Project: Fee-for-Service Feasibility Study

Requesting agency: Washington State
Home Care Quality Authority

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Submitted by: Public Knowledge, LLC

Address: 1911 SW Campus Drive #457
Federal Way, WA 98023

Contact person: David Howe
Phone number: (425) 427-5269
Website: http://www.PubKnow.com

Fee-for-Service Feasibility Study

Table of Contents

Section **Page**

EXECUTIVE SUMMARY

The Home Care Quality Authority (HCQA) operates a network of home care referral registries for the benefit of Medicaid-supported Washingtonians seeking home care providers in their community. Currently, this registry is only accessible by those consumers financially supported by Medicaid. Consumers who are not Medicaid-eligible typically obtain home care services through family, friends, individual providers in the community or through private and non-profit home care agencies. The HCQA governing board and management felt that a market existed for private-pay consumers seeking a reliable, professional source of individual providers. To this end, HCQA conducted this feasibility study to determine if the existing HCQA provider registry could be adapted for use by private-pay consumers.

In conducting this study, Public Knowledge LLC developed estimates for the size of the private-pay home care market in Washington State to determine if there was a viable market. The consultants then developed alternative models for serving that market and evaluated each based on a set of criteria. A financial feasibility model was then developed for the recommended alternative.

Determining the potential size of the private pay market is difficult as there are no formal surveys or statistics about the market. Data from the U.S. Census Bureau and the State Department of Social & Health Services (DSHS) suggest that the private pay market is approximately 120,000 persons. A survey of Area Agencies on Aging (AAAs) showed that an average of 275 persons contacted these agencies each month inquiring about home care providers available for private-pay work. The AAAs collaborate with HCQA and DSHS on case management for elderly persons making them an ideal market channel for a private-pay registry.

Although alternatives exist in the marketplace for private-pay consumers, a key differentiator for an HCQA registry is the greater choice in providers that would be available to consumers. This may appeal to consumers who value the perceived safety and lower risk associated with a government-sponsored registry.

Two alternative service models were developed for the private pay registry:

1. A subscription service whereby consumers would pay for a multi-month subscription entitling the consumer to a set number of provider referrals from the registry. Each referral would contain up to ten provider names. The consumer would interview, screen, hire, supervise, train and pay the provider. HCQA would have no management responsibility over the provider.

2. A registry system whereby consumers receive referrals from the registry, interview, screen, hire and supervise the providers. HCQA would be responsible for billing the consumer (for the providers wages and benefits plus a surcharge for HCQA) and paying the provider. In this model, the registry would operate much like the private and non-profit registries that already exist.

A feasibility criteria was used to evaluate these two alternatives. The criteria looked at the legal and policy implications, technical feasibility, market demand and financial feasibility. The following four bullets summarize the results:

Legal/Policy: Both alternatives are consistent with both State law and HCQA board policy. Both alternatives expose the State to tort liability however the subscription model is less problematic in that the State has no oversight role over the providers. Stakeholders generally supported the concept of a private pay registry but raised concerns about variations in compensation between providers serving

Medicaid-supported clients (where the provider is paid according to collective bargaining) and private-pay clients (where the provider is paid at whatever rate is negotiated with the consumer). Stakeholders expressed concern about whether a viable market would emerge for a private-pay alternative or whether State resources would be better spent on enhancing the current registry. Stakeholders also expressed concerns about the registry alternative and whether it would put the State in competition with existing alternatives offered in the private and non-profit sectors.

Technical: There are no significant technical hurdles to either alternative. Estimates for enhancing the current registry to handle private-pay consumers are approximately $130,000.

Market Demand: Based on the survey work performed, it appears that sufficient demand exists for a private-pay registry. What hasn't been determined yet is at what price that demand will materialize. For the subscription option (our recommendation) the lack of a similar service precludes any benchmarks on pricing.

Financial: HCQA costs (both fixed and variable) are fully recovered at $265 per referral in the subscription alternative and at $17.76 per hour (which includes the providers wages and benefits) in the registry alternative.

Our recommendation is to implement a subscription-based referral service for private-pay consumers. Such a model would have the following features:

- Subscribers would enroll for a referral plan that would offer a range of 3 to 18 referrals that could be accessed over a maximum time period of 6 months to 2 years.
- Each referral would contain 10 names of providers that matched criteria regarding service needs and locations for which the subscriber enrolled.
- The subscriber would be responsible for screening, interviewing, hiring, managing and paying the provider. HCQA would have no management or financial role.
- Subscription revenues would be collected and disbursed by a third-party fiscal agent.
- Providers would continue to be recruited, trained, placed on the registry and matched with subscribers by the registry administrators.
- The cost of a referral (up to 10 names) would range from $50 to $265 depending on the allocation of fixed costs to the private-pay service and potential subsidies. These alternate pricing, costing and subsidy levels would be as follows:

Pricing level (per referral)	$50	$100	$265
How Fixed costs are allocated	No fixed cost allocation	No Fixed cost allocation	Fully allocated fixed cost
Requirement for additional legislative funding	$50 per referral	None	None

PROJECT OBJECTIVES

The Home Care Quality Authority has undertaken this study to assess the feasibility of implementing a fee-for-service system for private-pay individuals using the HCQA statewide Home Care Referral Registry. Elements of this larger objective include:

- Determine if sufficient demand exists to justify implementing a private-pay registry,
- Identify alternative methods for serving private pay consumers,
- Assess the feasibility of each alternative,
- Identify any technical, administrative, legal or policy hurdles and impediments to implementing the alternatives,
- Determine the financial feasibility of implementing a private-pay system.

METHODS USED

Public Knowledge LLC consultants performed the following procedures and tasks in conducting this feasibility study:

- Surveyed all the Washington State Area Agency on Aging offices and some of the registry administrators regarding potential private pay demand,
- Surveyed home care agencies and industry associations regarding the private pay marketplace,
- Surveyed census data to capture demographic data on the potential market,
- Interviewed DSHS staff regarding how the HCQA registry is currently used,
- Investigated existing alternatives for handling private pay consumers (e.g., agencies, websites),
- Developed five initial alternatives for consideration by HCQA managers,
- Refined the five alternatives into two,
- Evaluated those alternatives according to agreed upon criteria:
    - Stakeholder support
    - Financial feasibility
    - Legal, policy support
    - Technical feasibility
    - Legal liability
- Refined the financial feasibility analysis for these two remaining alternatives,
- Conducted a survey of potential private pay consumers in the Spokane region, and
- Prepared this report.

BACKGROUND OF HCQA AND THE REGISTRY

The Home Care Quality Authority (HCQA) was established by citizen initiative in November 2001 to improve the quality of long-term in-home services provided by in-home providers to the elderly and persons with disabilities in Washington State. The HCQA works to achieve its mission through improved regulations, higher standards, increased accountability, and the enhanced ability of consumers to obtain services. In addition, the Authority was created to encourage stability in the in-home provider work force. The Authority is governed by a nine-member board.

As part of its mission to improve consumer access to providers and to improve stability in the provider work force, the HCQA implemented a Referral Registry of home care providers in 2005. The Registry is an internet-based system designed to match the needs of publicly funded consumers (e.g., on Medicaid) with pre-qualified individual home care providers.

The Registry can provide consumers with a referral, listing the names of screened home care providers. Upon receiving the list, the consumer is then responsible for calling, interviewing and selecting the provider of his or her choice. Final authorization of services is approved by the consumer's Medicaid case manager.

At the same time, the Referral Registry provides individual home care providers with potential employment opportunities. Providers seeking a place on the Registry must be at least 18 years old, successfully complete a background check, a face-to-face interview and an introductory course prior to being included on a referral list.

Over the time that the Registry has been in operation Registry administrators have frequently received inquiries from non-Medicaid consumers seeking home care providers on a fee-for-service basis. As the Registry has not been available to non-Medicaid consumers, the Registry administrators have usually referred these consumers to private home care agencies in their communities. HCQA Board members brought to the attention of HCQA staff this unmet need that could potentially be addressed by expanding the scope of the Registry to encompass private-pay home care consumers. This project is an outgrowth of those discussions.

FINDINGS

Demand for a Private Pay Registry

Home care services are typically utilized by the elderly and persons with disabilities but within these broad categories there are sub-markets with specific characteristics that influence what type of home care services they might use. Note that these groups have some overlap.

The first two categories are currently served by the HCQA registry as it is configured.

- Persons with developmental and/or functional disabilities. Most persons with developmental disabilities over 18 years old are Medicaid-supported and, therefore, have access to the current HCQA Registry. As with elderly persons, many persons with disabilities are actually cared for by friends and family or use private home care agencies operating in the community.

- Elderly with high self-care needs. These persons need significant assistance with cooking, grooming, cleaning, etc. By the time an elderly person reaches this level of need they typically are eligible for Medicaid as their assets have either been drawn down during retirement or have been transferred to family members. In addition, persons in this sub-category often have declining cognitive skills and may not be in a position to act as an employer/manager of an individual provider and rely on family members for that role and/or use a home care agency that can manage the providers.

The next two categories are not was well served by the current registry and represent an opportunity for a private pay registry.

- Elderly with limited self-care needs. These persons require less assistance with daily living needs and may just use a home care provider for light housekeeping and cooking, pet care, buying groceries, etc. They may have more cognitive abilities than the previous sub-category and may be in a position to act as their own employer/manager of an individual home care provider. They may or not be Medicaid-supported but are more likely to be private pay than the previous sub-category. This group is a likely source of consumers for a private-pay Registry such as HCQA is contemplating.

- Elderly persons that are not quite eligible for Medicaid due to income status or they have some assets that have not yet been drawn down. This category may have limited or more intense self-care needs and would be an ideal market for a private pay registry.

Potential Market Size

Our research showed that no organization or company has undertaken a formal survey to determine the size and nature of the private-pay home care market in Washington. Such a survey would be difficult and unreliable as much of the private-pay home care market is informal, uncounted and untaxed. In fact, many private-pay consumers find home care providers through community organizations, the newspaper or posting a notice at the local supermarket.

The most reliable estimates of the private-pay market come from the U.S. Census Bureau. The 2005 census update reported:

- 210,000 Washingtonians are over age 65 and have a physical disability. This population group would have a propensity to seek home care services.

- 150,000 Washingtonians of all ages have a disability that limits their ability to care for themselves. Again this population group would have a propensity to seek home care services. There is undoubtedly much overlap between the two sub-populations.

Interviews with private and non-profit home care agency managers showed that most (90%) of their clientele is Medicaid-supported. One impediment for private-pay consumers is that most agencies require a minimum number of service hours each week and based on anecdotal data most private-pay consumers require fewer hours of service.

The State Department of Social and Health Services provides funding for at least 32,000 Medicaid-supported home care consumers in Washington.

Given the lack of reliable population and market size numbers, the best estimate of the potential private-pay home care market is derived by subtracting the Medicaid-supported population (32,000) from the census figure for those with disabilities impacting self-care capabilities (150,000). This method yields a potential market size of approximately 120,000 private-pay home care consumers in the State.

Another method of estimating the potential size of the private-pay home care market is to survey case managers that frequently field calls from private-pay consumers looking for providers. In Washington, the Area Agencies on Aging (AAAs) are government agencies that act as case managers for elderly Washingtonians seeking assistance and guidance on services. Of the 13 AAAs in the State, 4 also act as Registry Administrators on contract to HCQA. We surveyed the 4 AAAs and 5 non-AAA Registry Administrators regarding the number of inquiries they received from private-pay consumers and how they handled those inquires. Appendix 4 contains our survey instrument and a list of organizations and agencies that were surveyed.

We found that, in aggregate, survey respondents receive an average of 275 private-pay inquiries per month. The majority of those are referred on to local home care agencies in their local communities. Since some of these agencies are already managing the Registry and matching Medicaid-funded consumers to Registry providers, they are in an ideal position to also match private-pay consumers with Registry providers. This is a relatively easy market to serve and can be undertaken with almost no marketing or advertising. The chart on the next page summarizes the survey findings.

Agency Name	Registry Admin?	Area served	Private pay inquiries/ month	How handled	Typical source for private pay IPs
SE WA Aging & LTC	Y	Yakima	22	refer to home care agencies	SE WA Aging staff
Aging & LTC of E WA	Y	NE Wash	60	refer to local IPs	word of mouth, community orgs
NW Regional Council	N	NW Wash	20	refer to home care agencies	agencies
Olympic AAA	Y	Oly Peninsula	24	refer to home care agencies	newspaper
Lewis/Mason/Thurston AAA	Y	Olympia	32	refer to home care agencies	word of mouth
Senior Services (King Co)	N	King Co	30	refer to home care agencies	agencies
Pierce Cty Aging & LTC	N	Pierce	14	refer to home care agencies	churches, senior centers
Southwest AAA	N	Vancouver	52	refer to home care agencies	don't know
Aging & Adult Care of Central WA	N	Wenatchee	22	refer to home care agencies	churches, phone book, newspaper
	Total inquiries / month:		276		

Existing Providers and Alternatives for Private-Pay Consumers

Any discussion on feasibility should examine the range of existing home care options to determine if there is a segment of the private-pay population that is not adequately served. We found a wide range of options available to private-pay consumers:

- Private and non-profit home care agencies such as ADDUS and Catholic Community Services. These two agencies predominantly serve Medicaid-supported consumers but do offer private-pay services as well. These agencies employ providers and place them with consumers charging by the hours worked. The consumer often has little control over which provider is sent but also does not have any of the responsibilities of hiring, managing, paying, and accounting for the provider as these tasks are handled by the agency.

- Private and non-profit registries. These registries include informal arrangements such as lists of local providers maintained by social service agencies or non-profits. Senior Services for South Sound maintains such a registry. These registries are similar to the HCQA registry in that consumers receive referrals from the registry and then interview and hire a provider from those referrals. The consumer is the employer and is responsible for hiring, managing, paying and accounting for the provider. A registry is ideal for a consumer who wants to have more control over the provider, how much they are paid, their assigned duties, hours worked, etc.

- Web-based registries. There are a few web-based registries such as Caregiverneeded.com that are similar to traditional registries except that consumers receive referrals from an internet database. These services are often subscription based whereby the consumer pays a fee for unlimited referrals during a defined time period.

- Individual Providers. Many consumers hire providers from an underground marketplace comprised of family, friends and individual providers found through newspaper advertisements, churches, senior centers, index cards posted at the grocery store, etc. This may account for the majority of providers hired although there are no formal surveys to verify this.

An advantage of the HCQA Registry is that HCQA and it's Registry administrators conduct background checks including a State Patrol background check plus a more extensive character and competency based assessment to determine an appropriate fit between consumer and provider. This may be a substantive differentiator for a certain segment of the home care consumer population, a segment that might be attracted to a private-pay HCQA provider registry.

Viable Market Segment

Based on our survey we believe that a viable market exists for an HCQA private-pay registry. The most viable market categories for HCQA would include:

- Consumers who contact Area Agencies on Aging seeking private-pay home care providers, and

- Those who place a premium on some level of government sponsorship of the home care service and the perception that it guarantees a higher level of quality and safety than what could be found in the private or non-profit sector.

Note that there may be a substantial level of overlap between these two categories.

The fact that numerous consumers contact the AAAs seeking private-pay options makes the concept particularly viable as the agencies are already handling referrals from the Registry for Medicaid-supported consumers. Handling these additional referrals can be done relatively easily and with minimal training or implementation costs.

RECOMMENDATION

HCQA management has prepared a set of assumptions and guidelines for use in preparing alternative methods of providing a private-pay home care registry. These assumptions and guidelines include:

- The mission of HCQA in this new service is serving an underserved consumer segment: private-pay home care consumers.
- HCQA wants to avoid onerous record keeping tasks such as time keeping or payroll administration.
- The revenue stream and operating expenses resulting from a private-pay registry should be easy to account for and kept separate from Medicaid funds and activities.
- The core product of the private-pay registry will be referrals of qualified, screened individual providers.
- HCQA wants to avoid directly employing home care providers. The consumer will be the employer and be responsible for hiring, firing, and supervision.

Alternatives Examined

Based on the principles described above and the objectives of HCQA, we developed two alternatives for operating a private-pay home care provider registry:

1. A subscription-based referral service whereby consumers would purchase a subscription for a defined number of referrals of home care providers. During the subscription period, the consumer could request and receive 3, 6 or 9 referrals depending on the subscription plan purchased. Each referral would be comprised of up to ten home care provider names. For example, a three-referral plan would entitle the subscriber up to 30 names over the subscription period. It would be the subscriber's responsibility to contact, interview, screen, hire, supervise and pay the provider.

2. A registry model whereby the consumer interviews and selects a provider from the registry. The HCQA, through a fiscal intermediary, bills the consumer for each hour of service provided. The HCQA would also be responsible for paying the provider. In this regard the registry would operate much like any private or non-profit registry. HCQA would receive a surcharge, paid by the consumer, for every hour worked. The consumer would employ the provider and be responsible for day-to-day supervision of the provider.

We applied feasibility criteria to these two alternatives to determine whether it made sense to go forward with the concept of a private-pay registry. The criteria employed was as follows:

Feasibility Criteria	How calculated or determined	Target
Financial		
Break even	Revenues less fixed and variable costs	Revenues should cover fixed and variable costs
Legal / Policy		
Consistency with RCW & WAC	Attorney General Informal Review	No legal impediments
Tort risk	Attorney General Informal Review	Acceptable level of tort risk given risk management strategy
Consistency with Board Policy	Board resolution	Approval
Stakeholder support	Survey by Public Knowledge	Reasonable level of support
Technical		
Registry system adaptability	Review by Public Knowledge and Brewer Consulting Services (registry website developer)	No impediments
Market		
Acceptable level of service demand	Review by Public Knowledge	Reasonable probability of fulfilling 500 referrals in first year

Legal / Policy Criteria

In this criteria we examine whether the alternatives are legal given State law, whether the alternatives are consistent with the policies of the HCQA governing board and whether the alternatives are supported by HCQA stakeholders. These stakeholders include advocates for the elderly and persons with disabilities, representatives of private and non-profit home care agencies, and representatives from the State Department of Social and Health Services. Appendix 3 contains the survey instrument used in contacting these stakeholders. Finally, we determine the risk of tort litigation that would arise from implementing the alternatives. The following table presents our findings for this criteria:

Feasibility Criteria	Subscription Model	Registry Model
Legal / Policy		
Consistency with RCW & WAC	▪ RCW 74.39A.220 et seq provides authority for providing referral services to Washington residents – not limited to just Medicaid clients. ▪ Informal opinion from WA Attorney General finds no prohibition to expanding the use of the referral registry to private pay clients.	▪ RCW 74.39A.220 et seq provides authority for providing referral services to Washington residents – not limited to just Medicaid clients. ▪ Informal opinion from WA Attorney General finds no prohibition to expanding the use of the referral registry to private pay clients.
Tort risk	▪ RCW 74.39A.280(10) provides for the Authority to be sued in its own name exposing the Authority to tort liability arising from negligence or actions of the authority. ▪ HCQA and the State would likely be a party to any suit.	▪ RCW 74.39A.280(10) provides for the Authority to be sued in its own name exposing the Authority to tort liability arising from negligence or actions of the authority. ▪ HCQA and the State would likely be a party to any suit. ▪ Expanding the role of the authority beyond just providing referrals (e.g., administering payroll) may push Authority closer to the role of an employer and the associated increased liability for the actions and negligence of providers.
Consistency with Board Policy	▪ HCQA Board supports evaluating feasibility of expanding the referral registry.	▪ HCQA Board supports evaluating feasibility of expanding the referral registry.

Feasibility Criteria	Subscription Model	Registry Model
Legal / Policy (Continued)		
Stakeholder support/ Concerns	▪ Most stakeholders contacted support the concept of a private-pay registry at least in concept. The devil is in the details (see below). ▪ Union concerns regarding pay level parity between privately contracted providers and Medicaid-supported providers. ▪ Stakeholders doubt that Legislature would subsidize private-pay registry clients. Concept must be self-funding. ▪ Some stakeholders doubted that persons with disabilities would comprise much of a market as most of them are eligible for Medicaid if they are over 18. ▪ Representatives of the home care industry believe that private pay consumers use fewer service hours and cycle through providers faster than Medicaid clients. This would make it more difficult to recoup fixed costs such as recruiting and background checks. ▪ Some stakeholders stated that HCQA resources would be better spent in improving the current registry rather than expanding the scope.	▪ Most stakeholders contacted support the concept of a private-pay registry at least in concept. The devil is in the details (see below). ▪ Union concerns regarding pay level parity between privately contracted providers and Medicaid-supported providers. ▪ Stakeholders doubt that Legislature would subsidize private-pay registry clients. Concept must be self-funding. ▪ Some stakeholders doubted that persons with disabilities would comprise much of a market as most of them are eligible for Medicaid if they are over 18. ▪ Representatives of the home care industry believe that private pay consumers use fewer service hours and cycle through providers faster than Medicaid clients. This would make it more difficult to recoup fixed costs such as recruiting and background checks. ▪ Some stakeholders stated that HCQA resources would be better spent in improving the current registry rather than expanding the scope. ▪ An HCQA private-pay registry may be perceived as not measurably different than what is available in the private and non-profit sector. This would lead to a perception that State government will be in the position of competing with those sectors.

Technical Criteria

In this criteria we examine whether there are any technical hurdles to implementing either alternative. If hurdles exist, we describe what would be required to mitigate those hurdles. The following table presents our findings for this criteria:

Feasibility Criteria	Subscription Model	Registry Model
Technical		
Registry system adaptability	▪ Based on conversations with the developer of the online registry and our own examination of the Registry's functionality: o No technical impediments to expanding the registry to accommodate private pay consumers and administer client subscriptions. o Informal estimate of $130,000 to incorporate the necessary technical modifications.	▪ Based on conversations with the developer of the online registry and our own examination of the Registry's functionality: o No technical impediments to expanding the registry to accommodate private pay consumers and administer provider timekeeping. o Informal estimate of $130,000 to incorporate the necessary technical modifications.

Service Demand Criteria

In this criteria we examine whether enough demand exists to support either alternative. The following table presents our findings for this criteria:

Feasibility Criteria	Subscription Model	Registry Model
Market Demand		
Acceptable level of service demand	▪ Service demand appears to exist, especially among those contacting the AAAs. ▪ It is not known to what extent consumers would support a subscription-based service as it differs from typical home care offerings.	▪ Service demand appears to exist, especially among those contacting the AAAs. ▪ Not known if an HCQA registry would be different enough from private and non-profit sector alternatives to attract clients, especially if costs were similar (or higher).

Financial Criteria

In this criteria we determine the point at which the alternatives would be self-supporting financially. This does not take into account whether the market would bear the necessary rate structure. The following table presents our findings for this criteria:

Feasibility Criteria	Subscription Model	Registry Model
Financial		
Cover all fixed and variable costs	▪ Break even point is $265 per referral. Due to the uniqueness of this service, it is not known if this rate is viable.	▪ Break even point is $17.80 per hour to client. This is in line with rates charged by private and non-profit agencies.

Recommended Alternative and Feasibility

Our recommendation is to implement a subscription-based referral service for private-pay consumers. Such a model would have the following features:

- Subscribers would enroll for a referral plan that would offer a range of 3 to 18 referrals that could be accessed over a maximum time period of 6 months to 2 years.
- Each referral would contain up to 10 names of providers that matched criteria regarding service needs and locations for which the subscriber enrolled.
- The subscriber would be responsible for screening, interviewing, hiring, managing and paying the provider. HCQA would have no management or financial role.
- Subscription revenues would be collected and disbursed by a third-party fiscal agent.
- Providers would continue to be recruited, trained, placed on the registry and matched with subscribers by the registry administrators.
- The cost of a referral (up to 10 names) would range from $50 to $265 depending on the allocation of fixed costs to the private-pay service and potential subsidies. These alternate pricing, costing and subsidy levels would be as follows:

Pricing level (per referral)	$50	$100	$265
How Fixed costs are allocated	No fixed cost allocation	No Fixed cost allocation	Fully allocated fixed cost
Requirement for additional legislative funding	$50 per referral	None	None

Appendix 5 contains the financial model used in calculating the financial feasibility of the selected alternative using various pricing levels.

The subscription model is unique in Washington State and would therefore not compete with existing private and non-profit home care agencies and registries. A subscription-based service may appeal to a certain market segment that is currently not being served by the existing options.

A subscription-based service would also limit the tort exposure to the State of Washington as HCQA would have limited management control over the providers once they are hired.

A subscription-based service would also be less expensive and require less administrative overhead than the alternative registry model.

Pricing Considerations

We conducted a survey of potential HCQA registry clients in the Spokane area during December 2007 to assess the level of support for a subscription-based registry and determine what pricing would be feasible. Fifty seven households were surveyed yielding 13 usable responses for a 23% response rate. Based on the responses it appeared that a subscription-based registry would be regarded favorably by these potential clients. Pricing of $150 for a three-referral (ten provider names per referral) subscription plan was acceptable by most of those surveyed. Detailed survey data is found in Appendix 2.

Implementation Considerations

In order to manage the risks associated with this unique service, we recommend conducting a pilot of the model in one of the 14 registry regions. The pilot would test the market viability, pricing, technical feasibility and administrative requirements on a small scale before (and if) the concept is rolled out statewide.

APPENDICES

Appendix 1 – List of individuals interviewed

Appendix 2 – HCQA client survey instrument and results

Appendix 3 – Alternative feasibility interview guide

Appendix 4 – Market demand contact list and survey instrument

Appendix 5 – Financial model for recommended alternative

Appendix 1 – List of individuals interviewed

Charley Reed, HCQA Board Chairperson

Members of the HCQA Board

Kathy Leitch, Washington State DSHS, Aging & Disability Services Administration

Linda Rolfe, Washington State DSHS, Division of Developmental Disabilities

Deb Knauf, Washington State DSHS, Aging & Disability Services Administration

Sue McDonough, Washington State DSHS, Aging & Disability Services Administration

Bea Rector, Washington State DSHS, Division of Housing & Community Services

Bill Moss, Washington State DSHS, Division of Housing and Community Services

Dan Murphy, Washington State DSHS, Division of Housing and Community Services

David Rolf, SEIU Local 775

Suzanne Wall, SEIU Local 775

Donna Patrick, Washington State, Developmental Disabilities Council

Peter Nazal, Catholic Community Services

Randy Hartman, ADDUS

Sue Elliott, ARC of Washington

Joanne O'Neill, King County Parent Coalition

Betty Schwieterman, Disability Rights Washington

Patrick Coolen, Senior Services for South Sound

Cheryl Sanders, Oregon Home Care Commission

David Thompson, Sandata Technologies

Lori Brown, Southeast Washington Aging & Long Term Care

Kristine Glasgow, Aging & Long Term Care of Eastern Washington

Jody Wallace, Northwest Regional Council

Judy Allen-Flynn, Professional Registry of Nursing

Carmon Shaw, Olympic Area Agency on Aging

Dennis Mahar, Lewis/Mason/Thurston Area Agency on Aging

John Deagen, Senior Services

Beverly Carder, Pierce County Aging and Long Term Care

Lexie Bartunek, Southwest Area Agency on Aging

Lori Kostors, Aging and Adult Care of Central Washington

Brett Brewer, Brewer Consulting

Appendix 2 – HCQA Client survey instrument

Preamble: The Washington State Home Care Quality Authority is a Washington State government agency that regulates the home care industry by establishing standards for home care providers. A home care provider is a trained individual that cares for aged and disabled persons by performing household and light-duty health care tasks. In addition to regulating these providers, the agency operates a registry of home care providers whereby consumers who are supported by Medicaid can find a home care provider. The agency is considering opening up this registry so that non-Medicaid consumers can also find home care providers. This would provide an alternative to private home care agencies or other sources of providers. We are taking a survey of past and potential home care consumers to see if they would be interested in using this new service and how much they would be willing to pay to use it.

Question #					
1	Age				
2	Residence status	Alone	W/ family	W/ other	
3	Ever hired a home care provider?	Yes (go to Q 4)	No (go to Q 10)		
4	Hiring source				
5	Cost				
6	Length of service				
7	Service satisfaction (1=low – 6=high)				
8	Value for $ (1=low – 6=high)				
9	Ever hire another?	Yes (go to Q 15)	No (thanks, end survey)		
10	Ever tried to hire a home care provider?	Yes (go to Q 11)	No (thanks, end survey)		
11	Hiring source				
12	What would it have cost?				
13	Why didn't you hire a provider?				
14	Will you try again?	Yes (go to Q 15)	No (thanks, end survey)		
15	Introduce new subscription service. Pre-screened providers on a registry. Three month subscription. Access to three referrals of 10 providers each. Client interviews, hires, pays and manages provider.				
16	Would you consider using this type of service?	Yes (go to Q 17)	No (go to Q 18)		
17	How likely (1 – 6 scale with 1=never, 6=very likely) would you be to use this service if it cost:	$300	$200	$100	$50
18	Why would you not be interested in this type of service?				

Survey Responses

57 Total survey calls

- 13 usable responses
- 5 unusable responses
- 20 no answer or calls not returned
- 9 phone disconnects or contact had moved
- 6 declined to answer or hung up
- 2 could not hear questions
- 2 deceased

Number of responses in parentheses

Question #					
1	Age	Average = 84			
2	Residence status	Live alone (10)	With family (2)	Other (1)	
3	Ever hired a home care provider?	Yes (9)	No (3)		
4	Hiring source for those hired	Friends (3), Private agency (1), Govt agency (2), Newspaper (2), word of mouth (1)			
5	Cost	Average = $10.30 per hour			
6	Length of service	Average = 21 months			
7	Service satisfaction (1=low – 6=high)	Average = 5.5			
8	Value for money (1=low – 6=high)	Average = 4.3			
9	Would you ever hire another?	Yes (8)	No (1)		
10	Ever tried to hire a home care provider?	Yes (2)	No (1)		
11	Hiring source for those who tried to hire a provider	Homecare of WA (1), Council on aging (1)			
12	What would it have cost?	No responses			
13	Why didn't you hire a provider?	No responses			
14	Will you try again?	Yes (1)	No (0)		
16	Would you consider using a private-pay HCQA registry?	Yes (7)	No (2)		
17	Would you be willing to pay the follow amounts for the service? (Assumes a 3-referral plan)	$300 (1)	$200 (3)	$100 (4)	$50
18	Why would you not be interested in this type of service?	Likes current agency service (1); Can get similar info for free currently (1)			

Appendix 3 – Alternative feasibility interview guide

HCQA Private Pay Registry Feasibility Study

Alternative Feasibility Interview Guide

How feasible are the alternatives given the perspective of state policy, consumer acceptance, technical feasibility?
What do you think will be the biggest impediments to implementing any of these alternatives?
Which alternative do you think is the most likely to be successful (i.e., attract sufficient demand, financially successful)?
Can you offer any suggestions to improve the alternatives?
What issues do you foresee with the provider community, unions?
What issues do you foresee with consumers?
Any other comments, suggestions, criticisms?

Appendix 4 – Market demand contact list and survey instrument

Market Demand Contact List (all are AAAs unless otherwise indicated)

Aging & Long Term Care of Eastern WA
1222 North Post
Spokane, WA 99201
509-458-2509

Southeast WA Aging and Long Term Care
7200 W Nob Hill Blvd
Yakima, WA 98908-0349
Phone: 509/965-0105

Aging and Adult Care of Central Washington
50 Simon Street S.E.
East Wenatchee, WA 98802
509-886-0700

Northwest Regional Council
600 Lakeway Drive
Bellingham, WA 98225
Phone: (360) 676-6749

Snohomish County Dept of Human Services
Long Term Care & Aging
3000 Rockefeller Avenue, M/S 305
Everett, WA 98201
425-388-7377

King County AAA
700 5th Ave. Suite 5100
Seattle WA 98104
Phone: 206-684-0660

Pierce County Aging and Long Term Care
3580 Pacific Avenue
Tacoma, WA 98418
253-798-7236

Lewis/Mason/Thurston AAA
3603 Mud Bay Rd Ste. A
Olympia, WA 98502-2539
360-664-2168

Southwest Washington Area Agency on Aging
201 NE 73rd Street, Ste 101
Vancouver, WA 98665-8345
360-694-6577

Olympic Area Agency on Aging
11700 Rhody Drive
Port Hadlock, WA 98339
Phone: 360/538-8875

Professional Registry of Nursing (not a AAA)
310 N. Meridian, Suite 210
Puyallup, WA 98371
(800) 776-1101 ext. 160

Market Demand Data Collection Template

Name of agency interviewed, contact name, phone number, date
Services Provided by agency
Average # of referral inquiries received per month by type of service (e.g., Medicaid, private-pay)
Nature of private pay inquiries (e.g., intensive service, cooking, cleaning, errands, # of days per week)
How are private-pay inquiries handled? (e.g., referred elsewhere, handled in-house)
Would the HCQA registry be conducive to providing referrals to private-pay consumers?
Do you work directly with any home care agencies in your community? If so, what is the nature of that interaction?
Can you estimate how many private-pay, in-home care consumers there are in your area? How many Medicaid home care clients?
How do most private-pay consumers find an in-home care provider in your area?

Appendix 5 – Financial Model for Recommended Alternative

Private pay financial model – fully allocated fixed cost alternative

Private Pay Finance Model - Subscriber model - Fully Costed												
Statewide inquiries/month	a	250										
Conversion rate (to subscription)	b	50%										
New subscriptions/month	c=a*b	125										
Avg variable cost per referral	k	$ 90										
Subscription plan rates/volume %		% of ttl	# of subscribers	Rate	Revenue	# referrals/ subscriber	Ttl referrals	Referral costs/ subscriber	Net revenue/ subscriber			
		d	e=c*d	f	g=e*f	h	j=e*h	l=h*k	m=f-l			
2 month		90%	113	$ 800	$ 90,400	3	339	$ 270	$ 530			
6 month		5%	6	$ 1,400	$ 8,400	9	54	$ 810	$ 590			
12 month		5%	6	$ 2,100	$ 12,600	18	108	$ 1,620	$ 480			
Totals		100%	125		$ 111,400	30	501					
Monthly variable costs	n=k*j	$ 45,090										
Fiscal agent costs (See note 1)	o	$ 1,200										
Total monthly variable costs	p=n+o	$ 46,290										
Medicaid applications	q	100										
Private pay subscriptions	c	125										
Private pay share of fixed costs	s=c/(q+c)	56%										
Avg total fixed costs	t	$ 113,260										
Private pay share of fixed costs	u=s*t	$ 62,922										
Private pay investment (See note 2)	v	$ 140,000										
Recovery period (months)	w	48										
Monthly amortization on upfront investment	x=v/w	$ 2,917										
total monthly fixed costs	y=u+x	$ 65,839										
		Month #										
		1	2	3	4	5	6	7	8	9	10	11
Initial investment												
Revenue	g	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400	$ 111,400
Variable (HRCC) costs	p	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290
Fixed costs (PP share)	y	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839	$ 65,839
Total costs	z=p+y	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129	$ 112,129
Net revenue	aa=g-z	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)	$ (729)
(Note 1) $900 monthly fee + $.50 per day in provider timekeeping calls												
(Note 2) $130,000 for website modifications; $10,000 initial setup for fiscal agent software												

Private pay financial model – No fixed cost allocation alternative

Private Pay Finance Model - Subscriber model - No Fixed Costs Included														
Statewide inquiries/month	a	250												
Conversion rate (to subscription)	b	50%												
New subscriptions/month	c=a*b	125												
Avg variable cost per referral	k	$ 90												
Subscription plan rates/volume %		% of ttl	# of subscribers	Rate	Revenue	# referrals/ subscriber	Ttl referrals	Referral costs/ subscriber	Net revenue/ subscriber					
		d	e=c*d	f	g=e*f	h	j=e*h	l=h*k	m=f-l					
2 month		90%	113	$ 300	$ 33,900	3	339	$ 270	$ 30					
6 month		5%	6	$ 700	$ 4,200	9	54	$ 810	$ (110)					
12 month		5%	6	$ 1,000	$ 6,000	18	108	$ 1,620	$ (620)					
Totals		100%	125		$ 44,100	30	501							
Monthly variable costs	n=k*j	$ 45,090												
Fiscal agent costs (See note1)	o	$ 1,200												
Total monthly variable costs	p=n+o	$ 46,290												
Medicaid applications	q	100												
Private pay subscriptions	c	125												
Private pay share of fixed costs	s=c/(q+c)	56%												
Avg total fixed costs	t	$ -												
Private pay share of fixed costs	u=s*t	$ -												
Private pay investment (See note 2)	v	$ -												
Recovery period (months)	w	48												
Monthly amortization on upfront investment	x=v/w	$ -												
total monthly fixed costs	y=u+x	$ -												
		Month #												
		1	2	3	4	5	6	7	8	9	10	11	12	
Initial investment														
Revenue	g	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	$ 44,100	
Variable (HRCC) costs	p	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	
Fixed costs (PP share)	y	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Total costs	z=p+y	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	
Net revenue	aa=g-z	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	
(Note 1) $900 monthly fee + $.50 per day in provider timekeeping calls														
(Note 2) $130,000 for website modifications; $10,000 initial setup for fiscal agent software														

Private pay financial model – No fixed cost allocation / 50% subsidy alternative

Private Pay Finance Model - Subscriber model - No Fixed Costs/Partial State Subsidy														
Statewide inquiries/month	a	250												
Conversion rate (to subscription)	b	50%												
New subscriptions/month	c=a*b	125												
Avg variable cost per referral	k	$ 90												
Subscription plan rates/volume %		% of ttl	# of subscribers		Rate	Revenue	# referrals/ subscriber	Ttl referrals		Referral costs/ subscriber	Net revenue/ subscriber			
		d	e=c*d		f	g=e*f	h	j=e*h		l=h*k	m=f-l			
2 month		90%	113	$	150	$ 16,950	3	339	$	270	$ (120)			
6 month		5%	6	$	350	$ 2,100	9	54	$	810	$ (460)			
12 month		5%	6	$	500	$ 3,000	18	108	$	1,620	$ (1,120)			
Totals		100%	125			$ 22,050	30	501						
Monthly variable costs	n=k*j	$ 45,090												
Fiscal agent costs (See note 1)	o	$ 1,200												
Total monthly variable costs	p=n+o	$ 46,290												
Medicaid applications	q	100												
Private pay subscriptions	c	125												
Private pay share of fixed costs	s=c/(q+c)	56%												
Avg total fixed costs	t	$ -												
Private pay share of fixed costs	u=s*t	$ -												
Private pay investment (See note 2)	v	$ -												
Recovery period (months)	w	48												
Monthly amortization on upfront investment	x=v/w	$ -												
total monthly fixed costs	y=u+x	$ -												
		Month #												
		1	2		3	4	5	6		7	8	9	10	11	12
Initial investment														
Revenue	g	$ 22,050	$ 22,050	$	22,050	$ 22,050	$ 22,050	$ 22,050	$	22,050	$ 22,050	$ 22,050	$ 22,050	$ 22,050	$ 22,050
State Subsidy	g	$ 22,050	$ 22,050	$	22,050	$ 22,050	$ 22,050	$ 22,050	$	22,050	$ 22,050	$ 22,050	$ 22,050	$ 22,050	$ 22,050
Variable (HRCC) costs	p	$ 46,290	$ 46,290	$	46,290	$ 46,290	$ 46,290	$ 46,290	$	46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290
Fixed costs (PP share)	y	$ -	$ -	$	-	$ -	$ -	$ -	$	-	$ -	$ -	$ -	$ -	$ -
Total costs	z=p+y	$ 46,290	$ 46,290	$	46,290	$ 46,290	$ 46,290	$ 46,290	$	46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290	$ 46,290
Net revenue	aa=g-z	$ (2,190)	$ (2,190)	$	(2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$	(2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)	$ (2,190)
(Note 1) $900 monthly fee + $.50 per day in provider timekeeping calls														
(Note 2) $130,000 for website modifications; $10,000 initial setup for fiscal agent software														