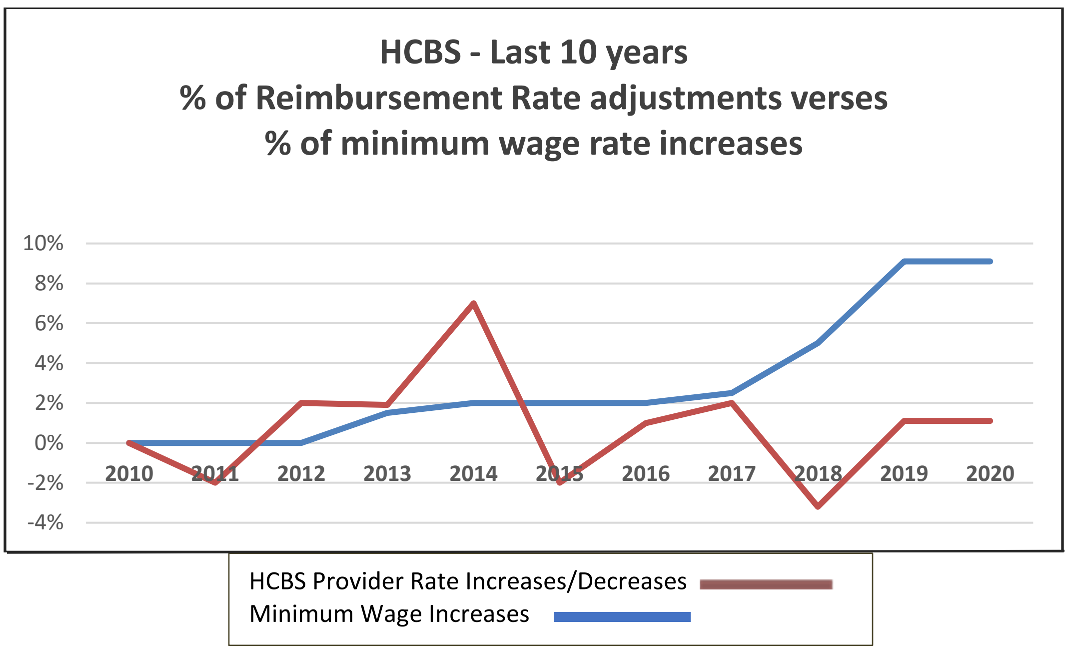
SUPPORT INCREASED REIMBURSEMENT FOR IN-HOME AND CONSUMER DIRECTED SERVICES (CDS) PROVIDERS

ISSUE: Home care rates paid to agencies have been historically low, stagnant or have been consistently reduced or withheld. As a result, the rates paid to agencies are below the actual cost of providing care. With the recent minimum wage increases, home care providers are facing an even more unsustainable challenge. **Missouri must start to recognize the minimum wage hikes and provide help to Medicaid providers!**

The average rate increase for HCBS providers since 2000 (19 years) has been 2%/year! A business or even a personal household would have a hard time surviving on such a small percentage over an almost 20 year span. Over the last 19 years, providers have found it difficult to continue to provide quality care with increased regulations and unfunded mandates. It is even more difficult with the fluctuations in reimbursement rates. One year providers are given an increase and then the next year or two that increase plus more is taken away and after the reimbursement increase was already given to their employees and attendants *(in state fiscal year 2018, providers saw a decrease in rates that took them back to fy14 rates)*. However, the providers cost of doing business and providing needed care didn't change. As a matter of fact, every year clients and consumers of HCBS have more complex care needs which only increases costs.



Also, home care agencies have several unique cost factors that must be taken into account such as:

Electronic Visit Verification (EVV)

In July 2015 In-Home and CDS providers were hit with an unfunded mandate requiring the use of an electronic visit verification system to verify the delivery of personal care services. These systems are very expensive and the length of time training aides and consumers only added to the costs. This also came on the heels of a 2% cut in reimbursement rates the prior fiscal year and only a 1% restore that didn't become effective until January 2016 (6 months into the new fiscal year). **Additionally, effective January 2020, providers were required to comply with the EVV requirements established in the federal mandated 21st Century Cures Act. These additional requirements will cost providers more dollars to ensure location requirements and the capability of connecting to the State's aggregator system.**

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Workers Compensation Insurance

Home Care companies have no control over the environment in which their workers must work. Subject to bad weather, poor environmental factors (such as poor porch/step construction, dogs, drugs), and little if any assistance with physical tasks like lifting, home care workers suffer a higher degree of injury and mishap. Workers compensation rates are high in this industry.

Overtime – Elimination of the Companionship Exemption

FLSA requires people in certain position types and industries who work more than 40 hours per week to be paid time-and-a-half for overtime. The exemption excluded home care workers from the overtime and minimum wage rules, so home care workers could work more than 40 hours a week at their regular rate of pay. Some home care aides liked the exemption as it gave them access to more work hours, especially for overnight stays with a recipient of care. In 2015 the federal Department of Labor (DOL) removed the exemption essentially requiring all home care workers to receive overtime if they work more than 40 hours per week.

Home care agencies are now financially pressured to keep their staff on a 40 hour or less work schedule to keep their expenses down, however, with the workforce shortage, this has proven nearly impossible. Therefore home care agencies are now faced with a constant overtime situation which, with just payroll alone, almost equals the total current reimbursement rate without any reimbursement to reflect the cost of paying overtime.

Travel Time

As described above, most employers of home care workers are not able to claim the companionship exemption anymore. That means employers must now also pay for time traveled between work shifts for two different clients. Travel between clients during the workday qualifies as compensable hours worked. Travel time is not reimbursed in what the providers receive in their Medicaid rate. This is a huge concern for rural providers where there is sometimes an hour or more between clients.

Gas/mileage

Missouri home care workers drive over a hundred million miles per year. The cost associated with mileage/gas/drive time is astronomical and different from what other providers of similar types of care incur. Nursing homes and hospitals do not face this type of enormous expenditures.

Uncompensated Care

Providing care for our most vulnerable elderly and disabled down to the minute timing detail is not an exact science and home care agencies provide uncompensated care daily. In-Home and CDS services are authorized in 15 minute increments based on the individual's care needs. No care provider is going to stop mid-care just because their "time/units" are up. Home care agencies work very hard to continue to provide quality care but also keep uncompensated care to a minimum through staff and/or consumer education along with time management processes. However, we all know, in the real world, "life happens". Providers cannot bill for this extra provided care.

Staff Turnover

The severe limitations on reimbursement under Medicaid make it extremely difficult for home care agencies to comply with any requirements to increase wages, much less provide wages and benefits that reflect the worth of the care provided by home care aides. This combined with difficult working conditions leads to high turnover rates and vacancies. Staffing has become the biggest concern for home care agencies today. Low wages in home care leads to high staff turnover, critical low levels of available workforce and care instability.

Workforce competition has greatly increased due to the rising minimum wage and home care providers are now competing with large employers such as Wal-Mart, Target, Amazon, McDonald's, etc. for the same pool of workers.

Rate versus Expenses – see "Let's Break It Down" chart on back.

NOTE: In November 2018, the Department of Health and Senior Services (DHSS) initiated a study (*Mercer Rate Study*) to understand if the fee schedule rates of SFY2019 (*7-1-18 through 6-30-19*) being paid to Home and Community Bases Services (HCBS) providers are reasonable and appropriate given current market conditions and to ensure compliance with requirements from the Centers for Medicare and Medicaid Services (CMS).

Results of the rate study confirmed that In-Home and CDS providers are not adequately reimbursed either prior to and/or after minimum wage increases are factored in.

In FY19, nursing homes received an additional reimbursement rate increase in their daily rate along with the provision that rates for the homes are to be recalculated every year to account for constantly rising health care costs. The eligibility criteria for receiving home and community-based services is the same as nursing home eligibility (all must meet nursing home level of care).

RECOMMENDATION: Acknowledge, through higher reimbursement rates, the cost drivers that impact In-Home and CDS providers (gas/mileage/worker's compensation/mandated telephony-EVV/overtime and drive-time/training/minimum wage increases). **For SFY21, fund In-Home and CDS providers to the levels as evidenced in the Mercer Rate Study including the impact of minimum wage.** Establish a methodology that reimburses for similar services at a basic rate and then enhance the In-Home and CDS providers' rate to reflect the unique cost drivers.

RATIONALE: Less funding, stagnant reimbursement rates and higher mandated wages are tough on any Medicaid provider. Virtually all Medicaid home care reimbursement systems pay insufficient attention to the effect of payment rates on patients' access to care of the cost of efficiently delivering services. Inadequate rates also severely impact the ability of the provider to meet quality and safety standards. Requiring the state to address the recent Mercer Rate Study (including the minimum wage impact) and engage in an annual analysis of the rate setting methodology and the adequacy of payment rates combined with federally mandated goals for a rate setting process will ensure that Medicaid recipients receive high quality care.

Missouri Alliance for HOME CARE

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LET'S BREAK IT DOWN

Current In-Home Personal Care Rate	Average Aide expenses	Average Agency Expenses	Total Cost of Care per hour	Net Loss Per hour
$18.36	$12.84	$7.67	$20.51	**($2.15)**
$4.59/15-minute unit	$10.64 wage, payroll taxes, travel time and mileage, benefits, orientation, supplies, workers comp **Note:** *Bureau of Labor Statistics reports the average wage for personal care attendants = $11.57/hour*	schedule /supervise aides per regulations; payroll administration, billing, monitor EVV, authorizations, eligibility, and spend down; quality assurance federal & program requirements; regulatory, FCSR, GCW recruitment; technological infrastructure - EVV, scheduling, payroll, billing systems; quality assurance home visits & community education; required in-service, continuing education, staff training; rent, equipment, overhead; commercial liability insurance, legal, depreciation	Aide wage/benefit expenses plus mandated program requirements and business operating expenses	

NOTE: Due to the current workforce crisis, many agencies must pay aides overtime to meet the current need for services. Wage calculation if overtime included = $18.25

Current In-Home Personal Care Rate	Average Aide expenses **(INCLUDES OVERTIME)**	Average Agency Expenses	Total Cost of Care per hour	Net Loss Per hour
$18.36	$18.25	$7.67	$25.92	**($7.56)**
$4.59/15-minute unit	$10.64 wage, payroll taxes, travel time and mileage, benefits, orientation, supplies, workers comp	schedule /supervise aides per regulations; payroll administration, billing, monitor EVV, authorizations, eligibility, and spend down; quality assurance federal & program requirements; regulatory, FCSR, GCW recruitment; technological infrastructure - EVV, scheduling, payroll, billing systems; quality assurance home visits & community education; required in-service, continuing education, staff training; rent, equipment, overhead; commercial liability insurance, legal, depreciation	Aide wage/benefit expenses plus mandated program requirements and business operating expenses	