Testimony of Judy Berman, DC Appleseed Deputy Director

Health Roundtable on Rates for Home Health Agencies

D.C. Council Committee on Health

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INTRODUCTION

Good afternoon Councilmember Alexander, and members of the Committee on Health, and thank you for the opportunity to testify. My name is Judy Berman and I am Deputy Director of DC Appleseed. DC Appleseed is an independent non-profit research and advocacy organization dedicated to solving policy problems affecting those who live and work in the national capitol area. As part of our Working Poor Families Project, DC Appleseed has been actively trying to improve working conditions for home health workers for several years now.

We are here today because of two overlapping crises: the impact of living wage increases on home health service providers, and the recent indictment for fraud of numerous providers of home health services. It is vital that we learn from and take advantage of both of these crises to restructure relationships between private and government stakeholders in this industry. We believe that the existence of fraud is not a good reason to avoid paying providers appropriate rates, nor can providers continue to use reimbursement rates as an excuse for failing to compensate home health workers according to District law (including Living Wage as well as paid sick and safe leave).

In addition to the low-income seniors who are the primary recipients of these services, we believe that home health aides have the most to gain or lose from the way we handle these concentric crises. Improving conditions for the workforce is key to improving overall quality of services and to improving profitability for the industry, which stands to benefit from increased retention of workers and lower turnover rates. We believe increased reimbursement rates should be part of a package of improvements aimed at reducing both fraud and worker turnover that will better align District policy with the quality outcomes we're seeking (and, we should note, are part of the increased accountability of health systems under the affordable care act).

INCREASING ACCOUNTABILITY

On June 30, in partnership with the Department of Health Care Finance and the Department of Health, Health Regulation and Licensing Administration, DC Appleseed convened a forum for government staff whose work affects or is affected by the performance of the home health industry. The goal of the meeting was to take a long view on how we can build and support a long term care program that has integrity and high standards. The Forum discussion centered on better understanding the roles and responsibilities of each contributing agency to the basic processes of 1) gatekeeping; 2) performance regulating and monitoring and 3) consumer protection and safety. It was clear that we need to fix the gaps in our gatekeeping and regulation systems that allowed fraud to flourish.

As we look at the changes necessary to prevent fraud, waste and abuse, part of which will no doubt be increased consistency in monitoring and reporting expectations, we should also be looking at ways to hold providers accountable for the working conditions of their personal care workers. One reason is that, according to case studies by the Department of Health and Human Services Office of the Inspector General, home health providers who invest in and demand higher standards of their workers provide better services at lower costs than those who hire based on minimum qualifications and provide less training and support. We also know that reduced staff turnover can increase quality of services, and turnover is influenced not only by wages but also benefits, ongoing training and support, high quality supervision, predictable hours and opportunities for growth. [1]

The District is in an excellent position to build on the work of the Board of Nursing to regulate home health workers, and build a system of reimbursement rates that 1. rewards agencies for improving working conditions (which are highly likely to produce reductions in staff turnover, improved patient outcomes, and higher profit margins[2]); and 2. Provide opportunities and incentives for home health aides to add credentials that will translate into higher compensation and increased opportunities. Putting this system in place will help to ensure that increased reimbursement rates directly benefit workers.

Reimbursement Rate Models

CMS's National Direct Service Workforce Resource Center recommends using a "base-rate model" to establish reimbursement rates that begin with expected wages and mandatory benefits. CMS supports building in ongoing training costs and the rate could also be calculated to support agencies willing and able to provide guaranteed hours and other strategies to increase retention. It will be up to DHCF whether it chooses to implement differential rates for providers who demonstrate compliance with higher standards, or whether it makes those higher standards a condition of doing business with Medicaid. Either way, the reimbursement rates should reflect the quality of the work that we expect personal care agencies to deliver.

Reimbursement rates should also take into account the career opportunities that the Board of Nursing has designed through its training and certification structure. Specifically, the Board of Nursing has proposed creating a new category of provider called "Medication Aide." Under the proposed regulations, these aides would require an additional 50 hours of training and would have to pass a national certification exam. They would then be qualified to administer and monitor medications, including giving eye drops, monitoring diabetics for blood glucose levels, and recognizing side effects. If Medication Aides are not compensated for these additional skills and responsibilities, what motivation will they have to take on – and pay for -- the additional training?

Building this opportunity is truly in the District's best interests. Based on national estimates, poor medication adherence by the chronically ill could be estimated to cost DC's overall healthcare system anywhere from $200 to $578 million. Ten percent of DC's population consists of elderly or disabled Medicaid recipients — poor medication adherence among this population could be costing DC's

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[1] PHI

[2] CMS, Coverage of Direct Service Workforce Continuing Education and Training within Medicaid Policy and Rate Setting: A Toolkit for State Medicaid Agencies. National Direct Service Worker Resource Center, August 2013.

Medicaid system $20 to $56 million. Home health workers, especially those trained to administer and monitor medications, can help reduce those costs.

Win Win

The fact is that, through ignorance or intention, many agencies have been underpaying their home health aides, which means they've been profiting at the expense of their workers. At the same time, agencies are facing increased costs, including paid sick and safe leave, transportation costs, and can anticipate annual increases in the living wage. Agencies that provide compliant and competitive wage and benefit packages, along with other supports like high quality supervision and guaranteed minimum hours are likely to provide better quality of services which the District should encourage and support. If implemented with strong accountability for these improved worker-related measures, increased reimbursement could be a win-win for the District.