

ALASKA STATE LEGISLATURE

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REPRESENTATIVE LIZ VAZQUEZ

District 22 – Jewel Lake, Sand Lake, Kincaid, West Dimond & N. Campbell Lake

House Bill 315

Sponsor Statement

“An Act related to an electronic visit verification system for providers of certain medical assistance services.”

The Home and Community Based Personal Care Assistant Services (“PCA”) is a vital Medicaid service that provides hands-on assistance to seniors and individuals who have disabilities. PCA services are provided through the Department of Health and Social Services, Senior & Disability Services. In Fiscal Year 2015 Alaska spent approximately 87 million dollars on this Medicaid service. PCA services can provide savings to the state by keeping recipients of this service from living in more expensive facilities such as assisted living homes. However, there is waste, abuse, and sometimes, fraud in delivering home care or personal care services. As a result, millions of dollars are lost. This bill will provide more accountability for PCA services and has the potential to save the state millions of dollars, **between \$15 million and \$37 million.**

During Fiscal Year 2015 there were 130 criminal convictions for Medicaid fraud in Alaska, 120 of these convictions were related to the PCA program. For example, in December, 2015, Agnes Francisco, a PCA agency owner, was convicted of Medicaid fraud because she authorized employees to submit false timesheets, valued at \$529,000, for services not provided to Medicaid recipients. Additionally, she billed Medicaid another \$1.03 million for services provided by employees who were not legally authorized to bill the Medicaid program. Fifty other individuals were also convicted of criminal offenses associated with the same PCA agency and seven individuals agreed to civil sanctions for similar conduct.

This bill requires the implementation and use of EVV systems for PCA services in Alaska. The EVV systems monitor and verify home health services delivered by PCAs by tracking whether home visits occurred and the time spent in the home. The EVV system will verify in real time the physical location of the provider (PCA) and the recipient after they both “sign in” and “sign out” of the EVV system. The “sign in” and “sign out” is usually done by land-line or cell phone and the location is verified by the EVV program. Thus, the EVV system reduces waste, abuse and fraud by capturing and reporting actual time worked by the PCA or home care provider.

The goal of HB 315 is to ensure the State only pays providers for approved services rendered by appropriate home health agency personnel while within the recipients' home or other authorized setting. This ensures that Medicaid recipients receive services as authorized. It is anticipated that billing errors, fraud, and abuse will be reduced significantly through verification of home visits through these efforts.

In an effort to address waste, billing errors and fraud in PCA programs, at least 11 states have implemented or are in the process of implementing Electronic Visit Verification ("EVV") systems for PCA or home care services. Several states have realized substantial savings after implementing the use of an EVV system. Below are some specific examples of savings realized in other jurisdictions by implementing an EVV system for PCA or home care services.

- Florida's Agency for Health Care Administration saved \$19 million in savings for Miami-Dade County alone in the first year of use and an additional \$3.5 million in savings in the second year. Thus, a total savings of \$22.5 million were realized during the first two years of implementing the EVV system.
- The Texas Department of Aging and Disability Services reported a 5% to 7.75% gross savings in the first four months of operation, a 5% decrease in hours delivered, and generated about a 3.6% net savings.
- Oklahoma conducted an electronic visit verification pilot and showed an 8% decline in visits each month, reporting a decrease in reimbursed units, and a decrease in per member monthly costs.

As Alaska's population is aging, the demand for PCA and home care services will increase. Accordingly, it is will become increasingly more important to ensure that home care is delivered properly and that publicly funded resources are being managed and spent appropriately. It is anticipated that Alaska has the **potential to realize savings of between \$15 million and \$37 million dollars.**