



October 20, 2011

The Honorable Patty Murray
Co-Chair, Joint Select Committee on Deficit Reduction

The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee on Deficit Reduction

The Honorable Max Baucus
The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James E. Clyburn
The Honorable John Kerry
The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey
The Honorable Fred Upton
The Honorable Chris Van Hollen

Members, Joint Select Committee on Deficit Reduction

Dear Co-Chairs and Members:

I am writing to you in my capacity as Chairman of the Proprietary Home Care Association of America. Our message to this Special Committee is about jobs. We believe the best way to solve our deficit problems are to put more Americans back to work. As it relates to job creation, it makes sense to begin by asking the question: Which jobs will we be needing most in the near future? The second question is: What is the best way to produce the needed jobs?

As to the first question, it is worth noting that four of the top 10 most needed jobs according to the Bureau of Labor Statistics are in home care. This need is exacerbated with each passing day as members of the 78 million Baby Boom generation reach their 65th birthday. Every day an average of 10,000 Boomers reach their 65th birthday – a trend that will continue for the next 20 years. Among the most needed jobs according to the Bureau of Labor Statistics include: home health aides, personal care assistants, registered nurses and nursing aides/attendants.

As to the second question, the answer lies with energizing and promoting America's small businesses. The majority of jobs that are created in America are generated by small businesses. This is where we come into the picture.

There are approximately 33,000 home care agencies in the United States (only about 10,000 of which participate in Medicare). About one-third of all the home health agencies in the US. (including about one-third of those who participate in Medicare) are individually owned small businesses operating as sole proprietorships. The most rapidly growing part of home care is called "private duty" or "private pay" which means that family members or patients are paying out of pocket for the help they need to allow family members to remain independent in their own homes and to be able to perform the essential activities of daily living (getting out of bed, toileting, taking a bath, getting dressed, feeding themselves and taking their medications as directed).

Small proprietary agencies must conduct market research to make sure that a new home care agency would fill a need in a certain geographic area, invest their own capital to begin the business buying or leasing an office, obtain a license to do business, hire qualified personnel and develop referral sources. Once they begin business, they must provide supervision to make sure that their clients receive the highest quality of care. They must invest in personnel to help them collect their fees on a timely basis whether from public payers such as Medicare or Medicaid or from individuals paying privately. The owners of these agencies provide a real service by locating in rural and underserved areas where the population basis is not high enough to support agencies affiliated with hospitals or branches of large corporations. What this means is that small proprietary agencies help create jobs and provide services where they are needed most. If their judgment proves to be wrong obviously they do not remain in business. On many occasions small business owners have had to mortgage their homes, take out loans or sell personal possessions in order to be able to make payroll. If they are successful these small corporations prosper, paying taxes at both the State and Federal level.

We believe the free enterprise system is the most powerful engine for producing jobs, the goods and services needed to sustain a viable society ever invented. In order to continue to do this important work small proprietary agencies do not ask for much from government. We do ask for a level playing field and to be treated fairly. We would counsel the Committee to avoid simplistic solutions such as across-the-board cuts which only work to the advantage of the unscrupulous.

On behalf of those who participate in Medicare, we do ask that you reject proposals to saddle seniors with a copayment that must be paid before they can access home care services. As you know, the original Medicare program enacted in 1965 included a copayment but this was repealed by Congress in 1972 because of clear evidence that it cost the government more to collect these fees than it saved the program. Moreover, it was clear that copayments were a "sick tax," a barrier to infirm and disabled seniors receiving the least expensive form of care where they wanted to be, in their own homes. The result was to push this five percent of Americans who are responsible for 44 percent of the entire U.S. health bill into hospitals and nursing homes at many times the cost to the government. Copayments also result in cost-shifting—transferring the burden of caring for these Americans with complex medical problems on to State Medicaid rolls adding strain to State systems already stretched to capacity.

As to those small proprietary agencies which do not participate in Medicare or Medicaid, the main suggestion is to have the Small Business Administration issue loans to help minority groups to own and operate home care agencies. Minorities are today overrepresented in the number of home care aides

who provide help with personal care and underrepresented as managers and owners. We also recommend that CMS be tasked with creating a career ladder which would allow home care aides of any race with further experience and education to qualify as Licensed Practical Nurses and then with additional qualifications as Registered Nurses. Social mobility is another value which is central to the U.S. free enterprise system and it should be encouraged in what will be the fastest growing part of the U.S. health care system. Another suggestion is that this Committee as an incentive recommend a break in corporate income tax for those small proprietary agencies who establish agencies in frontier or underserved areas such as in rural Montana or Idaho.

We wish you all the best in the important work that you are undertaking. We commend you for your public service and stand by to be of assistance to you in any way that we can.

With best wishes,

A handwritten signature in cursive script that reads "Ellen B. Bolch". The ink is dark and the signature is written in a fluid, connected style.

Ellen B. Bolch
Chairman