



/Advocacy for Home & Hospice Care Services of New Mexico

The Problem: Facts on the Impact of Reimbursement and Cost on Personal Care Option Services

	REIMBURSEMENT	COSTS						
Year	PCO Rates	Employee Wage Floor	Wage Requirements			Unfunded Mandates	COLTS Reimbursement Limits	
1999	\$18.00/hr.	\$9.00/hr.						
8/2002	\$16.00/hr.	\$9.00/hr.						
12/2003	\$15.50/hr.	\$9.00/hr.						
7/2004	\$13.50/hr. \$11.50/hr./100+ hrs.	\$8.00/hr.	Santa Fe	Abq.	N.M.			
2006		\$8.00/hr.	\$8.50/hr.	\$5.15/hr.	\$5.15/hr.			
1/2007			\$8.50/hr.	\$6.75/hr.	\$5.85/hr.		AGP	UHC
8/2008	\$13.16/hr.	No Requirement	\$9.50/hr.	\$7.15/hr.	\$6.50/hr.	√ see notes	Value-Based Purchasing	\$12.88
11/2009	\$12.88/hr.	No Requirement	\$9.50/hr.	\$7.50/hr.	\$7.50/hr.	√ see notes	\$12.88	\$12.88
2012	\$12.88/hr.	No Requirement	\$10.29/hr.	\$7.50/hr.	\$7.50/hr.	√ see notes	\$12.88	\$12.88
1/2013	\$12.88/hr.	No Requirement	\$10.51/hr.	\$8.50/hr.	\$7.50/hr.	√ see notes	\$12.88	\$12.88

The Solution: Require fair compensation for PCO providers

1. ACA effect:
 - a. In 2014, employers of 50 or more employees will be required to provide health insurance benefits to employees or pay a fine
 - b. With the implementation of the ACA, additional increases in reimbursement will be necessary due to increases in provider costs
2. PCO providers are paid a fixed reimbursement rate of \$12.88/hour for services to clients
3. Interpreted data from HSD/MAD suggests that the HSD budget includes sufficient funding for this program to require MCOs to negotiate higher PCO provider rates that will cover mandated costs

Justification

1. In addition to minimum wage requirements in Santa Fe and Albuquerque, PCO providers state wide incur multiple unfunded mandates, including:
 - a. Employers are required to offer health insurance benefits to employees
 - b. Employers now pay for previously reimbursed criminal history screenings on employees at \$65/employee
 - c. Employers are now reimbursed 7% (by UHC) and 8% (by AGP) for mandated gross receipts taxes, even in areas where the GRT exceeds those percentages
 - d. Regulatory changes intended to curb overall program costs have resulted in reductions in hours of service to clients
 - e. When COLTS was implemented, providers had to bill two separate entities and experienced nearly a doubling of days before payment was received



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Legislative Health and Human Services Committee

July 2, 2013

Senate Joint Memorial 46, was introduced in the 2013 legislative session and carried by Sen. Sue Willson Beffort. It asked the Legislative Finance Committee to conduct a study of the impact on home and community-based services agencies of the mandate in the Affordable Care Act for large employers to provide health insurance to their employees.

Home and Community-based services agencies are reimbursed on a fixed rate basis; they provide services almost entirely through Government contracts and cannot raise their rates when the cost of doing business goes up.

The Affordable Care Act requires employers with more than 50 employees to provide health insurance to their employees or face a significant fine. Because the provisions of this Act will not be fully implemented until 2014, it is impossible to predict at this time the full impact of this mandate on home and community-based services providers.

A study during the interim will allow the agencies to amass data as it becomes available, and share it with the LFC who are experts at calculating this kind of impact. The LFC agreed to cooperate in this study.

We will be asking the LFC to conduct the study even though SJM 46 didn't pass, and respectfully ask the LHHS for a letter of support to the LFC for this request. We also anticipate that additional funding may be necessary to deal with this issue, and would like support from the LHHS for this as well.



Legislative Health and Human Services Committee

July 2, 2014

Senate Joint Memorial 25 was introduced in the 2013 legislative session and carried by Sen. Sue Wilson. Before it asked the Legislative Finance Committee to conduct a study of the impact of the impact on home and community-based services agencies of the mandate in the Affordable Care Act for large employers to provide health insurance to their employees.

Home and Community-based services agencies are reimbursed on a fixed rate basis. They provide services almost entirely through government contracts and cannot raise their rates when the cost of doing business goes up.

The Affordable Care Act requires employers with more than 50 employees to provide health insurance to their employees or face a significant fine. Because the provisions of this Act will not be fully implemented until 2014, it is impossible to predict at this time the full impact of this mandate on home and community-based services providers.

A study during the interim will allow the agencies to assess data as it becomes available, and share it with the LHC who are experts at calculating this kind of impact. The LHC agreed to cooperate in this study.

We will be asking the LHC to conduct the study even though SJM 25 didn't pass and respectfully ask the LHC for a letter of support to the LHC for this request. We also anticipate that additional funding may be necessary to deal with this issue, and would like support from the LHC for this as well.