



Wisconsin Personal Services Association, Inc.

933 Erie Avenue, Suite 9 Sheboygan, WI 53081

DATE: 8-15-17

TO: Joint Finance Committee Co-Chairs Senator Alberta Darling and Representative John Nygren and Committee Members

FROM: Darci Knapp, Wisconsin Personal Services Association President

RE: Reinvest Savings from Canceling Independent Assessment Program in to Personal Care

The Wisconsin Personal Services Association (WPSA) is the longest standing personal care/home care service provider association in the state. Our membership includes agencies serving all counties in Wisconsin with personal care/supportive home care services. We have been and continue to be a leader in providing "Best Practices" in training programs and personal care policies and procedures.

As you are likely already aware, the state of Wisconsin recently canceled a multi-million dollar contract with Liberty Healthcare Corporation as part of its decision to end the independent assessment program for personal care services. The state's decision to cancel the independent assessment contract confirms what we have known for years-- personal care is a cost-effective program. It also gives the Committee additional resources to further address the direct care workforce crisis.

WPSA asks that you reinvest the \$12 million in unspent funds from the recently canceled \$16 million independent assessment contract in to the Personal Care program.

The 2% per year personal care rate increase approved by the Joint Finance Committee in May is an important first step in addressing the workforce crisis, but additional investments are needed to put personal care rates on a sustainable path.

One of the biggest contributing factors to the workforce crisis is that state funding for personal care has not kept pace with inflation or demand while administrative and regulatory burdens have increased. Most personal care provider costs are at least 15% to 20% above the current fee-for-service reimbursement rate of \$16.08 per hour. This rate has only increased by \$0.24 over the past 14 years, and there have been no rate increases since July 1, 2008. The additional funding included in the 2017-19 state budget is the first increase to personal care in nearly 10 years. While we greatly appreciate the Governor's and Committee's actions to address the crisis, the personal care rate is still not adequate to meet current and future demand for services.

Personal care agencies cannot keep up with the increased costs of doing business and pay workers a competitive wage with the current reimbursement rate—which covers workers' wages, supplies, insurance, utilities, taxes, overhead and other operating costs. The proposed budget increases the personal care rate by \$0.32 per hour in Fiscal Year 2017 and an additional \$0.33 per hour in Fiscal Year 2018. This amounts to a total hourly increase of \$0.65, but the cost for agencies to provide care is currently \$2.50 above the hourly rate of \$16.08.

WPSA suggests the following additional investments in personal care that could be made using the \$12 million in unspent funds from the independent assessment contract.

Reimburse Personal Care Agencies for Doing the Assessments

The state paid Liberty HealthCare \$5.5 million per year to conduct the independent assessments for personal care. The termination of the independent assessment program means that registered nurses hired by personal care agencies will continue to conduct the assessments without reimbursement. In ending the independent assessment program, the state acknowledged that there was little evidence of fraud in the personal care program. It is also important to note that personal care agencies do not have final approval of authorized personal care hours.

The average cost to personal care agencies for the RN to complete the Personal Care Screening Tool is \$179.88 for urban areas and \$270.75 for rural areas. These cost estimates account for the RN's wages, travel time, mileage, time spent in the consumer's home and time to complete the assessment.

Personal care agencies have never been reimbursed for assessments on consumers for personal cares. WPSA believes that if the state was willing to pay Liberty HealthCare to conduct the assessments, personal care agencies should now be reimbursed for this work as well.

Create an Optional Certification and Training Program for the Personal Care Screening Tool

WPSA has previously recommended to DHS that RNs employed by personal care agencies be given the option to complete a formal training process to become certified on the Personal Care Screening Tool (PCST). We believe that training and certification would help promote best practices and create consistency across screeners. Currently, personal care providers do not receive standardized, consistent PCST training unless they are members of WPSA and attend our conferences.

WPSA is interested in working with the Department of Health Services and other personal care provider agencies to develop a standardized, optional training on the PCST.

Provide an Additional Rate Increase to the Personal Care Program

The \$12 million in unspent funds could be used to add to the 2% per year rate increase already approved by the Joint Finance Committee in May. The current Medicaid personal care reimbursement rate of \$16.08 per hour is \$2.50 below the actual cost of providing care. A personal care rate that reflects the true cost of providing care is necessary in order for providers to pay direct care workers adequate wages and benefits, to recruit and retain workers, to provide the training needed to ensure quality personal care/supportive home care services.

The Medicaid Personal Care Rate has only increased by \$0.24 over the past 14 years, and there have been no rate increases since July 1, 2008. Agencies are struggling to stay in business due to their inability to absorb the increased costs of providing care or pay personal care workers competitive wages.

Approximately 60 personal care provider agencies have closed in the past few years while others have downsized or closed branches. Some Wisconsin agencies are experiencing worker

turnover rates of 67% because they cannot increase workers' wages. Unable to make ends meet, many workers leave direct care jobs for better-paying work at fast food restaurants or gas stations. These high turnover rates and the difficulty personal care agencies have filling job openings limits access to community-based care for people with disabilities and older adults and impacts their health and safety.

Work with Providers to Develop Quality Improvement Initiatives, Solutions to the Workforce Crisis

Earlier this year, the state announced a more than \$2.3 million investment to implement the Wisconsin Caregiver Career Program dedicated to attracting and retaining more nursing home caregivers. The unspent independent assessment funds could be used to launch a similar effort focused on community-based caregivers like personal care workers.

Demand for personal care workers is set to increase by 28% between now and 2024, according to Wisconsin's WORKnet database. Comprehensive training programs are crucial to meeting the projected workforce need and guaranteeing quality care for consumers. WPSA supports additional funding for the Wisconsin Fast Forward Grant Program and any other training initiatives for direct care workers.

WPSA has invested time and money in the development and implementation of a Direct Care Worker Competency Assessment and Training Program (DCC), the WPSA RN Delegated Task Training Program) and the WPSA Alzheimer's/Dementia Training Program. WPSA supports continued endorsement and funding for this training by the Department of Health Services and the Department of Workforce Development.

WPSA stands ready to work with the Department of Health Services and other provider agencies to develop additional quality improvements to the personal care program as well as strategies for addressing the direct care workforce crisis.

Wisconsin must take action now to address the direct care workforce crisis so that it can continue to keep its community promise. Wisconsin has long been a national leader in supporting people with disabilities and older adults in the community instead of institutions, but the workforce crisis threatens to undo this progress. The community is not only where people prefer to live, it is also the most cost-effective setting for taxpayers. The Department of Health Services' Community Relocation Initiative found that moving people from nursing facilities to the community reduced costs by 26%.

Please make a motion to use the unspent independent assessment funds to provide a greater increase to the personal care rate or create workforce development initiatives for community-based caregivers.

Thank you for your consideration.

CC: Governor Scott Walker;
Department of Health Services Secretary Linda Seemeyer;
Wisconsin State Legislature