Advances in communications and information technologies are radically transforming every sector of our economy making this surge of innovation a defining characteristic of the last quarter century.

History may well consider the information revolution to be as important as the industrial revolution in its impact on the world. Nowhere is this truer than in the health care sector. For example, the Human Genome Project could not have been completed without computational and communications technologies that we now take for granted. This convergence of technology allows digitized images to be sent routinely across the country for the purpose of diagnosis and patient treatment. Health care personnel rely on remote monitoring, computerized patient records, personal digital assistants, and video-conferencing to track and care for patients located in the most remote parts of the world. It is an amazing time to be alive.

In 2011, only six years from now, the first wave of baby boomers will begin to retire. As they age, this large cohort will consume more and more health care services. Health policy experts are already trying to address and even anticipate the needed changes to the health care system by focusing on improving patient outcomes, reducing medical errors, control-

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ling unnecessary health care expenditures, and reducing the gaps in access to care due either to geographic isolation or personnel shortages. This demographic shift and the resulting economic pressures simply will be too great for our traditional models of health care delivery. The demands on the system require us to develop new and innovative health delivery models or our economy will be swamped by the financial burden of increased health costs of unprecedented proportions.

In Washington, health care expenditures are already a target for the budget hawks. The vast majority of the federal budget is consumed by politically sacrosanct priorities. National defense and homeland security are core functions that have taken on new urgency since September 11th. Financing Medicare and Social Security are political imperatives, but present major cost challenges that cannot be ignored for long. Frankly, there is simply not enough money in the non-defense, non-entitlement portions of the budget to offset the expected increases in health care expenditures as a result of the retirement of the baby boomers.

These economic problems are compounded by the shortage of trained health care workers. Staffing shortages have increased the cost of attracting, maintaining, and retaining nurses while reimbursement rates have not kept pace meet-
ing those salaries. In fact, the market value of nurses, as a group, has increased substantially during the past several years, and this trend is expected to continue. Staffing shortages are not only related to nurses, but caregivers as a whole are on the decline.

The Department of Labor states, “Employers in some parts of the country are reporting difficulty in attracting and retaining an adequate number of RNs, due primarily to an aging RN workforce and insufficient nursing school enrollments. Imbalances between the supply of, and demand for, qualified workers should spur efforts to attract and retain qualified RNs. For example, employers may restructure workloads, improve compensation and working conditions, and subsidize training or continuing education.” Simply put, the result for home health agencies is higher salaries overall.

Of course, nurses are not the only group affected by shortages. The national advisory body that makes policy recommendations regarding the adequacy of the supply and distribution of physicians, the Council on Graduate Medical Education (COGME), predicts that if current trends continue, demand for physicians will significantly outweigh supply by 2020. The Labor Department further predicts a strong demand for personal and home care aides, but expects that low wages will make this a hard job category to keep filled. Staffing shortages create an opportunity and an imperative for streamlining business processes and putting the right tools in the hands of nurses, physicians, and other caregivers. If we are successful in seizing these opportunities, we can help to create more satisfied caregivers and happier patients, and, consequently, achieve better health outcomes.

In order to solve this complex set of problems, we must direct a significant portion of our attention to a variety of innovative health information and service delivery tools, such as telephony, office automation, and telehealth systems that enable home health agencies to respond to the increased demand for services. Further, it means that we will have to take some risks and even need to experiment with new reimbursement models and service delivery mechanisms, such as providing incentives to reward providers for eliminating antiquated and inaccurate paper record systems. Clearly, technologies that keep patients healthier and out of the hospital need to be encouraged.

But, change creates anxiety. As one home care director explained, there is some hesitancy in expanding the use of technology by home health agencies. She stated, “there is too much uncertainty in the marketplace. It is unclear whether Medicare’s managed care plans, Medicare Advantage, formerly Medicare + Choice, will require that remote patient monitoring be covered by the HMOs participating in their program, which results in some agencies waiting for greater clarity.”

So yes, while there is uncertainty – it is also uncertainty that creates opportunity.

The Home Care Technology Association of America (HCTAA) and the National Association for Home Care and Hospice (NAHC) are working collaboratively with the Center for Telemedicine Law (CTL), and supporters in key states, such as South Dakota and Minnesota. This collaborative effort is designed to actively pursue legislation to increase funding for telehealth grants and demonstration projects, that would allow providers and technology companies to work together to produce Medicare cost savings, and then share in a portion of those savings. This pay-for-performance or P4P effort is similar in concept to physician projects currently under way.

Just before Congress recessed for the summer, Representative Jim Ramstad (R-MN) introduced the Medicare Home Health Telehealth Access Act of 2005 (HR 3588), which recognizes home care visits as a part of the home care benefit, and supports demonstration projects to show savings to the overall health care system through broader adoption of remote monitoring. Additionally, Senator Thune (R-SD) plans to introduce similar remote patient monitoring legislation in the Senate when it reconvenes this fall. Senator Thune also has agreed to offer a floor amendment to the Labor-HHS-Education Appropriations bill in support of an increase in funding for the Office for the Advancement of Telehealth for telehealth grants, home care demonstration projects, and incentive grants for licensure collaboration. We believe that the leadership shown by Rep. Ramstad and Sen. Thune in promoting home care and telehealth legislation will improve access to high quality care, and we applaud them for their hard work.

These efforts represent a foundation of success for homecare and telehealth that NAHC, HCTAA, the home care field and its collaborative partners can be proud. You can view the Ramstad legislation at http://thomas.loc.gov by search-
ing for bill number, HR 3588. While we are proud of our legislative progress, introducing bills and filing amendments are just a few of the many tasks that the home care community needs to perform to make telehealth and technology an integral part of providing services to home care patients. We must continue to educate Congress and our state legislators, and effectively advocate for providing care in the home. We must ensure that these bills are passed and that money is appropriated for these purposes.

Again, with just six years until baby boomers begin retiring, home care agencies and providers only have a few years to make capital investments in technology, hire and train staff, and, generally, put the necessary systems in place. Those home care agencies and providers who are not actively preparing and retooling for this historic demographic shift will find themselves severely disadvantaged in the marketplace, and agencies that wait to make these changes will exacerbate the situation and prevent patients from receiving the care they need and deserve.

Home care is in an ideal position to be one of the leaders in charting the new course for health service delivery in the 21st Century. Home care providers have the necessary commitment, compassion, and capabilities to make health care better—better for patients and better for our country. However, the home care field needs access to the appropriate reimbursement policies that recognize the importance of technological tools as an integral part of an efficient and effective health service delivery system. Innovation is not limited to Silicon Valley or to home care; some innovation in public policy from Washington D.C. is needed for this transformation to occur.

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