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## **Peer Grouping Funding**

December 6, 2013 DHS budget hearing Hamilton NJ  
Testimony by Ken Wessel, President  
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The State Association of non-profit home care providers

Thank you for this opportunity to address your plans for the new DHS budget.

In the 90's the Passaic County administrator got together with other County leaders who had County nursing homes. They made the case to the State that per patient costs at those public county nursing homes were much greater than at private homes. It was a case easily made. The State agreed to increase the Medicaid reimbursement among these peers to reflect that extra cost. The State, using significant insight, also stipulated that the counties receiving this extra nursing home reimbursement must use between 10-25% of the additional funding to fund community programs that help keep people out of nursing homes. The counties requested proposals and have since been funding many programs that have delayed or prevented institutionalization. These programs have functioned for over 15 years. The state has saved money by helping keep nursing home populations down, frail seniors were able to stay at home where they want to be, and the county nursing homes received reimbursement to better reflect their actual costs. Everyone won.

I understand that, with the State anticipating rolling nursing home reimbursement into managed care, Peer Grouping community funding may be eliminated.

This is a very counter-productive idea. Peer Grouping community programs have kept people out of institutional placements. Most PG clients are not Medicaid eligible. Many will not be eligible in a managed care program. The current funding goes directly to serving people. If the funds are given to managed care organizations, much of it will go to MCO profits and overhead. Current experience shows that much of the funding will never find its way to patients or providers. Eliminating these home and community based programs will create an upward pressure on nursing home placements and strain managed care programs ability to deal with a segment of care they don't have any experience with.

The State was inspired when it required counties to fund community based programs with some of the peer grouping dollars. Please do not undo this example of insight and forward thinking.