

HCAC e-news

URGENT BULLETIN FOR HCAC MEMBERS

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HCAC Identifies Problems with Medicaid Rate Letters

The Dept. of Health Care Policy & Financing (HCPF) mailed letters in late June that notified providers of skilled home health and HCBS rates that became effective July 1st. The rate increases, a result of the 50a Task Force recommendations and HCAC lobbying efforts, amount to nearly \$11 million in new dollars for base rate increases for home care services.

HCAC has identified several problems with the rate letters and is in discussion with the department on how to fix these problems. In the meantime, HCAC wants you as a member of the association to be informed of the following:

1. Agencies are reporting to HCAC that they have not received the rate letters. If your agency has not received a rate letter for 2001-2002, please call HCAC at (303) 694-4728 Ext. 54. Leave your agency name and which rate letter(s) you have not received (home health or HCBS). We will forward the information to the department.
2. Neither of the rate letters instructed agencies about the legislative mandate to pass through the additional funds to the “greatest degree toward care giver salaries.” This is specifically mandated in Senate Bill 01-212 which passed the legislature on April 23rd and was signed by the governor on May 3rd.

According to HCPF correspondence to the Legislature’s Joint Budget Committee, home care agencies must pass through 78 percent of the PCP/Homemaker and CNA rate increases to salaries or salary-related costs:

	<u>rate increased by:</u>		<u>must pass through:</u>
HCBS PCP/Homemaker	\$1.31	x 78% =	\$1.03
Home Health CNA basic unit	\$.92	x 78% =	\$.72
Home Health CNA extended unit	\$.28	x 78% =	\$.22

HCAC negotiated an agreement with HCPF that defines “salaries and salary related” costs to include the following:

- Salaries (to include shift differentials, bonuses, on-call pay and other pay incentives)
- Employment taxes, including FICA, unemployment, workers’ compensation
- Benefits, including health insurance and retirement
- Caregiver training and orientation

No other cost centers (such as recruitment or mileage) will qualify as “salaries or salary related” costs.

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Pass Through to be Verified by Quarterly Reports

In order to comply with legislative requirements, the department will require agencies to submit reports that verify that the new rate increases were used according to legislative intent. A baseline report will be due on August 15, 2001, which states salary and salary related costs for PCP/Homemakers and CNAs for the entire state fiscal year 2000-2001 (July 1, 2000 to June 30, 2001). The costs for the last fiscal year will serve as the benchmark for comparing fiscal year 2001-2002 costs which will be reported on a quarterly basis.

It is the intention of the department that the pass-through to salaries and salary-related costs will be completed as soon as possible, but no later than December 31. If it is not completed by January 31, rates paid to the agency will revert back to 2000-2001 levels.

HCAC and the department are designing report forms and worksheets for agency use.

Watch for More Information on Family Provider Rates

The HCBS rate letter did not mention how agencies and Single Entry Points are to comply with House Bill 01-1152 which starting on July 1st, eliminates the \$5,000/year (\$13/day) cap on reimbursement for family provider/personal care providers and replaces it with a yearly cap of 444 hours. HCAC worked diligently with the sponsor Rep. Valentin Vigil (D-Thornton) to pass this bill. A rule must now be written and promulgated by the State Board of Medical Services to actually implement the law.

HCAC has urged HCPF to instruct providers and SEPs as soon as possible on how to comply with this new law while awaiting the implementation of the rule.

Error in Therapies Rate

The 50a Task Force recommended and HCAC supported a 1 percent increase for therapies for 2001-2002 but due to an editorial mistake in the budget, the approximately \$60,000 that is required to pass on the increase was not allocated by the Legislature. The department cannot pass through the rate increase to agencies until the Legislature agrees to the adjustment. HCAC has urged the department to make this adjustment as soon as possible. In the meantime, rates for therapies remain at the same level as 2000-2001.

ANOTHER MEMBERSHIP SERVICE BROUGHT TO YOU BY HCAC!