



Community-Based Services Rate Methodology/Objective Assessment Process

For over 20 years, the Division has reimbursed specialized providers of community based services in accordance with a rate structure based on institutional costs, and throughout this time period there has also been much discussion and respectful disagreement about how funding should be allocated to individuals in services to ensure fairness and adequate supports. In 2013, the Governor and Nebraska Legislature boldly tackled both of these topics as they appropriated funding to address these issues.

Historical Perspective

1992 Rate Methodology

The Division's Home and Community Based Services (HCBS) Waivers provide that developmental disability services in Nebraska are cost reimbursed to specialized providers. The current rates paid for DD services are based upon a rate methodology developed by Deloitte & Touche in 1992. Those initial rates were based upon 90% of the wages of the Developmental Technician I position at the Beatrice State Developmental Center. Since 1992, rates have been adjusted using a cost of living adjustment in the original methodology when new funding was appropriated for this purpose. In 2008, a report produced pursuant to a study required by Legislative Resolution 156 recommended a 15% rate increase and proposed that a new rate methodology study be initiated, but no action was taken on those recommendations at that time.

Objective Assessment Process

The Developmental Disabilities Services Act requires that funding be allocated to individuals based upon their needs as assessed by an Objective Assessment Process (OAP). The current OAP process began its prospective incremental implementation in January of 1999; this process utilized the Inventory and Client Agency Planning (ICAP) standardized assessment to determine individual need. Pursuant to a study provided for by Legislative Bill 291 (2004), the OAP process was evaluated and some recommendations were made (particularly with regard to suitability for persons with exceptional need); the current regulations relating to developmental disability services provide for an exception process that addresses many of the concerns noted in the LB297 report. Since 1999, the OAP process has been utilized to assess need and determine funding for new people entering services. It has also been used to reassess need/funding for people whose

support needs have increased via the Service Needs Assessment process. Yet, the OAP has not been fully implemented for many people who entered services prior to 1999.

The 2009-10 Study

In 2009, the Legislature appropriated \$150,000 for a rate methodology study for community-based developmental disability services. Pursuant to a public bidding process, Navigant was chosen to perform the study. Navigant completed their work in November 2011 after working closely with the Division and providers of specialized services to gather data and develop a methodology. In order to address the Legislative mandate that assisted (continuous) services be paid at a daily rate, rather than the previous ‘per unit’ rate structure, the Division incorporated daily rates into the renewals of our adult HCBS Waivers that were implemented in January, 2011. Since each person’s funding allocation is different, our only option was to create individualized daily rates, which has become difficult to manage. The Division asked Navigant to explore methods to structure a payment system that set daily rates based on the assessed needs of individuals.

The study proposed a rate methodology based upon the actual current costs of providing specialized developmental disability services in Nebraska. This approach differed from the 1992 methodology that utilized 90% of the Developmental Technician I (DTI) salary at BSDC, resulting in the following comparative data:

| | Direct Support Rates Proposed in the Rate Methodology Study | Supervisory Rates Proposed in the Rate Methodology Study | | DTI Entry-Level Salary at BSDC | DTII Entry-Level Salary at BSDC | HSTS Entry-Level Salary at BSDC | DTSS Entry-Level Salary at BSDC | Home Manager Entry-Level Salary at BSDC |
|--|---|--|--|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---|
| Standard Day/Residential Habilitation Supports | \$10.84 | \$16.40 | | \$10.16 | \$11.74 | | \$13.37 | \$17.86 |
| Medical Risk Supports | \$12.20 | \$24.33 | | | | | | |
| Behavioral Risk Supports | \$12.20 | \$21.12 | | | | | | |
| Vocational Supports | \$12.18 | \$16.40 | | | | \$13.86 | | |
| Respite Supports | \$9.05 | \$16.40 | | | | | | |

The cost analysis performed by Navigant established that the direct support rates paid by community providers had increased over time to a higher rate than that of the BSDC positions previously used as comparators. Navigant also evaluated the actual costs to community providers for program support, administration, non-program contracted services and staff benefits - utilizing this cost data and a rate build-up approach to develop a rate structure.

In addition to being based upon actual costs, the new methodology contains provisions for future adjustments for inflationary purposes. The study also took into consideration the OAP process, and presumed full implementation of the OAP for all persons in services. This is important, because CMS would not likely approve a waiver amendment that, on its face, did not sufficiently provide for the assessed needs of the persons covered by the waiver. Thus, the study not only addressed rate methodology, but implementation of this new rate methodology will also result in full implementation of the statutorily mandated OAP.

The rate methodology study is available as a tool for the Legislature in setting future rates for DD services. The proposed rates are based upon the current costs of providing community-based DD services, with the addition of an inflationary factor to take into consideration the time period lapsed since the cost data collection period. The rate methodology provides a set formula that can be adjusted by revising the various inputs (such as the direct support staff salary rate) or by making general inflation adjustments. A copy of the final report is available on the DHHS website for your reference at: http://dhhs.ne.gov/developmental_disabilities/Documents/FINALNEHCBSRateReport.pdf

Rate Methodology/OAP Implementation

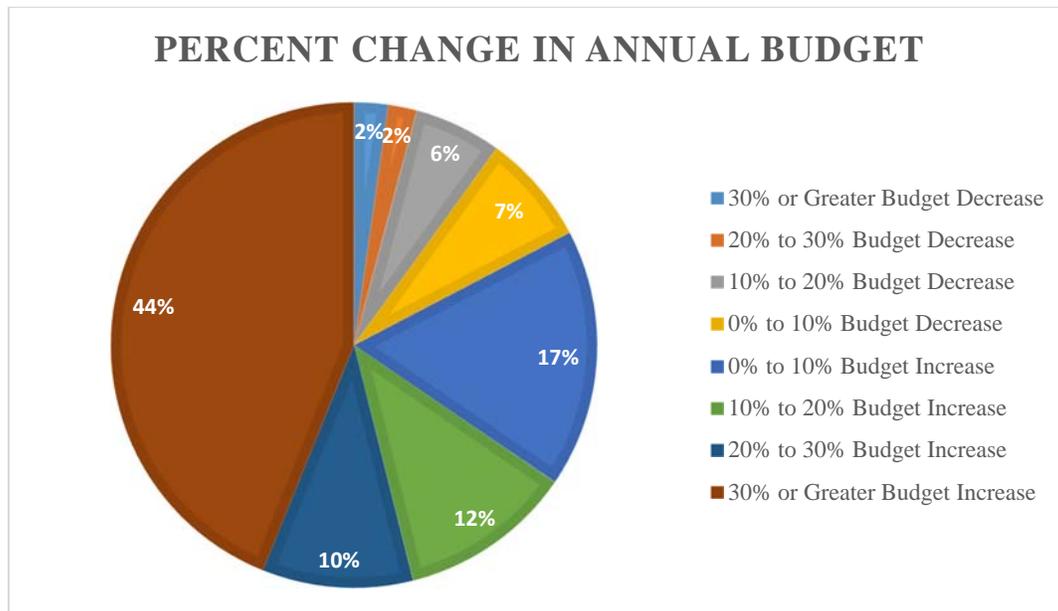
Implementation of the rate methodology study was included in the Governor's 2013 budget proposal, and full funding to implement rate methodology and the objective assessment process was appropriated by the Legislature effective July 1, 2014. Nearly \$36 million state and federal dollars have been allocated to ensure that Nebraskans who have never been funded at their assessed need will now be able to access their full budget for services. This also means that some individuals may experience a reduction in their budget because their previously negotiated budgets were never reassessed and based on their OAP.

In preparation for the July 1, 2014 implementation date, the Division initiated the following actions:

- The ICAP scores for all individuals in services were compiled in a database and manually audited to ensure that the accuracy of projected individual budgets;
- New ICAP assessments were performed for all individuals projected to experience a 30% or greater reduction in their budget. Every guardian was contacted and notified this was occurring; they may not have been interviewed if it wasn't appropriate (i.e. if the individual doesn't live with them, they don't spend the required amount of time with the individual, etc.);

- Budget projections were provided to certified providers for each of the individuals they support, and providers were invited to identify particular individuals for whom they had concerns relating to accuracy of assessments; and
- Information regarding the Navigant rate methodology report was maintained on the Division’s website and discussed with individuals and families at our public forums across the state.

Based upon the Divisions review of the ICAP assessments and individual budget projections, the impact of the July 1, 2014 implementation was calculated as follows:



| Budget Change Category | Waiver/Service Type | | | | Total | Percent Of Total |
|--------------------------------|---------------------|------------|------------|-----------|--------------|------------------|
| | DDAC | DDAD | CDD | DDAID | | |
| 30% or Greater Budget Decrease | 101 | 3 | 0 | 1 | 105 | 2.2% |
| 20% to 30% Budget Decrease | 83 | 5 | 0 | 1 | 89 | 1.9% |
| 10% to 20% Budget Decrease | 252 | 18 | 0 | 2 | 272 | 5.8% |
| 0% to 10% Budget Decrease | 326 | 20 | 0 | 0 | 346 | 7.4% |
| Total Budget Decreases | 762 | 46 | 0 | 4 | 812 | 17.3% |
| 0% to 10% Budget Increase | 581 | 54 | 165 | 4 | 804 | 17.2% |
| 10% to 20% Budget Increase | 405 | 122 | 14 | 0 | 541 | 11.6% |
| 20% to 30% Budget Increase | 315 | 146 | 5 | 3 | 469 | 10.0% |
| 30% or Greater Budget Increase | 1,538 | 447 | 50 | 20 | 2,055 | 43.9% |
| Total Budget Increases | 2,839 | 769 | 234 | 27 | 3,869 | 82.7% |
| Total | 3,601 | 815 | 234 | 31 | 4,681 | 100.0% |

Actual implementation activities included:

- Notices were sent to over 3,800 individuals in services notifying them of their budget increases to be effective on July 1, 2014;
- Notices were sent to individuals whose budgets were projected to decrease effective July 1, 2014, with specific instructions on how to request a review or appeal of the decrease;
- Administrative exceptions were issued to the parents/guardians of all children whose budgets were projected to decrease, effectively freezing their budgets at their 2013-14 rates; and
- Administrative exceptions were extended for all individuals for whom administrative exceptions were in place for 2013-14 to address enhanced levels of supports necessitated by unique medical or behavioral challenges plus the 2% rate increase.

The Division received approximately 130 requests for review or appeal of the individuals receiving the initial notices of projected budget reduction. The purpose of the administrative exceptions was to allow the Division to appropriately address these initial appeals/reviews, while allowing for further review of the budget impacts on children and those with specialized needs; the Division will take appropriate action to complete implementation related to those individuals in 2014-15.