

## **Written Testimony**

Presented to: House Republican Policy Committee

In Regards: Office of Developmental Program's Outlier Rate Adjustment Policy

Presented by: Colette Vickers

September 21, 2010

My name is Colette Vickers and I am the Chief Financial Officer for VNA Extended Care Services, Inc. and Clarion Forest VNA, Inc. VNA Extended Care Services has been providing adult day care services for 13 years and is the only Adult Daily Living Center in Clarion and Forest Counties. We currently do not have an issue in regards to the Office of Developmental Program's (ODP) Outlier Rate Adjustment Policies due to the fact that we do not receive an outlier for adult day care services under Mental Health Mental Retardation's (MHMR) program. This point is one of many differences between group homes and adult day care services that seem to go unrecognized by ODP.

### **Adult Day Care Services – How they differ from residential homes.**

The Adult Daily Living Center (ADLC) is part of the continuum of care for MHMR consumers and is licensed through the Department of Aging. Unlike residential homes that provide services on a 24-hour basis, the ADLC provides concentrated care in a four to eight hour period of time. ADLC has specific expertise for those consumers with dementia and personal care needs that supersede the support offered within the residential care facility. The plan of care is supervised by a registered nurse and an LPN works with the consumers on a daily basis and is able to provide wound care, tube feedings, injections, or any other services which would require administration by a nurse.

Residential homes also have their own specific roles within the continuum of care for MHMR consumers. They provide consumers with a place to live along with transportation services to medical appointments, meal planning, medication management, psychiatric management, and other on-going medical issues. However, the group home acts as a facilitator for the consumers care where the ADLC provides the care. In this regard, ADLC may be a vendor for residential homes as well as community members to provide goal oriented support to consumers to maintain or improve their personal skills so that they can remain within their current living arrangements.

The individualized goal-oriented care plan is developed to meet the consumer's wishes and needs with the help of the individual's responsible party, service provider, and ADLC staff. The plan is monitored and modified depending on the changing needs of the consumer. ADLC's program allows caregivers respite time and/or the ability to maintain their current employment while their loved ones are being cared for. This mix of consumers, MHMR consumers and self pay consumers, within the ADLC program allows consumers to interact with their peers in a supportive environment while receiving the proper care needed to meet the goals within their care plan. Overall, the ADLC program adds to the quality of life for MHMR consumers.

#### **Quarterly Reports and Communication Issues**

The agency's experience with ODP has been plagued by poor communication. Currently, most of our communication comes to us through our local MHMR office in Clarion, PA, and generally consists of "forwards" of Department of Public Welfare announcements and changes. However, that information is confusing at best because we have to decipher whether it is relevant to the Adult Day Care program or if it needs to be discarded. I believe a list-serve would be more beneficial where the providers are responsible for enlisting to pertinent areas that pertain to their business. In that way, I would not need to read information that is related to administrative entities to determine that it does not impact my organization. It would also cause the providers to be responsible for obtaining the information instead of the directors of MHMR programs.

It was through the MHMR office in Clarion County that we were first informed that we needed to complete the year-2 cost report. The information was presented to us in late August 2009 with vague instructions and little to no training. Despite the confusion and poor instructions, the cost report was completed and turned in timely. The agency provided almost \$80,000 of care to MHMR clients during the 2008-2009 service year. However, our target revenue was set at \$18,928 for the 2009-2010 service year.

In January, 2010 the agency received a letter dated December 28, 2009 stating that ODP was going to recoup \$12,486.46 from our agency for services provided during the first two quarters. This recoupment was the difference between actual services provided and the allocated target revenue for two quarters. Concerned and confused, I telephoned ODP because this letter was the first that I became aware of a need for a quarterly report. I also reported to ODP that the email address that they were

submitting correspondence to was an incorrect email and did not belong to anyone at our agency. The incorrect email was most likely the cause of missing information. At that point, the operator informed me that the email address would be updated and that I needed to contact our regional officer in order to have my questions answered concerning the quarterly report and finding the quarterly report form that was due. In January 2010, I contacted and worked with the regional office to file the necessary quarterly reports. However, nonresidential providers are expected to conform their quarterly reporting to match the requirements to that of residential providers. Thus, nonresidential providers such as our ADLC received instructions and a form that was not very clear because the type of service ADLC provides as stated earlier is not the same as that of a residential provider. It was difficult to discern how ADLC's numbers "fit" within the report. It seems like the agency was being asked to take an orange (ADLC) and make it fit in with the apples (residential homes). They are both fruit (providers) but in fact they are different.

The regional office seems to be under staffed for the amount of providers they are servicing. They are difficult to communicate with and typically are unavailable to answer questions. I do not believe it is their fault, because they are servicing a large provider area. Within that provider area, there are many providers who are confused by the inadequate instructions, poor communication, and overall general confusion with the changes to the payment structure and reports. If the providers are to rely on their regional office for answering questions, then those offices need better staffing. Also, I believe if communication and training were clearer and the instructions prepared in a way that was easily understood with a breakdown of examples the amount of provider frustration would be reduced. The trainings and small amount of examples that do occur are in regards to residential services and are not accurate for nonresidential providers such as adult day care centers. These differences add confusion and concern for those with adult day cares.

The third quarter report was completed and emailed to the regional office with the same questions I had previously asked for help and clarification during the second quarter reporting. I wanted to understand so the next report could be done properly. The regional office responded to my message by telephoning and I forwarded the requested information so that they could assist with it again. I was unaware of the fact that the 3<sup>rd</sup> quarter report was changed to be a 3<sup>rd</sup> quarter adjustment report.

On May 6, 2010 at 6 pm I received a letter stating that ODP had not received my Starting Target and Provider Adjustment (if necessary) Revenue Reconciliation forms and I had until Friday, May 7, 2010 at 5 pm to submit the forms. When I read the email on Friday morning I was confused because I thought I had submitted that information in March. I emailed the regional office and asked what the email was pertaining to and they directed me to Ms. Kathleen Deans. I left Ms. Deans a voicemail and emailed her requiring more information. The following was her response:

*I hope so! On April 19, 2010 ODP sent out forms for revenue reconciliation. There were two forms – a Starting Target form and a Provider Adjustment form. We encountered problems because the Provider Adjustment form was too large for some providers' mailboxes to receive the file. We also found out that providers submitted the forms and got back error messages that the files had not gone through. When all the files were in, ODP found that certain providers, including yours, did not submit the forms. This is another opportunity to submit those forms.*

I was one of those providers who did not receive the form and I had been at a conference the week of April 19, 2010 and apparently that form was due April 28, 2010. That really is not much time to put together information on short notice that impacts an agency's reimbursement so greatly. The other issue with that I was out of the office on vacation the last week of April. Therefore, I was not in the office to return the information even if we had received the letter. Secondly, Ms. Deans returned by email at 12:35 and I did not have the forms that I needed to fill out. By the time I received the forms from Ms. Deans it was 3:30pm and the forms were due at 5 pm. I telephoned Ms. Deans to inform her that an hour and one half would not be enough time to complete the necessary paperwork for this new report. Ms. Deans informed me that it would not be accepted after 5pm and my other option was to wait and fill out the fourth quarter adjustment form. When our conversation finished it was almost 4 pm and I was the last person in the office and did not have time to complete the report, thus I had to wait for the fourth quarter adjustment form.

On June 2, 2010 the agency received a letter stating that we provided \$63,105.17 of services through the third quarter. As stated earlier the starting target for our agency was \$18,928 for the 2009-2010 service year. It was revised to \$33,553 and therefore made our revised 3<sup>rd</sup> quarter starting target \$22,368.67. ODP determined that it would recoup the difference between the 3<sup>rd</sup> quarter starting target and the paid claims, \$40,736.50. ODP was essentially recouping 65% of our revenue for MHMR services. The agency filed an appeal with ODP on June 16, 2010 and is still waiting to hear the outcome

of that appeal. Also, the agency filed the 4<sup>th</sup> quarter adjustment report in hopes that the starting target will be adjusted. If the appeal fails and/or the 4<sup>th</sup> quarter starting target is not revised and adjusted the services provided through our adult day care program for MHMR clients will no longer be able to continue. The program cannot provide the amount of care for these clients and receive 1/3 of the payment. It is not good business practice.

### **Target Revenue**

As stated above, the agency struggled with its target revenue for 2009-2010 service year. We are uncertain how that number was established and are concerned as to the outcome of the appeal and 4<sup>th</sup> quarter adjustment. Due to the issues we are facing in the 2009-2010 year, the agency is highly concerned about the 2010-2011 service plan year. The year started July 1, 2010 and we do not know our target revenue for the current year. I believe our concern is justifiable and we worry that we are providing care that after the fact will not be reimbursed through ODP.

Prior to the targeted revenue and adjustment reports, the agency provided care to MHMR consumers as a vendor. The MHMR office referred clients to the facility and a plan of care is established stating the number of days of care a consumer is to receive. ADLC has followed that guideline and has provided the amount of care as established in the care plan. Thus, the idea of lost revenue was not foreseen and if it continues, ADLC will not be able to remain as a care provider for MHMR consumers in Clarion County.

### **Cost Reports**

The cost report templates are geared more toward residential homes as opposed to nonresidential providers such as adult daily living centers. The training and examples for the year-3 cost report were geared toward residential homes. Again, it appears as if ODP placed adult daily living centers in this category because they provide services to ODP through MHMR referrals. I understand that the payment system has changed and that reimbursement is based on cost reports. However, the burden placed on an agency with a small portion of services to MHMR clientele seems inefficient not cost effective. The largest burden falls within the new requirements for next year's cost report. Our agency reports on a calendar year and therefore, our audit reports are from January through December. Based on the cost report regulations we will have to have another audit performed from July 1 through June 30 so that the numbers in our audit tie into the cost report. This additional cost will place a great deal of burden on

agencies such as ourselves where the proportion of services provided to MHMR clients is less than 5% of the agency's overall revenue. If this indeed is the case, we may not be able to provide services to MHMR clientele as part of their continuum of care.

My suggestion would be to change the cost reporting criteria to mirror that of Medicare's cost reporting requirements. Clarion Forest VNA, Inc is required to file a Medicare cost report annually. However, we file the cost report based on our financial reporting calendar which is calendar year. We do not have to align our cost reporting period with the federal governments reporting period. I feel that by adjusting the reporting periods, it will allow the agencies who are mandated to file the ODP cost report to only pay for one cost report per year if their fiscal year is different than that of the state government.

Lastly, I would suggest treating nonresidential providers differently then residential providers. The two provider types are different. ADLC as stated earlier is licensed through the Department of Aging and ADLC is reimbursed a negotiated rate with the Aging Office. My question is, why then do we have to work through yet another state run program's rate setting policy? ADLC should be treated as a vendor for residential homes and MHMR to provide necessary care for its consumers that will enhance its consumers' lives.

#### **Closing Remarks**

I would like to thank you for the opportunity to share my thoughts and insights. It is my hope that when you read this testimony you realized that there is indeed a difference between residential and nonresidential providers and the way business is conducted and reported. I would be happy to answer any questions you may have. Please feel free to contact me at (814) 797-1995.

Sincerely,

Colette Vickers  
CFO  
Clarion Forest VNA, Inc.