Developmental Disabilities Rate Rebase Legislative Briefing

March 1, 2019

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Meeting Agenda

1. Contact Information & Introductions
2. Rate Rebase Overview
    a. Goal
    b. Key Considerations
3. Rate Rebase Methodology
    a. Direct Care Staff Wage Model
    b. Data Sources
    c. Rate Structure
    d. Feedback Loop
    e. Funding Models
4. Review & Next Steps

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Contact Information & Introductions

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Overview: Goal

To assess and improve DD's current Medicaid Waiver rate structure to ensure appropriate reimbursement.

Emphases:

- Review and address concerns with current service structure.
- Engage provider community through Provider Advisory Group (PAG).

Overview: Key Considerations

1. CMS Corrective Action Plan - CMS required rate rebase
2. Service Definition
   - Review and revise existing service definitions to reflect the desired service structure in NE
   - Author new service definitions where gaps in service structure exist
3. Targeted Services
   - Comprehensive examination of the range of services provided by DD
   - Ensure services cover the range of acuity and support home and community based care
4. Service Array - Services step up and down to address differences in needs between individuals
5. Service Costs
   - Analyze costs for a comparison to service revenues
   - Understand the cost components within a service rate
6. Ongoing Financial Data Reporting and Monitoring - Develop a framework for continued reporting from new and existing providers

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Methodology: Direct Care Staff Wage Model

	Rate Buildup
Wage	
Employee Related Expenses (ERE)	
Availability	
Adjusted Wage	
Mileage	
Program Support	
Administration	
Total Per Staff Hr	
Hours	
Daily	
Half-Day	

Direct Care Staff Wage Model

- Begins with wage
- Rate components vary with wage
- Allows for easy changes for appropriations using tools such as CPI, etc.

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Methodology: Process

1. **Provider Advisory Group (PAG)**
   - Optumas and A&M solicited regular and ongoing input and feedback from the PAG throughout the rate rebase process
   - Training Survey
2. **Data Request**
3. **Multiple Feedback Sessions**
   - Individual providers engaged during GL collection
   - PAG
   - Webinars
   - Independent provider sessions

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Methodology: Data Sources

1. General Ledgers
   - General Ledger (GL) data requested from NE DDD service providers
   - Alverez & Marsal (A&M) summarized usable data
   - Informed foundation of rate rebase
2. Payroll - Data collected by A&M
3. Staffing Ratio
   - 2018 survey completed by A&M
   - Determines appropriate ratios in non-1:1 care settings
4. Historical Expenditures - Claims data for DDD services to provide context for GL data and how much of a service was performed
5. Bureau of Labor Statistics Wage Categories
   - Appropriate categories identified for services performed by DDD providers
   - Wage rates trended based on Consumer Price Index (CPI)

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Methodology: Data Request Results

Received from DDD Providers:

- General Ledgers - 12 Usable for Rate Rebase / 44 Provider GLs Requested
- Training Survey - 5 Usable for Rate Rebase (Volunteers from PAG) / 5 Requested
- Staffing Ratio - 21 Usable for Rate Rebase / 22 Requested

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Methodology: Rate Structure

Classification of GL Expenses into Rate Components:

- Employee Related Expenses (ERE)
- Staff availability factor
- Mileage*
- Program Support
- Administration

* Mileage is recalculated independently of GL data due to changes in transportation

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Methodology: Rate Structure, Continuous Residential Habilitation

	Basic	Intermediate	High	Advanced	Risk
Wage	$ 14.63	$ 14.88	$ 15.12	$ 15.99	$ 16.86
ERE	30.0%	30.0%	30.0%	30.0%	30.0%
Availability	1.14	1.14	1.14	1.16	1.16
Adjusted Wage	$ 21.72	$ 22.08	$ 22.44	$ 24.13	$ 25.44
Mileage*	4.5%	4.1%	3.3%	2.5%	1.8%
Program Support*	5.0%	6.6%	8.3%	12.4%	16.2%
Administration*	5.0%	5.1%	5.2%	5.2%	5.2%
Total Per Staff Hr	$ 25.38	$ 26.24	$ 26.99	$ 30.19	$ 33.11
Hours	6.43	7.18	10.19	13.95	19.29
Daily	$ 163.18	$ 188.42	$ 275.03	$ 421.30	$ 638.65
Half-Day	$ 81.59	$ 94.21	$ 137.52	$ 210.65	$ 319.32

*Calculated as a percent of Total Per Staff Hour

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Methodology: Rate Structure

Application of Rates

- Convert Staff Hour to Billed Unit
- Billed Unit needs to match service definition

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Methodology: Feedback Loop

- Example: Continuous Residential Habilitation
  - Continuous Residential Habilitation rates were proposed as Daily and Hourly
  - PAG feedback: hourly rates were cumbersome
  - Solution: Provide Half-Day rate instead of Hourly
- Example: Medical and Behavioral In-Home Habilitation
  - Prior definitions of residential service did not allow for billing of extended absences from day services due to medical or behavioral issues
  - Proposed definition would increase residential rates to account for missed day services
  - Feedback: not targeted enough
  - Final definition created new services to address extended day absences

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Methodology: Funding Models

- Budget Neutral with Current Appropriations (0% Increase)
  - Medical and Behavioral In-Home Habilitation Services and Risk Tier
  - Rate Adjustment
- Governor's Budget Recommendation (4% Increase)
  - Medical and Behavioral In-Home Habilitation Services and Risk Tier
  - Increased Rate Adjustment
- Fully Funded (6.6% Increase)
  - New Service: Community Integration
  - Medical and Behavioral In-Home Habilitation Services and Risk Tier
  - Full Rate Adjustment

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Review and Next Steps

- Review
  - Goals
    - To assess and improve DD's current Medicaid Waiver rate structure to ensure appropriate reimbursement
    - Provider engagement
    - Service Array, Definitions, Costs & Components
  - Methodology
    - Direct Care Staff Wage Model
    - Data Sources
    - Rate Structure
    - Feedback Loop
    - Funding Models
- Next Steps
  - Medicaid HCBS Waiver Amendment anticipated to be sent to CMS March 2019. Budget-neutral rates based on existing appropriations
  - Implementation of Rebased Rates anticipated Summer 2019

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