

Alaska Commission on Aging Priority:

Regular Rate Reviews for Home- and Community-Based Services (SB 32)

February, 2010

Issue:

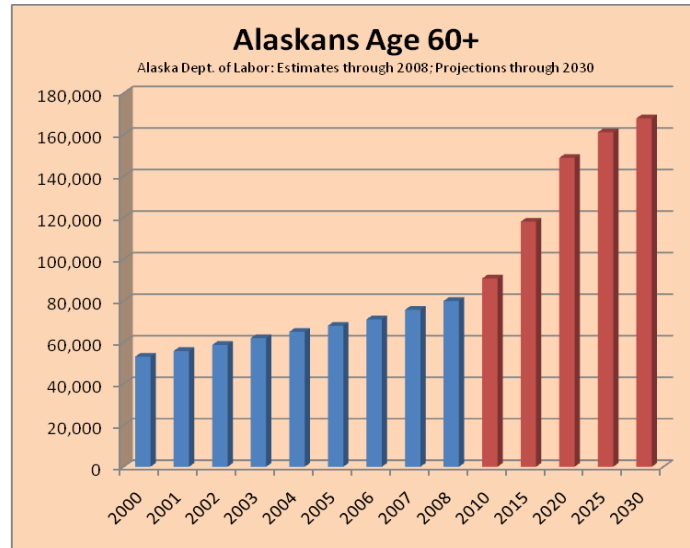
Alaska's system of care for Alaskans with disabilities is based on a network of non-profit agency providers. Providers of home- and community-based services under the Medicaid Waiver program often go years without an adjustment in their reimbursement rates, while their operating costs continue to rise. Frozen rates result in a diminished pool of community resources to draw upon, reducing the quality and the availability of services for seniors in need. The Alaska Commission on Aging frequently hears that this impact has been especially dramatic in our state's small communities and rural areas, where Waiver recipients are often forced to relocate to assisted living facilities in an urban hub in order to obtain the services they need because local providers cannot provide services at the current reimbursement rate.

SB 32, passed by the Senate in 2009, awaits action by the House this year. This bill establishes a framework for periodic rate reviews and adjustments, requiring the Department of Health & Social Services to prepare an annual report on medical assistance payment rates for home- and community-based services and personal care services, utilizing a number of data sources including national home health agency inflation rates and provider cost surveys to be conducted at least once every four years.

Background:

Currently hospitals and nursing homes receive regular periodic rate reviews as required by statute, in order to ensure that their level of reimbursement by Medicaid is in line with their actual costs. Like institutional care providers, home- and community-based service providers also need adequate funding to cover the increased cost of operating expenses to maintain the system of care that serves many vulnerable older Alaskans, allowing them to continue living in their homes and communities, as they and their families prefer. In FY 2009, 1,651 seniors received services under the Older Alaskans Waiver program. These services help to maintain individual seniors' quality of life and reduce the need for much more costly institutional and emergency care. (One year of nursing home care costs more in Alaska than in any other state – over \$180,000.)

Without adequate funding, our providers cannot continue to provide quality services. Alaska currently has the fastest-growing senior population in the U.S. As providers cease to provide various services in areas of the state because of cost considerations, we risk losing our system of care just as a wave of aging Alaskans begins to crest.



Whether or not additional funding is budgeted for these services in a given year, SB 32 promotes ongoing awareness of the true cost of services. With a regular schedule of rate reviews, both providers and the Department of Health & Social Services will have the current information they need to more readily plan and allocate resources for future needs. In order for the Department to create a ten-year fiscal plan that adequately budgets for the costs of home- and community-based services, a schedule of rate reviews must be implemented.

Recommendation:

The Alaska Commission on Aging (ACoA) supports a commitment to regular rate reviews for all service providers. We recommend passage of SB 32, which will enact a statutory requirement for regular reviews of the costs incurred by Medicaid home- and community-based providers. This issue was identified as the ACoA's top priority for the 2010 legislative session.