

ALL HCBS PROVIDER
WEBINAR

HCBS RATE STUDY

NOVEMBER 8, 2018

AGENDA

Welcome and Introductions

Rate Study Overview

Overview of Rate Build-up Approach

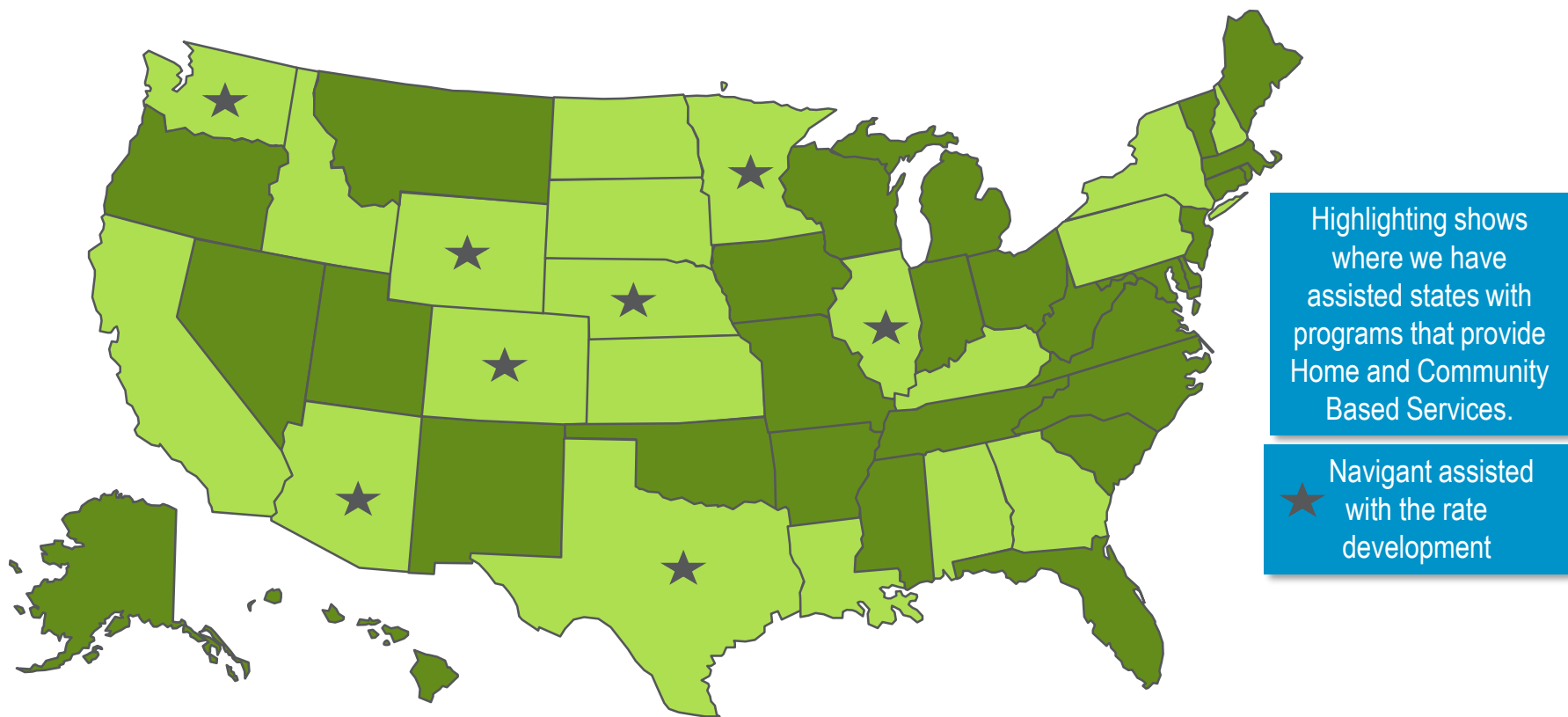
Cost and Wage Survey Strategy Approach

Demo of Rate Study Website and Online Feedback Form

WELCOME AND INTRODUCTIONS

1. Welcome to the All HCBS Provider Webinar!
2. Introductions from Cabinet Staff
3. Introductions from Navigant staff

NAVIGANT EXPERIENCE WITH HCBS AND RATE STUDIES





RATE STUDY OVERVIEW

RATE STUDY OVERVIEW: WHY ARE WE HERE

1. DMS has contracted with Navigant to provide recommendations and considerations for a home- and community-based waiver redesign.
2. DMS decided to consider developing a sound payment and rate-setting methodology, informed by a study of the reasonable and necessary costs incurred by providers to serve waiver participants.
3. DMS is convening this rate study work group of stakeholders that will provide subject-matter expertise and offer input throughout the study.
4. To support HCBS providers in this study, DMS and Navigant is conducting this webinar to provide an overview of the rate study process, anticipated activities, and opportunities for stakeholder engagement

RATE STUDY OVERVIEW: STAKEHOLDER ENGAGEMENT

Rate Study Workgroup (RSWG)

- Diverse providers, associations, wide geographic representation
- Case managers, waiver participants, and advocacy groups
- Provides input on survey approach, pilot and final surveys
- Provide expertise on topics related to HCBS rate structure

Provider Survey

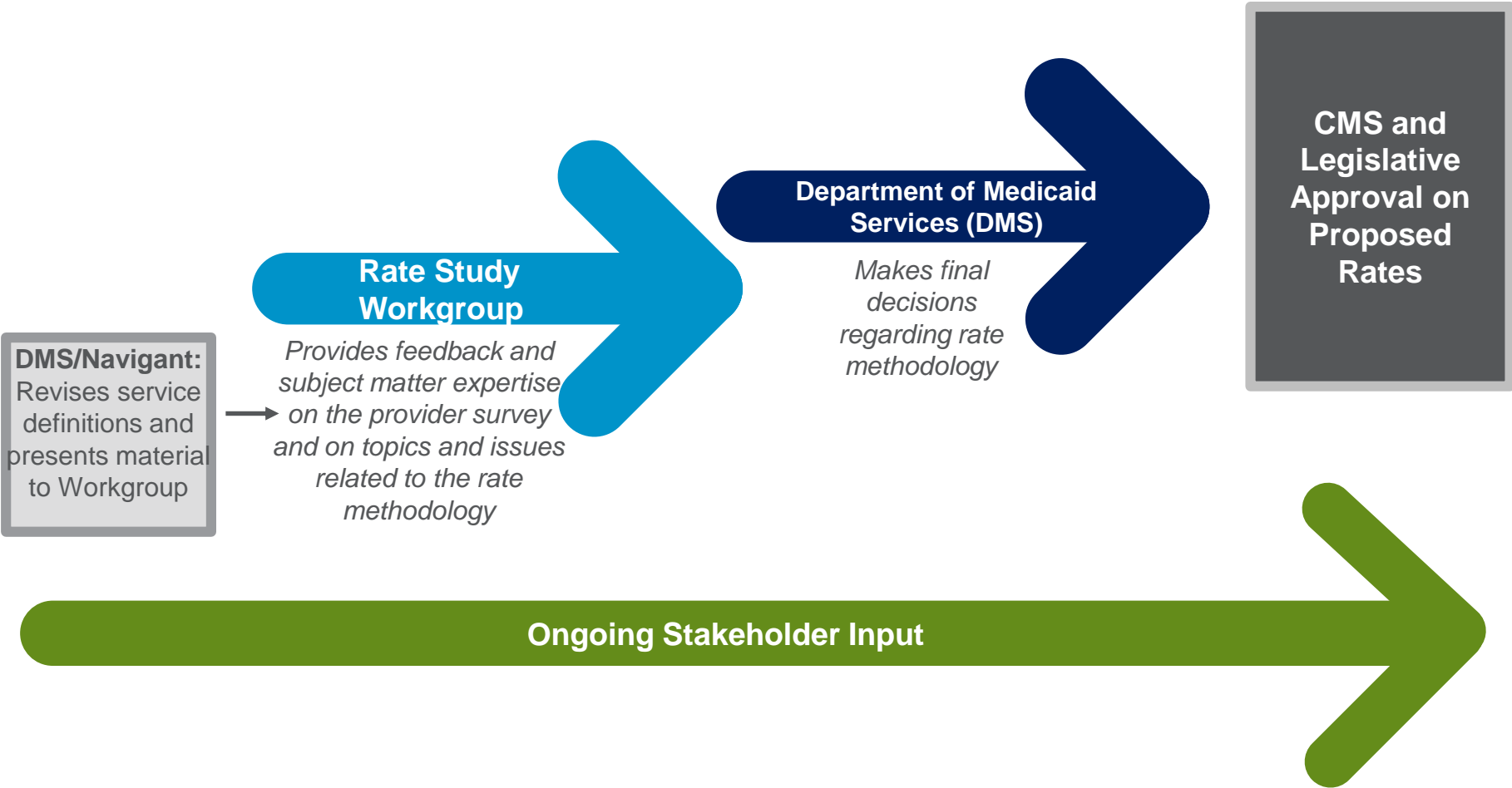
- Pilot survey to select providers as data collection trial run
- Final survey released to entire provider community
- Potentially different versions of survey to meet diverse needs of diverse providers or special services

Stakeholder Engagement

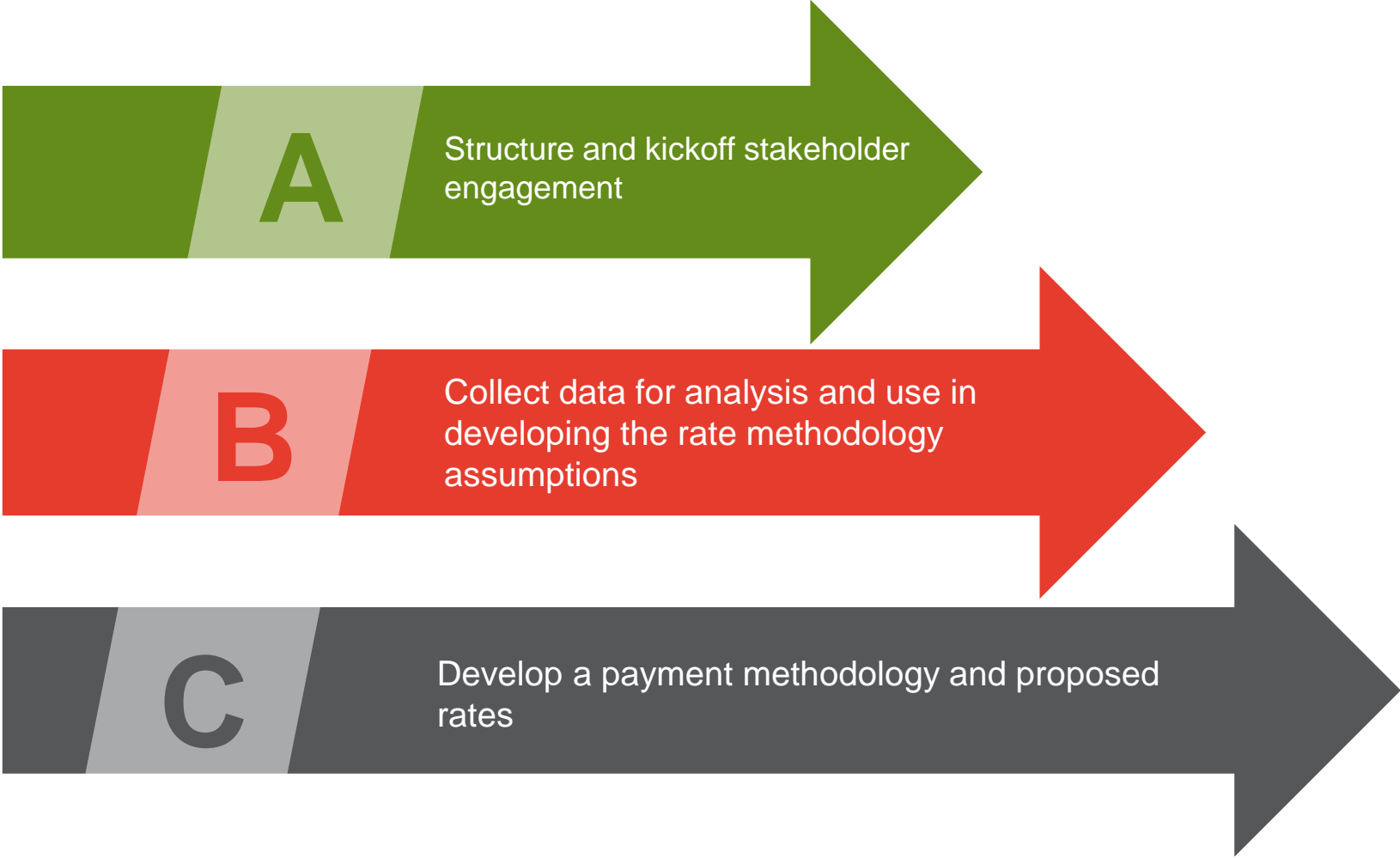
- Provide feedback via web-based feedback form on rate development considerations
- Form discussion groups potentially on dedicated topics
- Review Rate Study site to monitor news and next steps

Note: State agency staff will attend each rate study workgroup meeting but will act in an advisory role to help facilitate the discussion and provide input on behalf of the Commonwealth.

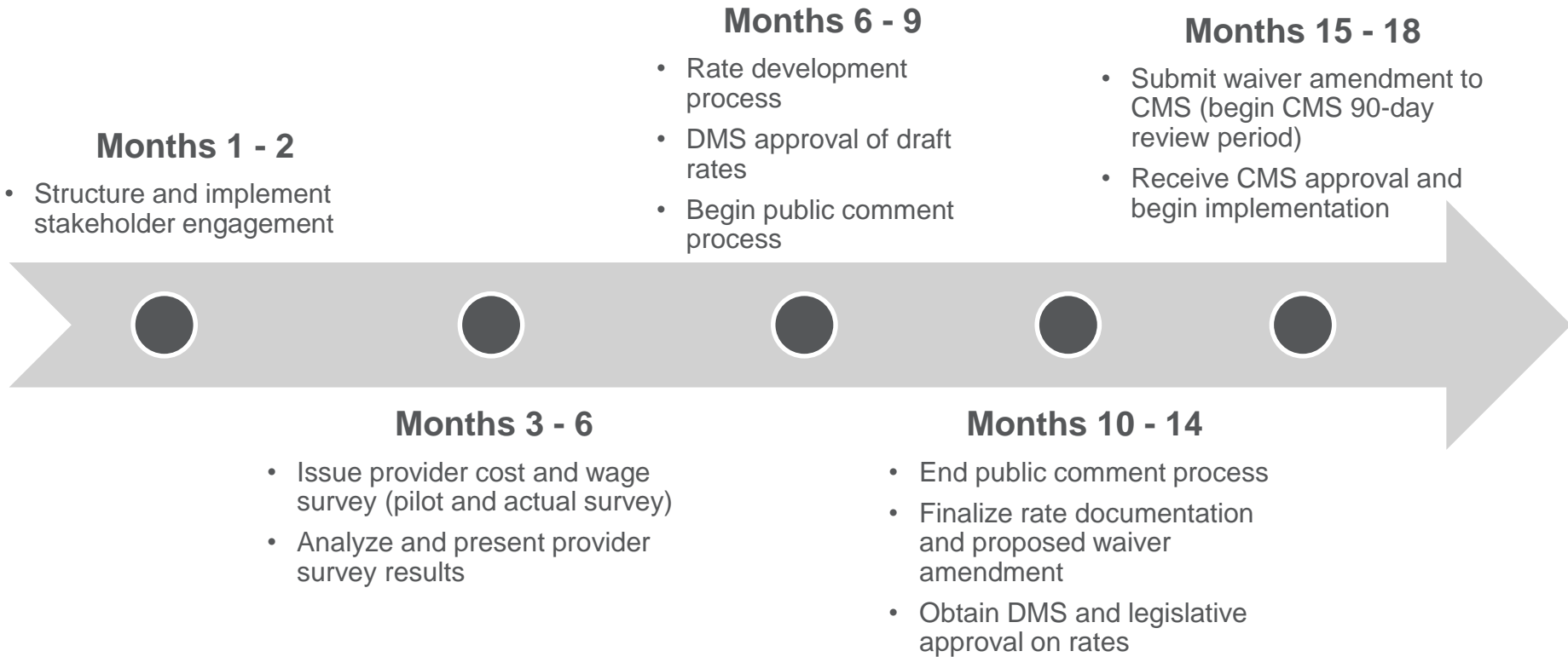
OVERVIEW OF RATE STUDY DECISION MAKING



PROPOSED HIGH-LEVEL TASKS



KEY TASKS AND ESTIMATED TIMEFRAME



WAIVER SERVICES INCLUDED IN THE RATE STUDY

Current Rate Methodologies Basis for Waiver Services Included in Rate Study¹:

Fee-for-Service Rates

- Case Management
- Community Access²
- Day Training²
- Group Counseling
- Home Delivered Meals
- Nursing Supports
- Personal Assistance²
- Shared Living
- Specialized Respite
- Supervised Residential Care Level II
- Supported Employment
- Technology Assisted Residential

Tiered / Assessment Rates

- Community Access²
- Day Training²
- Personal Assistance²
- Supervised Residential Care Level I
- Supervised Residential Care Level II

DMS is exploring VBP options as part of the rate setting methodology process and with the CMS Innovation Accelerator Program (IAP) program

(1) Rate study will also consider newly incorporated services and/or phased out.

(2) The rate methodology basis of the denoted services vary by waiver.



OVERVIEW OF RATE BUILD UP APPROACH

FEDERAL REQUIREMENTS FOR HCBS RATE DEVELOPMENT

Rate Determination Methods

- Payments for waiver services must be consistent with: 1902(a)30(A) of the Social Security Act
 - *“Payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area”*
- 42 CFR 447.200 – 205
 - *“Plan must describe the policy and the methods used in setting payment rates for each type of service...”*

Rate-setting methodology must be reviewed (and updated if appropriate) **every 5 years** in accordance with the renewal cycle

Source: Medicaid.gov. *Rate Methodology in a FFS HCBS Structure*. February 2016. Available online:
<https://www.medicaid.gov/medicaid/hcbs/downloads/rate-setting-methodology.pdf>

FEDERAL REQUIREMENTS DO NOT ALLOW STATES TO CLAIM FEDERAL MEDICAID FUNDS FOR ROOM AND BOARD

- According to pages 6 and 266 of the 1915(c) Technical Guide, states cannot claim room and board payment expenses of waiver participants under a 1915(c) waiver.

“42 CFR §441.310(a)(2) prohibits making Medicaid payments for room and board (i.e., housing, food, and utility costs)”

- States must be able to demonstrate that payment rates do not pay for room and board
- States must report their methodology for excluding room and board payments for applicable residential settings to CMS
- The Department of Health and Human Services (HHS) Office of Inspector General (OIG) Work Plan for FY 2017 includes a review of unallowable room-and-board costs in state claims for Federal reimbursement and has issued three detailed reports based on their audit results.

RATE SETTING PROCESS TYPICAL OBJECTIVES

Objectives of a typical state rate setting process include:

Reflect Individual
Participant Needs

Facilitate Regular
Updates

Increase
Transparency for
Providers and
Participants

Consider
Reasonable and
Necessary Costs of
Providers

Provide Fiscal
Stability for
Providers,
Participants and the
Commonwealth

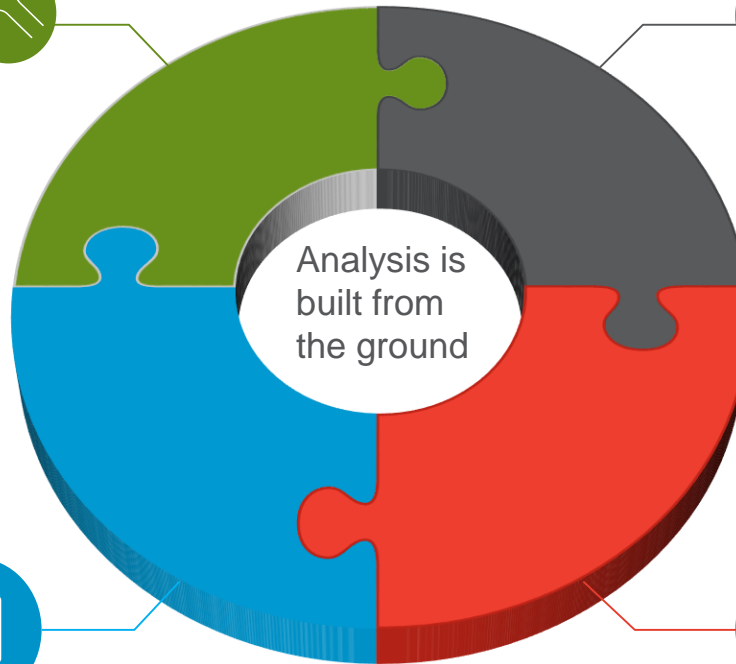
Standardize Rates

Balance Efficiency
and Economy with
Appropriate Access
to Quality Care

GENERAL FEATURES OF HCBS INDEPENDENT MODEL APPROACH

Employs assumptions of:

- Wages
- Types of employees
- Staffing ratios
- Employee benefits
- Other provider costs



Analysis is built from the ground



Recognizes the costs of services with service-specific variations

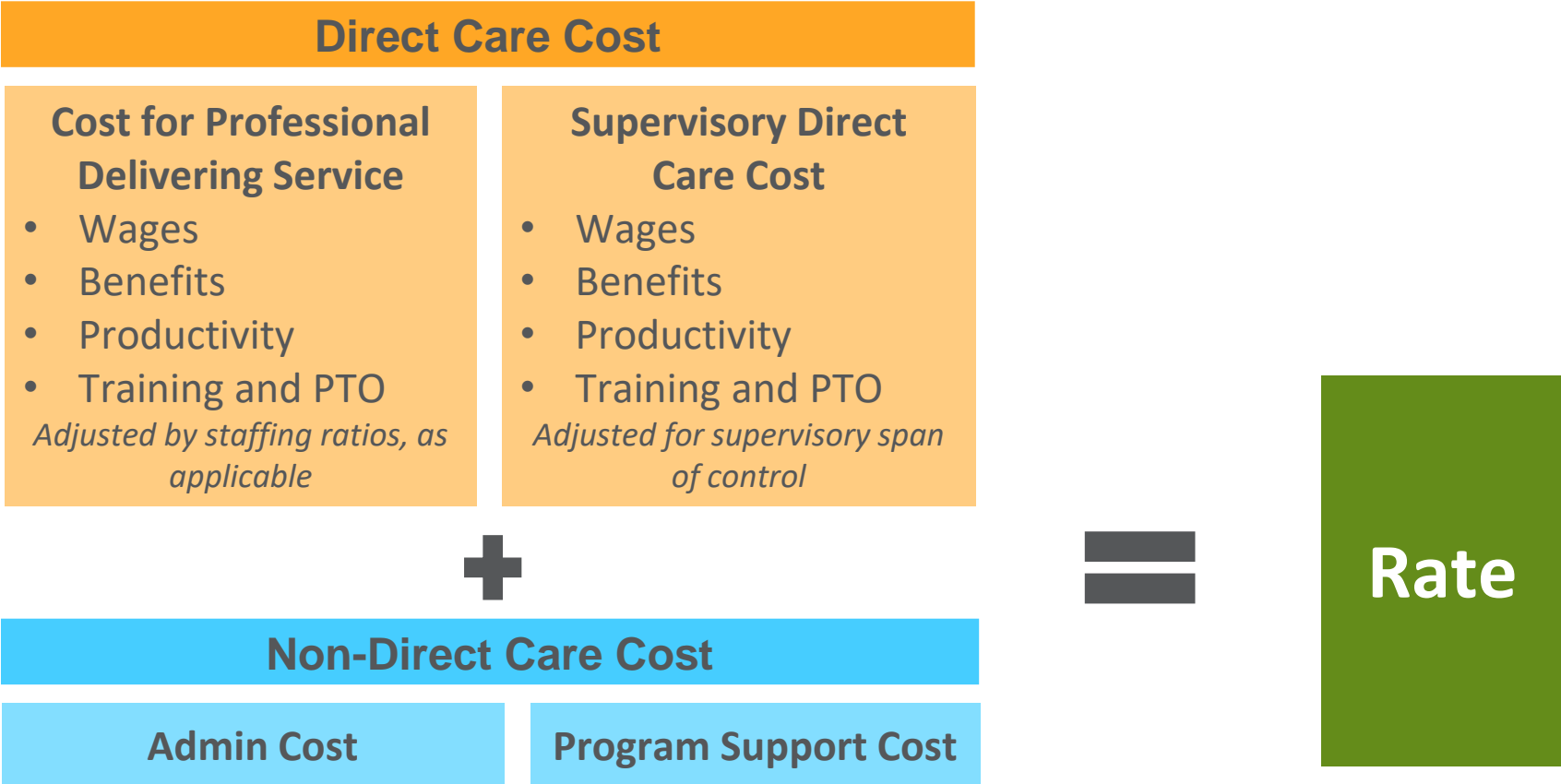
Independent Model Approach – An approach using state-specific data sources to develop the estimates for each cost component for each HCBS waiver service.

Consideration of participant's specific needs (acuity level, dependent on available assessment data)



Assumptions can be derived from state, national or industry standard data

INDEPENDENT RATE MODEL BUILD UP APPROACH – GENERAL COMPONENTS




OVERVIEW OF COMMONLY USED RATE MODEL COMPONENTS

Factor Type	Name	Description
Direct Care Components	Staff wages	Hourly wages for program (direct care) employees
	Program employee full-time equivalent (FTE) factor	Costs associated with payroll hours to cover program employee paid time off (e.g., vacation and sick days), training time, etc.
	Average staffing patterns	Average number of clients receiving services from one staff person
	Productivity adjustments (sometimes referred to as “program plan support”)	Time that program staff must spend on non-reimbursable activities
Non-Direct Care Components	Employee benefits factor	Ratio of total employee taxes and insurance (health, dental and retirement benefits) to total employee salaries and wages
	Administration factor	Ratio of administration expenses to program employee salaries, wages and benefits
	Program support factor	Ratio of program support expenses to program employee salaries, wages and benefits. Can include non-room and board facility costs, transportation and supplies.

STATES CAN USE A WIDE VARIETY OF DATA SOURCES WHEN DEVELOPING HCBS RATES

- HCBS provider cost and wage survey data
- Bureau of Labor Statistics (BLS) wage data (state-specific)
- BLS data regarding benefits
- Medical Expenditure Panel Survey – Insurance Component (MEPS-IC) state-specific data regarding health insurance (employer offer, employee take-up, premium and deductible levels)
- Inflation factors
- Other state and national benchmarks



COST AND WAGE SURVEY STRATEGY APPROACH

PILOT SURVEY AND FINAL SURVEY

**Pilot Cost and
Wage Survey**



Completed by a subset of
providers
(est. January 2019)

**Final Cost and
Wage Survey**



Available to all HCBS providers
(est. March 2019)

Survey completion will be strongly encouraged but not required. DMS is seeking volunteers to complete the pilot survey.

ANTICIPATED COMPONENTS OF COST AND WAGE SURVEY

Survey Component	Description
Provider Information	General identifying information about the provider, including locations, service area and total staffing
Services	HCBS services delivered
Costs	Total Fiscal Year (FY) costs incurred, including employee salaries and wages, program support costs, and general and admin cost
Wages, paid time off and training	Total direct care employee wages, broken down by employee type Training and paid time off (including holidays, vacation, sick time)
Health Insurance Benefits	Health insurance benefits costs and details
Service Detail	Information on staffing and supervisor span of control ratios, and time spent on non-billable activities

SURVEY APPROACH – NEXT STEPS



•Navigant reviews draft pilot survey with Rate Study Workgroup – **November 28th**


Rate Study Workgroup provides additional input into pilot survey and discusses survey outreach approach – **December 12th**

Navigant updates survey, obtains any additional input from Rate Study Workgroup via email (consider additional January meeting if needed) – **remainder of December/early January**

Navigant distributes pilot survey and conducts training – **January 11 and 14th, respectively**

Pilot survey from select providers due – **January 31st**

Navigant reviews feedback from pilot survey with Rate Study Workgroup and updates final survey to all HCBS providers – targeting **February 6th**



DEMO OF RATE
STUDY WEBSITE
AND FEEDBACK
FORM

DEMO OF RATE STUDY WEBSITE AND ONLINE FEEDBACK FORM

- DMS and Navigant will update the website periodically with decisions, RSWG agendas, meeting minutes, etc.
- The website contains a hyperlink to the online feedback form
- A link to the HCBS Rate Study site will also be made available on the **Division of Community Alternatives** website, under *'Helpful Links'*
 - <https://chfs.ky.gov/agencies/dms/dca/Pages/default.aspx>

NEXT STEPS

- Please provide input via the online feedback form.
- Volunteer for the pilot survey if you can.
- Look out for additional notices regarding survey release.
- Check for updates on the project website!

CONTACTS

GWYN VOLK

Director
312.252.3349
gwyn.volk@Navigant.com

COY JONES

Associate Director
512.493.5414
coy.jones@Navigant.com

MIKE HOROHO

Managing Consultant
317.217.5374
Michael.horoho@Navigant.com

MANHAD MOHOMED

Consultant
312.251.5929
manhad.mohomed@Navigant.com

navigant.com