



Save California \$843 Million: Invest in Private Duty Nurses

Insufficient reimbursement rates are costing California an unnecessary \$843 million dollars annually according to a recent study by an industry expert¹.

The study, conducted by David Maxwell-Jolly, PhD, MPH, MA, an expert in California health benefits and health care, focuses on a small portion of the Medi-Cal population, children with complex medical conditions who require specialized home health nursing from a Private Duty Nurse (PDN). These children, some of the most acute and medically fragile patients in the state, are currently being forced to spend time in costly hospital beds rather than in a more comfortable and affordable setting at home with their families.

A rate increase to Medi-Cal will prevent over 160,000 extra days in the hospital for sick kids.

Due to lagging Medi-Cal reimbursement rates, there are not enough nurses to care for the medically fragile children who are able to leave the hospital. Lack of in-home nursing drives up costs through:

- Discharge delays,
- Longer overall hospital stays while waiting for adequate in-home nursing coverage,
- Increased chances of readmission within 90 days, and
- Overall increased chances of hospital admissions for children who are being cared for at home but not receiving enough treatment due to lack of adequate nursing coverage.

	Current Spending	40% Rate Increase	Net Cost/(Savings)
Total Hospital Cost	\$1,672 million	\$519 million	(\$1,153 million)
In-Home Nursing Cost	\$363 million	\$672 million	\$310 million
Total Cost	\$2,035 million	\$1,192 million	(\$843 million)

The study is based on recent research² detailing hospital care for kids with medically complex conditions. The study demonstrates that current reimbursement rates and spending levels for PDN services for children with complex medical conditions is driving a 5X increase in delayed discharges and hospital readmissions. Since 2020 the state has provided 25% fewer hours of in-home PDN care despite an increase in eligible members. A strong supply issue exists due to low Medi-Cal rates, leading to inadequate in-home care and excess hospitalizations. This, in turn, increases overall costs to the state significantly.

A Medi-Cal rate increase of 40 percent for PDN nurses will allow providers to receive fair market wages and incentivize more individuals into the profession, thus providing more private duty nurses to care for our medically fragile kids. This dynamic will increase quality of living for medically fragile kids, reduce hospitalizations, and save the state over \$800 million dollars annually.

Invest \$310 Million to Save \$1.15 Billion

¹ Estimating the Cost of Caring for Children with Complex Medical Conditions During a Nursing Shortage, David Maxwell-Jolly, PhD, MPH, MA, March 2023.

² Children with Medical Complexity and Medicaid: Spending and Cost Savings, Jay G. Berry, et al.; Health Affairs, December 2014.