

Rate Rebase and OAP Redesign Phase I Rate Rebase Project Update Stakeholder Webinar

NE Division of Developmental Disabilities
March 29, 2017

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Meeting Agenda

- I. Agenda**
- II. Rate Rebase and OAP Redesign Project Overview**
- III. Stakeholder Engagement**
- IV. Phase I Rate Rebase**
 - a) Overview
 - b) Rollout
- V. Phase I Pilot General Ledger Review**
 - a) Participating Agencies
 - b) Process
 - c) Challenges
 - d) Pilot Finding and Takeaways
- VI. Rate Rebase and OAP Redesign Activities**
 - a) Training requirements for Direct Support Professionals
 - b) OAP and the Inventory for Client and Agency Planning (ICAP)
- VII. Next Steps**

Rate Rebase and Objective Assessment Process (OAP) Redesign

Goal: *To assess and improve Nebraska DDD's current Medicaid Waiver rate structure to ensure appropriate reimbursement.*

Phase I – Rate Rebase: *Understanding service costs and cost components*

- Analyzing costs for a comparison to service revenues
- Understanding the cost components within a service rate

Phase II – OAP Redesign: *Changing reimbursement structure for services*

- Using findings from Phase I and other predictors of need to reform rate structure
- Altering payment methodologies to better match payment to risk

Stakeholder Engagement

NE DDD is committed to stakeholder engagement - ensuring people receiving services, families, advocates, and the general public have the opportunity to advise and influence reforms.

Advisory Workgroups

1. Rate Rebase and OAP Redesign Provider Advisory Group

- Twelve providers nominated by NE provider associations
- In person meetings - review draft protocols, analyze findings, inform decision making

2. DDD Program Staff Briefings

- Meetings to gather information from program staff regarding service protocols & standards
- Staff briefings re: rate reform approach, decisions, and progress and seek input

3. Rate Rebase and OAP Redesign Stakeholder Workgroup

- Statewide participation from the spectrum of stakeholder groups
- Webinars coordinated with RR and OAP Redesign PAG meetings

Phase I Rate Rebase Overview

1. Provider General Ledger Review

- Revenue and Expenses for SFY15, SFY16, & SFYTD17 (through 9/30/16)
- Review of raw data extracted from provider accounting systems (no need to make any edits/changes)
- Data to categorize and allocate revenue/expenses by service, type, and date
- Chart of Accounts

2. Staffing Information

- Request a list of staff distinguishing roles (direct care, program support, and admin)
- Information to categorize and allocate staffing costs by service

3. Validation Process

- Used to validate individual provider GL information
- Used to validate cost component percentages in aggregate

Phase I Rollout Process

1. Provider Sample Selection (February 8 – June 3)
2. Finalize Pilot GL Review Protocols (February 8 – February 10)
3. GL Review Pilot (February 13 – March 31)
4. Revise/Refine GL Review Protocols (February 13 – March 31)
5. GL Review Group 1 (April 3 – April 17)
6. New Groups Rolled Out Every Other Week (April 10 – June 30)

Phase I Rate Rebase Pilot

Phase 1 Pilot Agencies

Additional Pilot Participating Agencies

Region 1	Marlene Pedulla
Mosaic	Stacy Morton
Integrated Life Choices	Justin Solomon

Region 2	Pam Mann
DSN	Roger Stortenbecker
Region 5	Kevin Jeppson

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Pilot Process

1. Initial call with provider – introductions, exchange of contact info & instructions
2. Provider access to a secure FTP site to upload GL data
3. A&M conducts a preliminary review, moves information into a standard template
4. A&M / Provider conference call – chart of accounts mapping and other information to link expenses to services
5. A&M categorizes expenses based on a standard template that enables aggregation of information
6. Validation of analysis with audited financial statements
7. A&M follow up calls with provider – finalize results

Pilot Challenges

1. Allocation of costs

- Within groups of services
- Across all agency services

2. Accounting for non-waiver service costs

- Private Pay
- DOE
- VRS

3. Exclusion of non-allowable expenses

- Room & Board
- Participant wages

Cost Template – Revenue and Expenses

Accounting Methodology							
	Service 1	Service 2	Service 3	DDD Non Waiver	Non-DDD	Fund Raising	Total
Expenses							
Admin Allocation	\$ 2,681	\$13,013	\$ 6,483	\$ 1,331	\$ 257	\$ 1,236	\$ 25,000
Wages	\$ 10,000	\$50,000	\$ 25,000	\$ 5,000	\$ 1,000	\$ 5,000	\$ 96,000
ERE	\$ 1,000	\$ 5,000	\$ 2,500	\$ 500	\$ 100	\$ 500	\$ 9,600
Program Support	\$ 2,000	\$10,000	\$ 5,000	\$ 1,000	\$ 200	\$ 1,000	\$ 19,200
Other	\$ 800	\$ 3,200	\$ 1,200	\$ 500	\$ 50	\$ -	\$ 5,750
Non-Allowable	\$ 300	\$ 250	\$ 400	\$ -	\$ -	\$ -	\$ 950
Total w/o admin	\$ 14,100	\$68,450	\$ 34,100	\$ 7,000	\$ 1,350	\$ 6,500	\$131,500
Total w/ admin	\$ 16,781	\$81,463	\$ 40,583	\$ 8,331	\$ 1,607	\$ 7,736	\$156,500
Admin%	16%	16%	16%	16%	16%	16%	16%
Revenue	\$ 18,000	\$80,000	\$ 39,000	\$ 9,000	\$ 1,500	\$ 8,000	\$155,500
Profit/Loss	\$ 1,219	\$ (1,463)	\$ (1,583)	\$ 669	\$ (107)	\$ 264	\$ (1,000)
Margin	9%	-2%	-5%	10%	-8%	4%	-1%

Cost Template – Service Cost Components

Accounting Methodology							
	Service 1	Service 2	Service 3	DDD Non Waiver	Non-DDD	Fund Raising	Average
Expenses							
Admin Allocation	16%	16%	16%	16%	16%	16%	16%
Wages	60%	61%	62%	60%	62%	65%	62%
ERE	6%	6%	6%	6%	6%	6%	6%
Program Support	12%	12%	12%	12%	12%	13%	12%
Other	5%	4%	3%	6%	3%	0%	3%
Non-Allowable	2%	0%	1%	0%	0%	0%	1%
% Exp per CC	11%	52%	26%	5%	1%	5%	100%
% Rev per CC	12%	51%	25%	6%	1%	5%	100%
Profit Margin	9%	-2%	-5%	10%	-8%	4%	-1%

Pilot Findings and Takeaways

- Data capabilities vary by provider
 - Larger providers have advanced financial reporting
 - Some providers rely on income statements rather than GL accounting
- Day Habilitation revenue provided in residential settings distorts service profitability
 - These revenues artificially increase profit margin of day habilitation services
 - Expenses recognized with these services stay with residential settings
- Pilot process worked well
- Draft proposed cost categories required only minor changes
- Pilot findings from 3 agencies are insufficient to draw conclusions
- Pilot is complete – GL review of remaining agencies to proceed

Rate Rebase and OAP Redesign Activities

- ▶ Inform and advise training time used for rate build up
 - Title 404; Chapter 4 Initial Orientation and In Service Training
 - Title 172 Medication Administration Training

- ▶ Review Objective Assessment Process data sources
 - History of OAP and ICAP in NE
 - Current Protocols

Next Steps

- Complete GL Reviews
- Assess training requirements for rate build up
- Next Provider Advisory Group meeting - Tuesday, May 23, 2017
- Next Stakeholder Webinar - Thursday, May 25, 2017

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