



Provider Briefing: HCBS Rate Study 2022

Background: The Kentucky Department for Medicaid Services (DMS) is conducting a rate study of home and community-based services (HCBS) funded through Kentucky Medicaid’s 1915(c) waivers. This summary provides an overview of the rate study and waiver-related fiscal activities. DMS has contracted with Guidehouse (formerly known as Navigant) to perform the rate methodology study.

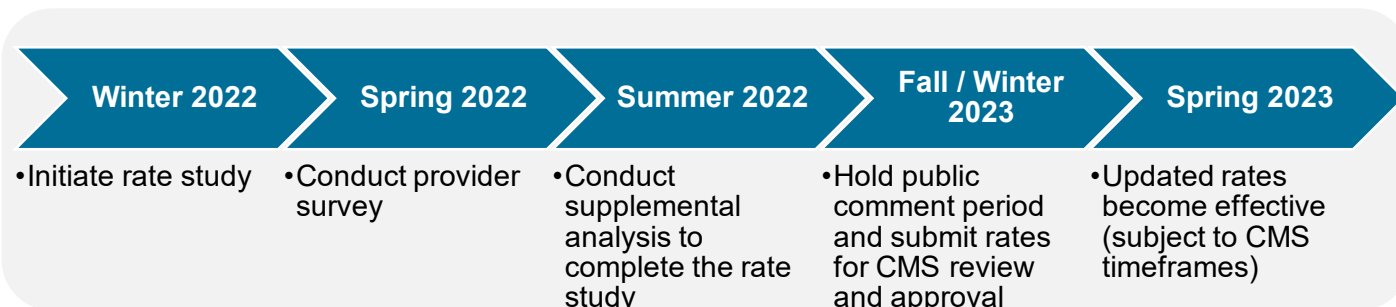
<p>What is the purpose of a rate study?</p>	<p>The HCBS rate study aims to develop a sound payment and rate-setting methodology, informed by analyzing the reasonable and necessary costs incurred by providers who serve waiver participants. The rate study will allow DMS to develop rates consistent with the efficiency, accessibility, and quality of care standards federally required by U.S.C. Section 1396(a)(30)(A).</p>
<p>Why is DMS conducting a rate study now?</p>	<p>The Centers for Medicare & Medicaid Services (CMS) requires states to review, and when appropriate, update HCBS waiver rates at least every five years or any time there is a substantive change needed. Kentucky’s rate methodology pre-dates this time frame and CMS has advised DMS that the rate methodology must be updated to reflect costs more accurately and adhere to evolving federal guidance.</p> <p>DMS conducted a rate study in 2018 - 2019 but the recommendations were not adopted because the waiver program costs needed to stay the same despite any proposed rate adjustments. This time, DMS is not requiring overall waiver program costs to stay the same so there is more flexibility to update rates.</p> <p>DMS recognizes that service delivery costs, especially those associated with wages and benefits needed to maintain an HCBS workforce have increased since the start of the federal public health emergency. We anticipate that some costs have significantly changed and that current reimbursement rates may no longer be sufficient to ensure an adequate network of providers.</p> <p>Notably, recent guidance from CMS requires any rate increase funded with American Rescue Plan Act (ARPA) 9817 funds to utilize a rate setting methodology. Without an approved rate methodology, CMS has advised it would be difficult to justify permanent rate modifications, including increases, until a methodology has been approved that can act as a basis for modifications.</p>
<p>What information will DMS use to inform the study?</p>	<p>DMS will analyze cost and wage information from credible, objective data sources including HCBS provider surveys, publicly available data (such as the Bureau of Labor Statistics, etc.), and historical claims and enrollment data. DMS is also meeting monthly with a workgroup of stakeholders, including waiver providers, provider association representatives, state agency leaders, advocates, and state legislators, who will provide subject-matter expertise and offer input. Materials from the workgroup’s meetings are available on the DMS Division of Community Alternatives website.</p>
<p>What happens when the rate study is complete?</p>	<p>Guidehouse will provide rate recommendations and draft rate methodology documentation to DMS. DMS will release these to the public and conduct a CMS-required public comment period to obtain input on any proposed rate-setting or rate methodology changes before they are submitted to CMS for approval.¹ The resulting rates are subject to the approval of DMS, federal approval from CMS, and must be implemented in both the 1915(c) waiver applications and Kentucky Administrative Regulations (KAR) as the standard reimbursement rate.</p>

¹ Anticipated approval is subject to CMS review and approval timelines, which are subject to change and typically take 3 – 6 months. Refer to: Centers for Medicare & Medicaid Services, Instructions Technical Guide and Review Criteria 1915(c) HCBS Waiver, https://wms-mmdl.cms.gov/WMS/help/35/Instructions_TechnicalGuide_V3.6.pdf



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Anticipated Rate Study Timeline:



Overview of Current Factors Related to HCBS Waiver Funding:

As stakeholders may be aware, there are several current initiatives which relate to waiver funding but are not directly tied to the rate study process as discussed above:

Non-Rate Study 1915(c) Waiver Financial Factor: Appendix K & Short-Term Provider Relief Payments

What is Appendix K?	Appendix K allows states to make temporary changes to waiver policy during emergency situations to address programmatic needs and participant health, safety, and welfare for the duration of the emergency.
How has Kentucky used Appendix K?	As part of its Appendix K, DMS previously submitted to CMS and received approval to implement several temporary rate increases to ensure that sufficient providers were available for participants; DMS also provided retainer payments for eligible Adult Day Health Centers and Adult Day training providers while facilities were closed as mandated by the Governor.
Is Kentucky considering any additional Appendix K amendments?	Acknowledging the continued need providers have for further financial support, DMS recently submitted an Appendix K amendment that includes more options to provide near-term payment relief for providers. The amendment is currently under CMS review.

Non-Rate Study 1915(c) Waiver Financial Factor: American Rescue Plan Act Enhanced Funding

What is ARPA?	American Rescue Plan Act (ARPA) Section 9817 provides additional support for Medicaid home and community-based services (HCBS) by providing a temporary 10% increase in federal funding. ²
How can states spend the funds from the enhanced FMAP?	CMS required states to submit a plan for spending the enhanced FMAP to expand, enhance, or strengthen HCBS . Once approved, funds may be expended according to the documented plan.

² Centers for Medicare and Medicaid Services, State Medicaid Director's Letter (SMD #21-003), <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>



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Non-Rate Study 1915(c) Waiver Financial Factor: American Rescue Plan Act Enhanced Funding

<p>What is the status of Kentucky's Spending Plan?</p>	<p>DMS developed Kentucky's ARPA 9817 spending plan based on input from key stakeholders (e.g., advocate groups, providers, individuals receiving services and their families, CHFS-designated operating agencies). DMS received partial approval for this plan on September 30, 2021, and after responding to CMS' questions, DMS received conditional approval on February 14, 2022.³</p> <p>Kentucky also received approval for its first quarterly spending plan report and is working on the next quarter's report. Per CMS' guidance, the state has begun to move forward with HCBS spending plan activities. Use of ARPA funding for activities not described in the HCBS spending plan would require a plan amendment and CMS approval.⁴</p>
<p>When can states use the enhanced funding?</p>	<p>The enhanced FMAP funds are one-time, non-recurring funds which may be used through March 31, 2024, in alignment with a CMS-approved spending plan. Kentucky's plan is conditionally approved, and the state can begin to use the enhanced funding while it continues to meet the requirements of ARPA section 9817.</p>

Non-Rate Study 1915(c) Waiver Financial Factor: House Bill 1 Proposal / Waiver Funding

<p>What are the budgetary impacts of HB1?</p>	<p>DMS recognizes the need for increased funding for 1915(c) waiver providers. As drafted, HB1 does not provide sufficient funding to fully support the proposed rate increases and waiver slots. A rate increase without sufficient increase in state funds to match could potentially result in fewer people being served to maintain federally agreed upon cost neutrality estimates (documented in 1915(c) waiver; Appendix J).</p>
<p>How does HB1 impact waiver funding?</p>	<p>For Kentucky's fiscal year 2022-2024 budget, House Bill 1 (HB1) proposes to:</p> <ul style="list-style-type: none"> • Add 50 waiver slots to both the MPW and SCL waiver programs • Increase rates for all services within the ABI, ABI-LTC, HCB, SCL, and MPW waiver programs by 10% in fiscal year 2022-2023 and another 10% in fiscal year 2023-2024 • Maintain the 50% rate increase authorized by Appendix K for SCL Residential Level 1 and ABI Residential services in both fiscal years
<p>Can ARPA funds be used to fund the HB1 proposal?</p>	<p>While HB1 proposes using funds from the ARPA enhanced federal match, use of ARPA funds for this purpose should consider the following implications:</p> <ul style="list-style-type: none"> • ARPA funds must be used in alignment with the CMS-approved spending plan. Any changes to the spending plan must go through a formal approval process with CMS. DMS has already begun implementing initiatives described in the spending plan, all of which would need to pause and risk permanent cancellation if the ARPA funds were to be re-allocated. DMS would need to submit an entirely

³ Kentucky DMS, HCBS Spending Plan, <https://chfs.ky.gov/agencies/dms/dca/Documents/fmapspendingplan.pdf>

⁴ States may not spend 9817 funds until CMS approval is received.



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Non-Rate Study 1915(c) Waiver Financial Factor: House Bill 1 Proposal / Waiver Funding

new plan to CMS articulating an updated spending plan strategy and is subject to federal approval.

- ARPA initiatives include enhancements to the current continuum of care including services to populations not presently served by the waiver and conducting feasibility studies and implementation planning that would apply to *new* programs, services, and HCBS systems including participant directed services modernization and no wrong door implementation – which are systemically needed and will also enhance existing HCBS systems. Some of these enhancements are tied to recommendations by legislative committees (e.g., Special Committee Severe Mental Illness Task Force).
- Permanent waiver rate changes require a documented rate methodology. If HB1's proposed 10% rate increase is not approved by CMS due to insufficient justification within a proposed rate methodology, Kentucky would be at risk to use 100% state funds to fund the rate increase.
- ARPA funds are temporary and expire March 31, 2024. After the ARPA expiration date, the enhanced FMAP will no longer be available and would need to be permanently sustained by State funds (or state-matched funds, depending on how Kentucky ultimately decides to seek rate approval).
- The estimated total amount Kentucky expects to receive is not sufficient to cover the estimated gap in funding.

If you have any questions or comments regarding the ARPA activities, please email MedicaidPublicComment@ky.gov.

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Addressing Rate Disparities: A critical goal of the rate study is to **address the disparity in rates** across Kentucky’s six waiver programs. To illustrate the current state of waiver rates and the variation between waivers, the remainder of this document summarizes waiver services and rates.

Day Services	Service	Waiver	Unit	Rate Per Unit
<p>Day Services include either Adult Day Health Care (ADHC) or Adult Day Training (ADT).</p> <p>ADHC meets participants medical and social needs. Participants can receive skilled nursing care and supervision for medical issues, routine personal care, meals, daily activities.</p> <p>ADT provides support with acquisition, retention, and improvement of self-advocacy, social, and practical, everyday skills.</p> <p><i>*The HCB waiver includes two levels of reimbursement for ADHC services. For an ADHC to receive Level II reimbursement for a participant, the individual must meet the Level II high intensity level of care criteria established in the Kentucky Home Assessment Tool (K-HAT). The K-HAT is used for level of care assessments in HCB.</i></p>	Adult Day Health Care	ABI LTC	15-minute	\$3.19
		HCB	15-minute	\$2.83
		MPW	15-minute	\$2.75
	Adult Day Health Care – Level II*	HCB	15-minute	\$3.43
	Adult Day Training provided at an ADHC	SCL	15-minute	\$3.30
	Adult Day Training	ABI	15-minute	\$4.03
		ABI LTC	15-minute	\$4.03
		MPW	15-minute	\$2.75
		SCL	15-minute	\$2.42

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Behavior Services	Service	Waiver	Unit	Rate Per Unit
<p>Behavior Services help participants with behavioral challenges that interfere with activities of daily living, social interactions, or work/volunteer situations. This service can include a behavior assessment, development of a behavior support plan by a licensed or certified behavior professional, and implementation and ongoing monitoring of the behavior support plan.</p> <p><i>*Consultative Clinical and Therapeutic Services is only offered in the SCL waiver. In addition to behavior supports, it can also be used to cover assessments by certified professionals in psychology, nutrition, or counseling.</i></p>	Behavior Programming	ABI	15-minute	\$33.61
		ABI LTC	15-minute	\$33.61
	Behavioral Support Services	MPW	15-minute	\$33.25
	Positive Behavior Supports	SCL	15-minute	\$24.75
	Consultative Clinical & Therapeutic Services*	SCL	15-minute	\$24.75
	Positive Behavior Support Plan	SCL	Per Plan	\$731.50

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Case Management & Financial Management Services	Service	Waiver	Unit	Rate Per Unit
<p>Case Management assists participants with initiation and management of waiver and other services, monitors effectiveness of services and participant health, safety, and welfare, and updates the person-centered service plan at least yearly, or more often if needed.</p> <p>Financial Management assists participants who use the participant-directed services (PDS) with employee management tasks such as completing the necessary employment paperwork and payroll.</p> <p><i>*PDS Coordination in HCB includes both PDS case management and financial management. The agency typically splits the reimbursement between the services (\$162.50 each).</i></p>	Case Management (Traditional)	ABI	Per Month	\$434.00
		ABI LTC	Per Month	\$375.00
		HCB	Per Month	\$100.00
		MPW	Per Month	\$200.00
		SCL	Per Month	\$352.00
	Support Broker (PDS)	ABI	Per Month	\$375
		ABI LTC	Per Month	\$375
		MPW	Per Month	\$352
	PDS Coordination (PDS)*	HCB	Per Month	\$325
	Case Management (PDS)	SCL	Per Month	\$352
	Financial Management	ABI	15-Minute (Up to 8 units per month)	\$12.50
		ABI LTC	15-Minute (Up to 8 units per month)	\$12.50
		MPW	15-Minute (Up to 8 units per month)	\$12.50
SCL		15-Minute (Up to 8 units per month)	\$12.50	

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Respite Services	Service	Waiver	Unit	Rate Per Unit
Respite providers short-term care due to absence or need for relief of non-paid primary caregiver. <i>*Services must be provided at a level that appropriately and safely meets the support needs of the waiver participant and that the respite provider has the appropriate training and qualifications to deliver.</i>	Respite	ABI	15-minute	\$4.00
		ABI LTC	15-minute	\$4.00
		MPW	Year	\$4,000.00
		SCL	15-minute	\$3.05
	Non-Specialized Respite	HCB	15-minute	\$2.75
	Specialized Respite – Level I*	HCB	15-minute	\$4.00
	Specialized Respite – Level II*	HCB	15-minute	\$10.00

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Home and Community Support Services	Service	Waiver	Unit	Rate
<p>Home and Community Support Services help individuals with activities of daily living and instrumental activities of daily living in the home, help individuals in accessing and navigating community life, and provide supervision at home and/or in the community.</p> <p><i>*Home and Community Supports is for Participant Directed Services (PDS) only. This means waiver participants who use this service cannot pay their PDS employee more than \$11.52 an hour for providing this service. They can choose to pay less. The PDS rate for the same services in the other waivers does not differ from the traditional rate.</i></p>	Attendant Care	HCB	15-minute	\$6.00
		MPW	15-minute	\$2.90
	Community Access - Individual	SCL	15-minute	\$4.40
	Community Access - Group	SCL	15-minute	\$8.80
	Community Guide	SCL	15-minute	\$8.80
	Community Living Supports	ABI LTC	15-minute	\$5.56
		MPW	15-minute	\$5.54
	Companion	ABI	15-minute	\$5.56
	Home and Community Supports*	HCB	15-minute	\$2.88
	Homemaker	MPW	15-minute	\$6.50
	Person-Centered Coaching	SCL	15-minute	\$6.33
	Personal Assistance	ABI	15-minute	\$5.56
		MPW	15-minute	\$7.50
	Personal Care	SCL	15-minute	\$6.09

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Therapeutic Services	Service	Waiver	Unit	Rate
Therapeutic services include occupational, speech, and physical therapy. These services help participants learn skills that help them regain the highest level of functioning.	Occupational Therapy	ABI	15-minute	\$25.90
		ABI LTC	15-minute	\$25.90
		MPW	15-minute	\$22.17
	Speech Therapy	ABI	15-minute	\$28.41
		ABI LTC	15-minute	\$28.41
		MPW	15-minute	\$22.17
	Physical Therapy	ABI LTC	15-minute	\$25.00
		MPW	15-minute	\$22.17

Counseling Services	Service	Waiver	Unit	Rate
Counseling can be provided to an individual or to a group of two to eight participants. Counseling helps participants resolve cope with personal or interpersonal issues resulting from an acquired brain injury.	Counseling – Individual	ABI	15-minute	\$23.84
		ABI LTC	15-minute	\$23.84
	Counseling – Group	ABI	15-minute	\$5.75
		ABI LTC	15-minute	\$5.75

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Residential Services	Service	Waiver	Unit	Rate
<p>Residential services give participants the opportunity to live in the community in the most integrated setting appropriate for their needs. Residential services provide supervision, assistance with activities of daily living, community inclusion, and social and leisure skill development.</p> <p>The setting of residential services can also vary based on a participant's needs. Residential settings include provider-owned residences, family home provider residences, adult foster care, or individuals who receive 1:1 services from a roommate who serves as their live-in caregiver.</p> <p><i>*This is the enhanced rate under Kentucky's COVID-19 Appendix K amendment. Normal rate is \$200 per day.</i></p>	Supervised Residential Level I	ABI	Per Day	\$300*
		ABI LTC	Per Day	\$300*
	Supervised Residential Level II	ABI	Per Day	\$225**
		ABI LTC	Per Day	\$225**
	Supervised Residential Level III	ABI	Per Day	\$100
		ABI LTC	Per Day	\$75
	Residential Support Level I (3 or fewer residents)	SCL	Per Day	\$284.57***
	Residential Support Level I (4-8 residents)	SCL	Per Day	\$215.09****
	Residential Support Level II	SCL	Per Day	\$86.90
	Residential Support Level II (12+ hours of supervision)	SCL	Per Day	\$155.86
Technology Assisted Residential	SCL	Per Day	\$86.90	

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<p>**This is the enhanced rate under Kentucky's COVID-19 Appendix K amendment. Normal rate is \$150 per day.</p> <p>***This is the enhanced rate under Kentucky's COVID-19 Appendix K amendment. Normal rate is \$189.71 per day.</p> <p>**** This is the enhanced rate under Kentucky's COVID-19 Appendix K amendment. Normal rate is \$143.39.</p>	Shared Living	SCL	Per Month	\$600
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Employment Services	Service	Waiver	Unit	Rate
<p>Employment services help participants obtain and maintain paid, competitive employment. This service can include support in the workplace as well.</p>	Supported Employment	ABI	15-minute	\$7.98
		ABI LTC	15-minute	\$7.98
		MPW	15-minute	\$5.54
		SCL	15-minute	\$11.28

Caregiver Support Services	Service	Waiver	Unit	Rate
<p>Caregiver support services provide training and counseling to a participant's family to help them gain the skills needed to support their loved one in the community.</p>	Family Training	ABI LTC	15-minute	\$25.00
	Natural Supports Training	SCL	Per Plan Year	Up to \$1,000

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Supplies and Equipment	Service	Waiver	Unit	Rate
Supplies and Equipment services provide participants with items necessary to support their health, safety, welfare, and community inclusion needs.	Goods and Services	ABI	By Item	No Limit
		ABI LTC	By Item	No Limit
		HCB	Per Year	\$3,500
		MPW	By Item	No Limit
		SCL	Per Year	\$1,800
	Specialized Medical Equipment	ABI	By Item	No Limit
		ABI LTC	By Item	No Limit
		MPW	Per Year	\$500
		SCL	By Item	No Limit

Modification Services	Service	Waiver	Unit	Rate
Modification services provide updates to a participant's home or vehicle to improve their safety and independence while living in the community.	Environmental and Minor Home Modifications	ABI	Per Year	\$2,000
		ABI LTC	Per Year	\$2,000
		HCB	Per Year	\$2,500
		SCL	Lifetime	\$8,000
	Vehicle Adaptation	SCL	Per Every Five Years	\$6,000

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Other Services	Service	Waiver	Unit	Rate
	<p>Assessment/Reassessment This service is conducted by the waiver case manager and is used to evaluate the participant’s abilities, needs, physical and mental health, social supports and environment, and needed services</p>	ABI	Per assessment or re-assessment	\$100
		ABI LTC	Per assessment or re-assessment	\$100
	<p>Community Transition This service aids a participant transitioning from institutional/provider operated living arrangement to living arrangement in a private residence where participant is directly responsible for his/her own living expenses.</p>	SCL	Per Transition	\$2,000
	<p>Home Delivered Meals Meals delivered to participants who are unable to prepare their own meals.</p>	HCB	Per Meal	\$7.50
	<p>Transportation Services to help a participant gain access to waiver and other community services, activities, resources, and organizations when other non-medical transport is not available.</p>	SCL	Per Month	\$265.00

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Nursing Services	Service	Waiver	Unit	Rate
Services provided to participants who need skilled care such as medication management, in-home monitoring of a medical condition, or ventilator support.	Nursing Supports	ABI LTC	15-minute	\$25.00
	Skilled Services by a Registered Nurse	MIIW	1-hour	\$31.98
	Skilled Services by a Licensed Practical Nurse	MIIW	1-hour	\$29.10
	Skilled Services by a Respiratory Therapist	MIIW	1-hour	\$27.42