

Testimony to House Finance Committee

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My name is Sarah Bettridge. I am President of Symphony Homes and Services in Juneau, which operates a small group home for disabled Medicaid Waiver recipients, and is known as Harmony House. I would like to start out by thanking you for your time and dedication, and for the opportunity to speak before you.

As the operator of an assisted living group home, I wear many hats. Harmony House is a bright, accessible home where we focus on a family setting. Everything from running the office to making meals, accompanying residents to doctor's appointments and participating in annual state-required financial audits and home inspections. Our household includes two high need individuals that I manage care for. Besides all the operational duties, my staff and I must also be informed about and be constantly responsible for the extreme medical and physical care, medications, special equipment and safety precautions our residents require, as well as understand two people who cannot speak nor clearly share their emotions.

Our residents are "high-needs" clients – both requiring 24-7 care, and they have varying levels and types of disabilities. They both enjoy and benefit greatly from community integration and the activities for personal development delineated in their state-approved plans of care (POC).

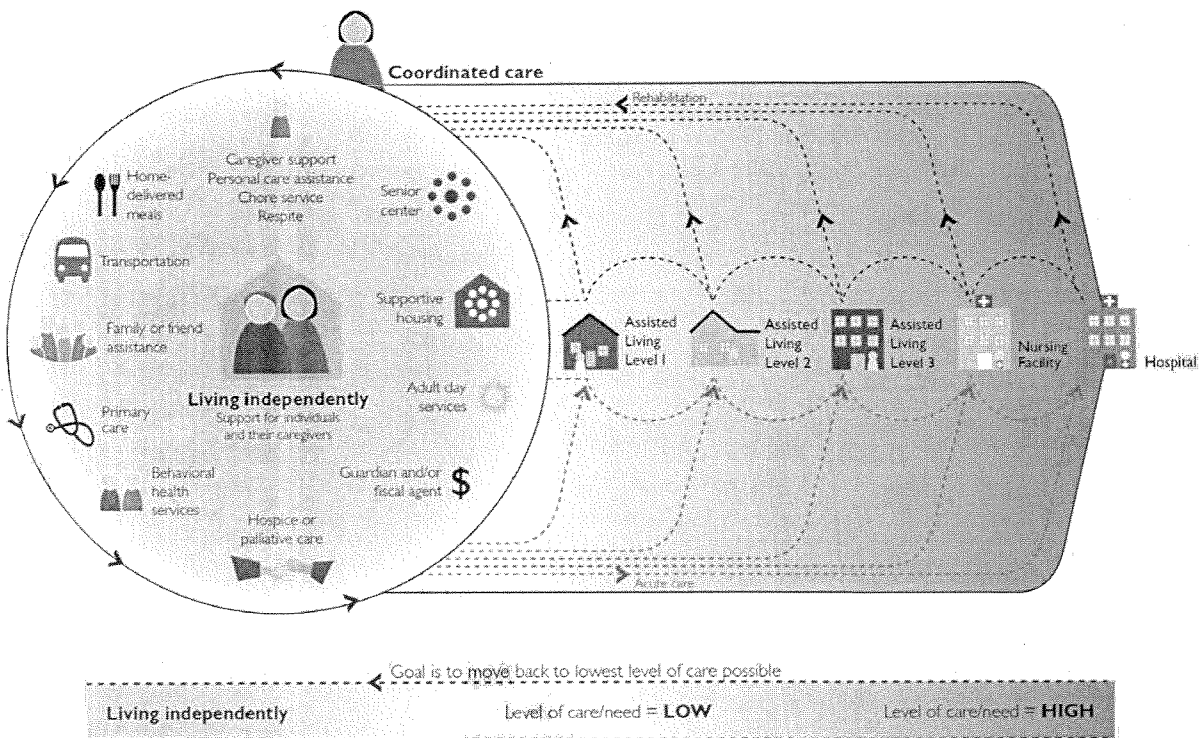
Now, why did I think the House Finance Committee would want to know about this? I know you are charged with funding the State budget, so I will try to talk to you about MONEY. I will attempt to make clear that recent Department of Health and Social Services regulation changes will cost the State more money instead of less. This will start taking effect this year and create a cascading problem due to rushed efforts to reduce costs.

I would like to call your attention to the fact that at the same time these new regulations came out July 1st, an excellent report was released called *Alaska's Long Term Services and Support- a Strategic Plan* prepared for the Department of

Health and Social Services by Agnew::Beck Consulting. It zeros in on what the State is up against with a growing population for these services in the midst of budget cutting. I urge you and your staff to read it as there are many specific strategies and recommendations that Alaska can implement that would lower costs and improve care.

Please see the graph titled *“What Does a Sustainable System of Long-Term Services and Supports Look Like?”*

What Does a Sustainable System of Long-term Services + Supports Look Like?



We all want a sustainable system for service and support for this population of Alaskans. This graph shows the goal: move to the lowest level of care possible so a person can live as independently as possible. Not only is this best for individuals and their families it is also the one with the lower price tag associated with care. As you move to the right, cost of care goes up with each increase in a person's need, but also due to the delivery options available.

My group home is pictured on this graph as assisted living level 2. Because we are able to take excellent care of high needs individuals we are saving the State \$60,000 a year as we are keeping the clients out of skilled nursing homes, which would be the only alternative due to their high needs disabilities. In our assisted living group home we are able to provide services for our highest need resident at a cost of \$11,000 a month as compared to what the State would have to pay a skilled nursing facility at a minimum of \$16,000 per month (which does not include physical therapy, occupational therapy, or medication administration). That's a minimum of \$60,000 a year savings for one person. The \$11,000 per month also includes one-on-one community integration through Day Habilitation services that cannot be provided by a skilled nursing facility. This integration in the community is critical to the client having a high quality of life, rather than sitting at home without exercise and stimulation most of the day. Smaller group homes of 2-3 clients are a vital part of the community of care providers. We offer more frequent and person-centered care, and therefore can provide care and homes for people who experience significant disabilities, thus avoiding the high cost of institutionalized care in nursing homes. Also, In Juneau right now there are 22 people on the wait list for the only skilled nursing home in town.

I also want to highlight that the Agnew::Beck Report looked around the country at what other States are doing to combat high costs and a rising population of need and described some Best Practice examples. Turns out they describe a Best Practice that is similar to what I have created with my company here in Juneau. It is called a Green House Model. I quote:

In the Green House model, residents receive care in small, self-contained homes organized to deliver individualized care, meaningful relationships, and better direct care jobs through self-managed teams of direct care staff working in cross-trained roles. Recent research shows that Green House homes significantly improve quality of life and care, create better direct care jobs, cost the same or less to operate than traditional nursing homes, and save the healthcare system costs associated with avoidable hospitalizations and pressure ulcers."

While the Greenhouse Model description in the Agnew::Beck Report refers to nursing homes, much of these innovations are implemented in our group home and that saves the State money. Incentives should be provided to group homes that are adopting this model to keep clients' overall expense to the State low. Regulations and rate structures should be avoided that choke off small business innovation in health care delivery.

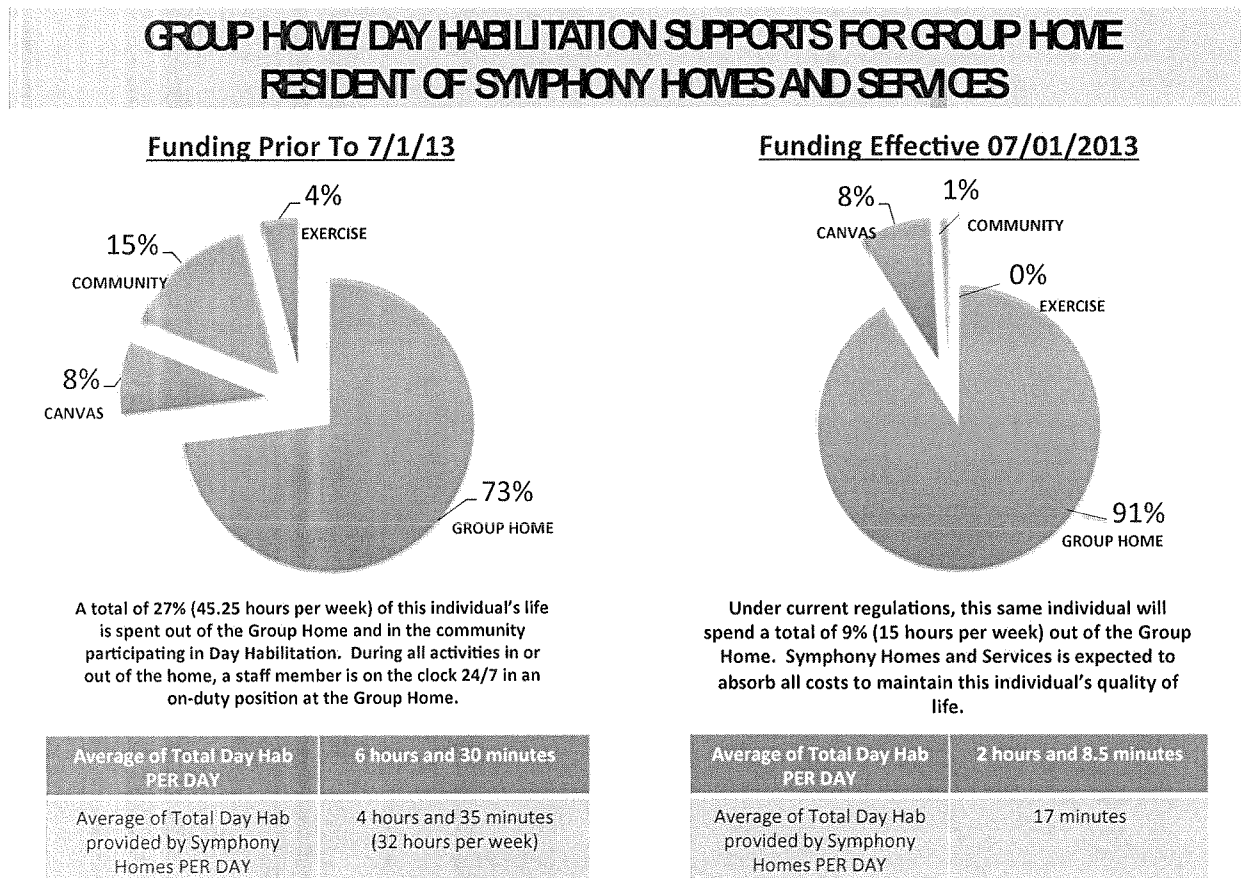
DAY HABILITATION HOURS

The new Day Habilitation regulations released July 1st by DHSS are hurting our ability to stay in business. Specifically targeted are new regulations that limit group home recipients to a maximum of 15 hours per week of reimbursable Day Habilitation services. Not only will a recipient's quality of life be vastly affected by these presumably cost cutting measures, they threaten our exemplary business model.

Just last week, while preparing this testimony, I had a staff call in sick for two days. This employee was scheduled to take a resident out for Day Hab both days. Due to my own duties in keeping up with group home needs and taking another resident to a doctor appointment, this resident was not able to get out of the house for two days. **This is a direct decrease in his quality of life.** Sure, it's not often that a staff calls in sick; however, to reduce his Day Hab hours by 30 hours per week means this example can become his typical lifestyle.

See next page.....

Please refer to the following Pie Chart as I describe the impact to my business and residents as a result of these changes.



This chart is a comparison of hours received for Day Habilitation for one resident of Harmony House. The hours of Day Hab not only represent money to my company that allows me to pay my bills, but also this resident's quality of life. The State is forcing my company to absorb the costs of lost day Hab hours that I can bill for. Even though the new regulations have increased the daily Group Home rate to compensate us somewhat for this loss, still the net loss of revenue to my company is \$68,000. /yr.

We respectfully request that in the FY15 budget, day habilitation hours for group homes be funded at FY13 levels to pay for day habilitation hours beyond 15 needed for those waiver recipients whose quality of life seriously depends on it. Double billing abuses can still be avoided without penalizing operators who run honest and audited group homes.

CARE COORDINATION

Last, I wish to call your attention to the detrimental effect these regulations will have on Care Coordination and how these regulations will eventually increase costs. Care Coordinators act as liaisons between the client and the Department. They are the safeguard to the whole system, ensuring that each client is provided the services most uniquely beneficial to them, and that the providers are following the state-approved Plans of Care. It could be argued that Care Coordinators are the most important piece of the puzzle to ensure continuity and ethical care. Current reductions in reimbursements to Care Coordinators reduces their importance and may cause some to leave the system. Due to these regulation and rate changes, the independent Care Coordinator who serves both of our residents has already lost income in the amount of \$9048.

In conclusion, I want you to know we are grateful for being able to present these issues to you in an effort to make a sustainable health care system in Alaska a reality. We offer to work with you and the Department toward that goal.

Thank You.
