Georgia Department of Behavioral Health & Developmental Disabilities

Residential and Respite Cost Study

Overview of Proposed Rate Models and Changes to Service Requirements

July 9, 2015

1

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Agenda

- Background
- Process
- Proposals
- Next Steps

2

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Scope of Project

- As part of the reauthorization of the Comprehensive Waiver, DBHDD is reviewing rates for certain services
  - Community Residential Alternative (CRA) – Group Home
  - Community Residential Alternative (CRA) – Host Home
  - Community Living Support (CLS)
  - Respite
- DBHDD intends to begin a review of the rates for most remaining waiver services later this year
- Burns & Associates, Inc. (B&A) – through a subcontract with the Human Services Research Institute (HSRI) – is assisting DBHDD

3

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Burns & Associates, Inc.

- Health policy consultants specializing in assisting Medicaid programs and 'sister agencies' including developmental disabilities and behavioral health authorities in:
  - Medicaid rate-setting, including home and community based service, institution, and physician rates
  - Long term care program management and home and community based services policy
  - Financial analyses
  - Research, strategic planning, evaluation (including external quality reviews) and benchmarking, surveys, and focus groups
  - Medicaid Waiver development including design, implementation, budget neutrality demonstration, and negotiation with CMS

4

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Burns & Associates, Inc. (cont.)

- Since its founding in 2006, B&A has consulted in more than 20 States and 1 Canadian province
- Recent focus has been partnering with the Human Services Research Institute (HSRI) to assist developmental disabilities authorities in implementing assessment-based budgeting and updating provider rate schedules
- B&A previously worked with DBHDD in 2010-11 to review provider rates for Comprehensive Waiver and New Options Waiver services
  - The proposed fee schedule was not implemented

5

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Project Goals

- Develop rates that recognize differences in members' needs
  - Current rates are 'one size fits all'
  - 'Tiered' rates should reduce (but not eliminate) exceptional rates
- Improve system of supports
  - Support members transitioning from hospitals
  - Establish higher rates for three-person group homes
  - Pay rates that provide for adequate wages and benefits for staff
  - Adequately fund individualized support, consistent with HCBS rule
- Establish a rate-setting methodology that CMS will approve
  - During previous waiver renewal, CMS expressed concern with rate methodology

6

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Overview of Activities to Date

- Review service definitions and requirements
- Collect input from provider community
  - Meet with Provider Advisory Committee to discuss project approach, review draft provider survey, present survey results
  - Survey on costs and service designs sent to every provider
- Research of benchmark data to support rate models
  - Example: Bureau of Labor Statistics wage and benefit cost data
- Develop proposed rate models and supporting documentation that detail assumptions

7

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Background – Remaining Activities

- Provide opportunity for public comment (see Next Steps)
  - Remember: these are proposals – nothing has been finalized
  - DBHDD wants stakeholder feedback
- Review comments and revise rates as appropriate
- Submit to Department of Community Health (DCH) for inclusion in waiver amendments to be submitted to federal Centers for Medicare and Medicaid Services
- Implementation (see Next Steps)

8

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Independent Rate Model

- B&A follows an 'independent rate model' approach
  - Models are intended to reflect the costs to providers to deliver a particular service
- Data is collected from a variety of sources rather than any single source
  - In particular, rate models do not rely only on provider financial data because these costs are usually a function of current rates
  - In addition to provider cost data, sources include:
    - DBHDD policy decisions
    - Stakeholder input
    - Published benchmark data
    - Special studies

9

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Independent Rate Model (cont.)

- Five factors included in all HCBS rates
  - Direct care worker wages
  - Direct care worker benefits
  - Direct care worker productivity
  - Program support
  - Administration
- Other factors vary by service and may include:
  - Transportation-related costs
  - Attendance/ occupancy
  - Staffing ratios
  - Program facilities and supplies costs

10

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Advantages of the Independent Cost Model

- Transparency
  - Assumptions and data sources are detailed (e.g., assumed wages, benefit packages, mileage, agency overhead, etc. are published)
  - Stakeholders may not agree on the values, but they will know exactly what has been assumed and what DBHDD is buying
- Ability to include policy objectives
  - Examples may include improving direct care staff salaries or benefits, reducing staff-to-client ratios, or paying higher rates for services provided in the community than at a center
- Efficiency in maintaining rates
  - Models can be easily scaled and adjusted for inflation or specific cost factors (e.g., gasoline costs), or to respond to changes in State budget allocations

11

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Provider Survey

- Voluntary survey to collect data regarding costs and service design emailed to all providers
  - Given four-plus weeks to complete (all late surveys were accepted)
- Technical assistance provided throughout the survey
  - Two webinars were conducted – a recording was posted online and a question and answer document was emailed to providers
  - B&A responded to questions by phone and email
  - B&A reviewed submitted surveys and emailed clarifying questions as necessary

12

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Provider Survey (cont.)

- Participation
  - Of approximately 301 providers, 37 submitted a survey (12 percent)
  - These 12 percent of providers represent 44 percent of spending on surveyed services
  - Largest providers were most likely to complete the survey (e.g., 25 of the 50 largest providers by revenue participated)
  - Community Service Boards had a high participation rate – 58 percent (14 of 24) compared to 8 percent of other providers
- Survey results were one of the considerations in the development of the proposed rate models
  - See Provider Survey Analysis packet

13

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories'

- The cost of 'shared' services (i.e., residential and day habilitation) varies according to intensity of need
  - Rates should recognize these differences while ensuring that members with similar needs receive similar 'intensity' of services
- Grouping members into 'levels' of need
  - Seven levels established based on Supports Intensity Scale (SIS) and Health Risk Screening Tool (HRST) assessments
  - SIS acts as primary determinant with HRST used to determine whether members are assigned to one of two medical-related levels
  - For the purposes of rates, the seven levels are further collapsed into rate 'categories'

14

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories' (cont.)

Brief Descriptions of Assessment Levels

1 – Minimal support needs

2 – Moderate support needs

3 – Significant support needs due to medical or behavioral issues

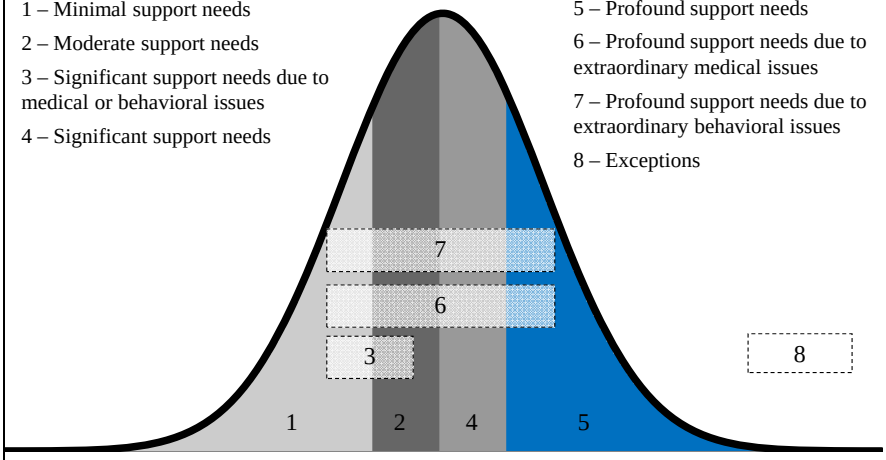
4 – Significant support needs

5 – Profound support needs

6 – Profound support needs due to extraordinary medical issues

7 – Profound support needs due to extraordinary behavioral issues

8 – Exceptions



15

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories' (cont.)

Assessment Levels Criteria			
Level	**Supports Intensity Scale**		**Health Risk Screening Tool**
	Sum of Sections 1A, 1B, and 1E*	**Section 3B (Behavioral)**	
1	0 to 24	Less Than 7	Low Risk (HCL 1-2)
2	25 to 30	Less Than 7	Low Risk (HCL 1-2)
3.1	0 to 30	7 to 10	Low Risk (HCL 1-2)
3.2	0 to 30	Less Than 11	Moderate Risk (HCL 3-4)
4	31 to 36	Less Than 11	Low or Moderate Risk (HCL 1-4)
5	37 to 52	Less Than 11	Low or Moderate Risk (HCL 1-4)
6	Any	Less Than 11	High Risk (HCL 5-6)
7	Any	11 to 26	Any

*Section 1A relates to Home Support Needs, 1B to Community Support Needs, and 1E to Health and Safety Needs

16

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories' (cont.)

Crosswalk of Assessment Levels to Rate Categories			
Level	**Group Home Rate Category**	**Host Home Rate Category**	**Respite - Daily Rate Category**
1	Category 1	Category 1	Category 1
2	Category 2		
3	Category 3		
4			
5	Category 4	Category 2	Category 2
6			
7			

17

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories' (cont.)

- All members will receive a new SIS assessment prior to authorization for a tiered rate
- Assessments will be conducted by regional staff
  - Assessors will be trained and certified (including inter-rater reliability testing) by the American Association on Intellectual and Developmental Disabilities (AAIDD, the publisher of the SIS)
  - HSRI will provide training regarding supplemental questions

18

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Rate 'Categories' (cont.)

- Members assigned to Levels 5, 6, and 7 have the most significant needs
- Consequently, providers will require a 'certification' to provide Group Home or Host Home services to members assigned to these levels
  - Goal is that all providers currently serving high-needs members (as well as any that wish to serve these members) will achieve certification within a prescribed timeframe
- DBHDD is in the process of developing certification criteria and the timeframe for achieving certification

19

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Developing Proposed Rate Models

- Analysis of provider survey and other data sources
  - Each rate model built 'from the ground up'
- Rate models include specific assumptions regarding direct care staff wages and benefits, transportation costs, staffing ratios, administration and program support, etc.
  - In general, model assumptions are not mandates (for example, providers are not required to pay the wage assumed in the rate model for a given service)
  - Rather, providers are able to design their own programs consistent with service requirements

20

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Direct Care Worker Wage Assumptions

- Federal Bureau of Labor Statistics (BLS) reports wage levels in Georgia for hundreds of job classifications, but most are not identical to waiver service providers
  - Waiver service requirements compared to BLS job classification descriptions to 'construct' a position reflective of job responsibilities
  - Used median wages for BLS job classifications
- Comparison to provider survey
  - Model assumptions exceed current wages reported by survey participants, generally by about 10 percent
  - CSBs reported paying modestly higher wages than non-CSBs
- See Appendix A in Proposed Rate Models packet

21

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Direct Care Worker Benefit Assumptions

- Rate models include the following for all direct care staff
  - 25 paid days off per year (holiday, sick, and vacation leave)
  - $375 per month for health insurance (considered costs from BLS, DHHS Medical Expenditure Panel Survey, and health insurance exchange)
  - $50 per month for other benefits
  - Mandatory benefits: FICA, unemployment insurance, workers' comp.
- Assumptions are translated to benefit rates by wage level
  - Benefit rate declines as wage increases
- Comparison to provider survey
  - Benefit rates are much higher than reported in provider survey
  - CSBs reported modestly higher benefit costs than non-CSBs
- See Appendix B in Proposed Rate Models packet

22

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Direct Care Worker Productivity Assumptions

- Productivity adjustments account for the non-billable time of direct care workers (such as attending a training)
  - Adjustments build the costs of these responsibilities into the rates
  - Example
    - An employee earning $15 per hour (wages and benefits) and working 40 hours per week is paid $600 per week
    - However, if the employer can only bill for 30 hours per week due to travel time, staff meetings, etc., the agency must be able to bill $20 per service hour to cover the cost of the wages and benefits
    - Thus, a productivity adjustment of 1.33 is required (work hours divided by billable hours)
- Considered provider-reported data and service requirements
- See Appendix C in Proposed Rate Models packet

23

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Process – Administration/ Program Support Assumptions

- Administration funded at 10 percent of total rate
- Program Support is funded as a fixed per-day amount
  - Models include $14 per day
  - As a percentage of total costs, the rate across all services is about 10 percent, but varies from service to service
- Comparison to provider survey
  - Total administration and program support rate reported in provider survey averaged about 27 percent, *but applies to a lower cost base*
    - Average group home rate in fiscal year 2014 was $181.64; 27 percent for administration and program support translates to $49.04 per day
    - Comparable estimated group home rate under proposed rate schedule is $252.90; 20 percent translates to $50.58 per day

24

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Summary

- Based on fiscal year 2014 utilization, total waiver spending would increase by about $73.9 million if fully implemented
  - Estimate is based on members' most recent assessment data
  - Estimate does not account for caseload growth or changes in utilization patterns
- Implementation will be phased-in
  - Necessary in order to allow time to conduct new SIS assessments for all members (and to avoid mid-year changes to authorizations)
  - Anticipate implementation to begin April 2016 and be completed over a twelve month period
- Rate changes vary by service and individual – most will increase but some may decline

25

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Group Homes

- Rates vary based on a member's level of need and home size (currently, there is only a single published rate)
  - Four rate categories based on level of need
  - Different rates for three- and four-person homes (size will be determined based on licensed capacity)
    - Homes with five or more residents will be paid the current $158.67 rate
- Annual 344-day billing limit (current limit is 27 days/ month)
  - Annual estimated service cost is divided by 344 days (rather than 365) so that provider is fully reimbursed over 344 billing days
  - 'Protects' against up to 21 absences per year, and recognizes absences may be concentrated in a month rather than spread out
  - Homes with more than five residents will be able to bill the $158.67 rate for 344 days so, although the billed rate will not change, they will still receive a revenue increase (by billing for 20 more days)

26

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Group Homes (cont.)

- Each rate category allocates a different number of hours per member, so members with varying needs can live together
  - Overall, assumed staffing levels generally exceed current practices
  - Rate model staffing assumptions are not mandates; services must be consistent with regulations and members' service plans (see exception in next section)
  - See Appendix D in Proposed Rate Models packet
- New 'Additional Residential Staffing' service
  - To be used to fund additional staff hours when needed supports exceed rate model assumption
  - Provider must deliver the support hours built into the rates for all residents in the home before accessing this service

27

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Group Homes (cont.)

- Daily rates range from $154.52 to $277.00 per day
  - All rates exceed the current rate (adjusted for 344 billing days)
- Based on analysis of fiscal year 2014 claims data, the average estimated rate is projected to be at least $237.09
  - Note this estimate is based on the proposed 344 billing days; with a 324-day limit (27 days per month), the rate would be $252.90
  - Actual average rate in 2014 was $181.64 (at the current 27-day billing policy) so the proposed rate increase averages 39 percent
- Individual results will vary and the proposed rates for some members are less than their current exceptional rate
  - Anticipate that some members with exceptional rates will be approved for the Additional Residential Staffing service

28

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Host Homes

- Rates vary based on a member's level of need (currently, there is only a single published rate)
  - Two rate categories based on level of need
- Annual 344-day billing limit (current limit is 27 days/ month)
  - Annual estimated service cost is divided by 344 days (rather than 365) so that provider is fully reimbursed over 344 billing days
  - 'Protects' against up to 21 absences per year, and recognizes absences may be concentrated in a month rather than spread out

29

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Host Homes (cont.)

- Payments to host homes
  - Category 1 assumes payments to homes of $90 per day and Category 2 assumes $130 (amounts do not include room and board)
  - Agencies will be required to pay at least 65 percent of the waiver rate to the home provider
    - Equals $91.55 (over 365 days) for Category 1 and $113.74 for Category 2
    - Rate models actually assume larger payments to homes – 70 percent of the Category 1 rate and 74 percent of the Category 2 rate; allowing agencies to pay a lesser amount intended to provide some flexibility
    - In line with requirements for similar services in other waiver programs
- New 'Additional Residential Staffing' service
  - To be used to fund paid staff coming into the home to provide supplemental care

30

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Host Homes (cont.)

- Category 1 rate model is 9 percent less than the current rate, BUT the rate will be held harmless
  - The Category 1 rate will be $149.45, which can be billed for 344 days and is equivalent to $158.67 billed for 324 days
- Category 2 rate is a 24 percent increase over the current rate
- Proposed rates for some members are less than their current exceptional rate
  - Anticipated that some number of members with exceptional rates will be approved for the Additional Residential Staffing service

31

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Community Living Support

- 15-minute service will have 'basic' and 'extended' rates
  - Basic rate is billed for visits of 11 or fewer units (2.75 hours) of service and the extended rate is billed for visits of 12 or more units (3.00 hours)
  - Basic rate is 26 percent higher than current rate; extended rate is 14 percent higher
- Multiple member rates for two or three individuals sharing supports
  - Offers a premium to providers serving groups

32

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Community Living Support (cont.)

- Daily rate to be eliminated and 15-minute limits revised
  - Daily rate is eliminated because the variability in the amount of support provided (i.e., between 8 and 24 hours) prevents establishment of a rate that is fair to everyone
  - Annual limit will be $51,660 (9,000 units at the extended rate)
    - There will no longer be a daily limit (that is, a member may receive 24 hours in a day)
    - To avoid members 'running out' before their plan year is complete, there will be a monthly limit of $4,305 (one-twelfth of $51,660)
    - Monthly limit equates to 187.5 hours per month at the one-to-one rate
    - Individuals sharing supports will be able to 'stretch' their budget, e.g., for members served at the two-person rate, $4,305 translates to 340.5 hours
    - Individuals requiring more support will be able to request exceptional services using the Additional Residential Staffing service

33

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Community Living Support (cont.)

- Eliminating personal assistance retainer
- Consumer-directed budgets will be the same as the annual budget limit for members receiving agency-directed services
  - Current annual limit of $46,909 to increase 10.1 percent to $51,660

34

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Additional Residential Staffing

- New service that will be used to fund supports in addition to what has been included in Group Home, Host Home, and CLS rate models
  - Basis for funding exceptional 'rates' – although this will be a separate service with its own procedure code billed in addition to the Group Home, Host Home, or CLS service
- Service is only intended to provide for additional staffing so it does not include additional agency overhead
- Includes 'enhanced' rate for more qualified staff
  - DBHDD in the process of developing definition for 'more qualified'

35

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Respite

- 15-minute rate
  - Can be billed for up to eight hours per day
  - Proposed rate is 14 percent higher than current rate
- Daily rate
  - For services of more than eight hours per day
  - Two rate categories based on member's level of need
    - Rates are based on host home rates (based on a 365-day billing limit) plus a 20 percent premium
- Annual budgets based on 30 days of respite at the daily rate
  - Increases from $3,744 to $4,608 for members receiving Category 1 services and to $6,285 for those receiving Category 2 services
  - Consumer-directed budgets will be the same as those receiving agency-directed services

36

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Proposals – Respite (cont.)

- Proposed rates apply to both emergency and maintenance respite
- Proposed rates apply to both waiver and state-only services
  - Rate is inclusive of all costs – other payments in state-funded contracts will be eliminated
  - Waiver spending estimated to increase 59 percent and state-funding spending estimated to increase 14 percent

37

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Next Steps – Comment Period

- Proposed rates and supporting documentation are being distributed to providers and other stakeholders
- Presentations (same materials will be covered)
  - Webinar on July 13 to walk-through the proposed rate models (webinar will be recorded and posted online for those unavailable to participate)
  - Town halls will be held in Macon on July 15 and 16
- Written comments will be accepted at CompWaiverRates@burnshealthpolicy.com until July 27
- Comments will be considered and proposed changes to rates and policies will be revised as appropriate

38

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Next Steps – Implementation

- Implementation scheduled to begin in April 2016
  - DBHDD evaluating available resources
  - Contingent upon CMS approval
  - Given the number of SIS assessments to be completed, it will be necessary to phase-in
  - Members will transition as their plan year comes due so implementation will be completed in March 2017
  - Two fee schedules will be in effect until the transition is complete

39

BURNS & ASSOCIATES, INC.
Health Policy Consultants

Contact Information

Stephen Pawlowski
spawlowski@burnshealthpolicy.com

(602) 241-8520

3030 North 3rd Street
Phoenix, Arizona 85012

www.burnshealthpolicy.com/CompWaiverRates

40

BURNS & ASSOCIATES, INC.
Health Policy Consultants