

Home Care Agency Licensure Fee Recommendations
January 6, 2008
Submitted by Home Care Association of Colorado

Q: What is the benefit of a one-year licensure renewal cycle that is more frequent than the 2-year inspection cycle? The Colorado Dept. of Regulatory Agencies requires licensure renewal and fee for most professionals every 2 years, not annually. Home Health accreditation bodies and CMS are on 3-year cycles for both renewal and inspections. If the purpose of annual renewal is supposed to keep things up to date, the rule already requires prompt disclosure; therefore, the administrative burden to agencies and the department could be eliminated by decreasing the renewal cycle. This would also lower the cost to both agencies and the department.

Recommendation: HCAC recommends following suit with an every 3-year license renewal cycle and inspection cycle.

Q. Why do we need to have inspections every 2 years for the standard cycle vs. the 3-year cycle used by accreditation bodies and CMS guidelines?

Recommendation: We recommend a 3-year cycle for both license renewal and inspection.

Q. How would a pay for performance of incentive system work?

Recommendation: Regarding pay for performance (or incentive) theories, we recommend an incentive plan as follows: Since, the expense of validated complaints and intermediate restrictions affect few agencies but the expense is great, we recommend gathering data in the first 3 year cycle. When the audit clause of the law is instituted, we would be able to verify by agency the exact expenditure for validated complaints and IR. At initiation of the next cycle of licensure and inspections, the department would charge the expense to those agencies that had validated complaints and / or IR, while giving credit to those agencies that did not access these services (additional surveys, etc).

We recommend decreasing this portion of the inspection cost by 50% for the next 3-year cycle which would promote pay for performance while still having a pool of money (50% of fees) to pay for those unsubstantiated complaints that agencies have on occasion by no fault of their own. This would provide a real incentive to better customer service, excellence and improved outcomes which is the intent of the rules/regulations.

Q. In the beginning paragraph of the draft fee proposal it states clearly that all fees are capped for certified agencies at \$1500. However, the tables depict fees for licensure renewals and survey inspections that if added together would be greater than \$1500. Could you please clarify if this is for fees after the first licensure cycle?

The statute clearly caps total fees for certified agency licensure at \$1,500 per year for the first two years:

25-27.5-104. Minimum standards for home care agencies - rules.

- (1) (g) FEES FOR HOME CARE AGENCY LICENSURE, WHICH SHALL NOT EXCEED ONE THOUSAND FIVE HUNDRED DOLLARS PER YEAR FOR TWO YEARS FROM THE EFFECTIVE DATE OF FEES ESTABLISHED BY RULE FOR HOME CARE AGENCIES THAT ARE CERTIFIED PROVIDERS THROUGH THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID SERVICES OR THE COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING.