



Ken Wessel, MSW, ACSW, LSW, President
2 Market Street
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Re: Horizon Medicaid PCA rate reduction

Hon. Chairman,

I believe there are ways to help the current PCA utilization and rate situation without destroying the capacity of reputable home and community based programs going forward. Members of the Home Care Council of NJ, the state association of non-profits home care providers, sat down with the Managed Care Organizations management teams before the MCO/Medicaid PCA transition last July. We explained our concerns about overutilization and what areas should be given attention to avoid problems. Some of the HMO's seemed to hear our concerns. With others those thoughts may have been lost in all the activity surrounding the transition.

When my non-profit Agency, HomeCare Options, received the letter from Horizon informing providers that the reimbursement would be reduced to a pre-1991 level of \$13.95 per hour we were told that if we could not accept this level of payment Horizon would assume that we no longer wished to be a participating member of their network. That assumption is incorrect. HomeCare Options very much would like to work with Horizon to care for their members and help keep them at home. Most of those members were our patients long before the State transferred the PCA program to managed care. Currently 84 of our patients are members of their network. Caring for those frail elderly patients is the mission of our non-profit community agencies. What does not serve our patients or our community well, however, is having to reduce costs and to reduce pay to our dedicated workforce to make up for utilization problems caused by others. Home Health Aides already do not earn enough for a satisfactory life in our society. We all depend on them to care for us and help keep us out of nursing homes but they are typically ignored when problems arise in the system. Problems that they are the solution for, not the cause of. The last time the state cut the rate \$.65 a couple of years ago the largest statewide home care providers cut aide wages accordingly. HomeCare Options did not cut wages then and, in fact, gave our aides a modest increase this year. The average tenure for our Certified Home Health Aides is over 10 years. They stayed that long because the Agency values them and tries very hard to show it. Their average wage is \$10.34 and they have paid vacation, health insurance and other benefits. Donated funds are used to send our aides to nursing school and provide scholarships to their children for college. Our costs are over \$16.50 per hour. We are losing over \$1.00 an hour now without the cut. If our Board of Directors chooses to not accept the reimbursement cut Horizon suggests, it is not because we no longer want to continue in their network and care for our patients. It is because we do care for our patients and the people who service them in their homes. If the only way we could provide service were to pay minimum wage with no benefits and have to cut corners on regulatory mandates, I doubt the Board would find that within our mission and worthy of our reputation. As a non-profit community agency all of our patients benefit from programs funded by charities and other sources. Programs like falls

reduction, and medication management, help Horizon's goal of keeping people out of the hospital and out of nursing homes. The added value of non-profit agencies is something I hope you can consider.

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 this rate cut takes place I fear that the only providers who will be able to service our clients for Horizon 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 proposed 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. Most important, it impacts on the care of our most frail citizens and the dedicated workforce that works to keep them at home.

Sincerely,

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