

SPOTLIGHT Health Care/Seniors

"The funding is the issue now rather than where to get the PPE." — David Totaro

CLOSE TO THE EDGE

Home health care providers are struggling with reduced revenue and increased costs

BY SHARON WATERS

While hospitals and nursing homes received priority for personal protective equipment during the COVID-19 pandemic, home health care providers scrambled to find masks, gloves and gowns while also absorbing hits to their bottom lines. The companies now want the state to provide Medicaid reimbursement to cover the millions of dollars they incurred for COVID-19 costs.

"This is going to come to a head. There is only so much these providers can take," said Nancy Fitterer, president and CEO of the Home Care & Hospice Association of New Jersey.



Fitterer

Home health care providers offer non-skilled care for activities of daily living such as assisting with bathing, transferring from a bed, doing laundry and providing companionship. Many serve Medicaid recipients.

As COVID-19 caused the providers to incur unexpected costs related to the pandemic, the agencies also experienced a drop in business as clients cancelled appointments, afraid to have a caregiver enter the home. Other clients stopped service because a family member--now unemployed or working from home--took over the care.

Fitterer said some of her members saw as much as a 50 percent decrease in business during the pandemic. Bayada lost 20



Totaro

percent of its current client base in March and April, according to David Totaro, the company's chief government affairs officer, although business bounced back in May. While Bayada saw revenue decline, its costs escalated. Bayada spent \$1 million on PPE in March to cover a two- to three-week period -- that represented the entire amount the company spent in 2019 on PPE, Totaro said.

Before COVID-19, a caregiver might use gloves when dispensing medicine or wear an isolation gown in an emergency. During the pandemic, caregivers wear masks, gloves and gowns for every client visit. "The burn rate is such an incredible amount," said Fitterer. "The cost to these providers is so astronomical."

As PPE became scarce around the U.S., New Jersey officials made hospitals and



Boxes of PPE stacked in what was once a conference area in Bayada's office building. - BAYADA

nursing homes the priority to receive the crucial care tools, according to Fitterer. After some of her members called her in tears, trying to find PPE, Fitterer secured a donation from WellCare of more than \$100,000 of PPE delivered in 350 boxes to her home where she broke down the haul into smaller packages for her members.

Even when PPE could be located, it was often expensive as demand spiked. Home care providers who thought suppliers were price gouging were afraid to report it, fearing they might be blocked from future purchases.

'WE DID THE RIGHT THING'

Linda Mintz, co-founder and co-chairman of CareFinders, needed a lot of PPE -- her agency serves 8,000 clients in New Jersey. CareFinders incurred other pandemic costs, paying aides \$2 more per hour because staff were afraid to work. The agency also covered Uber fares so caregivers did not need to take public transportation to client homes, helping allay concerns of the client and aide.

"We wanted to do the right thing. It has impacted our bottom line tremendously," said Mintz, noting 1,000 clients refused service in mid-March due to pandemic fears.

Totaro said margins are thin in the Medicaid business, even without the added costs from COVID-19. "That's put everybody providing this service under water," he said.

The providers have petitioned the New Jersey Department of Human Services to increase its Medicaid reimbursement to cover the unanticipated COVID costs. "The funding is the issue now," said Totaro,



A PPE delivery to Nancy Fitterer's home - NANCY FITTERER

"rather than where to get the PPE."

In March, CareFinders requested a 25 percent increase in Medicaid reimbursement, which Mintz said would not even cover all the COVID-19 expenses. "We are out of pocket millions of dollars because we did the right thing," she said. "It's very frustrating."

The Department of Human Services said it is grateful for dedicated home care aides working hard during the pandemic, according to a spokesman.

"We greatly value their work and commitment and, in the face of dramatic budget challenges in the state, will continue to work to identify opportunities to best support this vital work, including working with our federal Medicaid partners," said spokesman Tom Hester. "In particular, we are anxious for the federal government to provide funding to Medicaid providers using some of the \$175 billion made available by Congress for health care providers during the pandemic. Appropriated through the CARES Act and the Paycheck Protection Program

and Health Care Enhancement Act, this federal funding is intended to provide relief to health care providers, but to date allocations have generally been limited to Medicare providers. We are anxious to see these critical resources reach Medicaid providers who are vital to the delivery of care to some of our most vulnerable residents."

Fitterer was complimentary of Gov. Phil Murphy's administration, but said her members keep wondering why the state is not stepping in to help with the costs.

"The problem is, it's a big number. It's a huge number because we have a lot of people on Medicaid," said Fitterer. "I think because home care is so big and could cost so much money, they're trying to figure out what to do."

As the providers hope for reimbursement, they were encouraged to see business bounce back in May after the declines of March and April. "The hope is we will climb all the way back from where we were and continue to grow," said Mintz.

Home care providers may see an increase in demand from families now wary about putting loved ones in nursing homes. Mintz said CareFinders received a "flurry" of calls from family members of potential new clients, saying they wanted to keep their loved one at home or they were unable to get their relative into a nursing home.

Totaro said calls are up slightly for Bayada. "There are many trying to get their loved ones out of nursing homes and back into the home" particularly in northern New Jersey, he said.

The supply chain for PPE has improved and costs are coming down, but providers remain concerned. As the state begins to reopen, Adam Blecker, president of Seniors in Place, worries home care providers will be competing with restaurants and other businesses for masks and gloves.

"We're competing in the open market for them," said Blecker, also president of the Home Health Services Association of New Jersey, whose members primarily serve private-pay clients. "If you run out of supplies and you can't get them, you can't provide service."

The providers vow they will be ready for any second wave of COVID-19. Bayada has converted an office building in New Jersey into a warehouse of PPE to be distributed to its 350 U.S. offices. "We are stocking up," Totaro said.

Mintz is prepared too. "We're ready for it now because we've been through it," she said.

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