MINUTES OF THE MEETING
FINANCE AND CLAIMS
MONTANA STATE SENATE

April 12, 1977

The thirty fourth meeting of the Senate Finance and Claims Committee met on the above date at 6:20 P.M. Roll call was taken and the meeting was called to order by Senator Thiessen, Chairman.

HOUSE BILL 663 was explained by Representative Harper. He said this was seed money to start up the services in Montana. He said this bill was to help with public health care through the services of home health care. Because of the rising costs of health care, many people need longer term health care and cannot afford to stay in the hospital. He said currently about 55% of the population in Montana is covered. With the passage of this bill we would have about 78% coverage in Montana.

Janet Kovalchik, Home Health Care, passed out a sheet on the economics of Home Health Care. The first sheet is the need for this care, with the two greatest areas of help being those who could get out of the hospital sooner, and the senior citizens who could live out their lives at home rather than in an institution as a result of the visits.

Mr. John Frankino had been expecting to appear and could not make the new time, he asked to be recorded in favor of the bill.

Jan Brown had wished to testify in favor of the bill in the name of the Council of Churches.

Virginia Kinion representing the State Health Department Bureau of Nursing passed out an explanation of the fiscal note.

Mrs. Mary Alice Rehbein who runs a very successful home health care service in Richland County said she runs an agency on the North Dakota side of Montana. She has had the agency for 14 years. She said she started with herself and now has 15 people. She said you really need some money to start--it is a long and hard process of survival without any money.

Bob Johnson, health officer for Lewis and Clark County said they feel this is an extremely necessary and beneficial peice of Legislation. This would be an outstanding way of saving money for the state as well as being a program for the welfare of the citizens of our state.

Rod Gudgel spoke for the Nursing homes in favor of the bill. He said approximately 9% of the patients residing in the nursing homes do not really require nursing care. Some of that 9% are people who could benefit from home health care.

Senator Lockrem said it looked as though of the $100,000 that 40% of it was going to services within the Department of Health.

Virginia Kinion answered that their staff is small. They have only 3 consultants that travel around the state and develop these programs.

Senator Flynn said in regard to these grants--there would be $20,000 to each of three sites in each of three rural areas. We would like to have them branch out to other counties with branch offices. If you have an agency that is established where you have already employed a person who is in the county, you have 2 people and a secretary. If we establish it ourselves you would need another full time nurse and preferably two to work in the agency and someone for secretarial work.

Senator Regan said of the 9 certified home health agencies now, how many were established through seed money, grants, etc.? Under this we would need $75,000 a year for two, three, maybe 4 years.

Representative Harper said this is one of the bills that came through the appropriations committee in the House and he would ask our favorable consideration.

HOUSE BILL 826 was explained partially by Senator Regan until Representative Meloy came in. She said this is an appropriation bill that calls for $295,000 from ear-marked revenue. It is part of the coal tax. It would purchase the Charles Russel painting from the Montana Club. At the present time the Historical Society has $295,000 from gifts, sale of belt buckles, etc. The agreement has been worked out with the Montana Club, and we would buy the painting. It requires some restoration since the nose where it is built up, is beginning to separate from the canvass, etc. The money left over would revert to the general fund.

Representative Meloy said the painting is insured for $500,000 and is in the ownership of the Montana Club. They need the money and are going to sell the painting. Other than the painting in the House Chambers it is considered to be the best of Charlie Russell's paintings. Senator Regan has made extensive arrangements with the Montana Club to see how much we would have to have to purchase this painting. The $20,000 for the restoration was removed by the House. He told of the arrangements between money raised, the appropriation and the money from the Historical Society which together would purchase the painting.

The hearing over, the meeting was adjourned.

SENATOR THIESSEN, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

45th LEGISLATIVE SESSION 1977 Date 4-12- 6:20 PM.

NAME	PRESENT	ABSENT	EXCUSED
THIESSEN, CH	✓		
HIMSL, V.C.			✓
STORY	✓		
ETCHART			✓
KOLSTAD	✓		
LOCKREM	✓		
NELSON	✓		
SMITH	✓		
STEPHENS			
FASBENDER			✓
BOYLAN	✓		
FLYNN	✓		
MEHRENS	✓		
REGAN			
ROBERTS			✓
THOMAS	✓		

Testimony on H.B. 663
House Appropriations Committee
March 16, 1977

My name is Janet Kovalchik. I am here representing the Montana Association of Home Health Agencies and speaking in support of H.B. 663.

Home health is a service Montana needs. Home health agencies in Montana offer nursing, home health aid services, physical, speech, and occupational therapy, medical social services, nutritional guidance, and homemaker services to persons in their own homes. The provision of these services enables hospital patients to return to their homes and families sooner, provides needed support services to the homebound disabled and handicapped living in our communities, and enables numerous Montana senior citizens to live their lives for as long as possible in their own homes in dignity and in a state of independence.

There are presently ten active home health agencies in Montana. The map I have given you shows where these agencies are located. New agencies are presently forming in Polson, Anaconda, and Miles City.

Thirteen agencies attempting to serve a state the size of Montana leaves many areas unserved. In the past year numerous communities, including Glasgow, Scobey, Conrad, Browning, Superior, have contacted our Association and the State Health Department with an interest in establishing home health services. We are able to provide them with extensive information on how to establish services, but the biggest problem they face is locating seed money. Seed money is rarely, if ever, available at the county level. None is currently available from the state. During this fiscal year a very limited amount was available from the Federal government ($3 million to be divided between all 50 states), but regulations governing distribution of the funds were so restrictive that only 11 of Montana's counties were even eligible to apply for funds.

ALLOCATION OF $100,000 FOR EXTENDING HOME HEALTH SERVICES TO ADDITIONAL POPULATION AS PROPOSED IN "THE HOME HEALTH AGENCY ACT."

Salary, travel and other supportive costs for two employees of the Department	$ 40,000
Seed money for three agencies @ $20,000 each*	$ 60,000
TOTAL	$100,000

*Estimated use of seed money for each new agency

R.N. administrator	$ 12,200
Clerk-bookkeeper (½ time)	$ 4,000
Rent, utilities	$ 2,000
Office supplies	$ 800
Office equipment	$ 1,000
TOTAL	$ 20,000

EXPLANATION OF FISCAL NOTE FOR H.B. 663

Montana has developed ten home health agencies since PL 89-97 provided for Medicare coverage of the over-65 age group needing such care. Experience has demonstrated the need for the careful preparation of the community before an agency opens its doors.

With the $100,000 requested, it is hoped that three agencies will be developed to serve adjacent counties. This plan necessitates two professional employees of the Department to work in as many as twelve counties.

Two employees of the Department would provide concentrated assistance to the communities chosen as recipients of the seed money---one to do the organizational aspects and to assist the community with the necessary ingredients for a successful continuing service including ways to insure financial support and effectiveness.

This might include:

writing grants to obtain Federal money for the support of service

personnel

obtaining homemaker services through cooperation of SRS and local Welfare Departments.

organizing necessary citizens and professional advisory groups as called for in PL 89-97

assisting with preparation of articles of incorporation

assisting the community to understand the service in order that the best possible benefits are derived by eligible individuals

assisting the organization of volunteer services to augment those concerned with health delivery (home repair, friendly visiting, chore services, and the like)

The second Department employee, a nursing consultant would:

select an R.N. to administer the agency at each site

assist advisory committee with policies for admitting patients to the service

assist staff in preparation of personnel policies, record keeping, budgeting, interpersonal relationships with all disciplines involved

assisting with contracts for other services such as physical therapy, occupational therapy

assisting with setting up and maintaining an approved record system

assisting with billing procedures following the selection of an insurance carrier to serve as an intermediary for transfer of payments for care of Medicare patients.

assisting with recruitment of all services for adjacent counties and setting up branch offices

providing ongoing continuing education to insure high quality service

establishing a working agreement with community physicians

establishing a system of planning for home care of patients being released from hospitals

assisting administrator and staff to obtain necessary time study data for the establishment of visit costs

THE WALL STREET JOURNAL.

MONDAY, JAN. 3, 1977

Costs of Home vs. Institutional Health Care

By DONALD MOFFITT
Staff Reporter of THE WALL STREET JOURNAL

NEW YORK—At rates that may range upward of $1,000 a day for intensive care, medical costs can become a crushing burden even on wealthy families. Successful heart surgery last month cost one California man $22,000; the hospital bill for a Texas woman for the six days before her death last fall came to more than $6,000. Even when health insurance pays most of the bill, the money ultimately comes right out of the pockets of taxpayers or corporations and individuals paying premiums for the insurance.

In some cases, at least, there is a partial solution to the cost problem. The National League of Nursing, a non-profit organization of nursing agencies, says that many people appear to be more carefully comparing the costs of hospitalization of nursing home care for aging parents or other relatives with the costs of keeping them at home. And the league offers a number of recent case histories to show the kind of cash savings that are possible.

Last year, for example, a 74-year-old woman in Birmingham, Ala., went to a nursing home after surgery and treatment for rheumatoid arthritis and related ailments. As it turned out, the woman needed seven months of nursing and physical therapy. When her family found out what it would cost, they took the woman home. At $40 a day, the nursing home bill would have run to $8,400. But at home, over a seven-month period, the cost of her care amounted to only $699.33. This included six visits by a nurse, five visits by a physical therapist and 18 visits by a home health aide.

Intensive Care at Home

In May last year, a 66-year-old Philadelphia woman underwent surgery for breast cancer. Instead of remaining in the hospital for 19 additional days at a cost of $3,610, or going to a nursing home at a cost of $1,235, the woman went home. Nineteen daily visits by a nurse and nine visits by a home health aide, provided the routine medical care she needed at a total cost of just $667.

A 54-year-old Philadelphia man went to the hospital last June for surgery that revealed he was dying of cancer. Instead of staying in the hospital or going to a nursing home, he returned to his own home and died six days later. A daily visit by a nurse cost his wife a total of $151.80. Six days in the hospital would have cost $1,140, and in a nursing home, $390.

Sometimes even when intensive care is required, the nursing league says, big cost savings are possible; some of the equipment needed for intensive care at home can be rented. In November 1975, a 59-year-old New Yorker left a hospital after a severe heart attack with complications. He lived 77 days at home. The oxygen gear needed to keep him alive was rented; with medication, it cost $1,276.31. Twenty-five visits by a nurse and one visit by a physical therapist cost $690, for a total cost of $1,966.31. Similar care in institutions—14 days in a hospital and 63 days in a nursing home—would have come to $5,109.58.

In deciding whether to care for an ailing relative at home, the nursing league says, the family doctor should be consulted first. Many hospitals employ nursing-service specialists who can also assist in designing home-health care programs, often involving the training of family members in routine health-care procedures.

Stress on Families

"Home health care," the league says, "is recognized as an increasingly important alternative to hospitalization or care in a nursing home—a less expensive and more effective means of providing health services to those who do not need or who no longer need 24-hour-a-day professional supervision."

A new book called "When Your Parents Grow Old," by Jane Otten and Florence D. Shelly (Funk & Wagnalls, New York; $9.95), estimates the average national cost of nursing-home care at $600 a month in 1975 and the cost in big-city, full-service nursing homes at more than $1,000 a month.

But the authors point out that home health care for an aging parent can cause serious difficulties for a family. "Even very loving and caring families," they say, "exhaust their tolerance when they have been caring for a severely imparied parent for what seems like a long time. This kind of obligation, with its often ceaseless demands, disrupts the lives of family members, destroys harmonious family relationships, and can create great emotional problems for the caretakers."

The National League for Nursing, which can provide detailed information on home health care, is at 10 Columbus Circle, New York, N.Y. 10019.

Tables I through VII which follow present additional data on the home care studies cited on page 1. In some instances for convenience, figures have rounded to the nearest dollar.

Denver Early Discharge Program

Table I below summarizes data reported by the Denver Visiting Nurse Service on the 1971 Early Discharge Program. The study involves 620 patients referred to home care by 10 voluntary hospitals.

TABLE I.—*Denver early discharge program—Hospital days saved,*[1] *1971*

Hospital days saved per patient[2]	15.6
Hospital savings per patient[2]	$1,472
Home care cost per patient[2]	$302
Net savings	$1,172

[1] "Report of Early Discharge Program," Visiting Nurse Association, Denver, Colorado, 1972.
[2] Based on average hospital per diem of $95.

An additional 768 patients were referred to home care, but not designated as "early discharge." Data on these patients is not included in Table II.

Philadelphia Blue Cross Study

Table III below summarizes data on hospital days saved as reported in a home care study by Blue Cross of Greater Philadelphia. The study covered a ten (10) year period—1961–70, and provides figures on 3,940 patients discharged to home care by four (4) hospitals during that time.

TABLE III.—*Hospital days saved—Philadelphia Blue Cross,*[1] *1961–70*

Hospital days saved per patient	12.9
Hospital savings per patient	$634
Home care cost per patient	$304
Net savings per patient	[2] $330

[1] "Coordinated Home Care: An Effective Alternative," Blue Cross of Greater Philadelphia, February 1972.
[2] A net savings of $473 per patient was later reported for the year ending June 30, 1970.

Estimated hospital days saved on 3,940 cases totaled 50,800 days valued at $2,495,267. Net savings after deducting costs of home health services and related administrative costs were estimated at $1,298,381.

St. Luke's Hospital Study, Denver

Table IV below summarizes data on hospital days saved as reported in a controlled study by J. W. White at St. Luke's Hospital, Denver, Colorado in 1970. The study involved one sample of 100 patients referred by the Hospital Nurse Coordinator's Office to home care, and a second sample of 100 patients selected on admission until "the same number of cases for each diagnostic category was reached" as in the home care sample.

TABLE IV.—STUDY OF HOSPITAL DAYS SAVED THROUGH REFERRAL TO HOME CARE[1]—ST. LUKE'S HOSPITAL, 1969

	Hospital days	Hospital cost[2]	Home care cost	Total cost
Hospital group	2,554	$196,504	----------	$196,504
Home care group	1,155	88,935	$22,534	111,469
Net savings				85,035

[1] "A Comparison of Referred and Nonreferred Cases to Home Nursing Care," unpublished masters thesis, J. W. White, M.A. Hospital Administration, 1970.
[2] Average per diem (St. Luke's, 1969), $77.

Hospital days saved averaged 14.0 days per patient. Hospital costs saved averaged $1,076 per patient. Home health services averaged 36.4 days per patient. Net savings were $850 per patient, a cost reduction of over 43 percent.

A General Accounting Office analysis of 20 studies by experts comparing the cost of home health care with the cost of institutional services developed the following conclusion:

Of the 20 studies, 19 presented data which supported the proposition that home health care can be less expensive under some circumstances than alternative institutional care.[19]

The individual's right to choose should be preserved.

The above is a portion of:

New Perspectives in Health Care for Older Americans

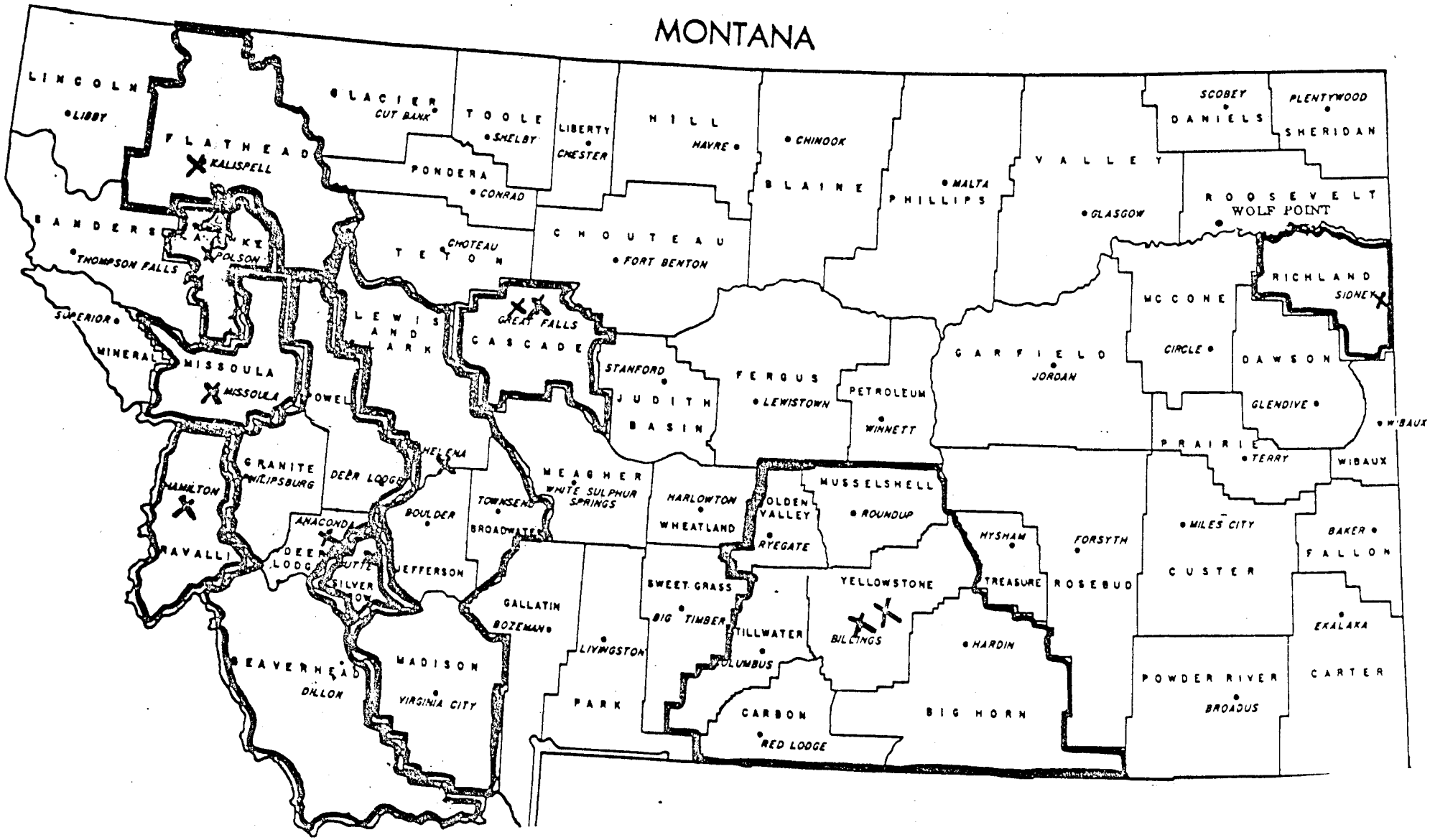
(Recommendations and Policy Directions of the Subcommittee on Health and Long-Term Care)

House of Representatives
Ninety-Fourth Congress
Second Session

January 1976

CURRENT ACTIVE

HOME HEALTH SERVICES IN MONTANA



The Need for Seed Money for Home Health

When a new home health agency is established, it is faced with some immediate, large expenses. Expensive office equipment, supplies, and office space must be obtained. Professional personnel must be hired to provide services. Often much is paid out in wages before the agency becomes well enough established to bring in substantial third party payments, county/local funds, etc.

In order for an agency to receive Medicare and Medicaid reimbursements (a major source of funds for home health agencies), it must be certified. This certification process usually takes at least 3-4 months during which time no Medicare or Medicaid monies can be sought. Following certification, usually 6-8 months are needed in order for the agency to build sufficient cash flow to operate without outside assistance.

Seed money is needed to provide the economic boost agencies need to get through this initial year. After the first year, cash flow has been built up and strong payment-for-service sources established. An agency can then operate on its own.

Montana currently has only nine certified home health agencies. In addition, three non-certified agencies are offereing services, and one agency in Miles City is due to start services very soon. This is a total of 13 agencies for the entire state. Home health is a vital, growing part of the health care system. With home health care available, persons can be assisted in remaining independent in their own homes rather than going into a nursing home. Persons can recover from hospital stays at home rather than in the hospital where their bed may be needed by other patients and expenses are high.

Many communities in Montana currently having no home health services have a strong interest in establishing them, but face the problem of not being able to locate needed seed money. Communities in which individuals have expressed interest include Glasgow, Havre, Conrad, Shelby, Scobey, Fort Benton, Libby, Superior, Browning.

The amount of seed money required is often more than county and local governments are willing or able to expend. The federal government provided a minimal amount of seed money last year ($3 million to be divided among all 50 states) and may provide some in the coming fiscal year. However, the amount available from this source is not nearly sufficient to meet the need. Home health agencies or agencies-to-be still find they must look to the state for assistance in meeting seed money needs.