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

NE Division of Developmental Disabilities

March 29, 2017

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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**

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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)**

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Phase I Rate Rebase Pilot

Phase 1 Pilot Agencies

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

Additional Pilot Participating Agencies

Region 2	Pam Mann
DSN	Roger Stortenbecker
Region 5	Kevin Jeppson

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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%	5%	5%	6%	5%	0%	3%
Non-Allowable	2%	0%	1%	5%	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%*

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

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

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Contact Information

NE Division of Developmental Disabilities

  - Primary Contact Tony Green, Deputy Director of DDD – Tony.Green@nebraska.gov

Optumas

  - Steve Schramm, Founder & Managing Director – steve.schramm@optumas.com
  - Martin McNamara, Project Manager – martin.mcnamara@optumas.com

Alvarez & Marsal

  - John Cox, Managing Director – jcox@alvarezandmarsal.com
  - Wanda Seiler, Senior Director – wseiler@alvarezandmarsal.com
  - Brian Allen, Manager – ballen@alvarezandmarsal.com

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Provider Advisory Group Members

Laurie Ackermann, Ollie Web Center, Inc.

Leslie Bishop, Autism Center of Nebraska

Rhonda Bojanksi, Prime Home DDS

Kevin Jeppson, Region 5

Monica Simonsen, Mid Nebraska Individual Services

Pam Mann, region 2

Marlene Pedulla, Region 1

Roger Stortenbecker, Developmental Services of Nebraska

Justin Solomon, Integrated Life Choices

Stacy Morton, Mosaic

Liz Wollmann, KVC Nebraska

Alan Zavodny, North Star Services

NEBRASKA
Good Life. Great Mission.
DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.