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Department of Health and Human Services
129 Pleasant Street
Concord, New Hampshire 03301

Dear Commissioner Meyers,

On November 1, 2016 the SB 553 Committee will be meeting to hear a presentation from the actuary to advise the committee on how rates for the next phase of Medicaid Managed Care will be established. Due to a conflict I will not be able to attend, however I would appreciate it if the following factors are included in the record and the actuary considers them as part of his recommendation to the department. As these are real workforce challenges and costs to the program and the ability to deliver services.

1. Wages in competing industries

In the direct care field the pool is limited and providers have to compete with fast food, gas station attendant's department stores and others to attract quality employees to fill these critical positions. Those industries have the ability to adjust prices to cover workers costs. As a Medicaid provider our ability to increase price is totally dependent upon the states determination of reimbursable rates which prevents providers from the flexibility to adjust to the market.

2. Health insurance requirement ACA

The actuary needs to look prospectively and not retroactively when determining the true cost of the delivery of services. As a result of ACA, The true cost includes the cost of health insurance. An analysis that looks retroactively will not capture this cost. In addition the rate needs to account for anticipated annual increases in health insurance premiums. The reality is that many direct care workers are older workers whose health care expense is higher.

3. Workmen's compensation increases

The direct care field has one of the highest rates for workman's compensation. Even with increases in training and technology in the home, one accident can increase rates for years this is a real driver in the cost of direct care.

4. Cost of operating program with more than one payer source



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With the advent of Medicaid Managed Care, providers have to make investments in additional finance staff in order to bill and be reimbursed in a timely manner. With more than one payer, providers have additional cost in it to configure systems to comply with each MCO requirements.

The operating cost of the program also increases as each MCO has their own program requirements and guidance (which often changes in their respective manuals). The addition of multiple systems such as repeated prior authorizations, add cost to the delivery of service.

Multiple payers add complexity to the billing and rebilling process, it also adds additional cost to the delivery of service as each payer has their own process, forms and criteria.

5. New DOL rules

The actuary will need to be considering the new Department of Labor rules requiring payment for travel time etc.

6. Training costs

Given the skill level of the workforce and the constant need to improve quality and achieve positive health outcomes any rate needs to include the cost of ongoing training and reimburse for such training time.

7. Compliance cost

With increased scrutiny any rate needs to include the cost of compliance and monitoring to assure quality and accountability.

Granite State Independent living is keenly aware any rate increase needs to assist the direct care worker however, given our unique experience of being in phase one of managed care implementation as we deliver a non-medical personal care model with nursing oversight. Our experience has taught us a great deal about the many challenges the transition to the MCO model creates for small providers. The change does add real cost to the program that will take both dollars and time away from the delivery of quality direct care. I am sure there are other costs not included here but I hope the actuary and your staff will consider them in the establishment of rates that will support a high quality community based program. Thank you for your time and consideration.



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Respectfully yours,

A handwritten signature in black ink that reads "Clyde Terry". The signature is written in a cursive, flowing style.

Clyde Terry
Chief Operating Officer
Granite State Independent Living