



Legislative Health & Human Services Committee

October 25, 2021

Who We Are

Home Health Care

Skilled care given by health care professionals such as nurses, physical, occupational, and speech therapists

Other support services such as assistance with daily living from a qualified home health aide

The care must be ordered by a physician or (as of 6/5/20) a non-physician provider

16,000 NM Medicare beneficiaries used home health benefit in 2018

Hospice

Addresses patient's physical, emotional, social, and spiritual needs

Helps the patient's family and caregivers

Emphasis is on caring, not curing

Care typically provided in the home

10,600 NM Medicare beneficiaries used hospice benefit in 2019

Personal Care Services

Medicaid community benefit for individuals with a nursing facility level of care determine

Assistance with some or all of activities of daily living

Purpose is to avoid institutionalization and/or to increase individual's ability to remain independent

Kaiser Family Foundation reported in 2015 that the average annual cost for nursing facility care was \$70,696/year whereas the average annual cost for personal care services was \$11,003/year.

24,000 Medicaid personal care service members

Home is Patient Preferred & Safe Care Setting



AARP Public Policy Institute report that 90% of people 65 and older would prefer to receive care in their homes for as long as possible.



94% of Medicare beneficiaries would prefer to receive post-hospital short-term health care at home.



Patients treated in a home-based setting following a visit to the emergency room were significantly less likely to be admitted or readmitted to the hospital.

Threats to Industry

- Gross Receipt Tax by source destination
- Responding to the Public Health Emergency
- Recruitment & Retention
 - Labor shortage
 - Minimum wage increase
 - Paid time off

Gross Receipt Tax by Source Destination

- Effective July 1, 2021 New Mexico Tax and Revenue now sources GRT by location of goods and services, which has swept up in-home care providers.
- Home health, hospice, and personal care service providers are the **only** non-emergent health care providers impacted by this change. This adds an administrative burden to a health care provider based on **where** they provide healthcare.
- Care in the home is patient-preferred and less expensive than care in hospital or nursing facilities. The State should work to encourage care in the home rather than creating **punitive tax disincentives** for this healthcare delivery model.
- Agencies serve members anywhere they call home. Members may move from a long-term care facility, to their home, to a loved one's home over the course of their care. That care should be able to be offered seamlessly without administrative **burdens on the provider for giving patient-centered care**.
- Currently the State of New Mexico pays gross receipt tax for Medicaid services to Managed Care Organizations who pass GRT costs to providers as a pass through. Adding complexity to the system only adds costs to care provided by the State and is a **bad use of public resources**.
- Preliminary feedback from agencies is that they are paying slightly less in gross receipt taxes to the State but the administrative costs are adding, on average a 1% increase in overhead costs in an industry with shrinking margins. **This is a lose-lose proposition for the State.**

Responding to the Public Health Emergency

- **Telehealth**
 - Since the public health emergency began, CMS has added more than 170 services to the Medicare telehealth services list, which include physical therapy, occupational therapy, education visits (all services provided through home health).
 - According to Kaiser Family Foundation 14.9 million Medicare beneficiaries had a telehealth visit as of Fall of 2020.
 - Home health & hospice cannot bill Medicare or Medicaid (New Mexico) for telehealth visits or for telemonitoring.
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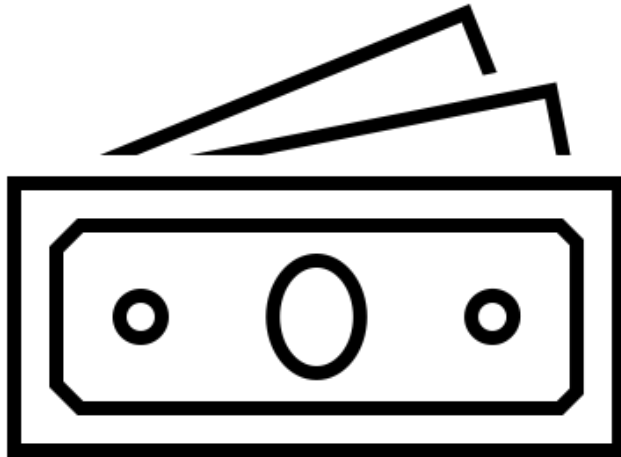
Responding to the Public Health Emergency

Staffing

- The current nursing shortage is even more acute in-home care nursing because significant pay disparities exist between hospital-based versus home care nursing jobs.
- Similarly, the U.S., turnover rates run between 40% and 60% for caregivers.



Responding to the Public Health Emergency



- **Funding**
 - Shift in census throughout the pandemic impacting revenue
 - CMS implemented a new payment structure for home health called the Patient Driven Grouping Model which upended the way agencies are reimbursed during a year that upended healthcare
 - Home health and hospice agencies were able to utilize CARES Act funding, the Paycheck Protection Program (PPP), and the Families First Coronavirus Relief Act (FFCRA) to pay workers retainers, bonuses, and hazard pay, and to pay them for time spent sick or quarantining after exposure.
 - State provided limited supplemental rate increase for personal care services only

20 Year History of Personal Care Services Reimbursement Rates

YEAR	REIMBURSEMENT (PCO Rates)	MINIMUM WAGE REQUIREMENTS			
		Santa Fe	Abq.	Las Cruces	N.M.
1999	\$18.00				
2002	\$16.00				
2003	\$15.50				
2004	\$13.50	\$8.50	\$5.15	\$5.15	\$5.15
2007	\$13.50	\$8.50	\$6.75	\$5.85	\$5.85
2008	\$13.16	\$9.50	\$7.50	\$7.50	\$7.50
2009	\$12.88	\$10.29	\$7.50	\$7.50	\$7.50
2012	\$12.88	\$10.29	\$7.50	\$7.50	\$7.50
2013	\$12.88	\$10.51	\$8.50	\$7.50	\$7.50
2014	\$12.88	\$10.66	\$8.60	\$7.50	\$7.50
2015	\$13.40	\$10.84	\$8.75	\$8.40	\$7.50
2016	\$13.27	\$10.91	\$8.75	\$8.40	\$7.50
2017	\$13.27	\$10.91	\$8.80	\$9.20	\$7.50
2018	\$13.27	\$11.09	\$8.95	\$9.20	\$7.50
2019	\$13.40	\$11.40	\$9.20	\$10.10	\$7.50

New Mexico Response to Rising Minimum Wage

	Santa Fe	Abq.	Las Cruces	N.M.
2019 Minimum Wage	\$11.40/hr	\$9.20/hr	\$10.10/hr	\$7.50/hr
2019 Reimbursement Rate	\$13.40	\$13.40	\$13.40	\$13.40
2020 Minimum Wage	\$12.10/hr	\$9.35/hr	\$10.25/hr	\$9.00/hr
2020 Minimum Wage/ Rate Increase	\$0.70	\$0.15	\$0.15	\$1.50
2020 Reimbursement Rate	\$14.10	\$13.55	\$13.55	\$14.90
2021 Minimum Wage	\$12.32/hr	\$10.50/hr	\$10.50/hr	\$10.50/hr
2021 Minimum Wage/Rate Increase	\$0.22	\$1.15	\$0.25	\$1.50
2021 Reimbursement	\$14.32	\$14.70	\$13.80	\$16.40

Actual Cost

\$11.50 Minimum Wage			
	Expense	Running Total	Notes
Minimum Wage	\$11.50	\$11.50	
FICA	\$0.17	\$11.67	0.0145
Social Security	\$0.71	\$12.38	0.062
State Unemployment Tax	\$0.54	\$12.92	0.047
Federal Unemployment Tax	\$0.03	\$12.95	\$42/year
Workers' Comp	\$0.26	\$13.21	0.0225
GRT	\$0.92	\$14.13	8%
Paid Time Off	\$0.38	\$14.51	vacation, holiday, sick days
Background Check	\$0.05	\$14.56	\$73.30/employee
TB Testing	\$0.02	\$14.58	\$32/employee
HEP B Vaccine	\$0.12	\$14.70	\$185/employee
Supervision	\$0.21	\$14.91	Every client is required to have supervisory visit per month (1 hr) Assuming 120 service hours per client per month (~30 hours weekly * 4 weeks per month) Assuming \$25 per hr / 120 hours per month = equivalent hourly expense related to supervisory cost
Training	\$0.11	\$15.02	12 hours of training annually + \$60 CPR/FA test every other year
Operating Expenses	\$2.30	\$17.32	Calculated @20% Includes: Back Office Staffing - Payroll, HR/Compliance, Accounting, IT, Managers, Reception, Medical Records, Training, Audits, Internal Investigations, Risk Management, Scheduling Staff, Billing Staff, Authorizations Staff Also includes Rent/Utilities, Insurance, Telephone, Internet, Office Supplies, Equipment,
Travel Pay	\$0.20	\$17.52	Calculated at .0173 Agencies, especially rural ones, must incur costs to get workers to clients. Some agencies purchase vehicles, other reimburse mileage.
TOTAL		\$17.52	

Mercer Report

State	Hrly Rate	Effective Date	Statewide Minimum Wage	Notes	Reference	Service Code
AZ	\$24.72	2/27/19	\$11.00	Personal Care Services	Mercer Report	T1019
CO	\$18.44	1/1/19	\$11.10	Personal Care Services	Mercer Report	T1019
OK	\$16.20	1/1/19	\$7.25	Personal Care	Mercer Report	T1019

Nationwide

Average Reimbursement Rate	\$18.69
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Median Reimbursement Rate	\$17.80
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Recommendations

Exempt in home Medicaid healthcare providers from gross receipt tax sourcing by location

Increase Santa Fe, Las Cruces, and Albuquerque personal care services provider reimbursement rates to be uniform with and level to the current statewide reimbursement rate

PCS reimbursement rates should consider the full cost to do business in New Mexico beyond the minimum wage increase including the impact of paid time off and change of GRT sourcing to location of service delivery