Review of Minutes and CSP Feedback

- In response to prior meeting minutes, CSP provided substantive comments and DDD provided responses via an attached document.

Project Review and Background

- We have spent time with data and have preliminary recommendations. It will be important to prepare data now to facilitate rebase/remodel based on reliable data.
- We will create background/context document in support of project plan.
- To have 2021 implementation, the window for preparation and potentially securing a vendor begins now. Actual rebase/remodel should begin in January 2020 and continue for 12-18 months. Some information from rebase/remodel will be used for budget requests and CMS amendments prior to formal completion of rebase/remodel.
  - Another substantial component of work will be change management.

Data Source Findings and Recommendations

- Preliminary review of 2018 reports suggest inadequate accounting for non-allowable costs in expense schedules.
  - A potential mismatch between non-allowable revenue and expenses related to participant room & board charged by the provider. Our concern is whether CMS will accept this explanation with this level of detail in cost reporting.
- There is ongoing review of FY2018 cost reports.
- Cost report data is crucial for building rates/models.
  - Models are intended to be proxies for current operations. Models should be reasonable (based on balanced policy view considering actual, market and aspirational expenditures), attainable (representative provider could achieve the costs assumed), and appropriate (allowable and consistent with CMS regulations).
    - Goal is to translate assumptions and realities into a balanced proxy of costs of operations.
      - Crucial that service definition is clear, that assumptions about operations are well founded and that accompanying data is reliable/accurate.
      - Demonstration tables (see illustrative rate build up slides) illustrate how different services and service provision models will be modeled differently.
      - SD will need to choose most appropriate “taxonomy” for each service to build representative model.
        - What drives costs—acuity, group size, risk?
      - Models will offer incentives for certain behavior in service provision based on breakpoints in funding allocation.
        - Rate model should be designed to achieve policy goals.
      - Our intention is to be open and upfront during this process—a frank conversation between DDD, CSPs, and vendors for rebase/remodel. Shared goal is good service for DD members in system.
- Cost Report Recommendations
  - Use FY19 reports for rebase, potentially with additional review to ensure that non-allowable costs will not be used.
ICAP Data
- Preliminary review shows that sub-indexes accurately predict specialized rates. DDD is considering the nuances of adding risk assessment.
  - Assessment may be outside of ICAP; we are in conversation with other states on supplemental tools they use.
  - There are some restrictions on changing ICAP questions or assessments protocols because it is a standardized tool.
- Intention to further explore value of the indices.
- In the long term, we are considering transition to new standardized assessment.
- Focus was on behavioral intensity.
  - There are vetted and normed tools for medical risk, but implementation would involve substantial investment.
- Potential complication: are medical needs being recorded as shortcomings in adaptive behavior?

Activity Logging
- DHS assumption is that there is a reluctance to do activity logging again, in part because it is labor intensive and has reliability issues.
- Intention is to gather information via staffing survey, that will be piloted prior to statewide distribution.

Home Size
- Data was from CSA. CSP questioned the data source – is it adequately distinguishing between group homes and other “apartment” living arrangements.
- State of the States ranks SD 45th among US States; last among Rocky Mountain states
- Work to decrease home size and elimination of sheltered workshops should be initiated as soon as possible when the necessary funding is available to make such a transition feasible.
  - Priority must be to do this the right way and ensure that individuals continue to receive the best possible services.

Other data sources
- Based on feedback, discontinuation of geographic differences and age as variables within SBR.
- Addition to meeting notes: In a conversation following the meeting a CSP workgroup member indicated that there remains a concern that geographic differences need to be recognized – especially in Sioux Falls and Rapid City.
- Rebase will anticipate the intensive needs to children in specialized programs

Approach
- Value-based purchasing is not a feasible approach, in part because CQL sample size is not large enough. Benchmark/milestone payments are still under consideration, particularly for employment-based services.
  - Concern is that these approaches would add administrative burden and costs without delivering value.
- As we move from SBR, we intend to avoid creating tension between day and residential services.
- Rebase will entail:
  - Determine costs of service
  - Review and refine service definitions
Consider adding services

- Remodel will entail:
  - Refining how services are authorized, billed and paid.
  - We will also consider moving to 1915(b)(c) waiver combination that would allow the disbursement of bundled rate to provider.
  - The changes to ensure compliance with this new model will require administrative effort, particularly changes to unit-based billing for day services.
    - Intention by CMS is to pay for service, not presence.
    - Question for full remodel will be to how to retain flexibility if the needs of a client change and ensure there is a cushion if someone needs additional units with short notice.
    - SD system (SBR) is built very differently than other states. Should SD move towards alignment with other states, as reflected by CMS expectations?
      - Potential for exploration for exactly what CMS will allow.
        - Even in this circumstance, there must be updates to parameter estimates and independent variables.
      - Potential moving forward: legal review up front to explore options to retain the features of SBR that have kept administrative burden low, with flexible workstreams that can be adjusted depending on results.

**Next Steps**

- Based on input, we will finalize workplan and background document and submit for executive review.
- The DDD will obtain legal input related to what CMS will allow within existing SBR methodology
- Schedule next meeting of rebase workgroup.
  - 9/30 from 1 to 4 pm CT