

# HOME CARE AGENCY LICENSURE COSTS

(revised 12/31/08; highlights added by Ellen Caruso)

This summary discusses the Health Facilities and Emergency Medical Services Division costs for Home Care Agency (HCA) licensure activities. These are average costs for the various activities related to licensure, which will form the basis for proposed licensure fees. Costs have been compiled to address:

1. Annual and ongoing licensure activities.
2. Periodic surveys conducted to confirm compliance with licensure regulations.

*The tables included in this document have been updated to include a two-tier fee structure, based on the related costs. When reviewing this information it should be noted, however, that fees paid by certified agencies are capped at \$1,500 for two years from the effective date of the fees.*

## **1. License application processing and ongoing licensure activities**

**License application processing and ongoing licensure activities include the following:**

- Annual license applications review and processing:
  - Providing general technical assistance and answering questions;
  - Receiving applications and fees, completing data entry, and filing;
  - Reviewing the application for completeness and requesting missing or incomplete items;
  - Reviewing material required to be submitted with the application;
  - Reviewing the applicant's Quality Management Plan;
  - Assessing the compliance history of the applicant;
  - Reviewing general fitness and researching items of potential concern;
  - Issuing and mailing the license.
- Technical assistance provided throughout the year.
- Investigation of complaints as received throughout the year, including:
  - In-take and assessment of the complaint (e.g., the nature of the complaint and the severity of the allegations, whether the Department has jurisdiction over the matter involved, etc.);
  - Investigation, typically through an on-site survey, notification and re-visit processes similar to those described on the following page in the discussion of periodic surveys.
- Review of Occurrences reports as received throughout the year, including:
  - In-take and initial assessment of the occurrence;
  - Review of the agency's report to ensure that appropriate action was taken;
  - Working with the agency if needed to develop and ensure an appropriate systemic plan to prevent further occurrences.
- Imposition of intermediate license restrictions when warranted, and monitoring compliance with the restrictions;
- Administrative functions, including:
  - Maintaining and updating regulations;
  - Responding to inquiries from the public and media, maintaining information on the department's website, and records management;
  - Legal services from the attorney general's office;
  - Overall management of the program, financial administration, and IT services.

**Renewal licensure costs** are mostly standard costs that do not vary by HCA type. The costs for complaint investigations do, however, vary by agency type, resulting in differing annual renewal costs, as shown in the tables below.

**Data updated in this version:**

- “Cost per” rate for Regulations Maintenance changed (formerly \$110).
- “Cost per” rate for Management & Administration changed (formerly \$296).

<b>Average Costs - Skilled HCA's – Not Certified</b>							
Activity	Cost Per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
License Application Processing	\$671	16.75	0.008	92	\$61,698	1,541	0.74
Complaints (20% of licenses)	\$1,282	26.85	0.013	18	\$23,076	483	0.23
Occurrences (20% of licenses)	\$122	2.75	0.001	18	\$2,199	50	0.02
Intermediate Restrictions (5% of lic.)	\$1,802	36.00	0.017	5	\$9,011	180	0.09
Regulations Maintenance	\$80	2.00	0.001	92	\$7,360	184	0.09
AGO Services	\$12	0.20	-	92	\$1,085	18	-
Records & Public Information	\$70	2.00	0.001	92	\$6,440	184	0.09
Management & Administration	\$226	4.00	0.002	92	\$20,792	368	0.17
Fiscal Operations	\$60	1.25	0.001	92	\$5,520	115	0.06
IT Support	\$70	1.25	0.001	92	\$6,440	115	0.06
Total Costs to be Recovered from Annual Renewal Fees					\$143,621		
Estimated number of Skilled HCA's – not certified				92			
<b>Average Annual License Renewal Cost</b>					<b>\$1,561</b>		
<b>ANNUAL LICENSURE FEE</b>					<b>\$1,560</b>		

<b>Average Costs - Skilled HCA's – Certified</b>							
Activity	Cost Per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
License Application Processing	\$671	16.75	0.008	136	\$91,206	2,278	1.09
Complaints (20% of licenses)	\$641	13.43	0.007	27	\$17,307	362	0.18
Occurrences (20% of licenses)	\$122	2.75	0.001	27	\$3,299	74	0.03
Intermediate Restrictions (5% of lic.)	\$1,802	36.00	0.017	7	\$12,616	252	0.12
Regulations Maintenance	\$80	2.00	0.001	136	\$10,880	272	0.14
AGO Services	\$12	0.20	-	136	\$1,603	27	-
Records & Public Information	\$70	2.00	0.001	136	\$9,520	272	0.14
Management & Administration	\$226	4.00	0.002	136	\$30,736	544	0.26
Fiscal Operations	\$60	1.25	0.001	136	\$8,160	170	0.08
IT Support	\$70	1.25	0.001	136	\$9,520	170	0.09
Total Costs to be Recovered from Annual Renewal Fees					\$194,847		
Estimated number of Skilled HCA's – certified				136			
<b>Average Annual License Renewal Cost</b>					<b>\$1,433</b>		
<b>ANNUAL LICENSURE FEE</b>					<b>\$1,430</b>		

- Costs for Certified HCA's are reduced on the assumption that costs for complaint investigation will be shared by both licensure and certification. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it's share of the benefit.)

<b>Average Costs - Personal Care HCA's – Not Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
License Application Processing	\$671	16.75	0.008	100	\$67,063	1,675	0.80
Complaints (20% of licenses)	\$1,064	20.75	0.010	19	\$20,216	394	0.19
Occurrences (20% of licenses)	\$122	2.75	0.001	19	\$2,322	52	0.02
Intermediate Restrictions (5% of lic.)	\$1,802	36.00	0.017	5	\$9,011	180	0.09

Regulations Maintenance	\$80	2.00	0.001	100	\$8,000	200	0.10
AGO Services	\$12	0.20	0.000	100	\$1,179	20	-
Records & Public Information	\$70	2.00	0.001	100	\$7,000	200	0.10
Management & Administration	\$226	4.00	0.002	100	\$22,600	400	0.19
Fiscal Operations	\$60	1.25	0.001	100	\$6,000	125	0.06
IT Support	\$70	1.25	0.001	100	\$7,000	125	0.07
Total Costs to be Recovered from Annual Renewal Fees					\$150,391		
Estimated number of Skilled HCA's – not certified				100			
<b>Average Annual License Renewal Cost</b>					<b>\$1,504</b>		
<b>ANNUAL LICENSURE FEE</b>					<b>\$1,500</b>		

<b>Average Costs - Personal Care HCA's – Certified</b>							
<b>Activity</b>	<b>Cost per</b>	<b>Hours per</b>	<b>FTE per</b>	<b>Number</b>	<b>Total Cost</b>	<b>Total Hours</b>	<b>Total FTE</b>
License Application Processing	\$671	16.75	0.008	163	\$109,313	2,730	1.30
Complaints (20% of licenses)	\$532	10.38	0.005	27	\$14,364	280	0.14
Occurrences (20% of licenses)	\$122	2.75	0.001	27	\$3,299	74	0.03
Intermediate Restrictions (5% of lic.)	\$1,802	36.00	0.017	5	\$9,011	180	0.09
Regulations Maintenance	\$80	2.00	0.001	163	\$13,040	326	0.16
AGO Services	\$12	0.20	0.000	163	\$2,900	33	-
Records & Public Information	\$70	2.00	0.001	163	\$11,410	326	0.16
Management & Administration	\$226	4.00	0.002	163	\$36,838	652	0.31
Fiscal Operations	\$60	1.25	0.001	163	\$9,780	204	0.10
IT Support	\$70	1.25	0.001	163	\$11,410	204	0.11
Total Costs to be Recovered from Annual Renewal Fees					\$221,365		
Estimated number of Skilled HCA's – certified				163			
<b>Average Annual License Renewal Cost</b>					<b>\$1,358</b>		
<b>ANNUAL LICENSURE FEE</b>					<b>\$1,360</b>		

- Costs for Certified HCA's are reduced on the assumption that costs for complaint investigation will be shared by both licensure and certification. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it's share of the benefit.)

Initial licensure costs are approximately \$600 higher than the renewal the costs presented above, due more time being required for processing the initial application.

## 2. Surveys

Work associated with surveys includes, but is not limited to,:

- Reviewing the agency's policies and procedures, and providing technical assistance;
- Conducting an on-site inspection, writing a summary of findings, and notifying the agency of inspection results;
- Reviewing the agency's plan for correcting any deficiencies cited (when applicable); requesting clarifications as needed, and notifying the agency of approval;
- Conducting a survey re-visit, through either an on-site visit or review of documentation, to verify that the planned corrections have been implemented.
- For HCA's that operate branches, the survey would also include review of the operations of the branches and the parent agency's oversight and coordination with its branches.

**Survey costs are presented below under two options.** Both options are based on the same staff time and costs data. But differ in how surveys are scheduled:

- **Option 1** shows the cost of a survey. This option would be used in a fee structure that includes a component addressing whether a survey is planned for the year.
- **Option 2** assumes that the survey frequency is 1 survey in 2 years and the cost of survey is annualized to create a fee amount that is consistent from year to year. This is presented as a potentially workable alternative until the feasibility, effectiveness and resource impact of using a risk-based survey schedule can be assessed and, if relevant, implemented.

**Survey Fee Option 1: Survey Cost Paid in Year in Which Survey is Scheduled**

**Data updated in this version:** Addition of tables showing costs for certified HCA’s reduced by 50% based on the assumption that a single survey will be used for licensing and certification, thereby sharing the survey cost across both funding sources (as required by federal regulations).

<b>Average Costs - Skilled HCA’s – Not Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey	\$3,671	78.25	0.038	1.0	\$3,671	78	0.038
IDR (15% of inspections)	\$145	3.00	0.001	0.15	\$22	0.5	0.000
Revisit (50% of inspections)	\$643	12.25	0.006	0.5	\$321	6	0.003
<b>Average Cost per Survey</b>					<b>\$4,014</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$3,800</b>		
<b>Gross revenue over \$2 million</b>					<b>\$4,200</b>		

<b>Average Costs - Skilled HCA’s – Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey	\$1,836	39.13	0.019	1.0	\$1,836	39	0.019
IDR (15% of inspections)	\$72	1.50	0.001	0.15	\$11	0.23	0.000
Revisit (50% of inspections)	\$321	6.13	0.003	0.5	\$161	3	0.002
<b>Average Cost per Survey</b>					<b>\$2,007</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$1,900</b>		
<b>Gross revenue over \$2 million</b>					<b>\$2,100</b>		

- Costs for Certified HCA’s are reduced by 50% on the assumption that a single survey will be used for licensing and certification, thereby sharing the survey costs across both funding sources. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it’s share of the benefit.)

<b>Average Costs - Personal Care HCA’s – Not Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey	\$1,811	38.00	0.018	1.0	\$1,811	38	0.018
IDR (15% of inspections)	\$145	3.00	0.001	0.15	\$22	0.5	0.000
Revisit (50% of inspections)	\$459	7.75	0.004	0.5	\$230	4	0.002
<b>Average Cost per Survey</b>					<b>\$2,063</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$1,960</b>		
<b>Gross revenue over \$2 million</b>					<b>\$2,170</b>		

<b>Average Costs - Personal Care HCA's - Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey	\$906	19.00	0.009	1.0	\$906	19	0.009
IDR (15% of inspections)	\$72	1.50	0.001	0.15	\$11	0.2	0.000
Revisit (50% of inspections)	\$230	3.88	0.002	0.5	\$115	2	0.001
<b>Average Cost per Survey</b>					<b>\$1,032</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$980</b>		
<b>Gross revenue over \$2 million</b>					<b>\$1,085</b>		

- Costs for Certified HCA's are reduced by 50% on the assumption that a single survey will be used for licensing and certification, thereby sharing the survey costs across both funding sources. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it's share of the benefit.)

**Survey Fee Option 2: 1 Survey in 2 Years, Cost Annualized into a Standard Annual Fee**

**Data updated in this version:** The tables for Certified Skilled and Certified Personal Care HCA's have been updated. They now show costs reduced by 50% on the assumption that a single survey will be used for licensing and certification.

<b>Average Costs - Skilled HCA's – Not Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey (1/2 of licenses per year)	\$3,671	78.25	0.038	46	\$168,877	3,600	1.75
IDR (15% of inspections)	\$145	3.00	0.001	7	\$1,015	21	0.01
Revisit (50% of inspections)	\$643	12.25	0.006	23	\$14,787	282	0.14
Total Costs to be Recovered from Survey Fees					\$184,679		
Estimated number of Skilled HCA's – not certified				92			
<b>Average Annual Cost per License (with annualized survey cost)</b>					<b>\$2,007</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$1,900</b>		
<b>Gross revenue over \$2 million</b>					<b>\$2,100</b>		

<b>Average Costs - Skilled HCA's – Certified</b>							
Activity	Cost per	Hours per	FTE per	Number	Total Cost	Total Hours	Total FTE
Health survey (1/2 of licenses per year)	\$1,836	39.13	0.032	68	\$124,822	2,661	2.15
IDR (15% of inspections)	\$72	1.50	0.001	11	\$797	17	0.01
Revisit (50% of inspections)	\$321	6.13	0.005	34	\$10,929	208	0.17
Total Costs to be Recovered from Survey Fees					\$136,548		
Estimated number of Skilled HCA's – not certified				136			
<b>Average Annual Cost per License (with annualized survey cost)</b>					<b>\$1,004</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$950</b>		
<b>Gross revenue over \$2 million</b>					<b>\$1,050</b>		

- Costs for Certified HCA's are reduced by 50% on the assumption that a single survey will be used for licensing and certification, thereby sharing the survey costs across both funding sources. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it's share of the benefit.)

<b>Average Costs - Personal Care HCA's – Not Certified</b>							
<b>Activity</b>	<b>Cost per</b>	<b>Hours per</b>	<b>FTE per</b>	<b>Number</b>	<b>Total Cost</b>	<b>Total Hours</b>	<b>Total FTE</b>
Health survey (1/2 of licenses per year)	\$1,811	38.00	0.018	50	\$90,558	1,900.00	0.90
IDR (15% of inspections)	\$145	3.00	0.001	8	\$1,160	24.00	0.01
Revisit (50% of inspections)	\$459	7.75	0.004	25	\$11,478	193.75	0.10
Total Costs to be Recovered from Survey Fees					\$103,196		
Estimated number of Personal Care HCA's – not certified				100			
<b>Average Annual Cost per License (with annualized survey cost)</b>					<b>\$1,032</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$980</b>		
<b>Gross revenue over \$2 million</b>					<b>\$1,080</b>		

<b>Average Costs - Personal Care HCA's – Certified</b>							
<b>Activity</b>	<b>Cost per</b>	<b>Hours per</b>	<b>FTE per</b>	<b>Number</b>	<b>Total Cost</b>	<b>Total Hours</b>	<b>Total FTE</b>
Health survey (1/2 of licenses per year)	\$906	19.00	0.009	82	\$73,804	1,548.50	0.73
IDR (15% of inspections)	\$72	1.50	0.001	13	\$942	19.50	0.01
Revisit (50% of inspections)	\$230	3.88	0.002	41	\$9,412	158.88	0.08
Total Costs to be Recovered from Survey Fees					\$84,158		
Estimated number of Personal Care HCA's – not certified				163			
<b>Average Annual Cost per License (with annualized survey cost)</b>					<b>\$516</b>		
<b>TIERED SURVEY FEES: Gross revenue up to \$2 million</b>					<b>\$490</b>		
<b>Gross revenue over \$2 million</b>					<b>\$540</b>		

- Costs for Certified HCA's are reduced by 50% on the assumption that a single survey will be used for licensing and certification, thereby sharing the survey costs across both funding sources. (Note that federal regulations prevent a state from using the results of a federal survey for state licensure purposes without paying for it's share of the benefit.)

**Use of a Branch fee and a Distance fee are also proposed.** These address HCA's that utilize branches and/or large service areas, both of which are circumstances not common to all HCA's.

Branch fee <sup>[1]</sup> (assessed per branch)	\$200	N/A*	\$200	N/A*
Distance fee <sup>[2]</sup>				
Service area up to 60 miles	N/A	N/A*	N/A	N/A*
Service area 61 to 90 miles	\$100		\$100	
Service area 91 to 120 miles	\$200		\$200	
Service area 121 to 150 miles	\$300		\$300	

[1] The Branch fee is applicable only to HCA's that operate branches. It addresses the additional surveyor staff time incurred for review of the operations of each branch.

[2] The Distance fee is applicable only to HCA's with a service area larger than 60 miles. The survey costs presented in the Average Costs tables assume a service area of up to 60 miles. For service areas larger than 60 miles, the Distance fee addresses the additional travel time incurred.