

2007 Campaign for PCA Reform

The Campaign for PCA Reform started in 2004, sponsored by three Alaska-based companies (Ready Care, Center for Community, and Access Alaska), that were concerned about the extraordinary growth in the Personal Care Attendant (PCA) budget during the previous years. Through active education and advocacy with both the Administration and the Legislature, the Campaign put forward early versions of what became the 2005 Legislative Intent Language that encouraged the Department to harness the tremendous growth in the PCA program. The Campaign has continued to provide leadership to the PCA industry as a whole and works closely with the Department of Health and Social Services to better govern this vitally important service for Alaskan elders and individuals who experience disabilities.

Alaska's Personal Care Program Must Have:

- Integrity
- Accountability
- Sustainability

We believe that everyone in the PCA system has a role to play in upholding these principles: DH&SS, PCA Provider companies, and PCA consumers.

The Campaign for PCA Reform has been working since 2004 to make these principles a reality at the highest levels in PCA service delivery, in State policy, and in management of the program. Our efforts are discussed in detail in our attached Briefing Paper.

TOP PCA CAMPAIGN ISSUES FOR THE 2007 LEGISLATIVE SESSION. (Synopsis)

- ▶ **Legislation To Strengthen State Medicaid Audits**, ensuring accountability and fairness, and protecting the State of Alaska from undue Federal fiscal recoveries.
- ▶ **Legislative Support For Annual Rate Readjustments**, so that PCA Providers never go another 10 years without any rate increase to keep up with increasing business and compliance costs. While PCA rates were frozen from 1998 through the present, Alaska Medicaid paid hospitals and nursing homes with automatic and annual index-based rate increases every year since 1999, averaging over 3% per annum.
- ▶ **One Time Catch Up Adjustment In FY2008 Operating Budget**. Medicaid has not allowed a single payment increase in PCA rates since 1998. We are seeking a 2.5% per annum equivalent, with a raise from the 1998 rate of \$21 per hour to \$26.88 for FY2008.
- ▶ **To Assure The Legislature That Improvements Have Been And Are Being Made In The Integrity And Quality Of DH&SS Management Of The PCA Program**. We are available at any time to describe the progress that the State and Providers have made.

2007 Campaign for PCA Reform

BRIEFING PAPER ON 2007 CAMPAIGN FOR PCA REFORM

Progress On Turning Principles Into Reality

Integrity:

In April, 2006 new State regulations governing the PCA program were signed into law. These new regulations, among other changes, implemented a third-party assessor of services across the State. Professionally trained assessors have greatly improved program integrity by replacing the provider agency in its previous dual role as both assessor of eligibility/service level and provider. Third-party assessors also have increased the quality of assessments by ensuring only those individuals truly in need are receiving PCA services, and only at the accurate level of services necessary to maintain safe community living. PCA services are now based on a professionally conducted and objective assessment with no potential for conflict of interest.

Accountability:

With the implementation of SB41, PCA providers were audited for the first time in the history of the program. According to data provided by the Department of Health and Social Services, during audits conducted in FY2005 the billing error rate among PCA services providers was 14.42%. Through efforts of the PCA Provider's Association and the technical assistance provided by the Division of Senior and Disability Services, in FY2006 the billing error rate dropped significantly to 4.75%. The Departmental goal for FY2008 is to show additional improvement of another 10% or 4.28%. PCA service providers have

embraced the concept of accountability and will continue to strive for lower error rates. (Please note that billing "errors" are not necessarily "overpayments," in fact most of the audited "errors" did not overpay the provider.)

Sustainability:

Ideas about the best way to care for the elderly and people with disabilities have undergone dramatic changes in the past several decades. In Alaska and at the national level, the pendulum has swung towards in-home care and greater control over services by the recipient of care. As our population ages and chooses to remain in Alaska, the need for in-home support services will grow as well. PCA services are often the first line of defense, after familial and community support, for seniors who require hands-on assistance to remain in their own homes. With the assistance of a PCA, seniors are able to meet their basic health needs often preventing the need for more costly medical intervention or out-of-home placement. PCA services have effectively reduced the amount of time an individual may need to spend in very costly nursing homes at the end of his or her life; however, there is a cost to the provision of PCA services as well.

In order to sustain this viable service, PCA Providers must be adequately compensated to meet the rising operational costs. The Department of Health and Social Services has identified

2007 Campaign for PCA Reform

sustainability of a qualified provider pool as a key component challenge stating: “In order to provide affordable access to quality health care services to eligible Alaskans, a sufficient supply of providers must be enrolled in Medicaid. A strategy

to maintain provider participation is for provider reimbursement rates to keep pace with health care costs. Since provider participation in Medicaid is voluntary, if Medicaid’s rates are too low providers may stop seeing Medicaid clients.”

TOP PCA CAMPAIGN ISSUES FOR THE 2007 LEGISLATIVE SESSION (Expanded)

► **Legislation To Strengthen State Medicaid Audits**

We support the ongoing technical assistance efforts of the Department in assisting PCA Providers in continuously improving their accuracy rates on billing issues. Now that the State has good background data, as a result of SB41, we are seeking legislation to further strengthen Alaska’s system for auditing Medicaid providers, particularly in dealing with collection of “overpayments.”

We urge the Legislature to follow the example of many other states, and adopt “safe harbor” audit rates and audit recovery principles:

- 10% or less in overpayment billing errors would incur only the obligation to pay back the difference between the correct billing amount and the overpayments (if any), and to take corrective action to prevent future errors, so long as no intent to defraud or to ignore prior corrective actions is indicated. (No extrapolation assessment.)

- Billing errors, of any rate, that result in underpayment to the provider or that result in neither underpayment nor overpayment shall not be subject to payback to either provider or the State, but shall be subject to corrective action regulations of DH&SS (e.g., requiring proof of improved provider documentation practices).
- When the rate of overpayment errors is more than 10%, only the average amount of overpayment above the correct billing amount may be extrapolated against the rest of the provider’s Medicaid billings for the audit period. (Again, assuming no fraudulent intent or disregard of prior corrective action.)

This will not penalize those service providers who make simple billing errors yet still deal severely with those who are potentially committing fraudulent acts.

2007 Campaign for PCA Reform

► **Legislative Support For Annual Rate Readjustments**

The rates for reimbursement for PCA services have been frozen in regulation since 1998. We request regulations setting an annual adjustment to the PCA rate equal to the change in the consumer price index or the CMS nursing facility market basket (a national cost data study). It should be noted that Alaska's Medicaid payment rates for hospitals and nursing homes are "re-based" every four years, and on the years in between the rates go up automatically by the percent of change in the CMS market basket. We support the Department's efforts to establish rate-setting methodology that establishes uniformity among provider types of comparable services. This must happen to ensure that PCA providers are adequately compensated for the provision of their services. The cost of providing PCA services, as with all goods and services, continues to rise annually, including workers' compensation insurance for this high-risk category of workers.

► **One Time Catch Up Adjustment In FY2008 Operating Budget.**

We request a one-time "catch-up" adjustment of the current rate to reflect a 2.5% per annum adjusted rate from November 1998 through June 2008. For FY2008, this would raise the PCA rate to \$26.88 an hour. Please note that the Governor's budget includes funding for an 8% average increase between FY2004 and FY2008 in the Medicaid rates for hospitals and nursing homes, which are "re-based" every four years. PCA rates have not been adjusted since 1998.

► **Legislative Assurance Of Improvements In Integrity And Quality Of DH&SS Management Of PCA Program.**

We support the continued efforts of the Department of Health and Social Services in conducting third-party assessments to determine eligibility and service level needs. PCA service providers are able to focus their attention on the provision of high-quality in-home support services without any potential for conflict of interest. Consumers can choose their service provider based on the quality of care they receive.

For more information, please contact:

Sandra J. Heffern
Chief Executive Officer

Ready Care
800 918-3045
sheffern@jobready-ak.com

Connie J. Sipe
Executive Director

Center for Community
907.747.6960
csipe@cfc.org

James Beck
Executive Director

Access Alaska
800-770-4488
jbeck@accessalaska.org