



Division of Disability and Rehabilitative Services: Home and Community-Based Service (HCBS) SFY 2024 Rate Updates

Indiana Family and Social Services Administration

May 31, 2023

Welcome & opening remarks



- Paul Bowling

Chief Financial Officer, FFSA Office of the Secretary

- Kathleen Leonard

Director of Reimbursement and Actuarial Services

- Kelly Mitchell

Director, Division of Disability and Rehabilitative Services (DDRS)

Agenda

- Review of where we are today
- Changes since last update
- Examples of detailed rate build-up
- Updated fiscal impact
- Timeline of next steps



Review of where we are today

Updates from early March



- Funding for proposed rate increases
 - FSSA’s request was fully appropriated
 - Approved annual rate increases (targeting 2%) to be effective each July
- Pathways MCEs will be directed to pay at the fee schedule
- Effective date: targeting July 1, 2023
 - Contingent on CMS approval
 - Submission: targeting July 1, 2023
 - Rate increases will not be paid until CMS approval in late September/early October
 - Providers should start billing new rates on July 1, 2023 and they will be reprocessed after the waivers are approved by CMS



Changes since last update

- Reviewed stakeholder feedback
- Funding request updated, mainly to reflect recent utilization growth
- Updated BLS data released in late April
- CMS feedback

Planning for future rate updates: Proposed rate matrix process

SI = Strategic Investment **HIP** = HIP Rate Equalization



Medicaid Services*	Last Rate Review	Year of Rate Review / Rate Rebasing								Rating Approach
		2022	2023	2024	2025	2026	2027	2028	2029	
Home Health Services	2021		RR	i	i	i	RR	i	i	Rate Review every four years, Inflationary Adjustments Between Reviews
DA/DDRS Waivers	Various		RR	i	i	i	RR	i	i	
Dental Services	2015		RR	i	i	i	RR	i	i	
NEMT	1999		RR	i	i	i	RR	i	i	
Physician Services	2015			RR	i	i	i	RR	i	Rate Review every four years, Rate Rebasing every two years
Inpatient Hospital	2003			RR		RB		RR		
Outpatient Hospital	2003			RR		RB		RR		
Hospice	2021	100% Medicare								Rates set at 100% of Medicare
DME & Medical Supplies	1994	100% Medicare								
Emergency Transportation	2023	100% Medicare								
Nursing Facility	2021	Quarterly		RR	RR	RR	RR	RB	RB	Annual Rate Review
ICF/IID	2021	i	RR	i	RR	i	RR	i	RR	Biennial Rate Review

*Listed Medicaid services are illustrative, not comprehensive.

Rate matrix is located at <https://www.in.gov/fssa/files/Rate-Review-Medicaid-Matrix.pdf>

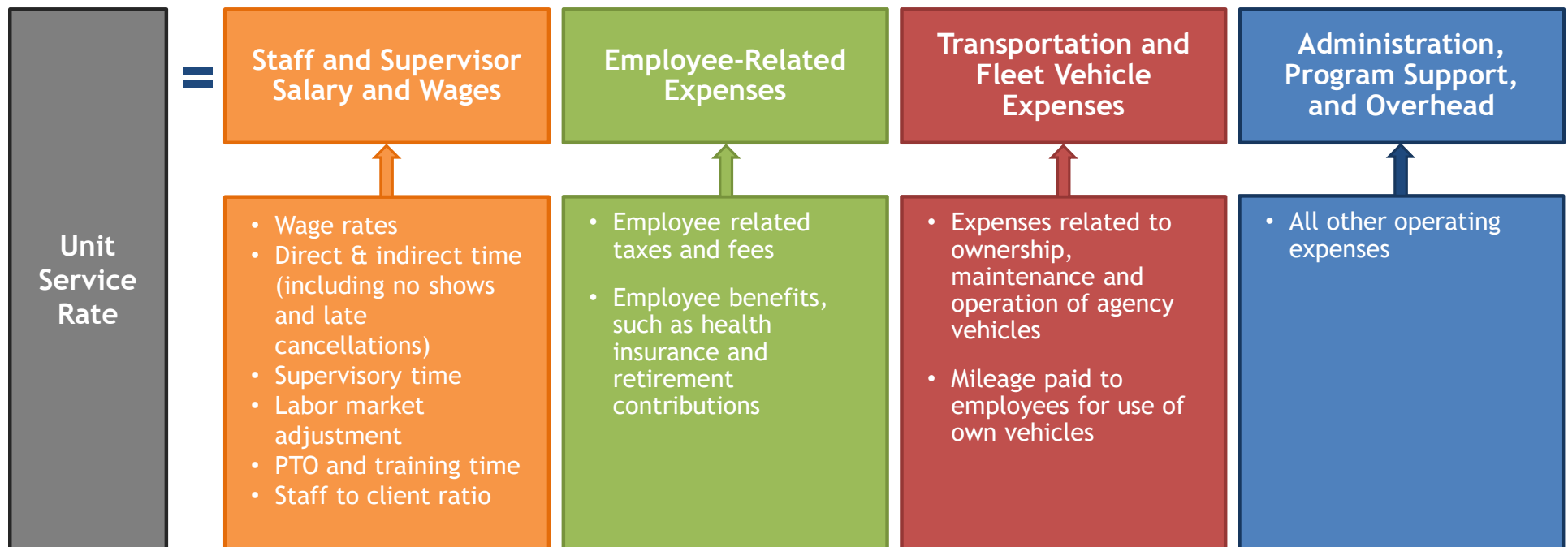


Rate Build-Up Samples



Independent rate model summary

Draft rates reflect the sum of independent rate inputs and components, identified using national/state data sources, provider survey data and other stakeholder feedback



Some rates will be negotiated (i.e., market rates) and not use the independent rate model.

Rate Framework - Behavior Management

Sample exhibit for Behavior Management, Basic (15 minutes) calculated using the IRM; assumptions within the IRM will vary based upon the service requirements



Unit Service Rate	Staff and Supervisor Salary and Wages	Employee Related Expenses (ERE)	Transportation and Fleet Vehicle Expenses	Administration, Program Support and Overhead
\$18.56 per 15 minutes	\$ 11.16 Therapist: \$ 8.93 Supervision: \$ 0.53 Transportation: \$ 1.69	\$ 2.71 Base: \$ 2.30 Transportation: \$ 0.41	\$ 0.77	\$ 3.93
Assumed Values	DSP Wage: \$ 31.60/hr Direct time: 15 min Indirect time: 1.5 min Transportation: 3.1 min Supervisor wage: \$ 31.60/hr Supervisory ratio: 20	Employee related taxes and fees: Therapist: 24.2% Supervisor: 24.2% <i>varies based upon salary</i>	MPH: 30 2022 mileage reimbursement: \$ 0.49	Administrative / program support: 15% On call Expense: \$1.15

Totals may not sum due to rounding

Rate Framework - RHS Daily

Sample exhibit for agency provided RHS Daily (4-person setting, Algo Level 3)

Calculated using the IRM; assumptions within the IRM will vary based upon the service requirements



Unit Service Rate	=	Staff and Supervisor Salary and Wages	Employee Related Expenses (ERE)	Transportation and Fleet Vehicle Expenses	Administration, Program Support and Overhead
\$ 202.86 per day	=	\$ 120.88 DSP: \$ 112.31 Supervision: \$ 5.27 Other support: \$ 5.33	\$ 44.36 Base: \$ 44.38	\$ 7.19	\$ 30.43
Assumed Values	=	DSP Wage: \$ 15.43/hr 3.25 8 hour shifts for setting 10% of hours paid time and a half Other wages: \$ 24.63/hr to \$52.75/hr, 7:1 ratio	Employee related taxes and fees: DSP: 37.7% Others: 19.1% to 27.9% <i>varies based upon salary</i>	\$28.74 per day for setting	Administrative / program support: 15%

Totals may not sum due to rounding

Rate Framework - Case Management

Sample exhibit for care management (monthly) calculated using the IRM; assumptions within the IRM will vary based upon the service requirements



Unit Service Rate	=	Staff and Supervisor Salary and Wages	Employee Related Expenses (ERE)	Transportation and Fleet Vehicle Expenses	Administration, Program Support and Overhead
\$ 189.56 per month	=	\$ 116.47 Care manager: \$ 104.65 Supervision: \$ 11.82	\$ 30.87 Care manager: \$ 27.92 Supervisor: \$ 2.95	\$ 13.78	\$ 28.43
Assumed Values	=	Care manager wage: \$ 26.57/hr Supervisor wage: \$ 30.00/hr Caseload: 44	Employee related taxes and fees: Care manager: 26.7% Supervisor 24.9% <i>varies based upon salary</i>	MPH: 45 Approximately 28 miles driven 2022 mileage reimbursement: \$ 0.49	Administrative / program support: 15%

Totals may not sum due to rounding

Overview of Rate Worksheets



Below is a sample fiscal analysis and rate comparison to support stakeholder review of the public comment materials; all materials will be in Excel.

Procedure code modifier combinations

Current rate compared to proposed 7/1/23 rate

Indiana FSSA Division of Disability and Rehabilitative Services												
Community Integration and Habilitation (CIH) and Family Supports (FS) Waiver Program Rate Methodologies												
Target Effective Date: July 1, 2023												
Waiver Covered Service	Level of Service	Procedure Code	Modifier 1	Modifier 2	Modifier 3	Modifier 4	Service Units	CIH Waiver	FS Waiver	Current Rate	Proposed Rate	Participant Limits
Adult Day Services	Level 1	S5101	U7	U5	U1		Half Day	X	X	26.28	37.18	
Adult Day Services	Level 2	S5101	U7	U5	U2		Half Day	X	X	34.47	43.75	
Adult Day Services	Level 3	S5101	U7	U5	U3		Half Day	X	X	41.04	54.74	
Adult Day Services	Level 1	S5100	U7	U5	U1		15 Minutes	X	X	1.65	2.93	
Adult Day Services	Level 2	S5100	U7	U5	U2		15 Minutes	X	X	2.15	3.30	
Adult Day Services	Level 3	S5100	U7	U5	U3		15 Minutes	X	X	2.57	4.20	
Behavior Management	Basic	H0004	U7	U5	U2		15 Minutes	X	X	18.20	18.56	
Behavior Management	Level 1	H0004	U7	U5	U1		15 Minutes	X	X	18.20	18.56	
Case Management	---	T2022	U7	U5			1 Month	X	X	143.75	189.56	
Community Transition	---	T2038	U7	U5			Cap	X		2,500.00	2,500.00	\$2,500 / Lifetime
Day Habilitation	Individual	T2020	U7	U5		UF/UG	1 Hour	X	X	28.33	36.88	
Day Habilitation	Group- Small (2:1 to 4:1)	T2020	U7	U5	U2	UF/UG	1 Hour	X	X	10.15	13.28	

Service name and level of service (if applicable)

Units and waiver

Participant limits per applicable time period

Variation by Service Level

Sample exhibit for Adult Day Services



Service	Reporting Units	Current Unit Rate	Proposed Unit Rate	Percentage Increase
Adult Day Services, Level 1	Per 1/2 Day	\$ 26.28	\$ 37.18	41.5%
Adult Day Services, Level 2	Per 1/2 Day	34.47	43.75	26.9%
Adult Day Services, Level 3	Per 1/2 Day	41.04	54.74	33.4%
Adult Day Services, ¼ Hour, Level 1	15 Minutes	1.65	2.93	77.6%
Adult Day Services, ¼ Hour, Level 2	15 Minutes	2.15	3.30	53.5%
Adult Day Services, ¼ Hour, Level 3	15 Minutes	2.57	4.20	63.4%

Rates for tiers were developed individually with reference to service standards and input from the state and providers, most notably via the provider survey.

Relationships that were adjusted compared with the prior rate study:

- Wage costs for DSPs increased more than for higher wage workers
- Additional staffing reflects a full-time LPN and full-time qualified psychosocial staff at Level 3
- Alignment of staffing ratios between half day and quarter hour rates



Service Plans





Individual Budget Adjustments

- Objective-based allocations and the Family Supports Waiver cap will be adjusted to allow members to continue to receiving the current level of services

Community Habilitation and Integration Waiver

- 30% Increase to Behavior Management Component
- 40% Increase to Days Component
- 40% Increase to Other/Residential-based habilitation Component

Family Supports Waiver

- 35% Overall cap increase
- New annual cap will be \$26,482



Fiscal Impact



Proposed Rate Increases

Rate calculations reflect a 23.3% change for DDRS waiver services

Estimated Percentage Increases



Service Group	Impact %
Adult Day Service	33.5%
Behavior Management	2.0%
Case Management	31.9%
Day Habilitation	27.9%
Home/Other Modifications	42.5%
Residential Habilitation	20.5%
Respite Care	46.4%
Structured Family Care	30.3%
Transportation	134.6%
All Other	30.5%
Total Estimated DDRS Fiscal Impact	23.3%

Estimated Fiscal Impact

The biennium budget added \$73.0 M state dollars for SFY 2024 and \$83.1M for SFY 2025.



Estimated Fiscal Impact for DDRS HCBS (\$ millions)

	State and Federal		State Share	
	SFY 2024	SFY 2025	SFY 2024	SFY 2025
Paid Basis	\$218.0	\$239.2	\$73.0	\$83.1
Incurred Basis	\$236.0	\$239.9	\$79.5	\$83.3



Timeline and Next Steps



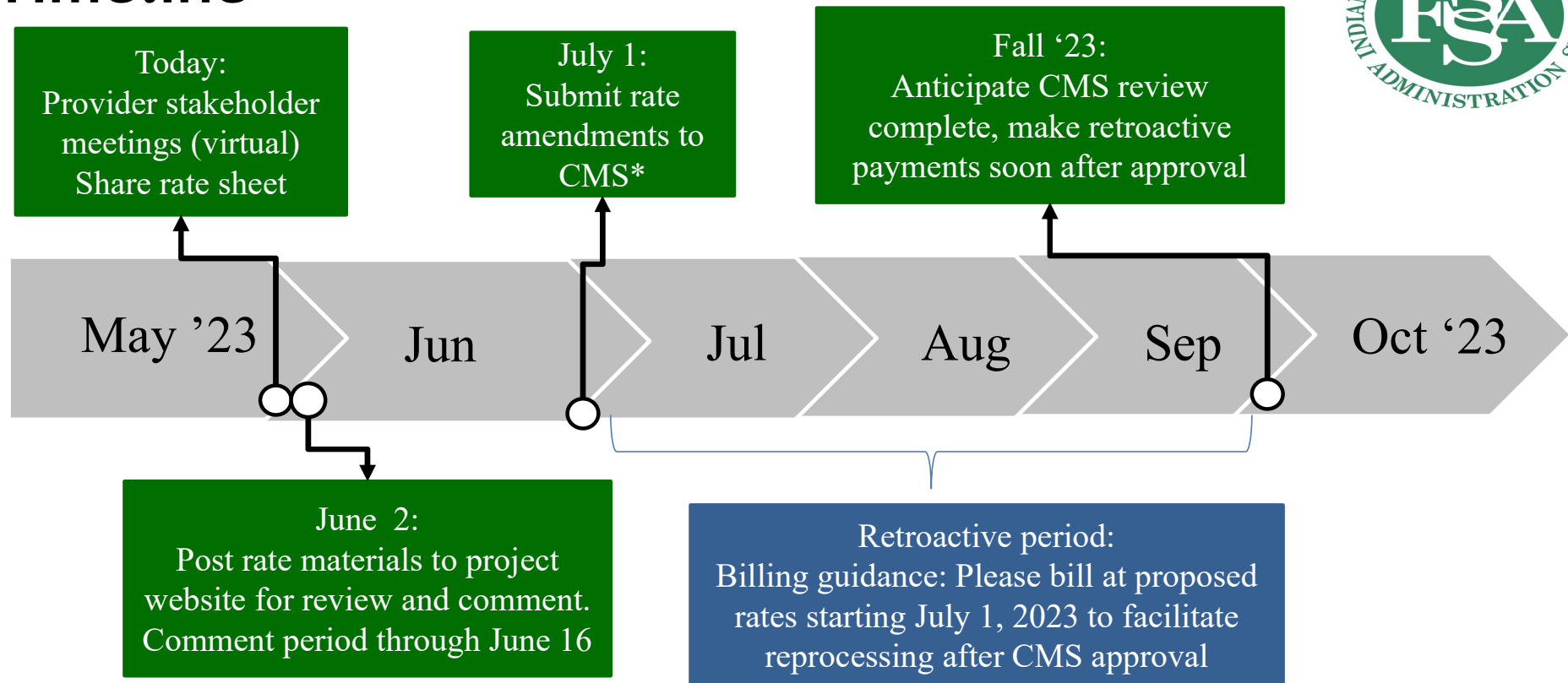
Timeline



- Meeting with Stakeholders – Today
- Detailed documents posted to website
- Public Comment Period – Early June
- Presentation of SPA/Waiver amendments - June Budget Committee
- Submission of information to CMS early July
- Rates will be implemented with a rate effective date of 07/01/2023, subject to CMS approval
- Rate adjustments will likely be implemented retroactively
 - Providers should bill at updated rates for service dates starting July 1, 2023 to facilitate mass retroactive adjustment



Timeline



*Discussions under way with CMS regarding optimum method to implement rate changes. Targeting July 1, 2023 effective date, subject to CMS approvals. Rate-only waiver changes help ensure the most expeditious path.

Accessing Rate Public Notice Materials



- This presentation and summary rate comparisons will be published to the project website and available for a two-week public comment period
 - Website: <https://www.in.gov/fssa/ompp/health-coverage/medicaid-hcbs-programs/2019-2020-hcbs-rate-methodology-project/>
 - Materials will be posted by June 2, 2023 and comments are due by June 16, 2023
- Public comments should be sent to the FSSA inbox (HCBS.Ratemethodology@fssa.IN.gov)

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