

**OVERVIEW  
PERSONAL  
ATTENDANT  
PROGRAM,  
3/29/06**

March 29, 2006

*Dist. by  
John Bitney*

Senator Fred Dyson, Chairman  
Senate Health, Education & Social Services Committee  
State Capitol Building  
Juneau, Alaska

Dear Chairman Dyson:

As the three organizations that comprise the Campaign for PCA Reform, we appreciate this opportunity to comment on some recent discussions between the Dept. of Health & Social Services (DH&SS) and the Senate HESS Committee regarding the Personal Care Attendant program.

The Campaign for PCA Reform has been advocating for the past two years to the Legislature and DH&SS to implement cost controls on this program. Our organizations worked with DH&SS toward developing and writing the new regulations that take effect on April 1<sup>st</sup>. We congratulate the Administration and the Legislature for taking decisive actions to curb and regulate the PCA program – actions which were delayed too long by the previous Administration.

We have received and reviewed the information provided to you by the DH&SS (March 20 letter from Assistant Commissioner Janet Clark). DH&SS has provided a fair representation of the growth of this program and how it compares with some of the other states. Hopefully this letter can offer some additional points for you to consider.

PCA costs may appear unduly high in Alaska, but we ask the Legislature to also consider the PCA growth when viewed as part of Alaska's comprehensive long term care system. Despite one of the highest growth rates of elderly within the nation, Alaska has succeeded in curbing the growth in nursing home beds over the past 15 years. Our state has essentially the same number of nursing home beds now as it did in 1990.

Consumers who receive PCA services are able to maintain their health, safety and welfare – and their need for more intrusive and expensive services can be avoided.

This is very important to Alaska's budget because while federal Medicare and private funds pay for a great deal of nursing home care in other states, in Alaska Medicare and private pay account for only 10% of nursing home stays. State Medicaid here pays about 90% -- the highest state budgetary burden in the nation.

Under the basic Medicaid contract between a state and the federal government, nursing home care is "mandatory", while personal care and other home care alternatives are "optional." A quick check with the National Council of State Legislatures or the National Governors' Association shows that many other states are struggling to close nursing home beds and convert long term care Medicaid dollars into less costly home care services.

Most other states have a much higher ratio of nursing home beds to their elderly population than does Alaska.

Earlier this session, the Legislature received numerous briefings from the Lewin Group regarding the long range Medicaid budget projections. Their presentation stated several times that the steep growth in Alaska's PCA program is an indication of Alaska's success in managing the growth of Medicaid expenditures for a rapidly growing elderly population.

Medicaid in other state budgets pay for an average of 60% of all nursing home bed days, but Alaska's Medicaid pays for about 90% of all days Alaskans are treated in nursing home beds. The number of beds in Alaska (about 725) compared to the number of PCA clients (nearly 4,000 a year) is deceptive. Each "bed" in Alaska costs State Medicaid an average of \$150,000 per year—the average Medicaid expenditure for a PCA client in Alaska is about \$14,000 per year (according to Ms. Clark's letter).

The Campaign for PCA Reform is requesting the Legislature to allow DH&SS to fully implement the new regulations. Additional changes to the PCA program at this time would divert time and effort on the part of DH&SS to begin managing these changes. Our organization has been instrumental in helping bring about some of the changes to control costs, and we remain committed to following through with these efforts.

Additionally, we would like to have the benefit of reviewing the final version of the Long Term Care and Cost Study currently underway at DH&SS. Both this report and the information provided by the Lewin Group should help in making future policy decisions about Alaska's system of long term care services.

Thank you for allowing these comments. Please feel free to contact us directly if you or the Senate HESS Committee would like any additional information from our agencies. We also hope you will call upon our agencies in the future as an informational resource regarding long term care programs and PCA.

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# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER  
FINANCE AND MANAGEMENT SERVICES

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March 20, 2006

The Honorable Fred Dyson, Chair  
The Honorable Gary Wilken, Vice-Chair  
State Capitol, Room 121, 518  
Juneau, AK 99801-1182

Dear Senators Dyson and Wilken:

The following information is being provided to you in response to your questions about the regulation changes to the Personal Care Attendant program.

➤ *What is the fiscal effect of regulations over the next three years?*

The regulation changes effective April 1, 2006 will have a substantial effect on the rate of growth in the Personal Care Attendant (PCA) program in the next three years and beyond. The rate of growth in SFY2006 has already slowed dramatically in comparison to the exponential growth rates experienced in the last few years. Through audits of PCA providers and strict enforcement of existing policies the department successfully reduced the growth rate in FY2006 to 4% compared to 22% in the prior year. The regulation changes will further reduce the growth rate in the fourth quarter of SFY2006 but the main impact will be felt in SFY2007. In comparison to the projected expenditures for SFY2006, the growth rate in SFY2007 will be a *negative* 5%. From the new benchmark established in SFY2007, the rate of growth will begin slowly increasing 5% to 6% per year as new beneficiaries of the service are added from the aging population.

Based on the historical trend in PCA expenditures we estimate that we would have needed an increment of \$17.6 million in SFY2007; however with the slower growth rate we will only need to request an estimated \$3.8 million for PCA growth. Attachment 1 includes a table and chart showing the projected fiscal impact of the PCA regulation changes.

➤ *Provide a schedule of when the department will report back to the Legislature.*

The department plans to provide progress reports on carrying out the changes and evaluation of the effect on the PCA program three times between the April 1 implementation and the beginning of the next Legislative session (July 15, September 30, and December 31). We will provide an in-

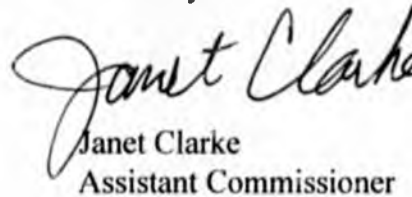
depth analysis of the status of the PCA program for the Legislature in January 2007 in advance of the next session.

➤ *How does Alaska's spending on PCA compare to other states?*

A comparison of spending on PCA services by state for 1999 to 2001 from the Kaiser Family Foundation is attached (Attachment 2-A). This data, published in June 2005, is the most recent national data available. It is important to know what each state's eligibility and service limits are before making comparisons as this information can be misleading if taken out of context. We have included eligibility criteria (Attachment 2-B) and service limits (Attachment 2-C) to aid in making comparisons.

If you have further questions, please contact me at 465-1630.

Sincerely,

  
Janet Clarke  
Assistant Commissioner

cc: Senator Bettye Davis, Capitol Building, Room 11  
Senator Kim Elton, Capitol Building, Room 115  
Senator Lyda Green, Capitol Building, Room 516  
Senator Donald Olson, Capitol Building, Room 510  
Karleen Jackson, Commissioner  
Bill Hogan, Deputy Commissioner  
Sherry Hill, Special Assistant  
Rod Moline, Director, Senior and Disabilities Services  
Laura Baker, Budget Chief, Finance and Management Services

**Personal Care Assistance  
Impact of 2006 Regulation Changes**

Notes:

Department already reduced costs in FY2006 by \$14M over earlier projections through cost containment. Regulation changes will reduce costs another \$2M in FY2006 for a total of \$16M from earlier projections. In FY2007, costs will be \$38M lower than earlier projections, setting a new benchmark. From new benchmark set in FY2007, costs will slowly increase as new beneficiaries are added from aging population.

**Projection of Historical Trend Through SFY2006**  
As of Jul-05

State Fiscal Year	Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
1998	1,124	\$5,303.8		
1999	1,164	\$6,311.2	3.6%	19.0%
2000	1,339	\$7,644.6	15.0%	21.1%
2001	1,425	\$8,300.7	6.4%	8.6%
2002	1,804	\$13,664.8	26.6%	64.6%
2003	2,747	\$39,188.6	52.3%	186.8%
2004	3,577	\$64,790.8	30.2%	65.3%
2005	3,800	\$79,573.3	6.2%	22.8%
2006	4,023	\$97,168.6	5.9%	22.1%
2007	4,246	\$114,759.7	5.5%	18.1%
2008	4,469	\$132,352.9	5.3%	15.3%
2009	4,692	\$149,946.1	5.0%	13.3%
2010	4,915	\$167,539.3	4.8%	11.7%
2011	5,138	\$185,132.5	4.5%	10.5%
2012	5,361	\$202,725.7	4.3%	9.5%

**Most Recent Projection Including FY2006 YTD**  
As of Mar-06

Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
1,124	\$5,303.8		
1,164	\$6,311.2	3.6%	19.0%
1,339	\$7,644.6	15.0%	21.1%
1,425	\$8,300.7	6.4%	8.6%
1,804	\$13,664.8	26.6%	64.6%
2,747	\$39,188.6	52.3%	186.8%
3,577	\$64,790.8	30.2%	65.3%
3,800	\$79,573.3	6.2%	22.8%
3,975	\$82,846.1	4.6%	4.1%
4,158	\$86,253.5	4.6%	4.1%
4,349	\$92,025.6	4.6%	6.7%
4,549	\$98,183.9	4.6%	6.7%
4,758	\$104,754.4	4.6%	6.7%
4,977	\$111,764.6	4.6%	6.7%
5,206	\$119,243.9	4.6%	6.7%

**Projection After Regulations Implemented in April-06**  
Establishes new benchmark in FY2007 for future

Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
1,124	\$5,303.8		
1,164	\$6,311.2	3.6%	19.0%
1,339	\$7,644.6	15.0%	21.1%
1,425	\$8,300.7	6.4%	8.6%
1,804	\$13,664.8	26.6%	64.6%
2,747	\$39,188.6	52.3%	186.8%
3,577	\$64,790.8	30.2%	65.3%
3,800	\$79,573.3	6.2%	22.8%
3,865	\$80,567.8	1.7%	1.2%
3,700	\$78,765.6	-4.3%	-4.7%
3,933	\$81,601.9	6.3%	6.3%
4,167	\$86,438.1	5.9%	5.9%
4,400	\$91,274.3	5.6%	5.6%
4,633	\$96,110.6	5.3%	5.3%
4,866	\$100,946.8	5.0%	5.0%

**Program Reductions Compared to Historical Trend**

State Fiscal Year	Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
1998	0	0		
1999	0	0	0	0
2000	0	0	0	0
2001	0	0	0	0
2002	0	0	0	0
2003	0	0	0	0
2004	0	0	0	0
2005	0	0	0	0
2006	0	0	0	0
2007	0	0	0	0
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0

Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
0	\$0		
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
0	\$0	0.0%	0.0%
-48	-\$14,320	-1.2%	-14.7%
-88	-\$28,506	-2.1%	-24.8%
-120	-\$40,327	-2.7%	-30.5%
-143	-\$51,762	-3.0%	-34.5%
-157	-\$62,785	-3.2%	-37.5%
-161	-\$73,368	-3.1%	-39.6%
-155	-\$83,482	-2.9%	-41.2%

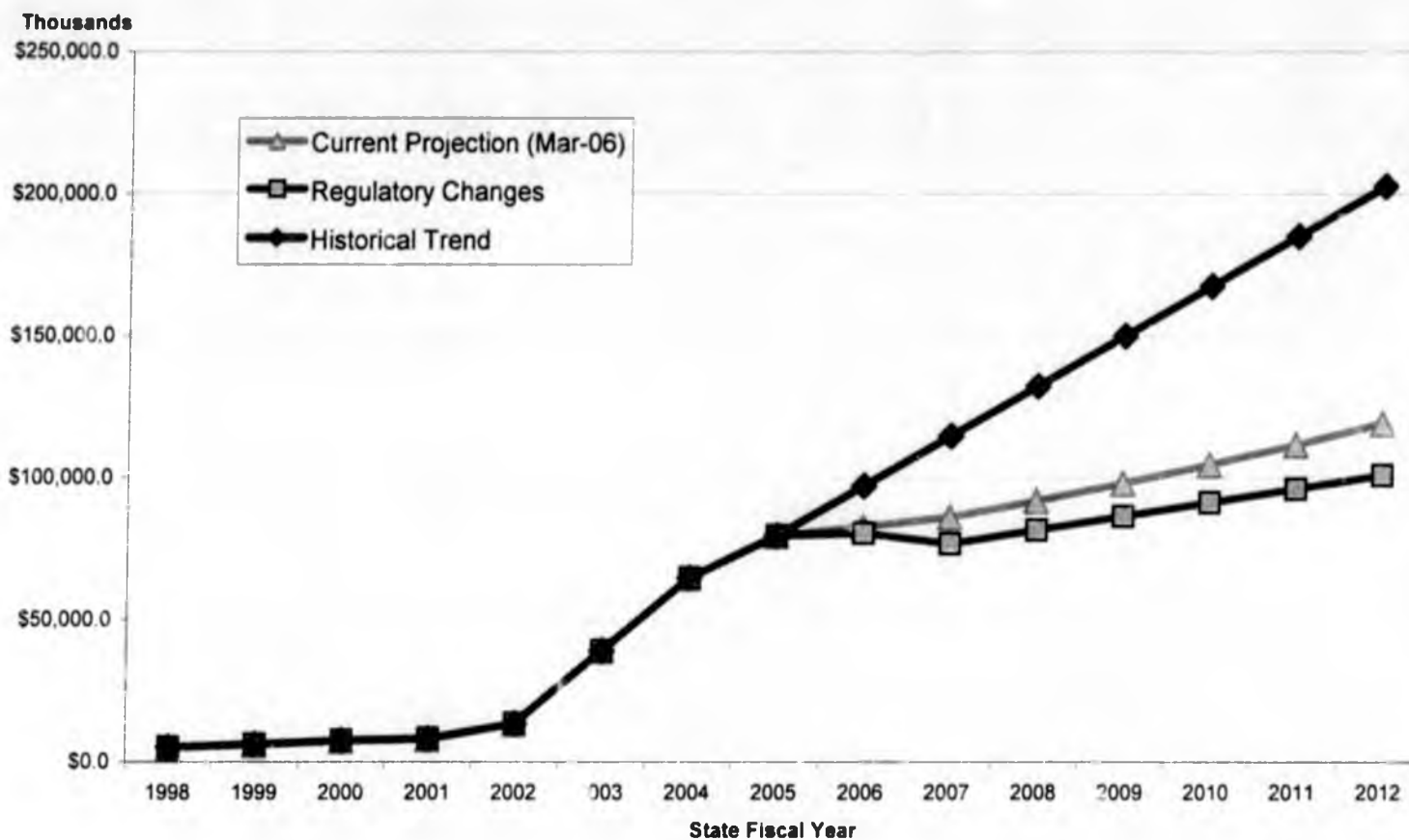
Number of Beneficiaries	Total Claim Payments	Percent Change in Beneficiaries	Percent Change in Payments
0	0		
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
0	0	0.0%	0.0%
-158	-\$16,599	-3.9%	-17.1%
-546	-\$37,894	-12.9%	-33.1%
-536	-\$50,751	-12.0%	-38.3%
-525	-\$63,508	-11.2%	-42.4%
-515	-\$76,265	-10.5%	-45.5%
-505	-\$89,022	-9.8%	-48.1%
-495	-\$101,779	-9.2%	-50.2%

1998-2005 are based on actual claim payments  
2006-2012 are projections (shaded areas)

Prepared by: DHSS, FMS, Medicaid Budget  
Updated March 17, 2006

# Personal Care Assistance Projected Fiscal Impact of 2006 Regulation Changes

ATTACHMENT 1



Prepared by: DHSS, FMS, Medicaid Budget

Medicaid & SCHIP

Personal Care Services by State, 1999-2002

ATTACHMENT 2-A

	Expenditures (in 000s)				Recipients				Average Expenditure per Recipient			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
United States	\$4,071,430	\$4,543,977	\$5,248,180	\$5,593,540	519,878	568,431	571,896	683,099	\$7,832	\$7,994	\$9,177	\$8,188
Alabama	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Alaska	4,726	6,650	8,046	38,000	1,164	1,339	1,925	2,750	4,060	4,966	4,180	13,818
Arizona	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arkansas	60,787	57,863	57,417	52,875	18,358	17,716	16,823	15,871	3,311	3,266	3,413	3,332
California	1,198,265	1,486,198	1,792,437	1,800,000	176,822	211,619	203,345	283,750	6,777	7,023	8,815	6,344
Colorado	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Connecticut	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Delaware (1)	0	0	0	0	0	0	0	0	0	0	0	0
District of Columbia	9,422	9,918	10,977	6,320	1,624	1,625	1,649	1,710	5,802	6,104	6,657	3,696
Florida (2)	NA	NA	NA	232,000	NA	NA	NA	13,604	NA	NA	NA	17,054
Georgia	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hawaii	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Idaho	17,700	17,200	12,500	14,900	2,196	1,921	1,823	2,253	8,060	8,954	6,857	6,613
Illinois	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Indiana	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Iowa	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Kansas	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Kentucky	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Louisiana	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maine	4,216	4,914	5,042	6,115	1,092	1,289	1,388	1,533	3,861	3,812	3,633	3,989
Maryland	19,152	20,318	21,772	21,755	4,929	5,012	5,068	4,832	3,886	4,054	4,296	4,502
Massachusetts	74,000	115,994	142,698	160,000	3,718	5,666	6,938	9,000	19,903	20,472	20,568	17,778
Michigan	166,445	179,393	219,565	220,628	43,394	46,309	47,920	51,425	3,836	3,874	4,582	4,290
Minnesota	106,332	117,183	129,755	131,835	7,111	7,317	7,773	7,506	14,953	16,015	16,693	17,564
Mississippi	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Missouri	105,092	125,675	147,261	191,200	36,575	39,203	41,111	41,111	2,873	3,206	3,582	4,651
Montana	17,627	19,201	20,348	23,930	2,765	2,794	2,925	2,996	6,375	6,872	6,957	7,987
Nebraska	5,742	5,984	6,125	6,854	621	641	668	1,243	9,247	9,335	9,170	5,514
Nevada	2,430	2,920	4,827	16,519	491	449	795	1,501	4,948	6,504	6,072	11,005
New Hampshire	2,555	2,900	686	797	122	124	38	35	20,942	23,387	18,043	22,780
New Jersey	179,817	190,781	199,242	232,116	19,704	20,592	15,639	16,430	9,126	9,265	12,740	14,128
New Mexico	NA	4,971	51,649	125,000	NA	820	3,078	6,614	NA	6,062	16,780	18,899
New York	1,464,026	1,520,556	1,571,618	1,589,925	39,577	88,788	88,370	88,281	16,344	17,126	17,785	18,010
North Carolina	73,964	92,950	113,353	153,829	9,085	11,236	12,667	27,064	8,141	8,273	8,949	5,684
North Dakota (2)	NA	NA	NA	1,960	NA	NA	NA	450	NA	NA	NA	4,356
Ohio	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Oklahoma	28,448	35,203	40,016	29,000	6,159	7,473	7,011	10,000	4,619	4,711	5,708	2,900
Oregon	862	1,557	2,157	390	1,265	2,070	2,678	2,000	682	752	806	195
Pennsylvania	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**Medicaid & SCHIP**

**Personal Care Services by State, 1999-2002**

ATTACHMENT 2-A

	Expenditures (In 000s)				Recipients				Average Expenditure per Recipient			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
Rhode Island {1}	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
South Dakota	855	845	1,195	1,174	886	994	1,015	1,057	965	850	1,177	1,111
Tennessee	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Texas	377,363	382,120	509,872	315,238	67,681	70,284	77,824	62,366	5,577	5,437	6,552	5,055
Utah	293	477	581	50	181	279	318	211	1,617	1,708	1,827	235
Vermont {2}	NA	NA	NA	6,076	NA	NA	NA	1,563	NA	NA	NA	3,887
Virginia	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Washington	53,300	39,500	51,600	83,200	7,625	6,514	7,208	11,000	6,990	6,064	7,159	7,564
West Virginia	28,715	28,353	26,742	26,258	5,686	5,849	5,312	4,535	5,050	4,848	5,034	5,790
Wisconsin	69,297	74,354	100,697	105,598	11,067	10,508	10,587	10,408	6,262	7,076	9,511	10,146
Wyoming	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Guam	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Puerto Rico	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Virgin Islands	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Residence Unknown	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Personal care services are a Medicaid optional benefit.

**NA:** No program offered. **Personal Care Services:** One of several optional state plan services which serves as one of three main ways a state can provide Medicaid home and community-based services. The other two are the 1915(c) Home and Community-Based Service Waiver and Home Health Benefit.

Source: University of California at San Francisco (UCSF) estimates based on the Centers for Medicare & Medicaid Services (CMS) Form 372 for the Kaiser Commission on Medicaid and the Uninsured, July 2005. "Medicaid 1915(c) Home and Community-Based Service Programs: Data Update" available at "<http://www.kff.org/medicaid/upload/7345%20rev081105.pdf>".

{1} Approved by CMS to offer personal care services but did not report expenditures during the research period.

{2} Three states (FL, ND & VT) started their programs in 2002

# Eligibility Criteria for Personal Care Services by State

ATTACHMENT 2-B

Eligibility Based On:	AK	AL	AR	AZ	CA	CT	DC	FL	ID	KS	LA	MD	MA	MO	MT	NE	NV	NJ	NM	NY	NC	OH	OR	PA	RI	TN	TX	UT	VT	VA	WA	
<b>Age</b>						X	X	X	X	X	X	X	X						X		X	X	X	X	X	X	X	X	X	X	X	
<b>Disability Type</b>		X	X	X		X			X			X											X	X	X	X		X	X	X		
Physical Disability						X			X			X											X	X	X	X		X	X	X		
Mental Retardation			X																				X									
Other DD - Autism, etc.			X			X						X											X		X				X	X		
Mental Illness									X																							
Dual Diagnosis - MRRMH			X																													
Dual Diagnosis - MR/Physical			X			X																								X		
Vision									X																					X		
Hearing									X																					X		
Brain			X						X			X													X				X	X		
HIV/Aids									X																				X			
Dementia									X																				X			
Other Disability									X																				X			
<b>Function Impairment</b>	X	X	X	X	X	X		X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Number of ADL	1		1, 2		1							2				1						1	6		2							
IADL Alone				X	X				X						X											X						
NFLOC		X		X				X	X	X		X		X	X		X	X	X	X	X				X	X	X	X		X	X	
<b>Disability Indicators - Severity</b>		X		X	X			X	X	X		X		X	X		X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Risk of Institutionalization		X		X				X	X			X		X	X		X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Meet Medicaid Criteria-Nursing Homes		X		X				X	X	X		X		X	X		X	X	X		X				X	X	X	X		X	X	
Disabled Based on SSA Definition					X			X															X									
Severe Mental Retardation				X																												
Severe Mental Illness				X																												
Other Disability									X											X			X			X	X	X				
<b>Employment</b>						X						X															X					
<b>Income</b>	X	X		X	X	X			X			X		X	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Assets</b>	X	X	X	X	X				X					X	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Other Criteria</b>	X	X	X			X			X			X		X	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Consumer Directed Option</b>	X	X	X		X			X		X		X			X	X	X	X	X	X	X		X		X			X				
<b>Hours per Week Limitation</b>	0		56		45			20	X	16																						

X - Yes  
 DD - Developmental Disability  
 MR - Mental Retardation  
 MH - Mental Health  
 ADL - Activities of Daily Living (walking, eating, dressing, bathing, toileting, transferring between a bed and a chair)  
 IADL - Instrumental Activities of Daily Living (doing laundry, cleaning, food preparation, managing money, conducting business affairs, using public transportation, writing letters, obtaining appointments, using the telephone, engaging in recreational or leisure activities)  
 NFLOC - Nursing Facility Level of Care (requirements can vary, but it can be assumed to be a limitation in at least one ADL)

Not all states offer PCA services.  
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**Consumer Directed Option** - 16 states offer a consumer directed option.  
**Hours per Week** - 10 states limit the hours of personal care services per week. Limits on the hours per week range from 56 to 5.

**How do states limit the PCS Benefit?**

States may limit the PCS benefit through two mechanisms: "medical necessity" and "utilization control." They can, for example, limit the hours of service provided each day or impose limits on the type of services provided. Limits imposed by states on the Personal Care Services Benefit are as follows ~

Alaska (a)	One assessment and treatment plan per 12 months
Alabama	12 Hours a week
Arizona (a) (b)	- - -
Arkansas (c)	Cannot exceed 72 hours per month without prior approval.
California	Services must not exceed 283 hours per month.
Florida	40 Hours a week
Wash., DC	Services cannot exceed 4 hours per day or 1,040 hours in 12 months without prior authorization.
Idaho (a)	16 hours per week
Kansas	Prior authorization is required for up to 24 hours per day.
Maine	Available to individuals with chronic or permanent disabilities who are able to self-direct a personal care attendant
Maryland	Services are provided at one of four intensity levels of care subject to prior authorization. 35 Hours a week.
Massachusetts	Prior authorization is required.
Michigan (b)	- - -
Minnesota	Prior authorization is required.
Missouri (a)	Need assessment to be completed every 6 months
Montana	40 hours per week unless prior authorization is obtained
Nebraska	40 hours per week unless prior authorization is obtained
Nevada (a)	Prior authorization is required.
New Hampshire	Recipients must be chronically wheelchair-bound.
New Jersey	25 hours per week or up to 40 hours per week with prior authorization
New York	6 months for one of three levels of services with prior authorization unless exceptions are authorized for up to 12
North Carolina	80 hours per month and covered only if no home health aide services are provided on the same day
Oklahoma (c)	Departmental approval is required.
Oregon	Prior authorization is required. 7 Hours a week.
South Dakota (a)	120 hours per calendar quarter
Texas	Lesser of 50 hours per week or the rate of the average nursing facility; prior authorization is required and a plan of treatment must be reviewed.

Utah	60 hours per month and covered only if no home health aide services are provided on the same day
Washington (c) (b)	---
West Virginia	Limited on a per-unit, per-month basis; prior authorization is required for additional hours of care.
Wisconsin	Prior authorization is required for more than 250 hours per calendar year; housekeeping tasks are limited to one-third of the time spent in the recipient's home.

(a) Provide personal care services to only the categorically needy.

(b) No limitation specified.

(c) Provide most Medicaid services to both categorically needy and medically needy, but limit personal care services to categorically needy.

Source: Medicare and Medicaid Guide, Commerce Clearing House, Inc. From *Adults with Severe Disabilities: Federal and State Approaches for Personal Care and other Services*, published May, 1999 (GAO-HEHS 99-101). Download from <http://www.gao.gov/>

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State of Alaska  
**DEPARTMENT OF HEALTH & SOCIAL SERVICES**

Frank H. Murkowski, Governor

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March 3, 2006

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Senior & Disabilities Services questions: (907) 269-3389

### **Personal Care Assistant Program regulations filed**

Regulations for the Department of Health and Social Services' Personal Care Assistant Program were filed March 1 by the Lt. Governor's Office and will become effective April 1, 2006.

### **Medicaid Personal Care Assistant program**

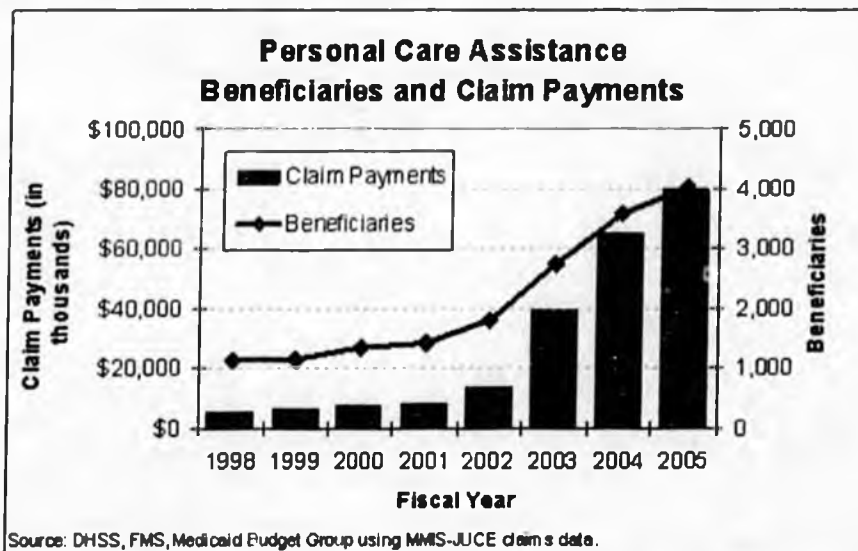
The Department of Health & Social Services (DHSS) Personal Care Assistant (PCA) program provides assistance to elderly and disabled individuals who need help with daily living tasks such as dressing, eating, bathing, or using the bathroom. The Medicaid-funded program provides individuals the opportunity to live in their own home or community instead of living in a long-term care institution or facility. Assistance is available through either:

- an **agency-based** program that employs assistants and manages all details of care for recipients; or
- a **consumer-directed** program in which employment of an assistant, schedule of care, and related details are managed by the recipient or their representative.

### **PCA Program enrollment has increased nearly 185 percent and cost has increased more than 950 percent over the past six years**

The number of PCA recipients served and the cost has steadily increased since the program was implemented. In 2000, the program served 1300 recipients at a cost of \$7.6 million.

The final cost for fiscal year 2005 (FY05) was \$79 million, serving about 3800 recipients. The department estimates that if no changes are made to the PCA program, the FY06 cost could reach \$97 million, serving about 4,200 recipients.



In 2005 the state legislature directed DHSS to develop regulations to better manage and evaluate the PCA program. The state's goal is to slow and manage the growth of the PCA program, so that there is not a significant reduction in services in the future. Exponential PCA program growth threatens the ability of the state to fully fund other department services, such as prescription drug benefits, dental care, child protection services, and public health nursing.

DHSS earlier this year audited a number of PCA agencies and assistance providers. The audits revealed the need for improvement in a number of components of the program — from both a state and provider perspective.

Overall, audits revealed a pattern of inconsistent provision of services by providers to PCA recipients. This inconsistency is most likely the result of:

- DHSS lacking a prescribed standard of care for PCA providers.
- DHSS being unable to clearly identify the state's role and the provider's role in the care of the recipient.

Alaska established the Personal Care Assistant Program in 1986 to serve people who needed hands-on help with essential daily activities. The Alaska Department of Health and Social Services amended the program in 2001 to expand services and to allow consumers to manage their own personal care assistant.

The Department of Health & Social Services issued regulations to amend the Personal Care Program in July 2005. In August, DHSS held workshops in Juneau, Fairbanks and Anchorage. The public comment period closed August 15, 2005. DHSS adopted the revised regulations November 29, 2005. New regulations were filed with the Lt. Governor's Office March 1, 2006, and will become effective April 1, 2006.

A copy of the adopted regulations is available online on the DHSS Public Notices page:  
[www.hss.state.ak.us/publicnotice/regulations.cfm](http://www.hss.state.ak.us/publicnotice/regulations.cfm).

### **New Regulations reflect public comments**

The regulations generated hundreds of comments. Among the most significant:

- Many expressed concern about the time for tasks allowed by the new Personal Care Assessment Tool (PCAT). The assessment tool has since been adjusted to address those concerns.
- Some were apprehensive about the proposed exclusion of people who receive Supported Living, a service under the Mental Retardation and Developmental Disability Medicaid Waiver Program. DHSS dropped that exclusion.
- Provider agencies expressed concern about their ability to meet certain billing and training requirements; these provisions of the proposed regulations will be delayed until February 1, 2007 to allow providers time to comply.
- Some were concerned about the state's ability to implement prior authorization of service quickly. The state is working with providers and a contractor to set up an efficient system of prior authorization.
- Public comments indicated concern about the state conducting PCA assessments. A private contractor (Arbitre) will conduct these assessments. Arbitre's infrastructure, developed through their DHSS contract, enables them to conduct assessments for more than 3000 Medicaid Waiver recipients.

### **PCA changes reflect direction given by the legislature**

The Division of Senior and Disabilities Services worked with the Association of Personal Care Attendant Agencies and other states to make appropriate changes to PCA regulations to contain costs and strengthen the PCA program. A public hearing was held in late May to gather additional suggestions about changes to the program. Regulation changes include:

#### **Recipient assessments and plan of care**

- Adopts a new standardized recipient Personal Care Assessment Tool to be used for all PCA recipients to provide a reliable and consistent care plan to be used by PCA providers, PCA agencies and DHSS.
- Requires a physician's certification of the recipient condition to confirm the need for PCA services.
- Requires that the recipient assessment will be conducted by Arbitre (previously the PCA agency would conduct the assessment, determining how much care the Medicaid program would pay for).
- Requires coordination of PCA plans with Home and Community-based Waiver Service plans.
- Does not allow "stand-by" PCA assistance, unless it is approved in the recipient's plan of care and the person has a documented history of falls (previously "stand-by" assistance allowed PCA providers to remain on site, while paid, in case care was needed).
- Requires prior authorization of all PCA services by the Division of Senior and Disabilities Services or the department's designee.

#### **Recipient eligibility**

- Sets criteria for recipient PCA services — the recipient must require substantial assistance with *two* "activities of daily living," which includes: transfers, dressing, eating, toileting, locomotion and bathing (this is a change from practice of requiring only *one* activity of daily living to qualify for PCA services). Most states providing PCA services require that recipients need assistance at a nursing home level of care.
- Defines recipient eligibility, when, without PCA assistance, the recipient would require hospitalization or nursing home care, or the PCA recipient would lose employment.
- Establishes if other formal or informal resources are available which should provide some recipient support — such as family members residing in the home who can help with the recipient's care.

#### **PCA provider requirements, responsibilities**

- Defines and requires PCA provider training, minimum education and experience, and Medicaid certification.
- Requires that if more than one PCA recipient resides in the same home, only one PCA provider can be paid to perform shared tasks such as laundry or meal preparation.
- Clarifies responsibilities of the consumer-directed personal care agencies and who can act as a representative for a recipient.
- Prohibits direct solicitation of clients from other PCA agencies.

#### **Department response to the Legislative intent**

- Wording of the "purpose and scope" of the PCA Program was clarified to indicate the program is available to prevent hospitalization and nursing home placement, or enable a disabled person to work.
- "Standby assistance" was more narrowly defined so that it would only be linked to unsafe situations.
- Instrumental Activities of Daily Living (IADL's) are limited to specific needs outlined in the Personal Care Assessment Tool and linked to an Activity of Daily Living (ADL).
- DHSS piloted, modified and adopted the Personal Care Assessment Tool to provide "an objective recipient assessment tool."
- The regulations provide for physician certification of recipients' medical conditions.

- If more than one recipient of PCA services resides in the home, only one PCA can be paid for shared services.
- A certification application packet and process was established for Medicaid PCA providers.
- All individual PCA providers are required to be CPR and first aid certified, and to have a unique identification number by February 1, 2007.
- Assessments are to be completed by a state contractor and prior authorizations for service will be required.
- Providers of PCA services are expressly prohibited from soliciting clients.

The Dept. of Health & Social Services estimates that cost reductions to the program should start occurring in February 2006. If that timeline is met, according to projections, the PCA program will have stabilized for the first time in 5 years, and expenditures in FY06 will be approximately equal to FY2005 (\$80 million).

**Legislature directs DHSS to make changes in PCA program**

The 24<sup>th</sup> Alaska State Legislature directed the department in the FY06 operating budget to make regulation changes to control the costs of the PCA program. House Bill 67 contained legislative intent aimed at DHSS and Senior and Disabilities Services to make regulation changes:

- 1) Clearly defining recipient eligibility in the "purpose and scope" section where, absent PCA assistance, an individual would require hospitalization or nursing home care;
- 2) Clearly defining recipient eligibility in the "purpose and scope" section where, absence of PCA assistance would result in the individual's loss of employment;
- 3) Deleting "stand-by" assistance as an allowable PCA task;
- 4) Clearly stating that Instrumental Activities of Daily Living (IADLs) are not allowable unless specifically related to an approved task for an Activity of Daily Living (ADL) need;
- 5) Adopting an objective client assessment tool that results in a reliable and consistent care plan to be used by PCA providers, PCA agencies and the department;
- 6) Requiring physical certification of an individual's condition as stated in the PCA assessment to confirm need for services;
- 7) Requiring that if more than one PCA recipient resides in the same home, only one PCA provider is allowed for both recipients;
- 8) Tightening enrollment criteria for all providers to require specific training and experience;
- 9) Requiring Medicaid certification for PCA provider agencies;
- 10) Requiring that the owner/manager of a PCA agency meet specified minimum level of education and administrative or business experience in a related field;
- 11) Clearly stating that an individual's assessment function will be conducted by department staff or the department's designee;
- 12) Requiring prior authorization by department staff or the department's designee for all PCA services;
- 13) Including a new regulation that prevents the individual solicitation of clients by PCA agencies and provides consequences for such actions; and
- 14) Review consumer directed services to determine processes or procedures to improve program effectiveness.

For information about the Personal Care Assistant program, call the Division of Senior & Disabilities Services (907) 269-3389.

**Medicaid & SCHIP  
Personal Care Services**

ATTACHMENT 2-A (AK Update)

	Expenditures (in 000s)				Recipients				Average Expenditure per Recipient			
	1999	2000	2001	2002	1999	2000	2001	2002	1999	2000	2001	2002
Alaska	\$ 4,725.6	\$ 6,650.1	\$ 8,046.4	\$ 38,000.0	1,164	1,339	1,925	2,750	\$ 4,060	\$ 4,966	\$ 4,180	\$ 13,818

	Expenditures (in 000s)				Recipients				Average Expenditure per Recipient			
	2003	2004	2005	2006 projected	2003	2004	2005	2006 projected	2003	2004	2005	2006 projected
Alaska	\$39,188.6	\$64,325.4	\$79,575.3	\$ 80,567.8	2,747	3,577	4,003	3,865	\$ 14,266	\$ 17,983	\$ 19,879	\$ 20,845

Source:

1999-2002: University of California at San Francisco (UCSF) estimates based on the Centers for Medicare & Medicaid Services (CMS) Form 372 for the Kaiser Commission on Medicaid and the Uninsured, July 2005. "Medicaid 1915(c) Home and Community-Based Service Programs: Data Update" available at "<http://www.kff.org/medicaid/upload/7345%20rev081105.pdf>".

2003-2006 YTD: Department of Health & Social Services, Finance & Management Services, Medicaid Budget Group.

# Eligibility Criteria for Personal Care Services by State

ATTACHMENT 2-8 (AK L Update)

Eligibility Based On:	AK April-06	AK	AL	AR	AZ	CA	CT	DC	FL	ID	KS	LA	MD	MA	MO	MT	NE	NV	NJ	NM	NY	NC	OH	OR	PA	RI	TN	TX	UT	VT	VA	WA
<b>Age</b>							X	X	X	X	X	X	X	X						X		X	X		X	X		X	X	X	X	
<b>Disability Type</b>			X	X	X		X			X			X											X	X	X	X		X	X	X	
Physical Disability							X			X			X												X	X	X		X	X	X	
Mental Retardation				X																				X		X	X					
Other DD - Autism, etc.				X			X						X										X		X					X	X	
Mental Illness										X																						
Dual Diagnosis - MR/MH				X																												
Dual Diagnosis - MR/Physical				X			X																							X		
Vision										X																				X		
Hearing										X																				X		
Brain				X						X			X													X				X	X	
HIV/Aids										X																				X		
Dementia										X																				X		
Other Disability										X																				X		
<b>Function Impairment</b>	X	X	X	X	X	X	X		X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Number of ADL	2	1		1, 2		1								2			1						1	6		2						
IADL Alone					X					X							X															
NFLOC			X	X				X	X	X		X		X	X		X	X	X	X	X					X	X	X	X		X	X
<b>Disability Indicators - Severity</b>			X		X	X		X	X	X		X		X	X		X	X	X	X	X			X	X	X	X	X	X	X	X	X
Risk of Institutionalization			X		X			X	X			X		X					X							X			X	X	X	X
Meet Medicaid Criteria Nursing Homes			X		X			X	X	X		X		X	X		X	X	X	X	X					X	X	X	X	X	X	X
Disabled Based on SSA Definition						X		X											X				X									
Severe Mental Retardation					X														X													
Severe Mental Illness					X														X													
Other Disability										X											X			X		X	X	X				
<b>Employment</b>							X					X															X					
<b>Income</b>	X	X	X		X	X	X			X			X		X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Assets</b>	X	X	X	X	X	X				X					X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Other Criteria</b>	X	X	X	X			X			X			X		X	X	X	X	X	X	X		X		X	X	X	X	X	X	X	X
<b>Consumer Directed Option</b>	X	X	X	X		X			X		X		X		X	X	X	X	X	X	X		X		X	X			X			
<b>Hours per Week Limitation</b>																																
	Prior Authorization required for all	0		56		45			20	X	16																					

X - Yes  
 DD - Developmental Disability  
 MR - Mental Retardation  
 MH - Mental Health  
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