



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Long-Term Support Administration
P.O. Box 45600, Olympia, Washington 98504-5600

January 26, 2018

Honorable Representative Annette Cleveland, Chair
Senate Health and Long Term Care Committee
Washington State House of Representatives
P.O. Box 40600
Olympia, WA 98504-0600

Dear Representative Cleveland and Members of the Senate Health and Long Term Care Committee,

Thank you for the opportunity to share information regarding Senate Bill 6199, concerning the Individual Provider Employment Administrator program. This bill authorizes the transition of the Individual Provider program to a Consumer Directed Employer. I would like to reiterate that the Department's interest in putting this bill forward is to free up case management time that is currently being spent administering the Individual Provider workforce. During the hearing yesterday, there were several questions and a few comments. Below is the list of the questions and comments I captured and responses to address them and provide the committee with additional information.

Questions from the committee:

Would this replace the existing IPOne system?

It is possible that the Consumer Directed Employer would replace the IPOne program. This would depend on who the successful bidder is for the contract and whether or not that bidder wished to continue to use the IPOne system. The Consumer Directed Employer would assume all responsibilities for payroll functions and would have the choice of using the existing IPOne system as the mechanism for these functions.

How much have we paid out to implement IPOne in total? For clarity, I am providing the costs related to the ProviderOne system as they were incurred.

ProviderOne Phase One, which is the Medicaid Management Information System the state uses to pay hospitals, nursing homes, physicians specialists, therapists and other primary care providers, cost approximately \$145 million dollars in total funds; \$20.8 GF-S to stand up.

The second Phase of ProviderOne had two separate projects. The first project, titled *1099 Providers*, dealt with adding functionality to support payment and reporting for Assisted Living Facilities, Adult Family Homes, Home Care Agencies and other providers/businesses of long-term services and supports. It did not include Individual Providers. The 1099 project cost approximately \$35 million in total funds; \$3.5 million GFS to stand up.

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The second project of ProviderOne Phase Two involved standing up the IPOne system to pay Individual Providers. This cost approximately \$15 million in total funds; \$1.5 million GF-S to stand up.

There was an additional cost of \$3.7 million in total funds; \$800,000 in GF-S in FY16-17 to develop overtime functionality within the IPOne system. For FY17-19, we have been appropriated \$3.2 million in total funds; \$487,000 GF-S to pay overtime system costs.

It should be noted that the IPOne system will have operated just over 5 years assuming a transition to a Consumer Directed Employer on July 1, 2021.

Does the opt out provision for Individual Providers go away with the transition to a Consumer Directed Employer? The current Collective Bargaining Agreement and all of its provisions would transfer to the Consumer Directed Employer. This includes the opt out provision. However, this would not preclude the Consumer Directed Employer and SEIU 775 from negotiating over removing the opt out provision in favor of a closed shop when bargaining future contracts.

Would the IP administrator be subject to the new public disclosure law? As this is a private entity, public disclosure laws would not apply.

How many other states are using a private administrator to employ their Individual Providers?

We know of at least 17 other states who use private administrators in this capacity. The state of California's In-Home Supportive Services program is the largest program in the nation.

With all these added regulations, do you think we would lose the ability of having more people want to come in and do this work?

A great deal of complexity will be eliminated by the Consumer Directed Employer. This bill does not add any additional regulations or requirements of Individual Providers. Individual Providers will have a single entity to communicate with for payroll and employment issues rather than two separate entities as they have today, DSHS and IPOne. It transitions the employer relationship (for bargaining purposes and payment of wages and benefits, along with credentialing responsibilities) from the state to a Consumer Directed Employer. We expect this to add more efficiencies and a more streamlined experience for providers.

This bill also makes some changes in the statute related to overtime based on recommendations from the bipartisan overtime taskforce as follows:

The bill:

- Maintains the cap on overtime workweek hours at 65 hours;
- Requires that expenditures for hours in excess of forty hours each workweek not exceed 8.25% of the total average authorized personal care hours for the fiscal year;
- Lessens the quarterly expenditure reporting requirements to annually and removes the requirement for a spending plan as it is identified in the budget allocation for the program;
- Lessens the taskforce meetings to "when the department determines that it is projected to or is exceeding the expenditure limits....or more frequently as desired by the taskforce".

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Comments/testimony:

IPOne was expensive and should be a warning to not make sweeping changes like this again. This replaces IPOne and overhauls the program. It is not right to have caregivers' lives turned upside down by another overhaul of the system.

The statute transfers the same responsibilities to the consumer that they have today to select, schedule and manage the work of their Individual Provider. The Individual Providers will also experience a more streamlined and efficient onboarding process as far as required paperwork and tracking of required training and background checks.

Because this is going to a private contractor, this is a way the Department can escape due process. If a private contractor interferes with the Medicaid access, they are not subject to fair hearings. Fair hearings only attach to Department actions that affect Medicaid recipients.

Currently, consumers have an administrative hearing right if their choice of provider is denied by the Department. The statute creates a dispute resolution process if a consumer's choice of provider is denied by the Consumer Directed Employer. Consumers and advocates will be integral to the development of this process.

This establishes a statewide home care agency and relieves the state from being a co-employer. If the state were to establish an agency, it would erode the existing home care agency system. The state should be in competition with private employers providing home care in Washington state.

The state's current system of in-home care offers consumers the choice between an Individual Provider of personal care and an agency provider. This choice is preserved in the Consumer Directed Employer Program. Consumers may continue to select an Individual Provider but instead of referring the Individual Provider to the Department for contracting, the Individual Provider will be referred to the Consumer Directed Employer. Consumers who do not wish to select an Individual Provider and take on responsibility for managing and overseeing the provider, will have the option to select from a home care agency just as they do today. The state's system will accommodate both preferences in the same way that it does now by continuing to offer this important choice.

Again, thank you for the opportunity to testify. This bill allows case managers to focus on critical case management services and gives individuals in our state the continued opportunity to receive services in their own homes. I would be happy to meet and discuss this with you further or answer any additional questions you may have.

Sincerely,



Bill Moss
Assistant Secretary

DSHS: *Transforming Lives*

Cc: Evan Klein, Counsel, Senate Health and Long Term Care Committee
LeighBeth Merrick, Counsel, Senate Health and Long Term Care Committee

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James Kettel, Senior Fiscal Analyst, Senate Committee Services

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