



**STATEMENT FROM KEITH MYERS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CONCERNING SENATE DEBATE ON HEALTHCARE REFORM**

To the Shareholders, Employees and Friends of LHC Group:

During the past year, the home health industry has worked collaboratively to deliver two primary messages to our representatives in Washington. First, we have delivered independent data to support our position that home health is cost effective and can save the Medicare system billions of dollars by expanding access to home health. Second, we have continued to provide data showing that access to home health would be adversely impacted by adopting the proposed cuts initially included in the President's budget and in the House and Senate versions of healthcare reform.

Historically, the home health industry has delivered similar messages to our representatives in Washington during times of health reform or proposed Medicare cuts. However, in the past, home health has never received the attention or garnered the support in Washington that has been experienced by other sectors in healthcare.

On Friday, December 4, 2009, Senator Mike Johanns (R-Nebraska) introduced an amendment in the form of a motion to commit the Senate bill back to the Finance Committee with instructions to strike the entire \$42 billion in proposed cuts to home health. Although this amendment was ultimately rejected by a vote of 53 to 41, the debate that ensued over this amendment made it clear that both Democratic and Republican members of the Senate understand the value of home health.

A copy of the transcript from Senator Johanns' speech is attached to this letter. I would highly recommend reading the full transcript. In very few words, Senator Johanns clearly articulated the meaning and importance of home health. Below are a few key statements made by the Senator:

- I have to tell you, out of all these Medicare cuts, one of the largest head-scratching cuts is the one to home health. The Senate bill cuts \$42.1 billion for home health care. Home health is about 3.7 percent of the Medicare budget. It is an important program. Yet 9.1 percent of the Medicare cuts in the Senate bill are taken out of home health.
- Medicare home health spends less today than it did over a decade ago, while serving a similar number of beneficiaries at less cost per patient. That is the kind of program we should celebrate. Yet this bill has them on the chopping block.

- Keeping these folks out of the emergency room or the nursing home is a benefit to everybody. I don't see how anybody could argue this doesn't save tax dollars. In fact, there are statistics that support that statement. According to the National Association of Home Health Care and Hospice, an average per-visit Medicare charge for home health is \$132. Let me compare that charge of \$132 to 1 day at a hospital. That would cost 43 times as much, literally – \$5,765 per day.

Senator Johanns also shared a testimony from one of his constituents:

- I can give you a human story that just happened yesterday in our agency. We had a referral from a patient that lives 90 miles away. The drive time is three hours. To do the administration takes 1 1/2 to 2 hours. Then you come back to the office and you do at least another hour of paperwork. It would take one person's entire day to serve one patient. Regretfully, we had to say no. We just could not see her. There is no other agency close enough to help this woman.

Following Senator Johanns' speech, Senators from both parties debated the amendment and in doing so unanimously expressed their support and understanding of home health. For the first time, it appears that our representatives now understand that patients prefer to be cared for at home if given the option and that home health reduces costs by avoiding unnecessary episodes of care in higher cost institutional settings. The debate is no longer about the importance or role of home health. The debate is now focused on cutting waste and stamping out fraud, which are common goals shared by the home health industry and ones recognized during the floor debate by Senator Baucus, who pointed to the home health industry specifically as coming forward with meaningful proposals to cut waste, fraud and abuse, including, in particular, the new outlier limitations which generate nearly \$8 billion in savings.

Below are some additional excerpts from the debate. These excerpts are included in the Congressional Record.

- Senator John Kerry (D-Massachusetts) – Across the country, more than 9,800 home health agencies provide care to seniors in their homes. This care helps seniors get better and avoids expensive rehospitalizations. Home health providers make a real difference in improving seniors' health. We should support their efforts.
- Senator Barrasso (R-Wyoming / physician) – I will tell you having taken care of people in hospitals, the services that are provided through home health care is what helps people get out of the hospital sooner, gets them home faster, gets them out of nursing homes and helps keep their costs down.
- Senator Collins (R-Maine) – Home health care has consistently proven to be a compassionate and cost effective alternative to institutional care. In rural states where home health providers have to travel long distances to deliver care, the impact of these cuts will ultimately fall on our seniors because home health agencies simply will not be able to afford to serve seniors who are living in smaller communities off rural roads in isolated parts of our States.

- Senator McCain (R-Arizona) – Is there a better way to reduce health care costs better than treating people at home instead of in the hospital?
- Senator Baucus (D-Montana) – First of all, clearly, we all care about home health care. I mean, let's obviously agree we all do. We all know that seniors would rather be home than in a hospital or nursing home, if that is medically appropriate.

Following debate and before the ultimately unsuccessful vote on the Johanns amendment, Senator John Kerry submitted the following amendment:

**Section 3143. Protecting Home Health Benefits.** “Nothing in the provisions of, or amendments made by, this Act shall result in the reduction of guaranteed home health benefits under title XVIII of the Social Security Act.”

The amendment submitted by Senator Kerry was approved 96-0. This represents a clear recognition by the US Senate of the importance of home health and the need to make sure that access to the Medicare Home Health benefit is guaranteed. While the debate this weekend did not result in any conclusions, policy experts believe that it was a monumental event in terms of establishing home health as a critical component of our health care system in the eyes of our representatives in Washington and in placing the home health industry on equal footing with other sectors of the health care system that have historically been at the forefront of the healthcare debate in Washington.

Rest assured that we will continue our strong efforts in Washington D.C. and that we are committed to working with the President and members of both the House and Senate to position home health as part of the solution to the problem of rising healthcare cost. Thanks to the coordinated efforts of the home health industry, our message on behalf of those we serve seems to be getting through. As always, thank you for your confidence and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Myers', with a long horizontal flourish extending to the right.

Keith G. Myers  
President and Chief Executive Officer

## Appendix A

Mr. JOHANNIS: Mr. President, I rise to speak in favor of the motion that was just read. One of the things that I think is so very important about a debate on the Senate floor is we begin to understand what this legislation does to real people. We have come to understand that \$466 billion in Medicare cuts that are shown over my left shoulder have real consequences to real people all across the United States. These cuts compromise care, they compromise access to services that real people need in their daily lives. Robbing these funds from Medicare to create a dramatic new entitlement program, in my judgment, is not sound policy and it is not sound government.

That is especially true in this case when the impact on seniors' health care is so profound. These cuts will reduce the quality of care many Americans are receiving today and reduce the care these Americans deserve.

I have to tell you, out of all these Medicare cuts, one of the largest head-scratching cuts is the one to home health. The Senate bill cuts \$42.1 billion for home health care. Home health is about 3.7 percent of the Medicare budget. It is an important program. Yet 9.1 percent of the Medicare cuts in the Senate bill are taken out of home health.

Medicare home health spends less today than it did over a decade ago, while serving a similar number of beneficiaries at less cost per patient. That is the kind of program we should celebrate. Yet this bill has them on the chopping block.

Maybe there is some misunderstanding about what home health provides, so let me clear up the confusion. Home health care agencies care for patients of all ages. They provide a broad range of essential health care in support services, real security in the comfort of a patient's home. Nine thousand Medicare-approved home health agencies existed in 2007. I am very pleased to report to you that 74 of those are in my home State of Nebraska. Nurses, therapists, home care aides, and others who serve elderly and disabled patients in their own homes drive nearly 5 billion miles a year to provide these much needed services. They care for about 12 million real people annually, with 428 million visits, each one providing that personal touch of care.

The services that are provided in this very essential program include rehabilitation therapies, telemedicine, wound care, pain management, and skilled nursing.

Who is eligible to receive Medicare home health services? We can answer that question by going to CMS. According to CMS, to qualify for Medicare home health benefits, a Medicare beneficiary must meet one of the following requirements: They must be confined to home, they must be under a doctor's care, they must need skilled nursing on a periodic basis, and they must have a continuing need for occupational therapy. These are truly some of the most vulnerable Americans. Yet in order to finance this new entitlement, this bill takes money out of that much needed program, and it places the cuts on the backs of these Americans, our most vulnerable Americans. Yet these cuts risk leaving them without care.

What kind of conditions do people who utilize home health agencies suffer from? I will turn to my own State to answer that question. In Nebraska, one of our agencies is in rural Cherry County. Cherry County is a very large county in western Nebraska--in fact, larger than some States. Who gets served in Cherry County? A gentleman with class III congestive heart failure. He is awaiting a heart transplant. A gentleman who lost a leg from complications from diabetes, they get home health care services. These folks are not striving to bilk the system. The payments that allow us to provide this much needed service to them are not excess payments. These are just average folks who are striving to do their best to recover from their condition and manage the best they can.

Keeping these folks out of the emergency room or the nursing home is a benefit to everybody. I don't see how anybody could argue this doesn't save tax dollars. In fact, there are statistics that support that statement. According to the National Association of Home Health Care and Hospice, an average per-visit Medicare charge for home health is \$132. Let me compare that charge of \$132 to 1 day at a hospital. That would cost 43 times as much, literally -- \$5,765 per day.

According to a study of Avalere Health:

Early use of home health care services following a hospital stay by patients with at least one chronic disease saved Medicare \$1.71 billion in the 2-year period of 2005 to 2006.

Doesn't it seem like an enormous step backwards when we talk about reform, when really what we are doing is cutting a program that serves people so much in need and yet saves money in the Medicare Program? Home health agencies in Nebraska have been very successful in doing exactly what we want--keeping people at home and out of

the hospitals and nursing homes. Of special interest are patients with congestive heart failure. One Nebraska woman turned to home health after facing a big stack of hospital bills for rehab. Since then, she has been able to remain at home safely at a fraction of the cost. This home health agency can see a person for 60 days at a cost of about \$2,500. One hospital admission, by comparison, would cost Medicare conservatively \$20,000 to treat a patient with chronic heart failure. Again, home health care costs a fraction of hospital care, about 10 times less. There are so many stories from patients who are alive today who love home health care. This bill threatens them. Somewhere in the next hours, I am going to send to every Member of the Senate, all of my colleagues, a State-by-State analysis of what these cuts will do in their States because they need to know the impact. This bill threatens to take that all away. You can't cut \$42 billion and just describe it as excess payments. You can't cut 42 billion and say: That is just fixing those who are bilking the system. When you cut \$42 billion out of a program like home health care, it has real consequences.

Earlier this week, I did a video conference with Medicare providers in Nebraska. These Nebraska home health providers reported this legislation will cost them \$120 million. What does that mean, \$120 million? It may not sound like much around here, where we talk about trillion-dollar programs, but \$120 million to the people of Nebraska in home health care, 68 percent of home health agencies in Nebraska will be in the red by 2016, 68 percent. In rural areas, as high as 80 percent will have negative margins. You lose those services in rural areas. They are lost. There is nothing that will step in for those people.

Home health providers already have to watch their bottom line, and they are already making very hard, painful decisions. During this video conference, a nurse in rural Nebraska explained the reality to me this way:

I can give you a human story that just happened yesterday in our agency. We had a referral from a patient that lives 90 miles away. The drive time is three hours. To do the administration takes 1 1/2 to 2 hours. Then you come back to the office and you do at least another hour of paperwork. It would take one person's entire day to serve one patient. Regretfully, we had to say no. We just could not see her. There is no other agency close enough to help this woman.

Can you imagine? We have a person who desperately needed these services, and we are debating whether we should cut \$412 billion out of this program that will impact a State such as mine to the tune of \$120 million? These agencies and the services they provide absolutely are reliant on Medicare.

According to the National Association of Home Care and Hospice:

Medicare is the largest single payer of home health care services.

When we cut the payments in a program like this, we cut access to care. These access concerns are rooted in real life experiences. Between 1998 and 2000, Medicare home health spending fell from \$14 billion to \$9.2 billion or negative 34 percent, as a result of congressional action between 1998 and 2000. Those actions triggered the closure of 40 percent of home health agencies and reduced access for 1.5 million Medicare beneficiaries. Access becomes a real issue. If there is no home health agency, homebound patients end up with more expensive care at hospitals and nursing homes. That costs Medicare money. But, you see, we are also cutting hospitals and nursing homes in this bill.

If there is no home health provider near an area, not only are Medicare beneficiaries hurt but all citizens who need care. Any analysis is going to come to the same conclusion.

I will quote from one:

Studies from MedPAC and the Government Accountability Office also suggest that access is a growing problem for patients who require intensive services. In June 2003, MedPAC issued a report indicating that skilled nursing facilities care is now substituting for home health care for some patients, most likely at a much higher cost for Medicare.

I don't think these are transformational reforms. These cuts are not transformational reform. They are just plain cuts, to start a new entitlement that will hurt real people, senior citizens who need our help. That is why I am offering this motion to recommit this legislation back to the Finance Committee to strike these ill-advised home health care cuts. I will follow up. I will make sure every Member sees the impact of these cuts in their State so they can make an assessment if these cuts should be put in place and cause the kind of damage I have described this evening.