

Proposed Home Health Care Legislation

The Congressional push to expand the use of home health care has a new champion—Sen. Orrin Hatch (R., Utah).

Hatch's bill seeks to expand the use of home care in both the entitlement programs and by the privately insured. Most of the cost of the legislation, however, would be in the Medicare and Medicaid programs. In addition, the bill provides a tax credit for families that make structural changes in their homes to accommodate home care for a family member.

Supporters of expanded home care have argued that, while changing the Medicare-Medicaid programs to provide reimbursement for a wider variety of home care methods could cost the government additional money in the first few years, the aggregate effect of such a program would result in a savings in Federal monies. They point to studies by the General Accounting Office that show home care to produce less expense than inpatient hospital or nursing home care. These savings would offset the increase in demand that any new benefit causes in entitlement programs.

Current home health coverage allows payment for services provided by a home health agency or those who have made an arrangement with such an agency. The Hatch bill would

allow payments to be made to a nonprofit hospital that provides home care. Hatch would expand coverage under Medicare-Medicaid to pay for the services of a homemaker. The bill would also allow payment of transportation costs for outpatient services either by ambulance or other means.

But Hatch faces some formidable obstacles in getting the legislation passed. President Reagan's plan for capping the costs of entitlement programs runs counter to the Hatch bill.

Critics of the Hatch bill contend that its biggest problem is the open-ended entitlement to care. The legislation could cause a quantum jump in the demand for Medicare reimbursement. Also, they argue that the bill would make fraud and abuse in home care more widespread. Under the present program, GAO and a Senate subcommittee have found evidence of fraud and abuse in home health reimbursement.

States' Responses to Medicaid Budget Cuts

The states may not be taking up the slack created by the Reagan Administration's reduction in spending, including Medicaid.

In recent hearings away from Washington, a House Ways and Means subcommittee and a House Commerce subcommittee were told by three state governors that they would not be using state revenues or tax increases to make

up for the three percentage point reduction in Federal Medicaid spending in fiscal 1982.

Governor Lamar Alexander of Tennessee told the panel that his state will reduce benefits and eliminate recipients from the Medicaid rolls.

Arkansas has decided to supplement its Medicaid contribution through reduction in Aid to Families with Dependent Children. But AFDC recipients have filed suit in court to challenge the legality of the move.

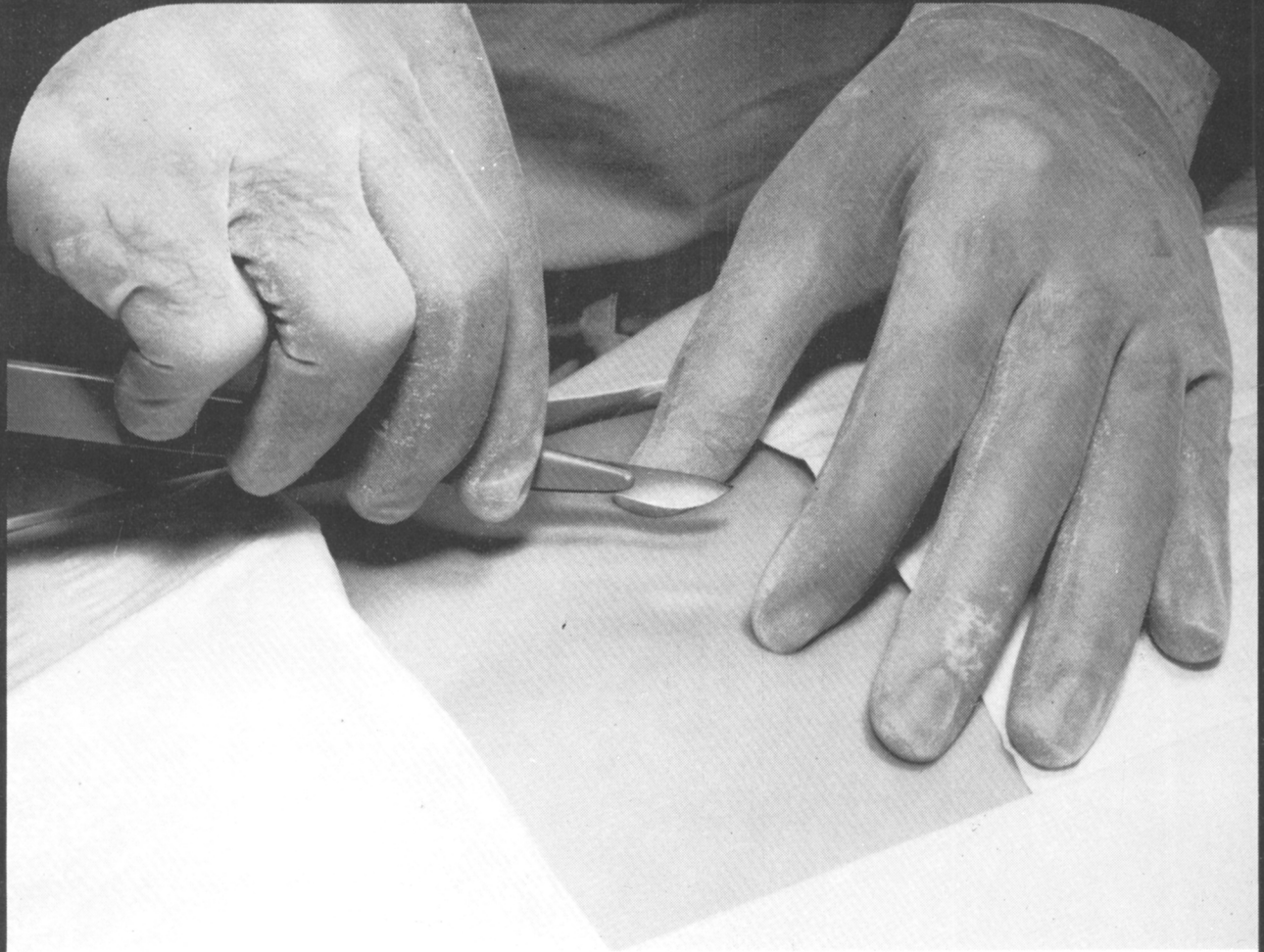
Mississippi indicated that it had already reduced Medicaid benefits over a three-year period starting in 1979. The Federal Medicaid cut for the state in fiscal 1982 will amount to \$5 million.

Department of Health and Human Services

The Heritage Foundation, a conservative think-tank, has given the Department of Health and Human Services and its Secretary Richard Schweiker high marks.

In a report, the Foundation lauded Schweiker for progress in the administration and management of the largest and one of the least efficient departments in government. The Department drew praise for reducing the budget and cutting regulations.

But the Foundation said much work still needs to be done, particularly in the Food and Drug Administration and the National Institutes of Health.

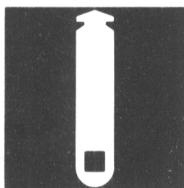


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