

ANALYSIS OF HOUSE BILL 1546

Modifying provisions related to long-term care of adults.

SPONSORS: Representative Eddy and Parlette.

BACKGROUND:

IN-HOME CARE PROGRAM

In 1995, the Washington State Legislature passed House Bill 1908, making many changes in Washington's long-term care programs. Included in these changes was to encourage the use of community based care over nursing home care moving case management responsibility to the under-60 disabled population to the Area Agency on Aging (AAA), and reorganizing service authorization and client responsibility between DSHS and the AAA's. These changes resulted in the great utilization of in-home care services. Over the past eight years the in-home care program has increased 60 percent. Currently, there are approximately 20,000 persons in Washington State receiving DSHS in-home personal care services.

There are two types of DSHS in-home care programs available. One option is to receive services from a home care agency, which recruits, hires, supervises, schedules and monitors the assistance provided to the client (contract program). The other option is for clients to use an Individual Provide Program (IP). Under this state funded program, the client becomes the employer and is directly responsible for all aspects of the work provided - from hiring the caregiver to supervising them.

Unless a special exception has been made, clients who need more than 112 hours of in-home care must be referred to the IP program. The 112 hour limit is not related to meeting particular amounts or types of client needs, rather it is an artificial cost control mechanism designed to keep the cost of in-home care below 90 percent of nursing facility care. Because of the additional services provided, overhead and quality of care requirements associated with the contract program, the hourly cost of the contract program has always been higher than those of the IP program. IP's are currently paid \$6.18 an hour and agencies in the contract program rate are approximately \$11.40 (+ or -) per hour.

Home care agencies are licensed by the Department of Health (DOH), and have contracts through the AAA's to provide in-home care services. Agencies are monitored annually by AAAs for contract compliance and are required to maintain standards of care for the program. A recent study by the Joint Legislative Audit and Review Committee (JLARC) found the quality assurance controls within the IP program area cause for concern. The study indicated that little external

oversight authority exists to monitor IP performance either within DSHS or the AAA's-. Unlike the agency care giver in the contracted program, the client is the only one who directly supervises the performance of the IP employee and his/her on-going ability to deliver quality care. In contrast, agency supervisors are required to accompany their care giver on home visits at least twice a year and evaluate the care giver performance and check the client's situation. This is in addition to the annual AAA case manager visit.

IN-HOME CARE CONTRACTED PROGRAM REIMBURSEMENT FOR HEALTH INSURANCE - In 1990 a budget provision authorized funds to purchase health care for home care agency workers. The DSHS went through a process in which agencies via the AAA's would receive approval from DSHS for use of these funds to ensure they were being used for medical benefits. For the agencies that submitted plans, money was added to their rates for health care. Through vendor rate increases, this initial amount became \$.38 on July 1, 1995. The department said that if an agency had already dedicated the \$.38 to health care benefits but managed it through the workers wage and benefit contract (as opposed to purchasing health benefits for workers as a group) the money would not have to be returned as long as they could demonstrate through written contracts that it was already in force on a March date. About 12 agencies demonstrated reasons why the agency must keep the \$.38. Several agencies gave the money back resulting in them now getting vendor rates less than the other providers. Some of the providers are now getting vendor reimbursement rate of \$11.33 per hour while others are receiving rate of \$11.71.

SUMMARY:

WAGES - The hourly wage for all persons who provide state-funded long-term care services through a contract with the DSHS is increased by \$.50 per hour and increased annually thereafter according to an inflation index.

HEALTH CARE COVERAGE- The Health Care Authority is directed to provide the Basic Health Plan to all home care agency employees who provide state-funded home care services. This benefit must be added to the vendor rate and indexed annually for inflation as established by the Office of Financial Management.

VENDOR RATE EQUALIZATION - All home care agencies are given a vendor rate increase to \$11.71 per hour. Those agencies already at a rate of \$11.71 will not have an increase. The vendor rate is increased annually according to the inflation rate identified in the annual consumer price index as established by the Office of Financial Management.

INDIVIDUAL PROVIDER PROGRAM (IPP) Quality, health, safety and quality of care standards are established for the IP in-home care program and an IPP client bill of rights is outlined.