

Applied Behavioral Analysis (ABA) Therapy Services Reimbursement Review

ABA Provider Meeting - Rate Methodology / Draft Rates

Indiana Family and Social Services Administration
Office of Medicaid Policy and Planning
August 8, 2023



ABA Therapy Provider Reimbursement

- Objectives / Environment
- ABA Provider Survey Data
- Rating Methodology / Assumptions
- Proposed ABA Therapy Rates
- Timeline



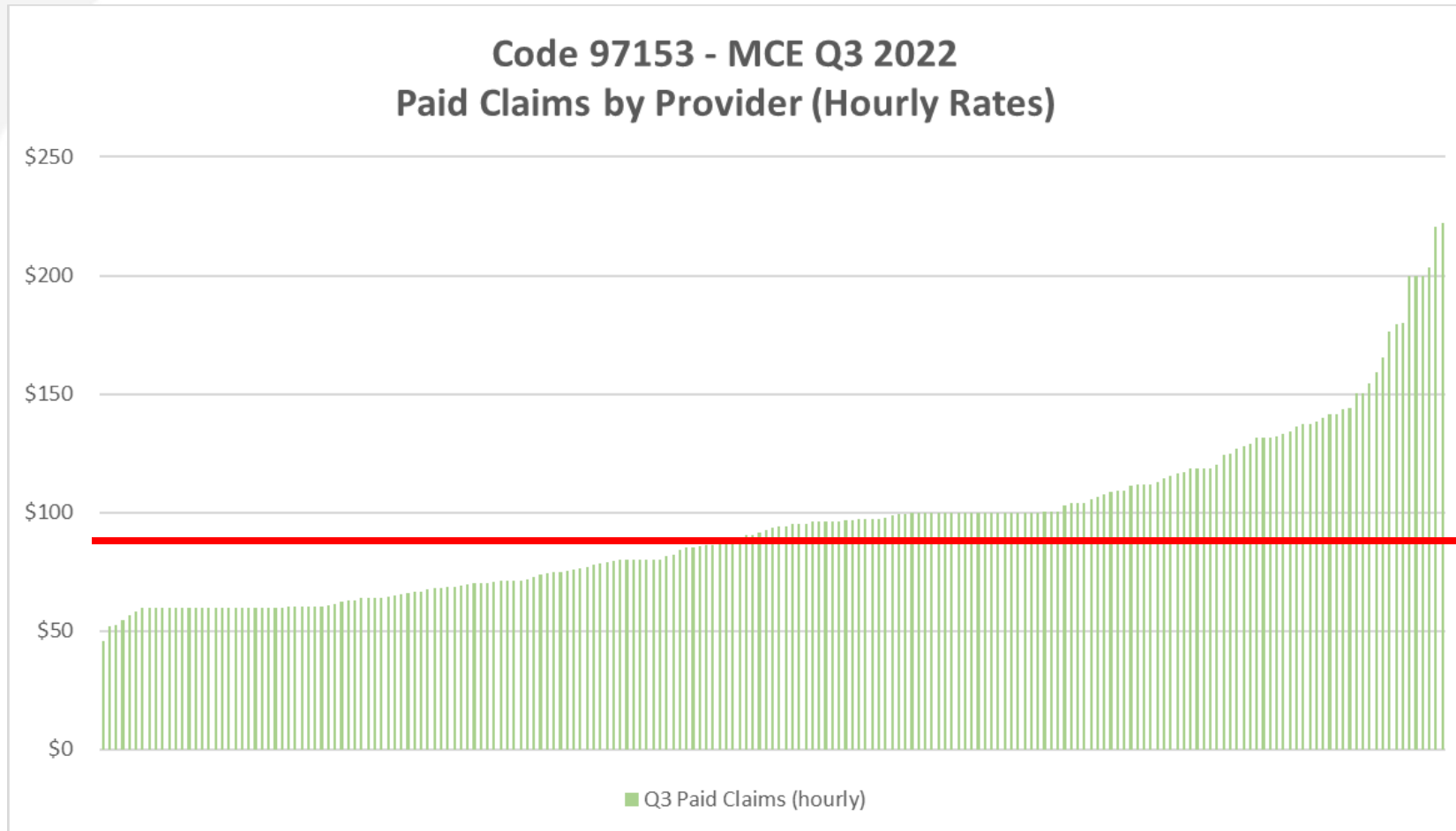
FSSA Strategic Objectives for Rate Setting

To develop rate setting methods that comply with Centers for Medicare and Medicaid Services (CMS) rules and achieve the following:

- **Alignment** - Bring continuity and alignment across rate methodologies, providing a consistent framework and supporting payment rates that advance FSSA goals.
- **Sustainability** - Facilitate adequate participant access to quality services, as required by CMS. Cost effective, provide for long-term workforce growth and provider stability, and affordable by the State. Reduce administrative burden. Ensure predictability.
- **Promote Person-Centeredness and Value-Based Purchasing** - Striving to align provider and participant incentives to achieve access to person-centered services, encourage services that drive healthy outcomes and participant satisfaction.
- **Reduce Disparities** – Analyze and quantify disparities in access, quality, site of care, and person-centeredness, then build payment structures to level the playing field.

Reimbursement Currently Lacks Alignment

Code 97153 - Average Managed Care Paid Claim = \$91/hour

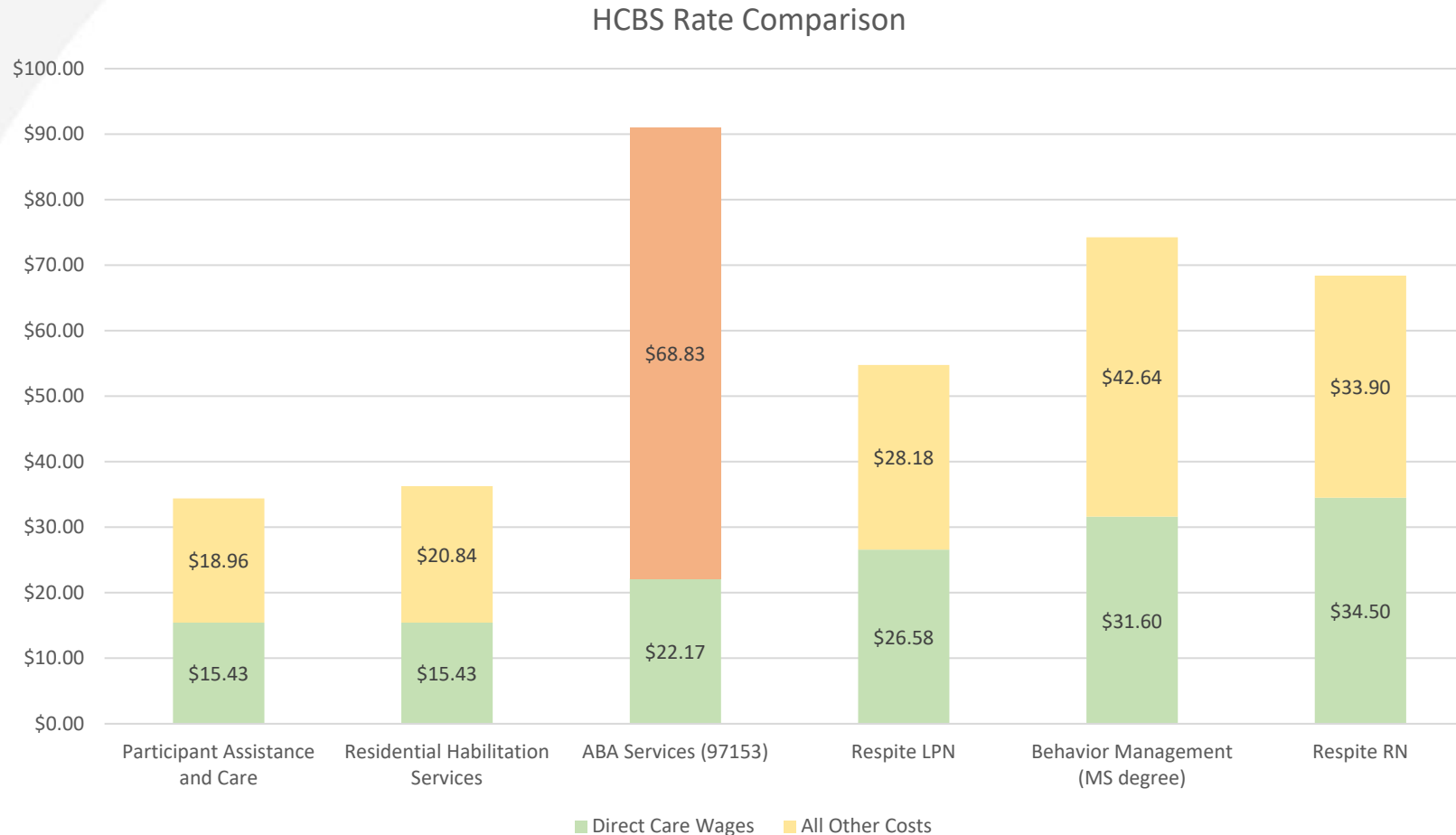


- Bars shown in chart represent average paid claims for each of the 199 locations that billed MCEs for 3Q 2022
- **Paid hourly rates averaged \$91 and ranged from \$46 to \$222**
- Implementation of a Minimum Fee Schedule will increase **rate alignment** across ABA providers



ABA Reimbursement vs. Waiver Rates

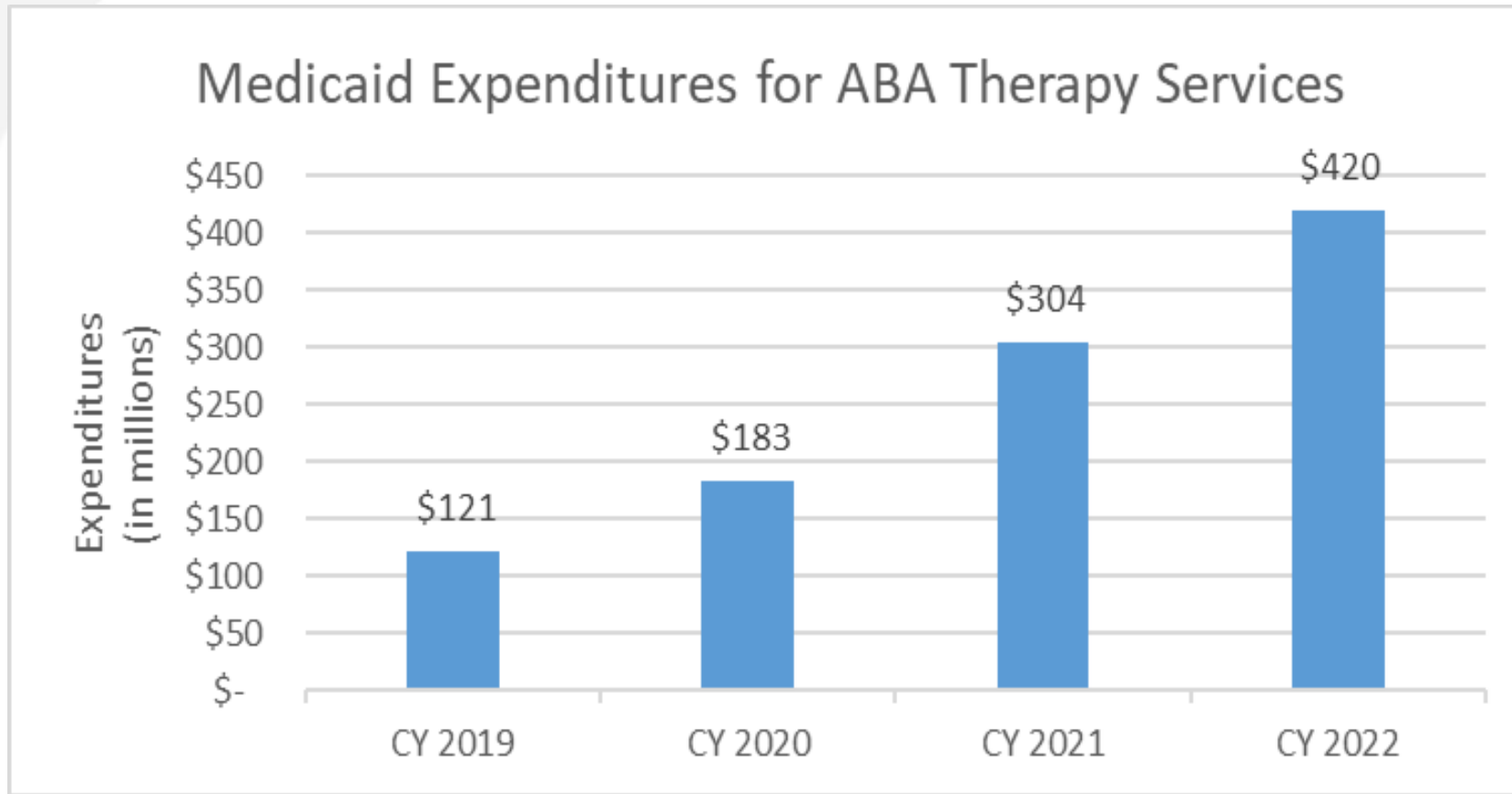
ABA Spend does not align with other State Programs



- Current HCBS rates include a load of **98%** - **135%** of base direct care wage to cover supervision, program costs, admin costs, etc.
- Current ABA reimbursement represents load of **310%** for comparable cost categories



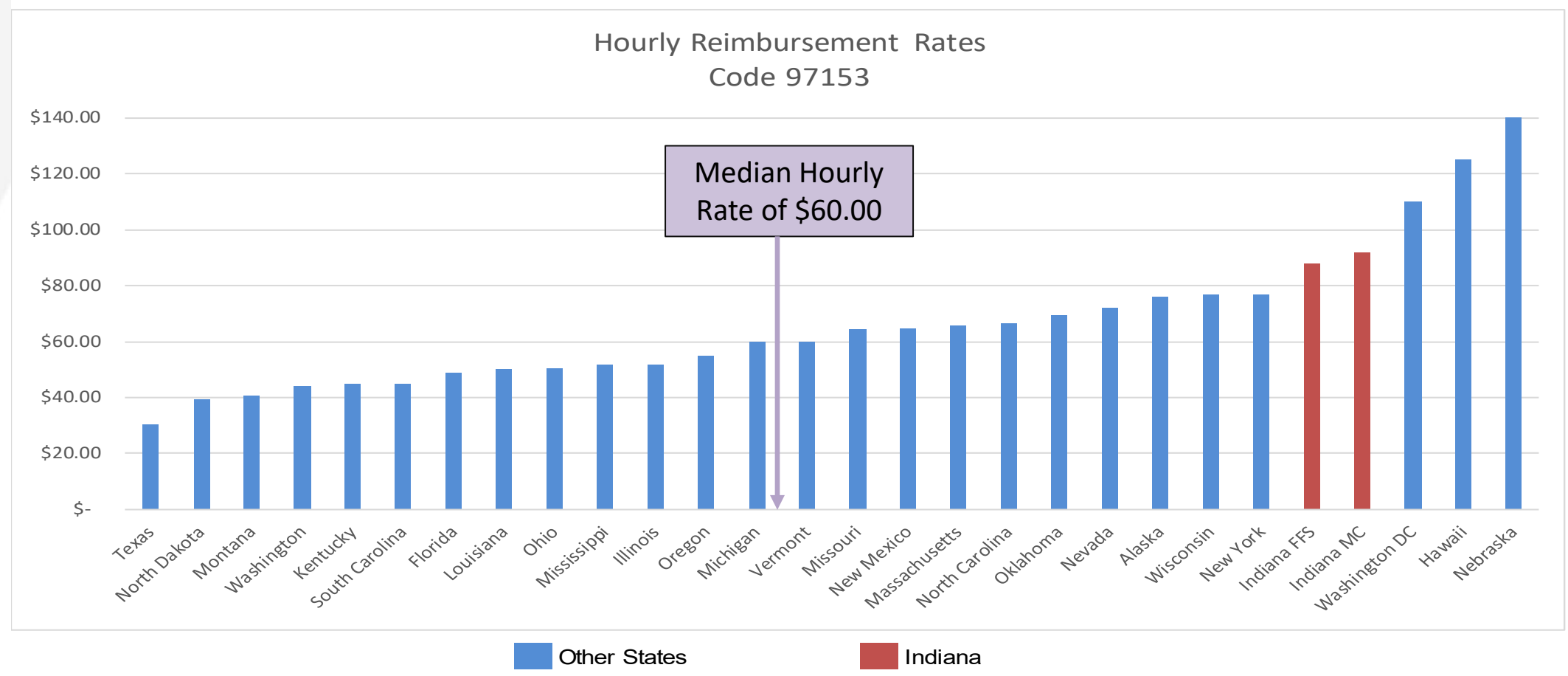
Applied Behavioral Analysis (ABA) Therapy Services Indiana Medicaid Expenditure Growth Rate of 50%+



- ABA Services are primarily provided through Waiver programs (FFS) and Hoosier Care Connect (Managed Care)
- Rate of expenditures increases presents sustainability challenge



ABA Reimbursement Comparison of Medicaid Reimbursement by State



ABA Provider Survey Data
Clarification of Summary Data Slide
Wage Inflation Assumption
Program Costs
Non-Allowable Costs



ABA Provider Survey Data

Calculation of Average Cost per 15 Minute Unit

Cost / Utilization data shown is for all services / codes

Total Units of Service	13,516,663
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Cost Description	Total Costs	Cost per 15 Minute Unit
Direct Care Staff Salaries and Fringe Benefits	\$ 134,890,221	\$ 9.98
Other Direct Care Expenses (Non-Staff)	\$ 12,071,616	\$ 0.89
Administrative and Facility Overhead	\$ 83,237,291	\$ 6.16
Non-allowable Costs	\$ 33,068,527	\$ 2.45
Total Costs	\$ 263,267,655	\$ 19.48

Total Costs Excluding Non-allowable Costs	\$ 230,199,128	\$ 17.03
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Direct Care Staff Salaries
 Average for all staff is \$39.92 / hr.
 Average for RBT is \$20.79 / hr.

Admin / Facility Overhead
 Average for all providers is \$24.64 / hr. and represents 36% of Total Costs (Excluding Non-Allowable Costs)

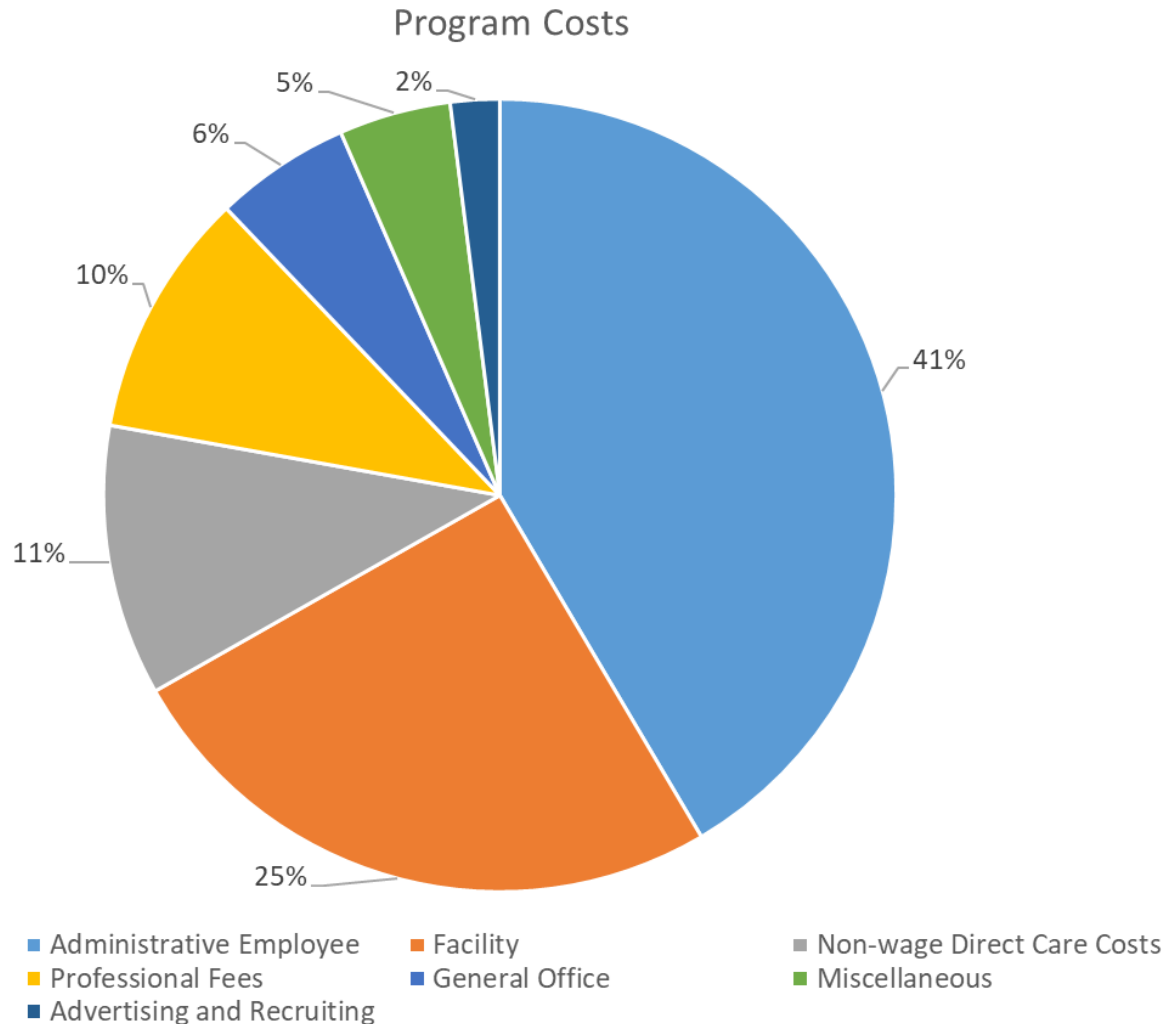
Non-Allowable Costs
 Average for all providers is \$9.80 / hr.
 Average drops to \$0.97 / hr. if one outlier is excluded



Wage Inflation Assumption

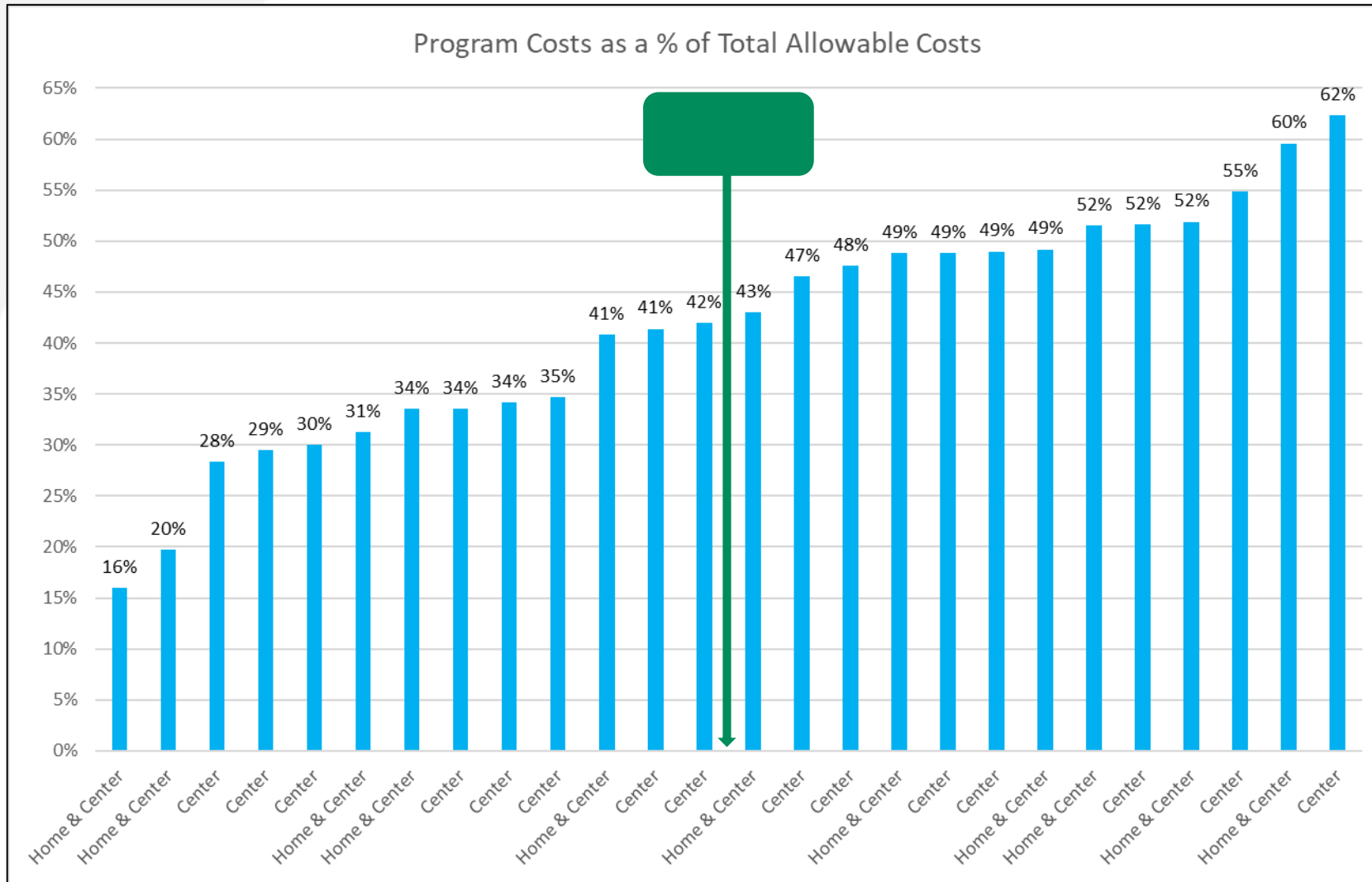
- The State rate model uses **7.5% annual inflation** applied from the midpoint of the provider's fiscal year used to report wages to the midpoint of the rate implementation period (assuming a 1/1/24 rate implementation)
- The total inflation used in the State model **ranges from 17% to 23%**, varying with the fiscal year used to report wages

ABA Provider Survey - Program Cost Breakout



- Providers reported **\$104M** in program costs.
- **41%** of program costs are for administrative employee costs.
- **25%** of program costs are for facility costs.
- **11%** of program costs are for non-wage direct care costs.
- **23%** of program costs are for other types of costs including professional fees, general office, miscellaneous, and advertising & recruiting.

Program Costs by Service Delivery Model



- Each bar represents one survey respondent - noted as Center-Based or Home & Center-Based
- No survey responses were received from providers that are only Home-Based
- Reimbursement data from other states does not show payment variation by business model



Rate Assumptions: Non-Allowable Costs

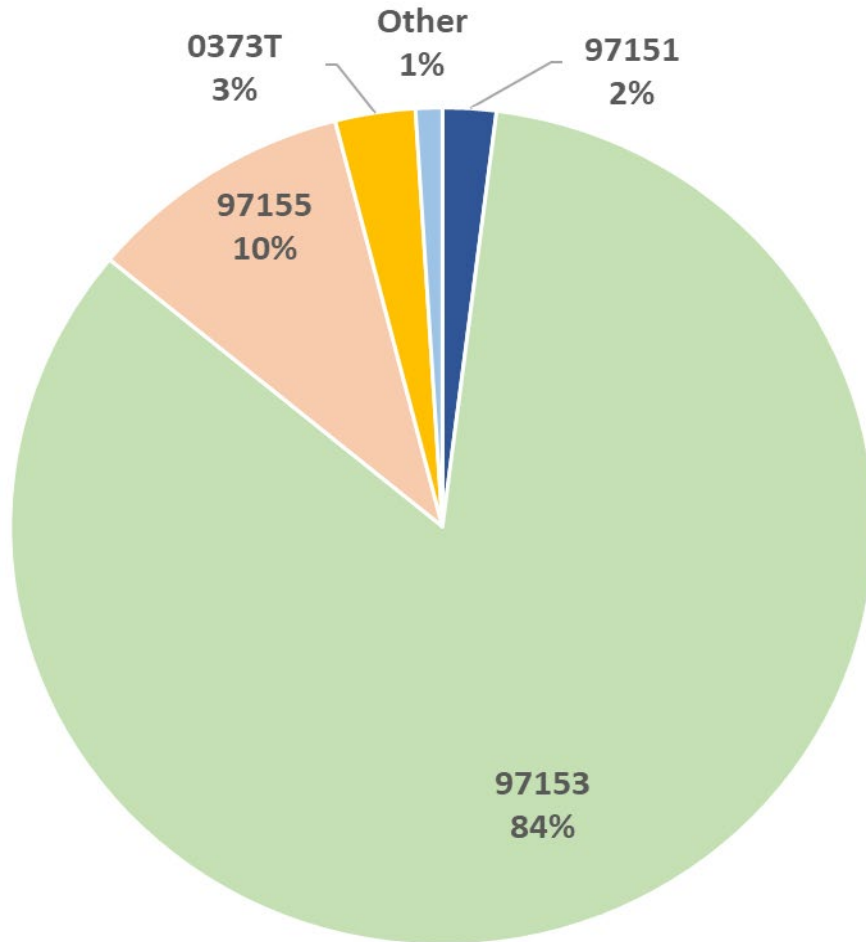
- Non-allowable costs will be excluded based on federal allowable cost principles at Centers for Medicare and Medicaid Services (CMS) Publication 15-1.
- The federal government expects states to exclude non-allowable costs when establishing Medicaid rates and reimbursement for which federal matching funds are applied (the federal government contributes to the costs of the Medicaid program).

Rating Considerations /Methodology
Key Procedure Codes
Independent Rate Model
Draft Rates



ABA Reimbursement CY 2022 Expenditures by Procedure Code

Total ABA Expenditures by Procedure Code

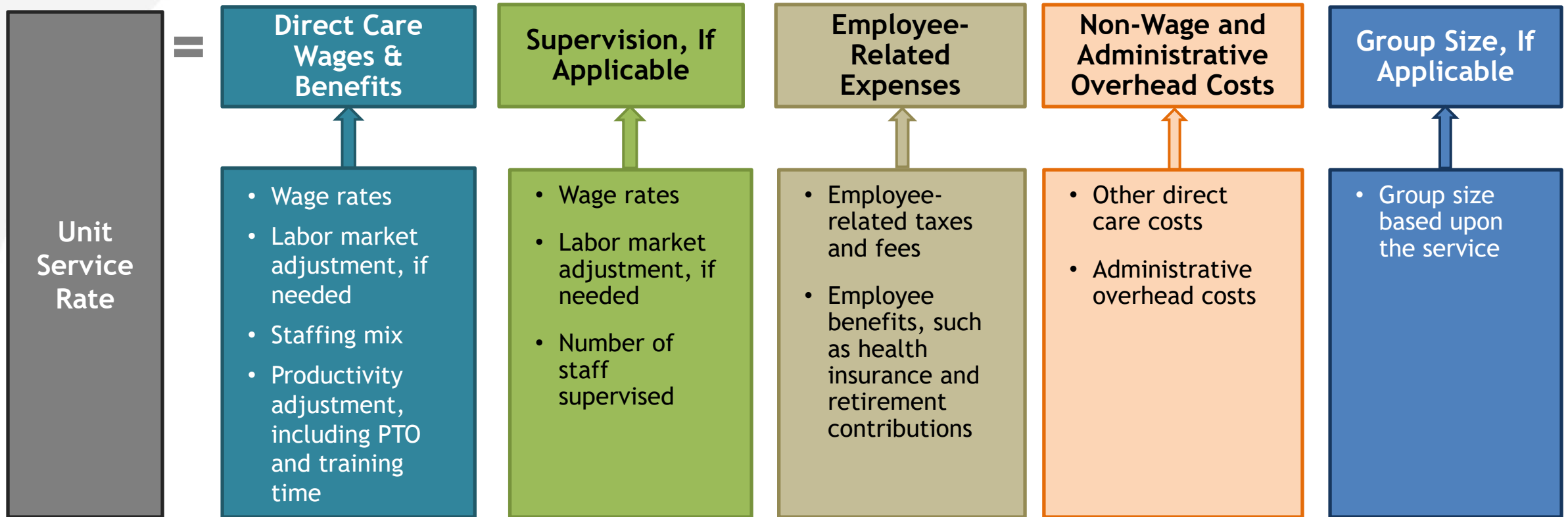


- There are 10 procedure codes for ABA Services
- The vast majority (84%) of paid expenditures are for **code 97153** (Adaptive Behavior Treatment, Administered by Technician, Face to Face with One Patient)
- **Initial rate comparisons are focused on code 97153**



Independent Rate Model Summary

Proposed rates reflect the sum of independent rate inputs and components, identified using provider survey data and labor market data

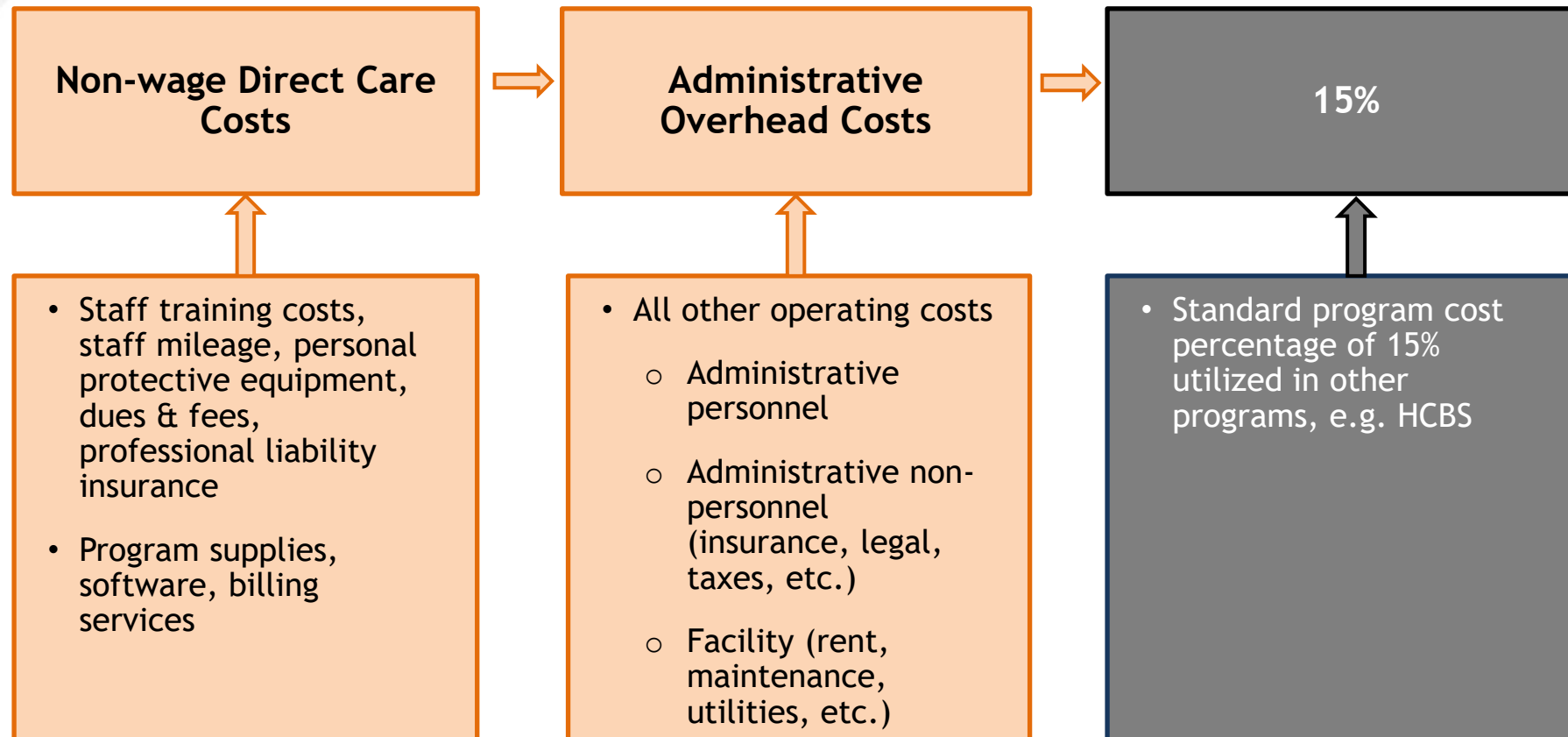


RATE METHODOLOGY USED FOR ABA RATE SETTING ALIGNS WITH METHODOLOGY USED FOR WAIVER RATE SETTING EARLIER THIS YEAR



Rate Assumptions: Program Costs

Program costs are comprised of non-wage direct care costs and administrative overhead costs.



Provider-reported program cost percentages varied, ranging from 16% to 62% of total allowable costs, with a median percentage of 42.5%.



Policy Decisions Guiding Rate Assumptions

The table below summarizes key policy decisions that informed assumptions within the rate models. Changes to the decisions will result in changes to the draft rates and fiscal impact.

Model Input	Methodology	Notes and Considerations
Wage Data for Direct Care Practitioners	<ul style="list-style-type: none"> Primarily wage data from providers (cost survey) Supplemented with labor market wage data from BLS <ul style="list-style-type: none"> Provide and BLS data weighted 50/50 if provider data varied from the labor market data by more than 20% 100% provider data (no BLS) was used for BCBA and RBTs, the two primary practitioners in the survey data. BCBA and RBT wages from cost surveys exceeded BLS. 	<ul style="list-style-type: none"> BLS hourly wages based on May 2022 survey, primarily 75th percentile. Annual inflation of 7.5%.
Total Employee-Related Expense (ERE) Load Specific decisions: <ul style="list-style-type: none"> Health insurance cost Retirement cost 	<ul style="list-style-type: none"> ERE calculated for each direct care practitioner type (provider data not used due to variability in provider survey data) ERE varies by direct care practitioner type (17% - 32%) <ul style="list-style-type: none"> Lower % for higher paid workers, due to fixed costs for health insurance Social security, Medicare, state and federal unemployment insurance, workers compensation, employer health insurance costs, and retirement costs 	Decisions relating to health insurance and retirement cost: <ul style="list-style-type: none"> Employer health insurance costs (\$6,594/year) Retirement costs (3% of employee wages)
Staffing Mix	<ul style="list-style-type: none"> Captures the weighting of the practitioners involved in providing the service Based on a staffing mix percentage, calculated based on provider data and research of industry practice. <ul style="list-style-type: none"> Staffing mix percentage x practitioner hourly wages = blended hourly wage RBT (\$25/hour x 75%) + BT (\$20/hour x 25%) = \$24 hourly wage 	Blends wage costs to recognize that more than one practitioner type may contribute to the delivery of a service.



Policy Decisions Guiding Rate Assumptions

The table below summarizes key policy decisions that informed assumptions within the rate models. Changes to the decisions will result in changes to the draft rates and fiscal impact.

Model Input	Methodology	Notes and Considerations
Productivity Adjustment	<p>Wage costs are productivity-adjusted. Includes time related to:</p> <ul style="list-style-type: none"> • Documentation related to patient care (treatment plans, patient records/notes) • Coordination activities (patient-related meetings, consultation with other practitioners) • Other (training, team meetings) • PTO (20 days = 10 holidays and 10 vacation/sick days) 	Increases wage costs to recognize practitioner time and employer costs for non-billable activities
Supervision Add-on	<p>Wage add-on for services that include supervision of a technician (RBT). Comprised of:</p> <ul style="list-style-type: none"> • Supervising practitioner hourly wages • Supervisor to staff ratio 	<ul style="list-style-type: none"> • Supervisor wages from provider data and BLS. • Supervisor to staff ratio from provider survey data.
Group Size	<ul style="list-style-type: none"> • Rate adjustment for group services, including services involving: <ul style="list-style-type: none"> ○ Multiple patients ○ Multiple caregivers (with or without the patient present) • Based on a typical group size of 3.5 	
Program Costs (Non-Wage and Overhead)	<ul style="list-style-type: none"> • Non-wage related direct care costs • Facility administrative overhead • 15% administrative percentage (aligns with HCBS rate initiative) 	<ul style="list-style-type: none"> • Program costs represent 15% of the total reimbursement rate.



ABA Therapy - Draft Rates

ABA Therapy Services	Primary Practitioner	% of CY 2022 Expenditures	Current Reimbursement Methodology	Proposed Composite Rate (Hourly)	Average Paid per Hour Q3 2022	Average Paid per Hour Q1 2023
<u>Behavior Assessment Codes:</u>						
91751 Behavior identification assessment	BCBA	1.68%	40% of charges	\$103.67	\$129.94	\$152.16
97152 Behavior identification-supporting assessment	RBT	0.05%	40% of charges	\$57.18	\$97.94	\$126.86
0362T Behavior identification supporting assessment	RBT	0.02%	90% of charges	\$98.37	\$218.13	N/A
<u>Adaptive Behavior Treatment Codes (Physician or Other QHP):</u>						
97155 Adaptive behavior treatment with protocol ★	BCBA	10.41%	40% of charges	\$103.77	\$128.19	\$143.65
97156 Family adaptive behavior treatment guidance	BCBA	0.54%	40% of charges	\$105.72	\$120.65	\$144.72
97157 Multiple-family group adaptive behavior treatment guidance	BCBA	0.00%	40% of charges	\$30.05	\$57.14	\$96.72
97158 Group adaptive behavior treatment w protocol modification	BCBA	0.00%	40% of charges	\$29.72	\$34.53	\$57.38
<u>Adaptive Behavior Treatment Codes (RBT):</u>						
97153 Adaptive behavior treatment by protocol ★	RBT	83.72%	40% of charges	\$55.16	\$91.97	\$100.97
97154 Group adaptive behavior treatment by protocol	RBT	0.88%	40% of charges	\$15.84	\$89.53	\$93.39
0373T Adaptive behavior treatment with protocol modification	RBT	2.69%	90% of charges	\$98.37	\$506.06	\$313.51

- The table shows hourly rates; however, rates will be established for 15-minute units of service
- The average paid amount represents managed care claims data
- Billing for group codes does not support services being provided for a group of patients



Applied Behavioral Analysis (ABA) Therapy Services Practitioner Levels

Based on provider feedback, up to three practitioner level-specific rates will be set for each ABA therapy procedure code

Direct care practitioners were assigned to categories based on education level:

- Level 1 – Master’s degree or above
- Level 2 – Bachelor’s degree
- Level 3 – All other

- Examples:
 - Level 1 – BCBA, BCBA-D
 - Level 2 – BCaBA
 - Level 3 – RBT, BT



ABA Therapy Staffing Mix For Draft Rates

ABA Therapy Services	% of CY 2022 Expenditures	BCBA-D	BCBA	BCaBA	RBT	BT
<u>Behavior Assessment Codes:</u>						
97151 Behavior identification assessment	1.68%	0.00%	99.05%	0.74%	0.21%	0.00%
97152 Behavior identification-supporting assessment	0.05%	0.00%	0.00%	6.00%	94.00%	0.00%
0362T Behavior identification-supporting assessment ^{Note 2}	0.02%	0.00%	0.00%	0.00%	100%	0.00%
<u>Adaptive Behavior Treatment Codes (Physician or Other QHP):</u>						
97155 Adaptive behavior treatment with protocol ★	10.41%	0.29%	98.58%	0.83%	0.30%	0.00%
97156 Family adaptive behavior treatment guidance	0.54%	3.79%	94.71%	1.14%	0.36%	0.00%
97157 Multiple-family group adaptive behavior treatment guidance	0.00%	0.00%	97.40%	0.63%	1.97%	0.00%
97158 Group adaptive behavior treatment w protocol modification	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
<u>Adaptive Behavior Treatment Codes (RBT):</u>						
97153 Adaptive behavior treatment by protocol ★	83.72%	0.00%	0.00%	0.09%	99.50%	0.41%
97154 Group adaptive behavior treatment by protocol	0.88%	0.00%	0.00%	0.76%	98.48%	0.76%
0373T Adaptive behavior treatment with protocol modification ^{Note 2}	2.69%	0.00%	0.00%	0.00%	100.00%	0.00%

Note 1: Staffing mix represents the percentage of time devoted to a procedure that is attributable to a particular practitioner. The percentage of time for each practitioner is used to create a blended hourly wage.

Note 2: Procedure code 0362T and 0373T require two technicians perform the service. The proposed rates will be calculated utilizing the hourly wage for two technicians.



Rate Build Up by Practitioner 97153

Step		Level 1	Level 2	Level 3		Total
		Practitioner	Practitioner	Practitioner	Practitioner	
1	Direct Care Wages and Benefits	N/A	N/A	RBT	BT	
1.1	Hourly Wage	N/A	N/A	\$ 22.17	\$ 19.20	
1.2	Employee-Related Expense (ERE)	N/A	N/A	27%	27%	
1.3	Hourly Wage, including ERE (benefits)	N/A	N/A	\$ 28.24	\$ 24.46	
1.4	Staff Mix Weighting (within education level)	N/A	N/A	99.59%	0.41%	
1.5	Weighted Direct Care Hourly Wage	N/A	N/A	\$ 28.12	\$ 0.10	
2	Productivity Adjustment (documentation, meetings, PTO)	N/A	N/A	1.30	1.57	
3	Productivity-Adjusted Hourly Wage	N/A	N/A	\$ 36.58	\$ 0.16	\$ 36.74
4	Supervision					
4.1	Supervisor Hourly Wage, including ERE	N/A	N/A			\$ 50.73
4.2	Number of Staff Supervised	N/A	N/A			5.00
4.3	Supervision Cost per Hour	N/A	N/A			\$ 10.15
5	Program Cost					
5.1	Percentage	N/A	N/A			15%
5.2	Program Cost per Hour	N/A	N/A			\$ 8.27
6	Total Hourly Rate	N/A	N/A			\$ 55.16
6.1	Unit Rate of 15 Minutes	N/A	N/A			\$ 13.79
6.2	Group Size	N/A	N/A			N/A
6.3	Final 15-Minute Rate	N/A	N/A			\$ 13.79

**Composite
Rate =
\$55.16**



Rate Build Up by Practitioner 97155

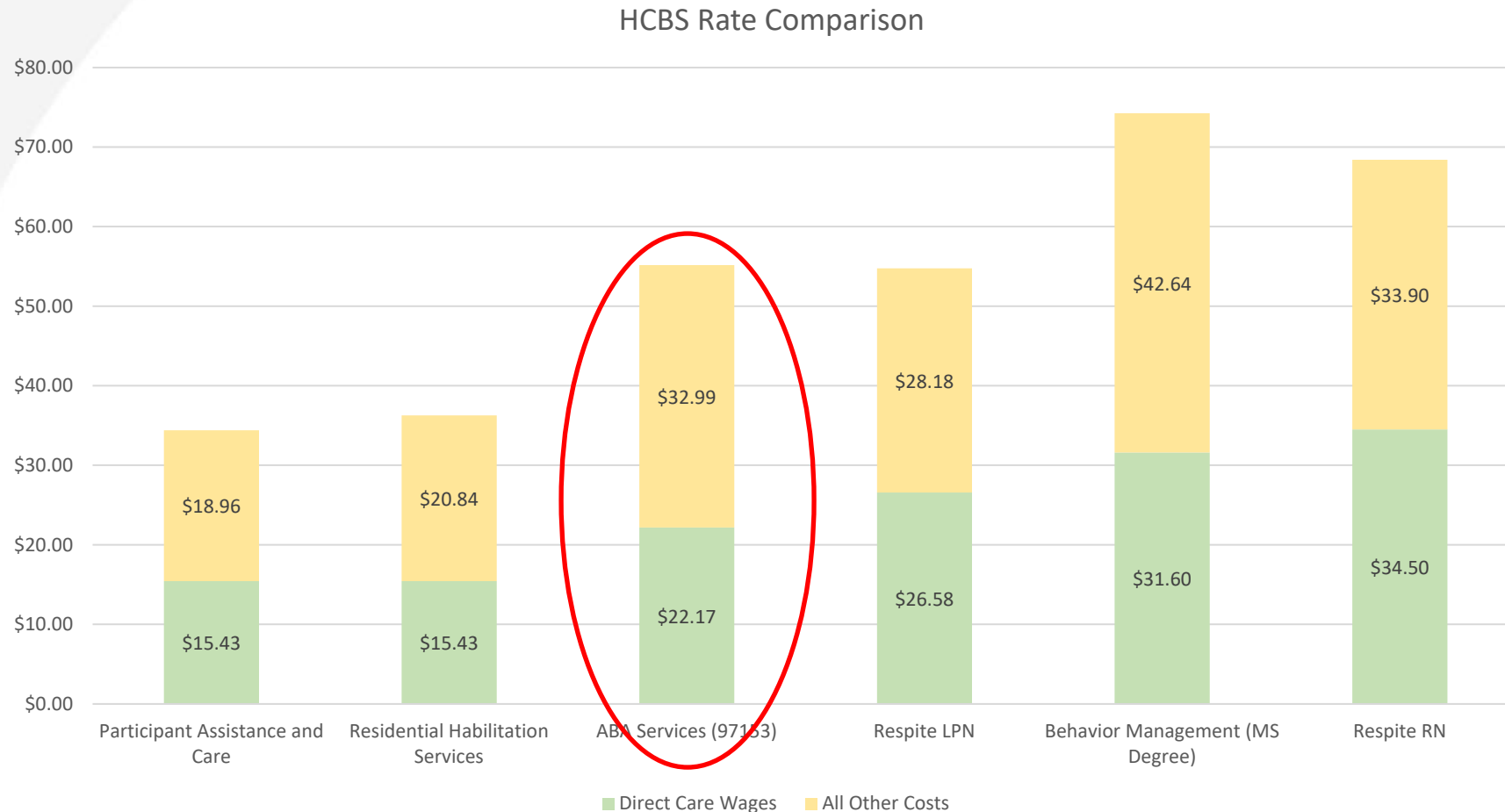
Step		Level 1			Level 2	Level 3
		Practitioner	Practitioner		Practitioner	Practitioner
1	Direct Care Wages and Benefits	BCBA-D	BCBA	Total	BCaBA	RBT
1.1	Hourly Wage	\$ 61.27	\$ 41.91		\$ 27.69	\$ 22.17
1.2	Employee-Related Expense (ERE)	17%	20%		24%	27%
1.3	Hourly Wage, including ERE (benefits)	\$ 71.89	\$ 50.28		\$ 34.40	\$ 28.24
1.4	Staff Mix Weighting (within education level)	0.30%	99.70%		100.00%	100.00%
1.5	Weighted Direct Care Hourly Wage	\$ 0.21	\$ 50.13		\$ 34.40	\$ 28.24
2	Productivity Adjustment (documentation, meetings, PTO)	1.93	1.76		1.90	1.30
3	Productivity-Adjusted Hourly Wage	\$ 0.41	\$ 88.14	\$ 88.55	\$ 65.53	\$ 36.73
4	Supervision					
4.1	Supervisor Hourly Wage, including ERE			\$ 50.73	\$ 40.00	\$ 40.00
4.2	Number of Staff Supervised			N/A	N/A	N/A
4.3	Supervision Cost per Hour			\$ -	\$ -	\$ -
5	Program Cost					
5.1	Percentage			15%	15%	15%
5.2	Program Cost per Hour			\$ 15.63	\$ 11.56	\$ 6.48
6	Total Hourly Rate			\$ 104.18	\$ 77.09	\$ 43.22
6.1	Unit Rate of 15 Minutes			\$ 26.04	\$ 19.27	\$ 10.80
6.2	Group Size			N/A	N/A	N/A
6.3	Final 15-Minute Rate			\$ 26.04	\$ 19.27	\$ 10.80

**Composite
Rate =
\$103.77**



ABA Reimbursement vs. Waiver Rates

Draft ABA Rate better aligns with other State Programs



- Current HCBS rates include a load of **98% - 135%** of base direct care wage to cover supervision, program costs, admin costs, etc.
- Draft ABA reimbursement rate represents load of **149%** for comparable cost categories and would better align with other Medicaid rates



Timeline / Next Steps

- August 8 – Webinar with All ABA Providers – Draft Rates
- Collection of Provider Feedback – Two Weeks
- Follow Up meetings with InPEAT and All ABA Providers – Final Rates
- Transition Considerations / Planning
- Sep / Oct 2023 – Potential dates for State Budget Committee presentation
- 4Q 2023 / 1Q 2024 - Implementation of Fee Schedule / Capitation Rate Changes
- Comments can be submitted to
 - INabatherapy@mslc.com

