South Dakota DDD
Rate Rebase Workgroup Meeting 3

September 30, 2019  1 p.m. to 4 p.m. CT
## Agenda

Monday, September 30<sup>th</sup> from 1 p.m. to 4 p.m. CDT

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<tr>
<td>1:00 – 1:15</td>
<td>Introductions</td>
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<td>1:15 – 2:00</td>
<td>Briefing on SBR Legal Review</td>
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<td>2:00 – 2:30</td>
<td>OHCDS</td>
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<td>2:30 – 3:00</td>
<td>Data Sources and Approach Review</td>
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<td>3:00 – 3:30</td>
<td>Consensus Discussion</td>
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<td>3:30 – 4:00</td>
<td>Next Steps</td>
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Introductions

CSP Representatives

• Randy Meendering, ED, CFI, – Huron, SD
• Pam Hanna, ED, LifeQuest – Mitchell, SD
• Steve Watkins, CEO, LifeScape – Sioux Falls, SD
• Bob Bohm, ED, DakotAbilities – Sioux Falls, SD
• Brad Saathoff, ED, BHW – Rapid City, SD
• Melony Bertram, ED, CCI – Winner, SD
• Dan Cross, ED, CSPofSD
Introductions

DDD

• Darryl Millner, Director
• Julie Hand, Assistant Director
• Liliana Borcea, Financial program Manager
• Julie Johnson-Dresbach, Transitions Manager
• Barb Hemmelman, Employment and Community Life Engagement Manager
• Kelli Anderson, Community Capacity Manager
• Jaze Sollars, Waiver Administrator
• Bianca Villapudua, Program Specialist
Introductions

DHS
- Denice Houlette, Director, DHS B&F
- Alana Suiter, PR&G Manager, DHS B&F

LRC
- Amanda Doherty-Karber, Fiscal and Program Analyst
Introductions

Brown & Peisch
• Caroline Brown

Optumas
• Steve Schramm

A&M
• Wanda Seiler, Senior Director, Alvarez & Marsal
• David Vince, Manager, Alvarez & Marsal
SBR Legal Review

- Overview of the legal process
- Bundled service vs. bundled rate
- Focus on Freedom of Choice
- OHCDS
§1902(a)(32) prohibits the practice of “factors” purchasing Medicaid claims (accounts receivable) from vendors at a discount in order to turn a profit as a result of their successful collection of payments from the Medicaid program. Regulations permit three exceptions to the direct payment requirements, including:

1. Practitioners employed by organizations where the practitioner is considered the service provider but is not an independent practitioner, for example a dentist employed by a clinic;
2. Assignment of Medicaid payments by a provider to a governmental agency or entity; and,
3. Designated Organized Health Care Delivery System (OHCDS) that submit claims & receive payment for Medicaid services furnished by “practitioners” who have contracts with the organization.
OHCDS - Definition

42 CFR 447.10 (b) defines OHCDS as a

- Public or private organization for delivering health services
- Must be formally designated
- Organization itself must provide at least one Medicaid service through the organization’s employees
42 CFR 447.10 (b) OHCDS requirements

• **Qualified providers cannot be compelled to affiliate** with the OHCDS—any affiliation and the accompanying agreement waiving direct payment from the single state Medicaid agency must be voluntary.

• **States must assure that individuals are not required to obtain services exclusively through the OHCDS**, unless the state has applied for and received a 1915(b) freedom of choice waiver or other waiver allowing the state to restrict beneficiaries to certain provider organizations.
Under an OHCDS arrangement,

- Affiliated providers may, but are not required to have a separate provider agreement with the state.
- Services delivered via an OHCDS arrangement still must meet the qualifications established by the state.
- The state and the OHCDS must have a contract.
- The OHCDS must have a contract with its affiliated providers.
- Since the OHCDS is deemed to be the provider of all services furnished by its affiliated providers, it also is contractually accountable for the performance of its affiliated providers.
The **OHCDS** must bill separately for the costs incurred in fulfilling its OHCDS responsibilities.

- OHCDS costs must be billed using a rate that reflects the actual costs of performing OHCDS functions and **utilizing administrative match rate (50/50)** rather than FMAP.
- § 447.10 (f)(1)-(3)) **prohibit using a percentage of the waiver service payment processed** on behalf of the service provider in determining OHCDS fees.
- **OHCDS related costs should be identified and excluded** in computing administrative, program support or other costs used to determine waiver service rates.
Considerations for the OHDCS’ written agreement with service providers

- Specify the service, including the scope, frequency, duration, and cost to be provided by the service provider that will be billed by the OHCDS;
- Specify that the full payment for the waiver service will be paid to the service provider with no amount of that payment withheld;
- Document the qualifications and any standards the service provider must meet;
- Detail service termination procedures (if applicable);
- Be consistent with the waiver service recipient’s person-centered plan;
- Inform the contracted provider of their right to enroll as a Medicaid provider and bill Medicaid directly;
- Inform the participant of his/her right to freely choose a qualified provider;
- Be signed by the waiver service recipient or their representative, the service provider, and the OHCDS.
The OHCDS must:

• Remain in good standing as a **licensed provider**;
• Maintain necessary **documentation to support FFP claiming**,
• **Ensure the service provider meets all qualifications** and standards specified in the waiver for the billed service;
• Ensure that the **service(s) provided are in accordance with the person’s Individual Plan**;
• **Submit claims for FFP** as required by DDD;
• **Submit administrative billing for OHCDS functions** as required and separate from service billing;
• Maintain accounting systems that **distinguish the costs of OHCDS functions** from costs of providing Medicaid waiver services;
• **Submit required reports** as requested to include a summary of all OHCDS activities.
# Project Review: Timelines

<table>
<thead>
<tr>
<th>SD DDD Rebase Remodel Calendar 8/11/2019</th>
<th>SFY20 July 1, 2019</th>
<th>SFY21 July 1, 2020</th>
<th>SFY22 July 1, 2021</th>
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<tbody>
<tr>
<td><strong>DHS Budget Submission</strong></td>
<td>AUG-SEP ‘19</td>
<td>AUG-SEP ‘20</td>
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<td><strong>Legislative Session</strong></td>
<td>JAN-MAR ‘20</td>
<td></td>
<td>JAN-MAR ‘21</td>
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<tr>
<td><strong>Gather Data</strong></td>
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<td>Behavior Risk Screens</td>
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<td>Residential &amp; Day Staffing Ratios</td>
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<td><strong>Rate Setting Contractor</strong></td>
<td>Develop Project Plan</td>
<td>Request Contractor Funding</td>
<td>Rebase / Remodel FY19 Cost Reports (JUL ‘18 – JUN 19 submitted by JAN ‘20) FY19 ICAP from JAN ’19 – DEC ’19</td>
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<tr>
<td><strong>Provider Rates</strong></td>
<td>Request Funding</td>
<td>Fiscal Impact</td>
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<td><strong>Waiver Amendment</strong></td>
<td>Draft Waiver Amendment</td>
<td>Public Comment Finalize</td>
<td>Submission to CMS</td>
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<tr>
<td><strong>Change Management</strong></td>
<td>System Impact Analysis and Planning</td>
<td>System Updates</td>
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Data Sources: Cost Reports

• Preliminary review of 2018 reports indicates inadequate accounting for non-allowable costs
• Common unallowable costs include but are not limited to
  ▪ Room and Board
  ▪ Costs Unrelated to participant care
  ▪ TPL
Cost Report Recommendations

- Use FY19 cost reports for rebase (cost information from July 1, 2018 – June 30, 2019 submitted to DDD by January 31, 2020)
- Rebase may require additional review to ensure appropriate accounting for non-allowable costs
- Considering updates to cost report guidelines prior to data collection for FY21 beginning July 1, 2020
Data Sources: ICAP

- Preliminary review identified a significant correlation between special rates due to behavioral challenges and maladaptive indices
  - Maladaptive Asocial (Socially Offensive, Uncooperative)
  - Maladaptive External (Hurtful to Other, Destructive, Disruptive)
  - Maladaptive General (All behaviors)
- DDD is considering the addition of a risk assessment to tease out the nuances of serving this population
ICAP Recommendations

• Further explore the value of maladaptive indices in the rate setting process
• Consider the addition of a behavioral risk assessment to tease out the nuances of serving this population
• Consider transition to a new standard assessment tool after the rebase is complete – will require a period of time in which duplicate assessments are completed to prepare to use a new assessment in a subsequent rebase
Data Sources: Activity Logging

- Providers and DDD are reluctant to do activity logging
- Systems to support activity logging are obsolete
- Activity logging challenges
  - Labor intensive
  - Validity
  - Reliability
Activity Logging Recommendations

- Consider staffing surveys as an alternative for congregate residential and day settings (see handout)
- Gather data for 3 to 4 weeks from the period of November 1, 2019 – February 28, 2020
- Pilot the residential tool prior to statewide distribution
- Refine the tool for day settings after the residential pilot is complete
Home Size Recommendations

- Rebase must consider costs of downsizing large congregate residential and day settings
- Work to decrease home size and elimination of sheltered workshops should be initiated as soon as possible (and as funding is available).
Other Data Sources

• Discontinue
  • Geographical differences captured by “economic factors”
  • Age
• Rebase must anticipate the intensive needs of children in specialized programs
• Need to reconfigure payments for other medical services
• Special rates constitute almost 15% of Choices waiver billing
Approach

- **Rebase**
  - Determine the cost of service
  - Review and refine service definitions
  - Add waiver services?
- **Remodel**
  - How services are authorized, billed and paid
  - Retain efficiencies of SBR
  - Minimize increases to administrative burden
Approach

## SAMPLE

### Residential Habilitation Model

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

- Prospective payment
- Cost driven rate build up
- Bundled residential rate
- FFS day rates
- Payment process that reflects SBR payment process
Next Steps

• Finalize Workplan
• Finalize Background/Findings/Recommendations Document
• Executive Review
• Rebase Workgroup Review