain intact and there should be no impact on the effectiveness of this service or on patient access** as a result of this $10 rate reduction.
* Meanwhile, **increased use of less costly alternatives –** instead of repeated and expensive nursing visits – should also help enable the service to live within its budget.

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***More detail – a service running significantly over-budget:***

* The Medicaid service of dispensing prescription medications to enrollees in their homes (known as ‘home health medication administration’) is **running significantly over-budget** and is not projected to meet legislated cost savings without a rate reduction.
* Similar to the SFY 2014-2015 biennial budget, the SFY 2016-2017 biennial budget, enacted in 2015, included $20 million in annual cost savings for this service ($10 million state share). **Three years into this initiative, little of the savings is being attained.**
* We were hopeful that the legislated budget reduction could be met without a rate reduction. However, it has become increasingly evident that a **series of alternative initiatives – under-utilized by home health providers to date – is not going to come close to reaching the required level of savings** again this year.
* In fact, the ***current projection is showing less than $2 million in savings***, even with generous assumptions about potential increases in the utilization of alternative services.
* As a result, DSS has determined that a Medicaid **reimbursement reduction for medication administration from $61.13 to $51.96** (15%) will be necessary to achieve an estimated $15 million in savings. [DSS did not implement a rate reduction for the entire $20 million in legislated savings because some home care agencies’ utilization of a less costly alternative called ‘prompting by home health aides’ is increasing. It is our hope that further increased use of prompting statewide will achieve the remaining $5 million in necessary savings.]
* Increased use of medication administration alternatives to care for Medicaid enrollees at home is also necessary to fulfill Connecticut’s direction toward **more person-centered service provision** throughout the program.

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***What can be improved? – reversing the under-utilization of less costly and more person-centered alternative initiatives:***

* **Three alternatives** to home visits by nurses are effective and less costly, and also supportive of a person-centered approach, but **have been severely under-utilized by Medicaid-enrolled home health providers to date**, leading to the need for an overall rate reduction. These are:
  + Nurse delegation
  + Medication dispensing machines
  + Prompting by home health aides
* **Nurse delegation served only 74 enrollees in CY 2015**. In January 2014, DSS began reimbursement for medication administration provided by certified home health aides whose medication administration functions were delegated by a licensed nurse. For the entire calendar year 2015, there were a total of 2,067 billed units, representing only 74 unique members whose medication administration was delegated to a certified home health aide.
* **Medication dispensing machines served only 31 enrollees in CY 2015.**  Also known as ‘med boxes,’ these devices became a billable service under Medicaid in December 2013. For the entire calendar year 2015, a total of 106 units were billed, representing only 31 unique members who were utilizing these machines, for an expenditure total of approximately $16,010.
* **Prompting by home health aides is a relatively new initiative that has served only 75 enrollees to date, but its use is increasing.** DSS, with the Department of Public Health and Mental Health and Addiction Services and the Office of Policy and Management, held several meetings with the home care industry in 2015 to discuss the utilization and costs associated with medication administration. The home care providers suggested that savings could be achieved if DSS implemented a new procedure code that allowed a home health aide to go into the home of a member to prompt the member to take his/her medication. DSS implemented the new procedure code, effective October 1, 2015. Based on one calendar quarter of utilization, there were approximately 75 unique members who received this service. There were 961 units billed for prompting. The estimated savings associated with the use of prompting as compared to a nurse medication administration visit is approximately $37,603 for October-December 2015. Based on claims received and processed to date, the Department is seeing an increase in utilization of prompting by home care agencies, based on self-reporting tracking tools from home care providers, but we do not yet have the claims to quantify the projected savings for a full year.

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***Background – supporting Medicaid system progression:***

* Increased use of alternatives by home health providers for medication administration are needed to move Connecticut’s Medicaid system forward.
* Over the last several years, we have sought to **migrate away from the historical, medical-model approach -- under which a nurse typically visits an individual twice daily to administer medication -- to a new and more person-centered approach that includes less costly and more empowering alternatives,** such as use of certified home health aides to administer medications and/or ‘med boxes.’
* The most important reason that we are doing this is to **promote a recovery model for people with behavioral health conditions.** The ideal scenario, if clinically appropriate, is for the home care nurse to teach the skills necessary for Medicaid enrollees to take their medications on their own.
* Also important is that the **cost of nurse medication administration visits has historically been so high that, in many cases, it was a barrier to people transitioning out of institutional settings** under the Money Follows the Person and related home and community-based services programs – meaning that home care services, including medication administration, can be more costly than institutional care.
* **By providing the means to administer medications in a less costly way, more individuals will have the choice of transitioning to (or remaining in) the community**.
* At the time that we began to pay for those alternative services, we projected that there would be significant savings from what we had spent historically on nursing visits. Despite a great deal of work to partner with the industry and our state colleagues, **we have seen very little use of the alternatives. That essentially left DSS with no choice but to reduce the nurse visit rates in order to live within the legislated budget.**

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***Background – statutory/budget and collaboration information:***

* The SFY 2013 midterm budget had included partial year savings of $15.4 million related to medication administration. These savings were annualized beginning in SFY 2014 with the enacted biennial budgets for both SFY 2014-15 and SFY 2016-17, including annual savings of $20 million (state and federal share combined).
* Due to the failure to achieve these savings over the course of the last biennium, section 17b-242(c) of the 2016 Supplement to the CT General Statutes, was amended by the General Assembly to include additional language related to medication administration:

The [DSS] commissioner shall monitor Medicaid home health care savings achieved through the implementation of nurse delegation of medication administration pursuant to section 19a-492e. If, by January 1, 2016, the commissioner determines that the rate of savings is not adequate to meet the annualized savings assumed in the budget for the biennium ending June 30, 2017, the department may reduce rates for medication administration as necessary to achieve the savings assumed in the budget. Prior to any rate reduction, the department shall report to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and human services provider specific cost and utilization trend data for those patients receiving medication administration. Should the department determine it necessary to reduce medication administration rates under this section, it shall examine the possibility of establishing a separate Medicaid supplemental rate or a pay-for-performance program for those providers, as determined by the commissioner, who have established successful nurse delegation programs.

* The Department took the following action with respect to the rate reduction with an effective date of July 1, 2016:
  + May 31, 2016: Notice to the CT Law Journal of intention to reduce the rate of medication administration.
  + May 31, 2016: Letter, Issue Brief and utilization and expenditure spreadsheet was sent to the chairs and ranking members of the Human Services and Appropriations Committees.
  + June 1, 2016: Policy Transmittal to home health providers informing them of the rate reduction with an effective date of July 1, 2016
* The Department had issued a policy transmittal in December 2015 reminding providers of the savings assumptions and the potential for a rate reduction
* The Department convened a statewide home care meeting on February 29, 2016, to remind providers of the savings estimate and how a rate reduction may be necessary to achieve the savings. The Office of Policy and Management and Departments of Public Health and Mental Health and Addiction Services joined DSS to discuss the budgeted savings and the expectations regarding medication administration with the home care agencies. This meeting had over 35 home care agencies in attendance.