

# Personal Care Services (PCS): Cost and Compliance

## Issue

Personal Care Services are not simply caregiver wage-and-benefit services. Alaska regulations require providers to maintain a significant administrative, compliance, supervision, documentation, training, EVV, audit, and quality oversight infrastructure to participate in Medicaid and safely deliver care.

These costs are mandated by regulation and are necessary to ensure program integrity, recipient safety, and compliance with state and federal requirements.

## Personal Care Services Cost Breakdown

**Reimbursement Rate: \$36.00/hour**

### Direct Care Costs

- Average base wages: \$20.60 – \$22.25/hour
- PTO accrual (1 hour per 30 hours worked)
- Payroll taxes and workers' compensation

**Estimated total: \$22.00 – \$25.00/hour**

## Remaining Funds After Wages

$\$36.00 - \$22.00 \text{ to } \$25.00 = \mathbf{\$11.00 - \$14.00/hour \text{ remaining}}$

## What the Remaining \$11–\$14 Must Cover

### Provider Infrastructure Required Beyond Caregiver Wages

Required Function	Description
Program administrator	Day-to-day oversight including training, supervision, admissions, service review, coordination, and reporting
Supervisory oversight	Monitoring health, safety, fraud/waste/abuse, training, and quality of care, including required in-home reviews every 6 months
EVV compliance + full shift review	Review of EVV data, resolution of exceptions, and validation of every claim; missing elements may result in overpayment
Documentation and EVV compliance	Multiple documentation systems required under 7 AAC 105.230, 7 AAC 125, and 7 AAC 127, increasing administrative workload and compliance risk
Payroll risk	Caregivers must be paid even if documentation or EVV deficiencies make shifts non-billable
Workforce onboarding & credentialing	Each caregiver requires full Medicaid enrollment and pre-hire orientation and training. (~\$460 and ~20 administrative hours to process), background checks (~\$87 per check, valid 5 years), CPR/First Aid (~\$50 every 2 years), and medication assistance (\$20).
Training systems	Ongoing tracking and documentation of required caregiver training

Required Function	Description
Self-audits and audit exposure	Required biennial self-audits and potential external audits requiring full documentation review and repayment risk
Quality improvement	Complaint tracking, service review, and reporting requirements
Brick-and-mortar operations	Office, insurance, secure record systems, and administrative staffing
Medicaid certification & revalidation	Recertification every 2 years, provider revalidation every 3 years, and caregiver revalidation every 5 years

**These are not optional business functions—they are required systems that must operate for every visit in order for a claim to be paid.**

### Additional Unreimbursed Costs

#### Overtime

- Paid at 1.5x wage (≈ \$30–\$33/hour)
- Reimbursed at \$36/hour

#### Non-billable service time

- Waiting during medical appointments
- Travel inefficiencies

#### Mileage reimbursement

- Direct cost to provider

### Why This Matters for Reimbursement Policy

The State’s LTSS [rate study](#) shows approximately **40% of service cost is attributable to required non-wage functions.**

However, some policy approaches assume only **~20%** is needed.

#### Structural Mismatch:

- Actual cost: ~40%
- Assumed allowable: ~20%

**This difference reflects required compliance infrastructure, not discretionary overhead.**

### Three Simple Examples of System Inefficiency

#### Example 1: One Visit, Two Systems

Federal EVV captures:

- Date, time, and location
- Type of service
- Caregiver and recipient

Alaska requires additional documentation:

- Tasks performed
- Response to care
- Changes in condition
- Annotated case notes
- Client and caregiver signatures

👉 Providers must maintain **two documentation systems for the same visit** and ensure they align.

**Potential solution:**

Require EVV systems to capture both federal and state documentation requirements.

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**Example 2: Duplicate Fraud Prevention Systems**

EVV provides real-time verification of service delivery.

Alaska also requires **full Medicaid enrollment for each caregiver**, a separate fraud prevention system.

👉 Result:

- Duplicate oversight systems
- Administrative cost for providers
- Additional burden for the state

**Potential solution:**

Use existing identifiers (background check system IDs or NPI) with EVV instead of full Medicaid enrollment.

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**Example 3: Burdensome Intake and Renewal Requirements**

PCS intake and annual renewal processes can take **60+ days**.

A major driver is collecting **up to a year of medical records**, even for low levels of care.

👉 Result:

- Significant staff time to request, track, and review records
- Repeated burden at intake and annual renewal
- Delays in access to care

**Potential solution:**

The Department uses the Health Information Exchange (HIE) or rely on Verification of Diagnosis (VOD) from primary medical provider rather than the home care agency.

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**Bottom Line**

At a \$36/hour reimbursement rate, providers pay \$22–\$25 in wages and benefits, leaving approximately \$12/hour to operate a fully regulated healthcare program.

These are not optional costs—they are required by Medicaid regulations.

A reimbursement structure that does not account for these costs risks:

- Reduced provider capacity
- Increased compliance risk
- Reduced access to care for Alaskans, particularly in rural communities

Providers support investing in the workforce and offering competitive wages to ensure long-term sustainability.

However, implementing wage mandates before addressing system inefficiencies, administrative burden, and reimbursement adequacy risks further destabilizing the program.

Without aligning reimbursement with the true cost of delivering compliant care, additional requirements may:

- Reduce the number of participating providers
- Limit service availability
- Delay or deny access to care

**Without addressing these structural inefficiencies first, additional requirements risk reducing access to care faster than the system can expand the workforce.**