HCCN
Home Care Council of New Jersey

Ken Wessel, MSW, ACSW, LSW, President

November 18, 2013

<div align="center">Re: A3409</div>

Hon. Chairman,

The contract between the State of New Jersey and the Managed Care Organizations stipulates that the State has the authority over "any aspects of reimbursement to providers…" (Article 7.6 Authority of the State). This legislation operationalizes that responsibility. There has been a great deal of misinformation about the State's role in setting MCO rates to providers. That misinformation and the lack of NJ Medicaid oversight has made this legislation necessary.

There has also been a great deal of misinformation about the rate being a negotiated rate. The MCO's stipulate the rate to be paid and inform the providers of PCA services in writing that if they do not sign on to that rate, they will no longer be in the MCO network. The concern ,therefore, that a rate setting commission would not be able to carry out it's duties due to individual rate setting is not reflected by the reality of the situation.

When Personal Care Services were transitioned into Managed Care before Long Term Care Services, it caused an underpayment by the State to the MCO's and removed the incentive to keep people at home. This spelled disaster to Personal Care providers. The MCO's did not have enough income to properly pay for Personal Care and began to cut rates. Those rate cuts, in many cases, had to be passed on to home health aides whose wages made up the bulk of the costs. The lower pay for staff meant that fewer aides could be recruited and many experienced aides have left the field. Without the resource of this workforce, providers cannot help the system keep people at home. Without the long term care services in the mix, the MCO's had no skin in the game to keep people at home. So currently there is no motivation to preserve New Jersey's home and community based care system. It was, in my opinion, a very big mistake to only partially implement the comprehensive waiver. If and when long term care is transitioned to the MCO's, there will not be a vigorous home care system to implement services to keep our frail elderly and disabled out of institutions. That is going to create a situation where care is skewed to nursing homes. A situation the State has worked many years to reverse.

I believe that the managed care organizations can work with the State and reputable home care providers to reduce utilization and provide appropriate levels of care. If rate cuts take place, I fear that the only providers who will be able to service MCO clients will be those who pay poorly and are not vigilant about clinical success and regulatory guidelines. That type of provider will have to work even harder than they do now to increase volume to make up for the cut in rate. The end result will be that volume will ultimately increase and costs will continue to rise. The reduction in reputable providers will lead to a severe weakening of the very sector of our long term care system that the State is counting on to provide home and community based alternatives to institutionalization. This is counter intuitive.

I believe, therefore, that PCA rate cuts are short sighted for both clinical and utilization reasons. Patient care will suffer from the less qualified and dedicated workforce and providers who accept that rate will have to work hard to increase volume and cut costs in areas that will impact on patient care.

I believe that there are technical issues that can be worked out between the State and the MCO's in terms of rate setting and appropriate utilization. I believe that the State has an obligation to oversee rate setting as it impacts the State's goals in the comprehensive waiver and policies set by the legislature and administration. A3409 would establish a dialogue between parties impacted by MCO cuts and encourage alternatives to rate cutting and reducing wages to caregivers.

Sincerely,

Ken Wessel, MSW, ACSW, LSW
President, Home Care Council of NJ