



Oregon

Kate Brown, Governor

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**Report to the Legislative Assembly
Department of Human Services
SB 1542 Implementation and Operational Suspension
December 2, 2016**

Re: Update on Homecare Choice Program (SB1542 Private Homecare Program)

Nature of the Request

The purpose of this letter is to inform you of the Department's plans to close the private pay home care program established via SB1542 by January 31, 2017. The reason for the intended suspension is due to low participant enrollment and purchased service hours.

Further, the program is required to be self-sustaining with private funds. Expenditures, however, have exceeded revenue and the program is now running at a deficit. This conflicts with the bill's intent and implied requirements.

Background

Senate Bill 1542, sponsored by 40 legislators and passed during the 2014 legislative session, directed the Oregon Home Care Commission to create a new program for individuals who use their own funds to pay for help at home and in the community. The intent of the bill was to provide another safe, affordable option for people to receive help at home by using the Commission's Registry to find and hire caregivers who have passed background checks and have access to training.

The Oregon Home Care Commission designed and implemented the Homecare Choice Program to serve those in the community who pay privately for services. Enrollment formally began on January 1, 2016. Below, you will find information about the development and implementation of the Homecare Choice Program, as well as next steps.

Program Design and Implementation

Workgroups:

The Commission coordinated three concurrent workgroups to design the program. Stakeholders were active participants and helped determine:

- provider qualifications,
- services offered through the program,
- eligibility requirements for participants, and
- pre-screening questions to determine if an individual has the ability and willingness to serve as an employer.

Stakeholders consisted of in-home services consumers, SEIU, provider organizations, in-home agencies, self-advocates, advocacy groups, Medicaid service delivery staff, AARP, and Oregon Health Care Association. Stakeholder feedback was used as the foundation for the Homecare Choice Program Oregon Administrative Rules.

Administrative Rules:

Oregon Administrative Rules (chapter 418, division 40) were created with internal and external stakeholder involvement and the Commission worked closely with the Department of Justice in drafting rules and reviewing all recommendations. Temporary rules were filed to meet the required implementation date of January 1, 2016, as specified in Senate Bill 1542. Stakeholders had the opportunity to review and provide feedback before the temporary rules were filed. Three in-person Rule Advisory Committee meetings were held between January 2016 and February 2016, and the permanent rules were filed June 28, 2016.

Home Care Commission Registry:

The Home Care Commission expanded its Registry to support this program. These changes included:

- an online pre-screening questionnaire to evaluate whether a participant is able and willing to direct homecare services,
- a self-assessment and service planning tool, and
- employer resources.

Fiscal Intermediary Services:

Due to the legal complexities of the program and the need for expertise in IRS rules and regulations, the Commission contracted with a fiscal intermediary to pay providers and

withhold and report payroll taxes on behalf of program participants. A Request for Proposal was issued on March 20, 2015 and closed April 1, 2015. Public Partnerships, LLC (PPL) was awarded the contract for \$150,000 and the funds were used to customize their web portal to meet Oregon's needs.

PPL assists participants in meeting the legal responsibilities of being household employers by obtaining an Employer Identification Number on behalf of participants, processing all State and Federal tax forms, creating and processing electronic timecards, managing payroll (including withholding and reporting payroll taxes), and issuing W-2s to providers at the end of the year.

Marketing:

Given the unique nature of the Homecare Choice Program and the need for high visibility and enrollment, the Oregon Home Care Commission issued a Request for Proposal (RFP) for a marketing consultant to develop and implement a marketing plan and campaign. The RFP was issued on March 24, 2015 and closed on April 23, 2015.

The maximum budget for the entire project (phases one and two) was \$200,000. The Commission received one response. Pac/West Communications, a company with considerable experience working with governmental agencies, proposed the following:

- Phase one (statewide marketing campaign development): \$220,999 - \$230,999 and
- Phase two (statewide marketing campaign implementation): \$1,553,000

Pac/West was very interested in the project and agreed to a total not-to-exceed amount of \$200,000 for both phases. This was possible by leveraging existing resources and partnerships, as well as doing formal surveys, interviews, and Research QualBoards instead of in-person focus groups.

The marketing campaign launched in May of 2016 with the unveiling of the Homecare Choice Program web landing page, video ads, digital ads, partner e-kits, social media posts, and a press release.

Eugene/Springfield (KEZI) and Medford/Ashland (KDRV) were chosen as the designated market area to air the video ads based on the desired demographics, income bracket, and reach. 1,000 video ads in Southern Oregon, at a cost of \$56,000, reach 99% of women age 50+ who will see the spot approximately 22 times. As an added benefit, those networks offer free bonus spots. Advertising in the Portland Metro area is far more expensive and the reach is much lower. It would cost approximately \$6,000 per week. A

minimum ad buy in the Portland Metro area runs for 26 weeks and costs approximately \$156,000. This far exceeds the total not-to-exceed amount of the implementation phase of the project (\$100,000). Only 45-50% of our target audience would be reached.

1,875,000 statewide digital ads were purchased for a cost of \$21,806. By the end of October 2016, the digital ads resulted in 1,634 clicks to the Homecare Choice website.

The marketing website averages 17.6 sessions per day. Through October 2016, there have been over 3,072 sessions (856 sessions were generated by the digital ads and 1,002 sessions were generated by our Facebook page). The video has generated approximately 5,272 views.

Additional Services:

The Commission has a dedicated staff person trained as an Options Counselor and is able to provide information and referral services to ensure individuals receive information about available resources in their communities.

The program offers phone consultation and on-line tools and resources on how to hire and manage employees and direct services. Printed participant and provider manuals, a quick reference guide, and resource sheets are available.

Participant Enrollment:

The program began as a pilot in January 2016 and the full marketing campaign launched in May of 2016. The program has enrolled a total of 29 participants since January 2016. Twenty have disenrolled over time and nine remain active. Reasons for disenrollment include needing a higher level of care; passing away; improvements in health; no longer needing paid services due to natural supports; complicated family dynamics; the desire to hire an accountant and pay caregivers at a lower cost; and the inability to manage services once enrolled.

To date, 415 individuals have contacted the program directly, either by accessing the Registry through account set-up or via email or phone. The majority of individuals were either gathering information about options and were not ready to move forward or they did not return calls or emails made by the program. Some individuals were sent enrollment paperwork and referral lists and then did not follow-through with the enrollment process.

Provider Enrollment:

To ensure workers are available to serve individuals receiving Medicaid in-home services and those paying privately, the current workforce of homecare and personal support workers is being utilized. To date, the program has enrolled 467 providers and another 161 are pending enrollment.

The Commission developed an on-line Homecare Choice Program orientation and readiness assessment that individuals must pass before enrolling as providers in the program. The training was designed to incorporate orientation and training topics required by in-home agencies, as applicable to the program.

Legislative Investment

The legislature allocated \$1,281,297 to the Homecare Choice Program as start-up funds during the 2013-2015 biennium. Given the legal complexities of the program, stakeholder engagement, and the contracting process, the program was not able to utilize the majority of the start-up funds before the biennium ended. Only \$314,251 of the allocation was spent in the 2013-2015 biennium. \$350,000 was appropriated for the 2015-2017 biennium for start-up expenses, which have been expended.

Enrollment

Originally, the Department projected approximately 25 new enrollees per month, at an average of 20 hours per month per enrollee, until an enrollment of 300 was reached. Between January 2016 and mid-November 2016, the program enrolled a total of 29 participants. Currently, there are nine active enrollees.

As described in Senate Bill 1542, the Commission is permitted to establish the service rate charged to program participants up to 107 percent of the costs associated with the program and may modify the service rate if sufficient revenue is not generated. The Department has determined that modifying the payment rate charged to program participants will not result in sufficient revenue to cover program costs.

The Department could likely absorb the continuing costs of this program for the remainder of this biennium. However, this is not the recommended path, as there is no evidence to suggest there is an adequate market demand for this service.

Next Steps

The Commission will begin notifying participants by December 31, 2016 of the program's anticipated closure date of January 31, 2017. As required by law, program participants and providers will receive 30 days advanced, written notice before the suspension occurs. Phone contact will be made with all enrolled participants in order to

provide information about available long term services and supports in their communities. Participants, as well as all Oregonians, will continue to have access to the Registry of Home Care Workers and available training.

Conclusion

While well-intentioned and innovative, the Department is pausing the operation of this program, as designed and directed in SB1542.

Action Requested

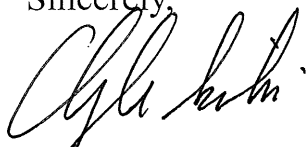
This letter is intended to meet the Legislative reporting requirements contained in SB 1542. The Department requests acknowledgement of receipt of report.

Legislation Affected

None at this time.

We are willing to discuss or answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clyde Saiki', written in a cursive style.

Clyde Saiki
Director