



Debate on Johanns Motion to Commit HR 3590  
Floor Statement of Senator Chuck Grassley  
December 4, 2009

I would like to speak in support of the Senator from Nebraska's Motion to Commit with instructions. We are now considering a bill that cuts half a trillion dollars from the Medicare program to fund yet another unsustainable health care entitlement program. Around 42 billion dollars comes from cuts to home health providers.

You have heard from Members on this side of the aisle of the grave consequences for these cuts. These severe cuts pose a legitimate threat to beneficiary access to home health services. In Iowa alone, there are around 160 home health agencies that provide valuable services to Medicare beneficiaries across the state. Thanks to these providers, seniors in Iowa are able to continue to live at home instead of in institutional settings like nursing homes. These seniors place great value on being able to stay home. I rarely ever hear Iowans say they would rather live in a nursing home. And since living at home has been found to be a more cost-effective alternative than institutional care, this results in Medicare spending less.

The cuts in the Reid bill will make it even harder for Iowa home health providers to care for Medicare beneficiaries. A good part of the Medicare home health cuts come from permanent productivity adjustments. You have heard this week about how Medicare's Chief Actuary found that savings from these productivity adjustments to be unrealistic. You also heard this week how these permanent cuts would make it harder for providers to remain in the black. And you also heard these providers might end their participation in Medicare and possibly jeopardize access to care for beneficiaries. The threat to access to home health from these permanent productivity cuts isn't theoretical. Instead, it's real.

Like many other Medicare providers, home health agencies provide labor-intensive services. There are few gadgets in home health that will increase productivity. And whatever available gadgets are unaffordable for many Iowa home health agencies because they are small operations with limited financial resources. Home health care is about doctors, nurses and home health aides providing care to those who need it. So it is incorrect to assume these providers will achieve the levels of productivity like the rest of the economy.

The Department of Health and Human Services' Chief Actuary's findings clearly apply to home health in Iowa. Because of these cuts, the percent of Iowa home health agencies that

have negative Medicare margins will increase to over 75 percent. So over 120 of the 160 home health providers will have negative Medicare margins because of the Reid bill.

And Iowa providers are not alone. From one-half to 90 percent of home health agencies in states across the country would have negative Medicare margins. I have here a letter dated September 23, 2009, from Val Halamadaris, the President of the National Association for Home Care and Hospice. This organization represents home health agencies across the country. I ask unanimous consent that this letter be entered into the record. He wrote this letter in response to 43 million dollars in home health cuts in the Finance Committee package.

In this letter he stated, "It is crucial to the survival of the home health services delivery system that you work to reduce the \$43 billion in cuts currently contained in the Senate Finance Committee's health reform package. Our analysis indicates that by 2016, the proposed cuts in home health services payment rates will lead to nearly 70 percent of providers nationwide at risk of closing because their costs will exceed Medicare payments. If that occurs, President Obama's promise that Medicare beneficiaries will not be adversely affected by health care reform efforts will be broken."

I have yet to hear from a home health provider in Iowa that these permanent cuts will make it easier for them to care for Medicare beneficiaries. Instead, I hear these cuts would reduce access to home health services. I have here a letter from the Iowa Alliance in Home Care supporting this Motion to Commit. They represent most of the home care providers in Iowa. I ask unanimous consent that this letter be entered into the record. They write, "ensuring that Medicare home health payments are not reduced further is essential to avoid the resulting limited or no access to home health services for many Iowans who prefer to receive services in their own home."

So the HHS's Chief Actuary is right. These permanent cuts will in fact jeopardize access to home care in Iowa. So if the home health cuts in the Reid bill are allowed to go into effect, then Iowa seniors who prefer to live full lives from their homes will be forced to live in more expensive settings like nursing homes.

I believe many members on both sides of the aisle share my concern about home health cuts. I have here a letter that was sent to me and Senator Baucus on July 27, 2007, from 61 Senators. I ask unanimous consent that this letter be placed into the record. The Members who signed this letter wrote to me and Senator Baucus about a legislative proposal to cut Medicare home health payments by 9.7 billion dollars and hospice payments by more than 1.1 billion dollars. They urged Senator Baucus and me to ensure that home health and hospice providers receive full market basket inflation adjustments. They also urged us to oppose any cuts in payment rates through administrative actions. In the letter, these members stated that home health and hospice care "have been demonstrated to be a cost-effective alternative to institutional care in both the Medicare and Medicaid programs." And they stated that "reducing Medicare home health and hospice payments would place the quality of home health care and hospice and the home care delivery system at significant risk."

Of the 61 Senators who signed that letter, 52 are currently here debating this bill. And 37 of these 52 Senators are on the other side of the aisle. These 37 Democratic Senators wrote to me and Senator Baucus that 9.7 billion dollars in home health payment cuts and 1.1 billion dollars in hospice payment cuts are unacceptable. So I certainly hope they would think the same way about the Reid bill which has 42.1 billion dollars in home health cuts and 7.7 billion dollars in hospice cuts. That's over four times the home health reductions than they wrote about.

We also must look beyond health care when we look at the impact of these permanent cuts. I have also heard from providers in Iowa that permanent cuts like this will make it even harder for them to keep their doors open. So around 3,500 Iowans who work in home health agencies are at risk of losing their jobs. The Labor Department reported today that the unemployment rate is at 10 percent. Now is not the time to consider bills that increase the unemployment rate.

The Senator from Nebraska has offered a motion to send this bill to the Finance Committee with instructions to report a bill without these enormous home health cuts that are in this bill. We should take this opportunity to fix the bill and then come back to the full Senate with a better bill. That is why I support the Senator from Nebraska's Motion to Commit this bill. And I urge my colleagues to do the same. I yield the floor.