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Overview of the Medicaid Adult Home Help Program By Ellyn Ackerman, Fiscal Analyst

The Medicaid Home Help Program (HHP), also known as "Adult Home Help", allows individuals of all ages to live independently by providing a range of in-home support services that are eligible for Medicaid funding. The legal authority for this program stems from the Social Welfare Act, MCL Section 400.6 and 400.10¹; Title XIX of the Social Security Act²; Michigan Administrative Rules 400.1101-400.1107³; and the fiscal year (FY) 2013-14 appropriations act, Public Act 59 of 2013, Articles IV and X. After a recent audit of the HHP found that the efforts and policies of the departments responsible for it were not effective,⁴ the HHP has moved to the forefront of legislative interest. Considering the small sample size used in the analysis of the program, the implications of the audit findings remain to be seen⁵.

This article provides background and an overview of the Medicaid Home Help Program.

Background

The Department of Community Health (DCH) supervises the overall administration of HHP, while the Department of Human Services (DHS) oversees day-to-day operations. To qualify for the program, in conjunction with being an active Medicaid recipient, an individual must obtain a certificate of medical need from a Medicaid-enrolled medical professional and be evaluated as having a functional need of 3 or greater for a minimum of one activity of daily living (ADL) by a DHS adult services worker (ASW). The functional need assessment is a five-point scale with 1 being the least severe and 5 being the most severe level of need. Individuals receiving HHP services have all decision-making authority when it comes to recruiting, hiring, training, and supervising their HHP service providers. The only restriction on who may be chosen as a provider is that the person may not be the beneficiary's spouse, the parent of a minor child who is the beneficiary, or the minor child of a parent who is the beneficiary.

For individual providers, the DCH must act as the filing agent for all Federal Insurance Contributions Act (FICA) and Federal Unemployment Tax Act (FUTA) taxes on the beneficiary's behalf. Additionally, the DCH must respond to the Unemployment Insurance Agency's requests for information and send W-2 forms to all individual providers. When

¹ All State Public Acts cited in this article may be found through the Michigan Legislature's website: <http://www.legislature.mi.gov/>

² Title XIX of the Social Security Act can be found at the USA Social Security Administration website: http://www.ssa.gov/OP_Home/ssact/title19/1900.htm

³ The Michigan Administrative Rules can be found on the Department of Licensing and Regulatory Affairs website: http://www7.dleg.state.mi.us/orr/AdminCode.aspx?AdminCode=Number&Admin_Num=40000001&RngHigh=40900006

⁴ The full performance audit of the Medicaid Home Help Program can be found at http://audgen.michigan.gov/finalpdfs/13_14/r391070813.pdf

⁵ For a more extensive discussion of the audit findings, please see the memo titled "Medicaid Home Help Program" at <http://www.senate.michigan.gov/sfa/Publications/Memos/MedicaidHomeHealthProgramAudit.pdf>

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dealing with an HHP agency, the DCH must only send 1099 forms to agency providers. In order for a provider to receive payments, the DCH requires the provider to keep a log of services provided to the client, signed by the beneficiary and submitted quarterly. Agencies may choose to submit service logs monthly or quarterly. The ASW must perform six-month reviews and annual redeterminations of a beneficiary's eligibility as well as make contact with service providers.

Who the Program Covers

The Home Help Program covers individuals who meet four eligibility criteria:

1. Medicaid Eligibility
2. Certification of Medical Need
3. Need for Service
4. Appropriate Level of Care (LOC) Status

The first criterion, Medicaid eligibility, can be met in two ways. The applicant must either fulfill all requirements for Medicaid eligibility or meet the deductible obligation for Medical Assistance (MA). It is possible for an applicant to become eligible for MA through the Medicaid personal care option, if the cost of personal care services is greater than his or her MA excess income amount. In this case, the applicant will have a deductible amount equal to his or her income in excess of MA limits. The total monthly payment will be reduced by the deductible amount and the applicant will be responsible for paying the provider that MA deductible amount.

Second, an applicant must obtain certification of medical need from a Medicaid enrolled physician, nurse practitioner, occupational therapist, or physical therapist. This certification must be renewed annually for continued enrollment in the program.

After the first two criteria are met, the applicant will be assessed by an ASW to determine his or her need for services. For services to be approved, the applicant must demonstrate a functional need of 3 or higher on at least one ADL using the five-point scale discussed in the following section. It is the client's choice which ADLs and instrumental activities of daily living (IADLs) will be assessed by the ASW.

Finally, the ASW will evaluate an applicant's LOC status by verifying that HHP services are not duplicating those provided by another program such as PACE (Program of All-Inclusive Care for the Elderly), the MI Choice Waiver Program, or the Community Mental Health Service Program⁶.

⁶ A more in-depth discussion of LOCs can be found in the Adult Services Manual (ASM) 125. All ASM sections cited in this article may be found at www.mfia.state.mi.us/olmweb/ex/Mobile/ASM/ASM%20Mobile.pdf .

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The Home Help Program is the largest Medicaid long-term care program in Michigan, with over 40% of clients falling between the ages of 40 and 65⁷. Table 1 shows the number of clients served by the HHP since FY 2002-03 both as an average monthly total and as an unduplicated annual caseload.

Table 1

Clients Served by the Adult Home Help Program		
Fiscal Year	Average Monthly Caseload	Unduplicated Annual Caseload
FY 2002-03	44,273	53,553
FY 2003-04	45,401	55,187
FY 2004-05	45,904	55,524
FY 2005-06	46,404	56,210
FY 2006-07	48,352	58,073
FY 2007-08	50,757	59,993
FY 2008-09	52,472	62,248
FY 2009-10	54,451	64,048
FY 2010-11	57,525	66,687
FY 2011-12	56,411	67,593
FY 2012-13	57,087	67,421

Source: Michigan Department of Human Services Information Packet, June 2013, and Michigan Department of Human Services Program Descriptions FY 2015, January 2014, provided by the Department of Human Services.

The average monthly caseload in FY 2011-12 and FY 2012-13 stems from the policy change on October 1, 2011, requiring a client to have an assessed functional need of 3 or higher for at least one ADL. As the population of Michigan continues to age, it is not unlikely that the HHP caseloads will continue to increase.

What the Program Covers

The Adult HHP allows Medicaid beneficiaries to receive in-home services related to ADLs and IADLs. Additionally, beneficiaries who are evaluated with more severe conditions are eligible for complex care services. Although most clients receive services in their homes, approved hours may be used in the workplace as well. It is up to the client to determine where services will be provided. Services cover a variety of areas but are divided into three main groups. Activities of daily living are essential tasks that must be performed daily concerning personal hygiene and movement, while instrumental activities of daily living are tasks done around the home. Complex care services are considered to be expanded home help services and must be authorized by the DCH or its designee, and are for clients who experience severe functional limitations. Complex care services are generally more costly

⁷ Department of Human Services Program Descriptions FY 2015, p. 87. January 2014. Provided by the Department of Human Services.

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than the others as they require the service provider to exhibit special techniques or knowledge. Table 2 lists examples of services that would fall into each of the three groups.

Table 2

Adult Home Help Program Services		
ADLs	IADLs	Complex Care Services
Eating	Medication	Colostomy Care
Toileting	Meal Preparation	Suctioning
Bathing	Shopping	Range of Motion
Grooming	Laundry	Wound Care
Dressing	Light Housework	Catheters
Transferring		Dialysis (In-Home)
Mobility		Injections

Source: Adult Services Policy Manual, February 3, 2014, provided by the Department of Human Services.

As of October 1, 2011, clients must be assessed as having a functional need of 3 or higher on a five-point scale for at least one ADL in order to receive services. Activities of daily living and IADLs are assessed using the following five-point scale⁸:

1. Performs the activity safely and with no human assistance (Independent).
2. Performs the activity with verbal assistance such as reminding, guiding, or encouraging (Verbal Assistance).
3. Performs the activity with some direct physical assistance and/or assistive technology (Some Human Assistance).
4. Performs the activity with a great deal of human assistance and/or assistive technology (Much Human Assistance).
5. Does not perform the activity even with human assistance and/or assistive technology (Dependent).

Individuals who use assistive equipment, such as a transfer bench or shower grab bar, but would be ranked at a functional need level of 3 or higher without the use of that equipment, are eligible to receive in home services through the HHP.

In addition to the payment services detailed above, the HHP also provides four nonpayment services that are available to all Michigan residents, without taking into account Medicaid eligibility. Two of the services, money management and housing, will result in referral to the Social Security Administration and for Section 8 Housing, respectively. Also provided is protection for adults who need a conservator or guardian. This does not apply to those who are in immediate need of protective intervention by Adult Protective Services. Finally, all information regarding the HHP is provided at no cost as are requests for referrals to the program.

⁸ The assessment scale can be found in ASM 120 and 121.

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Home Help Service Providers

The HHP clients have the authority to hire, train, and supervise their service providers and can choose either an individual provider or an agency. A client may not hire his or her spouse, a parent if the client is under 18, or his or her minor child, or the client's Fiscal Intermediary⁹. To be considered an agency provider by the State, an agency must be a Medicaid-enrolled home health agency or provide a Federal Tax Identification number. If the agency provides the Federal Tax Identification number, it also must employ or subcontract with a minimum of two individuals, not including the owner, who will be providing home help services. Agencies that employ their service providers are responsible for documenting that FICA taxes and State Unemployment Insurance (SUI) are paid for all of their employees. Agencies that subcontract with service providers are not required to pay FICA taxes or SUI. Rather, they are required to submit a 1099 form to the IRS stating the subcontractor's wages for the year.

Apart from providing the home help services, every provider is tasked with keeping a provider log. These logs must indicate what services were provided on which days of the month and for how long. Additionally, these logs must be signed by both the client and the provider as verification. Individual providers are required to submit their logs quarterly, while agency providers may choose to submit either monthly invoices or the quarterly individual provider logs. For individual providers, the log must be submitted within 10 business days after the last service date on the log, while invoices may be submitted up to 365 days after the last service date.

Pay Rates and Historical Spending

Although payment varies by county, individual providers receive anywhere from \$8 per hour to \$11 per hour while the agency provider rate ranges from \$13 per hour to \$15 per hour¹⁰. There is a monthly payment limit of less than \$500 unless a client's assessment shows that the person's needs cannot be met within this limit. In that case, the client becomes eligible for Expanded Home Help Services, upon approval by the local agency. If a client's cost of care is \$1,300 per month or greater, approval must be gained from the DCH through a written request by the ASW. The average cost of care per month for home help services per client in FY 2012-13 was \$402. In comparison, the average cost was \$4,213 when a client was placed into a nursing home¹¹.

For each ADL assessed at a rank of 3 or higher, the reasonable time schedule (RTS) must be used as a guide to allocate time for each service. The assessed time does not have to be

⁹ ASM 135 defines a Fiscal Intermediary as "a service provider that assists the client in meeting their goals of community participation and integration, independence or productivity, while controlling the client's individual budget and choosing staff who will provide the services and supports identified in the individual plan of service."

¹⁰ For a breakdown of payment rates by county, please see ASM 138.

¹¹ Department of Human Services Program Descriptions FY 2015, p. 87. January 2014. Provided by the Department of Human Services.

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the full amount suggested by the RTS, but rather should reflect the actual time needed to perform the task. If assessed time is greater than that found in the RTS, a rationale must be provided. For IADLs, the maximum hourly limits per month are five hours for shopping, six hours for housework, seven hours for laundry, and 25 hours for meal preparation. If the client resides in a home with other adults, assessed hours must be prorated by one half unless it can be shown that the IADLs for the client are separate from others in the home or another adult is unavailable to provide the services.

To reflect the estimated cost from the increase in the State minimum wage in Public Act 138 of 2014, the FY 2013-14 Department of Community Health budget¹² allocated \$1,738,400 General Fund/General Purpose (\$5,044,700 Gross) to the HHP for the minimum wage increase. This brought the full appropriation for the Adult Home Help Services line item to \$302,440,800 Gross for FY 2014-15.

Historical spending for this program, as well as total Medicaid spending, can be found in [Table 3](#).

Table 3

Historical Home Help Program and Medicaid Expenditures						
Fiscal Year	Home Help Program Expenditures		Medicaid Expenditures (Gross)		% of Total Medicaid (Gross)	
	Gross	GF/GP	Base ¹	Statewide ²	Base ¹	Statewide ²
FY 2002-03	\$166,413,600	\$74,187,200	\$6,116,904,100	\$8,453,600,000	2.7%	2.0%
FY 203-004	187,769,200	82,825,000	6,435,559,500	8,622,341,000	2.9%	2.2%
FY 2004-05	177,500,600	76,840,000	6,859,534,200	9,076,600,000	2.6%	2.0%
FY 2005-06	181,873,600	78,951,300	6,728,287,000	8,849,900,000	2.7%	2.1%
FY 2006-07	214,501,900	93,565,700	7,219,780,200	9,639,500,000	3.0%	2.2%
FY 2007-08	226,323,400	94,829,500	7,529,571,800	10,925,400,000	3.0%	2.1%
FY 2008-09	258,811,200	102,825,700	7,822,789,100	10,876,200,000	3.3%	2.4%
FY 2009-10	275,035,600	101,240,600	8,233,934,700	12,047,300,000	3.3%	2.3%
FY 2010-11	289,450,100	99,020,900	8,533,897,700	12,591,000,000	3.4%	2.3%
FY 2011-12	296,350,700	100,344,300	8,417,639,500	12,923,000,000	3.5%	2.3%
FY 2012-13	311,294,900	104,626,200	8,866,125,700	12,990,200,000	3.5%	2.4%

¹⁾ Expenditures are only related to direct services. They do not include special payments.
²⁾ Expenditures from DHS, the Department of Licensing and Regulatory Affairs, and other agencies are included.

Source: Data provided by the State Budget Office

Role of DCH and DHS

Upon the issuance of Executive Order 97-5, the policy and financial management functions for the HHP were transferred from the DHS to the DCH. Thus, DCH acts as the filing agent

¹² Public Act 252 of 2014, Article IV

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for all individual providers employed by HHP clients. As the filing agent, the DCH is required to pay the employer's portion of FUTA taxes and withholds the employee's share of FICA taxes for individual providers. Additionally, the DCH must respond to all requests from the Unemployment Insurance Agency (UIA) regarding an individual provider's unemployment insurance benefit. For all payments made to unemployed providers, the DCH is required to reimburse the UIA. Finally, the DCH is tasked with providing W-2s, indicating an individual provider's wages for the preceding calendar year. For agency providers, the DCH is only required to send out 1099 forms annually.

In addition to the Department's role as filing agent, the DCH's Office of Inspector General (OIG) investigates any cases of suspected provider fraud. In the case of computer or mechanical process errors, or nonwillful client or provider overpayment, the case is referred to the DCH's Medicaid Collections Unit for recoupment of payments. In accordance with Adult Services Manual (ASM) 165, any overpayment that exceeds \$500 and appears to be done with full knowledge of the client must be referred to the DHS OIG¹³.

The Department of Human Services remains responsible for the day-to-day delivery of in-home services as well as determining eligibility, assessing personal care needs, and processing provider payments. After a client has been approved for services, an ASW will be assigned as that client's caseworker. It is the responsibility of the ASW to perform six-month reviews as well as annual redeterminations of needs. For the six-month review, the ASW must meet face-to-face with the client, as well as meet face-to-face or over the phone with the service provider. If the meeting with the provider is over the phone, the next six-month review must be face-to-face. During the review, the ASW will verify the client's Medicaid eligibility, assess the client's satisfaction with services delivered, reevaluate the level of care, review the current functional need assessment, and follow up with the client's significant other if applicable. The annual redetermination follows the same format as the six-month review, but also requires the client to provide a new certification of need to his or her ASW. Finally, it is the responsibility of the ASW to ensure that providers are not being paid for periods when their clients are either hospitalized or in a nursing care facility. Services may be performed on the day of discharge, but payments may not be made for the day of admission or subsequent days spent in a hospital or nursing care facility.

Conclusion

As the State's largest Medicaid long-term care program, the HHP has served an average of approximately 60,000 clients annually. Coupled with the division of responsibilities between the Department of Community Health and the Department of Human Services and the fact that service providers are not considered State employees, the size of the program creates unique challenges in oversight and regulation. Regardless, with the expansion of the Medicaid program and the overall aging of Michigan's population, it is likely that the program will continue to increase in the next decade.

¹³ For a full discussion of the overpayment and recoupment process, please see ASM 165.