



California Association for Health Services at Home



CALIFORNIA
CHILDREN'S
HOSPITAL
ASSOCIATION



May 25, 2022

The Honorable Nancy Skinner, Chair
Senate Budget and Fiscal
Review Committee

The Honorable Phil Ting, Chair
Assembly Budget Committee

The Honorable Susan Eggman, Chair
Senate Budget Subcommittee on Health

The Honorable Joaquin Arambula, MD, Chair
Assembly Budget Subcommittee on Health

State Capitol
Sacramento, CA 95814

Dear Honorable Chairs,

The organizations noted above respectfully urge the Budget Committees to approve the request submitted by Assemblymember James Ramos to provide a one-year supplemental rate increase to help bolster nurses who provide home health care to pediatric patients through the end of the public health emergency. The request relies on home and community-based services funding from the American Rescue Plan Act of 2021 and can be funded entirely from additional funding from the federal government that has been given to the State of California to assist pediatric nurses and patients.

Private duty nursing (PDN) is continuous skilled nursing care provided in the home for medically complex and vulnerable pediatric and adult patient populations under Medi-Cal, many of whom require assistive technology such as ventilators and tracheostomies to sustain life.

These nurses serve the most medically fragile individuals in the state—including children with special healthcare needs (CSHCN) and children with complex chronic conditions (CCC) along with adult patients who require similar services. These individuals require skilled nursing services performed in the home by a Registered Nurse (RN) or Licensed Vocational Nurse (LVN) under the supervision of an RN from between 4 to 24 hours per day every day in order to manage their chronic condition and keep them safe in their homes and communities. The goal is to keep these individuals in their homes -- the setting that promotes their highest quality of life and allows them the opportunity to be with their families and engage in their communities.

We support a one-time total appropriation of \$54,526,306 for Medi-Cal PDN skilled nursing home care services within the proposed FY 2022-23 budget, leveraging the additional 10% federal medical assistance percentages (FMAP) funding from President Biden's American Rescue Plan (ARP). This amount would also generate \$69,397,118 in matching federal funds. We ascertained this number utilizing the state's ALIRTS database of home health and hospice providers as well as individual reports from PDN providers to create a total number of PDN hours serviced in the state each year – roughly 7.7 million in 2020, or \$309 million total dollars. Using this total number of hours, we arrived at this one-time appropriation by applying a rate increase equal to what PDN nursing has received in other states during the public health emergency and equal to what nurses are reimbursed from many California managed care organizations.

As you know, the country and the state of California are experiencing a nursing shortage, while at the same time, demand is higher than ever and expected to rise. Since 2018, nursing wages in other settings have increased nearly 32% and are up an additional 9% since last July. In addition, COVID-19 sign-on bonuses have increased dramatically with some organizations offering up to \$10,000 bonuses to attract nurses. Unfortunately, despite the diligent work on behalf of the state to support nurses throughout the pandemic, PDN nurses have not qualified for a single COVID-19 dollar prior to the ARP.

This has only exacerbated the rate disparity between PDN nurses and nurses in other settings and has forced many PDN nurses to seek employment outside of California, where they may be able to earn more money for caring for the same type of patients.

The concern for PDN reimbursement rates in California is not a new concern. In fact, prior to a 2017 rate increase for all Medi-Cal providers, rates for these nurses had been stagnant since the early 2000s. This 20-plus year stagnation has placed PDN nurses in the state at a disadvantage when compared to other nurses in different industries and nurses in neighboring states.

Thankfully, home and community-based services (HCBS) have recently been deservedly recognized for their cost saving capabilities and quality of life improvements. Should California choose to leverage the current 10% FMAP dollars and invest in PDN rates in the future with a 40% temporary rate increase to keep these nurses during the most precarious time in a patient's life, caring for our medically fragile children and older adults would cost on average \$520 per day. Meanwhile, keeping these children in the hospital due to a lack of available nurses costs the Medi-Cal program roughly \$3,700 per day if the stay is not related to COVID-19 infection. However, given the medical complexities of PDN patients, if they are not able to receive nursing services in the home and must seek treatment in institutional settings at the risk of contracting COVID-19, their hospital stay will cost the state a total of roughly \$461,780. Clearly, the cost savings cannot be ignored.

Improving the Medi-Cal rates for PDN will contain costs and promote better quality of life for California patients and their families. Through reductions in avoidable hospital utilization, home care providers keep people in their homes and communities - where they overwhelmingly prefer to be - and with appropriate skilled care support. This provides cost savings by rebalancing the state's long-term care financing toward HCBS rather than more costly facilities or institutional settings.

Given that PDN nurses are fulfilling the promise to improve access to quality care for many Californians, we respectfully request this one-time reimbursement rate increase for the 7.7 million hours of services that our nurses are providing. This request is consistent

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with the Centers for Medicare and Medicaid Services (CMS) May 13, 2021 letter that "provide[s] guidance to states on the implementation of section 9817 of the [American Rescue Plan Act of 2021]."

Upon receiving this funding, the California provider community is committed to providing the state quarterly updates to document and track how this one-time funding will allow us to bring more children out of the hospital and back home with their families, how many additional hours of care we will be able to fill with a licensed nurse, and we assume we will be able to show a dramatic decline in the amount of time a child and family is on the waitlist waiting for a PDN nurse.

We thank you for your favorable consideration.