

Division of Disability and Rehabilitative Services Medicaid Home- and Community-Based Services Rate Analysis Project

Indiana Family and Social Services Administration
Office of Medicaid Policy and Planning
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Introductions

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Agenda

- Background
- Project Scope and Goals
- Project Approach
- Approach to Stakeholder Engagement
- Questions and Answers (via chat box)



Background



Medicaid HCBS Program Purpose

Medicaid Home- and Community-Based Services Programs

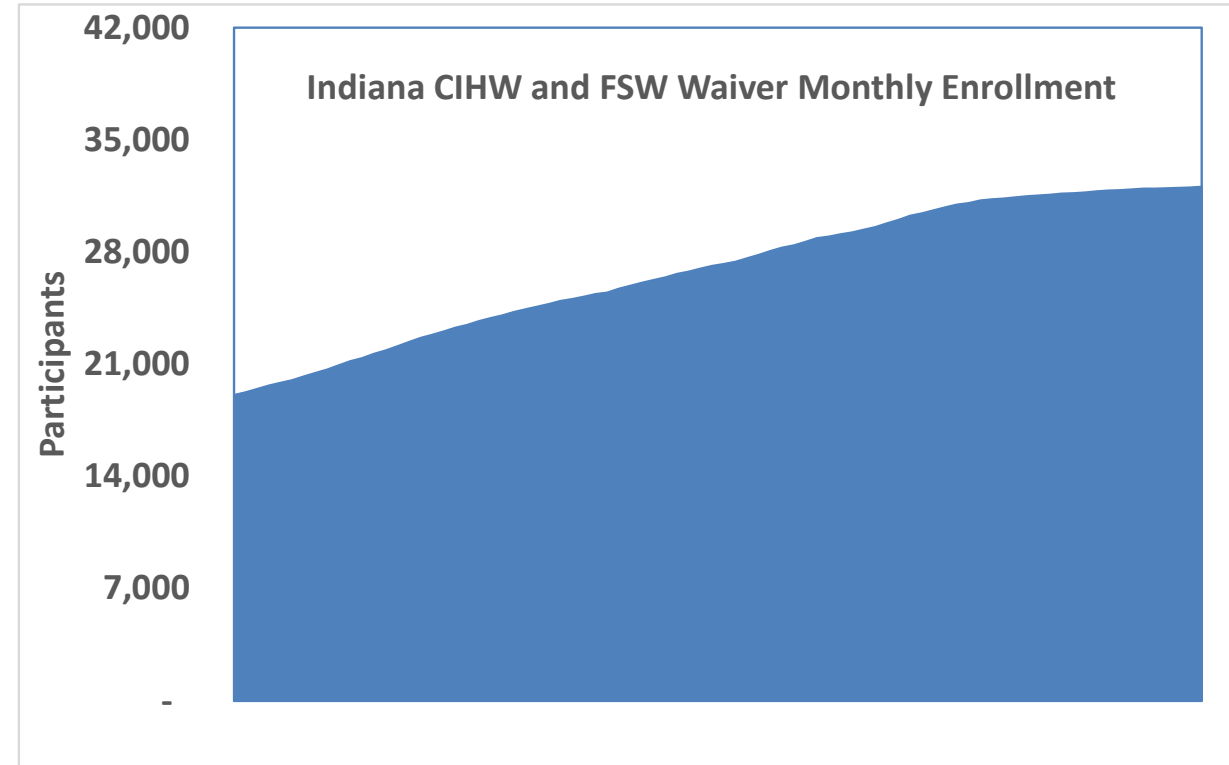
- Medicaid HCBS programs address the needs of people with functional limitations who need help with daily living activities
- Waivers for individuals with an intellectual/developmental disability assist an individual to:
 - Become integrated into the community where he or she lives and works
 - Develop social relationships within the person’s home and work communities
 - Develop skills to make decisions about how and where the individual wants to live
 - Be as independent as possible
- Require individuals to meet Medicaid guidelines and HCBS program-specific eligibility guidelines

Division of Disability and Rehabilitative Services rate projects include the Family Supports Waiver and the Community Integration and Habilitation Waiver, which provide individualized supports that assist individuals with intellectual and developmental disabilities to live successfully in their home and community



Medicaid HCBS Program History

- The first HCBS programs were implemented over 30 years ago
- States have adopted state-specific programs over time to meet their unique needs and interests
- Programs represent partnerships between state Medicaid agencies and variety of health and social services agencies
- There is significant state variation in covered services and assessment tools
- Indiana enrollment in FSW and CIH has increased by almost 68% since 2015



Source: Indiana Medicaid member enrollment data



Medicaid HCBS Rate Development - National

- HCBS rate methodologies and payment rates vary by state, as do service definitions and requirements
- There is no national HCBS payment methodology to use as a model; however, CMS does have preferred methodologies
- Documentation of initial rate methodologies may be very limited
- Rate methodology is subject to approval by the state legislatures and budget agencies
- Rates may also be constrained by federally-required cost neutrality
- Sustainability requires periodic rate updates

“Cost neutrality” is a federal requirement that HCBS waiver program costs do not exceed the estimated cost to serve the same population in an institutional setting. 7



Medicaid HCBS Rate Development - Indiana

- As in many states, Indiana's rate methodologies were developed many years ago
- There is limited available documentation regarding the initial rate methodology
- Subsequent rate updates have generally been ad hoc (e.g., 2021 legislative mandate of a 14% provider rate increase for select home and community-based services)
- Rates and methodologies are not always aligned with the requirements of the services
- Examples:¹

Prevocational Services – T2015		
	2:1	4:1
Rate 1/hour of service	\$10.15	\$10.15



1. Source: <https://www.in.gov/fssa/ddrs/files/ddrs-hcbs-waivers.pdf>

Indiana - FSW Program Overview

SERVICE	SFY 2022
Adult Day Services	\$ 842,015
Behavioral Support Services	\$ 44,223,015
Case Management	\$ 38,932,276
Day Habilitation (Community and Facility)	\$ 13,240,005
Extended Services	\$ 1,537,941
Facility Habilitation	\$ (562)
Music Therapy	\$ 8,054,433
Respite	\$ 17,912,349
Recreational Therapy	\$ 7,665,092
Transportation	\$ 2,223,166
Remote Supports	\$ 0
Participant Assistance and Care	\$ 62,823,176
Pre-Vocational	\$ 3,146,139
Other Waiver Services	\$ 2,192,470
Grand Total	\$ 202,791,515



Indiana - CIH Program Overview

SERVICE	SFY 2022
Structured Family Caregiving	\$ 8,152,566
Adult Day Services	\$ 1,421,410
Behavioral Support Services	\$ 40,341,695
Case Management	\$ 15,940,769
Transitional Case Management	\$ 83,475
Day Habilitation (Community and Facility)	\$ 35,306,917
Extended Services	\$ 956,645
Facility Habilitation	\$ (144)
Music Therapy	\$ 3,986,612
Res Hab and Support - Hourly	\$ 297,635,934
Res Hab and Support - Daily	\$ 333,347,602
Respite	\$ 9,542,867
Recreational Therapy	\$ 4,421,303
Pre-Vocational	\$ 5,949,784
Transportation	\$ 9,820,543
Remote Supports	\$ 1,884,075
Wellness Coordination	\$ 4,201,351
Other Waiver Services	\$ 1,286,318
Grand Total	\$ 774,279,722



Project Scope and Goals



FSSA DDRS Project Goals

- **Alignment and Transparency** - bring continuity and alignment across the rate methodologies and rates in each program, providing a consistent framework
- **Sustainability** - facilitate adequate participant access to services, as required by CMS and be sustainable under the FSSA budget and operations
- **Promotion of Person-Centeredness** - striving to align provider and participant incentives to achieve access to person-centered services, encourage appropriate utilization, and drive healthy outcomes for all HCBS program participants
- **Reduce Disparities** - Analyze and quantify disparities in access, quality, site of care, and person-centeredness, then build payment structures to level the playing field



HCBS Programs Included in the Rate Methodology Projects

Division	HCBS Program	July 2022 Participants ¹	SFY 2022 Annual HCBS Expenditures ²
Division of Aging	Aged & Disabled Waiver	31,959	\$720.6M
	Traumatic Brain Injury Waiver	161	\$6M
	Money Follows the Person Grant - ADW	274	\$4.3M
Division of Mental Health and Addiction	Adult Mental Health Habilitation	15	\$0.8M
	Behavioral and Primary Healthcare Coordination	3,255	\$1.1M
	Child Mental Health Wraparound	1,037	\$13.5M
Division of Disabilities and Rehabilitative Services	Community Integration and Habilitation Waiver	7,948	\$774.3M
	Money Follows the Person Grant - CIH	44	\$3.0 M
	Family Supports Waiver	22,890	\$202.8M
Total	HCBS Programs	67,583	\$1.73B

The Office of Medicaid Policy and Planning collaborates with the divisions and is responsible for overseeing the policy, administration, and operations of all Medicaid programs and for communicating with Centers for Medicare and Medicaid Services.



1. Enrollment by Waiver Service, July 2022
2. Expenditures are through June 2022 and based upon paid claims

HCBS Rate Methodology Preliminary Project Timelines*

Phase I (August – December): Rate Evaluation

Conduct Research
 Evaluate Rate Methodologies
 Identify and Evaluate Data Sources
 Draft and Finalize Methodologies

Phase I (August – December): Service Specific Review

Service specific stakeholder meetings:

- Workforce development and retention
- Rate assumptions, including wages, administrative costs, and other rate components

Phase I (August – December): Rate Setting

Collect Data Inputs
 Develop Preliminary Rate Calculations
 Conduct Payment Simulation Modeling
 Finalize Rate Calculations
 Consider impact on cap, budgets

Phase II (January 2023 and Forward)

To be completed after December 2022

Could include:

- Waiver Redesign Updates
- VBP, Potentially
- Additional rate setting as identified in Phase I

* Final rate methodologies subject to approval from the State Budget Agency and presentation to the State Budget Committee. Preliminary project timelines may be impacted by the CMS and State approval process.



HCBS Program CMS Guidelines

- HCBS methodologies and rates must:
 - Be reviewed (and updated if appropriate) every 5 years
 - Safeguard against unnecessary utilization
 - Be consistent with efficiency, economy, and quality of care
 - Be sufficient to enlist enough providers*
- States must:
 - Describe policy and methods used in setting payment rates for each type of service
 - Allow for public input process and ongoing notifications

* “Enough providers” such that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area. For detailed requirements, refer to the Social Security Act Section 1902(a)(30)(A), CFR Section 447.



Project Approach



HCBS Rate Methodology Projects Approach

Rate Methodology Development Process

- FSSA has engaged Milliman to conduct HCBS rate methodology projects that are expected to culminate in the submission of waiver amendments and possible state plan amendments to CMS for federal approval
- Rate methodology projects will involve the following phases:

- 1. Project and stakeholder engagement planning**
- 2. Rate methodology development to achieve FSSA goals and objectives**
- 3. Rate setting and calculations informed by selected rate methodologies**
- 4. Waiver/state plan amendments and CMS approval process**



Rate Methodology Approach

Commonly used approaches for Medicaid HCBS rate methodologies:

Fee schedule

- Estimate labor, benefits, administration, program support
- Simple and transparent

Current Prevocational (2:1) Rate:
\$10.15 per hour

Tiered rates

- Reflect variation in provider requirements or participant needs
- May be more equitable to pay more for higher intensity needs

Current Adult Day Service Rates:
Level 1 - \$26.28, Level 2 - \$34.47,
and Level 3 - \$41.04 per ½ day

Bundled rates

- Package of different services
- May be more convenient or better align incentives

Residential Habilitation (daily):
\$195.32 - \$250.41 per day

Negotiated rates

- For services that are individualized or hard to define

Environmental modification, family
and caregiver training, specialized
equipment

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Independent Rate Model (Fee Schedule) Overview



Ground-up approach

- Rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service



Commonly applied method for rate determination for non-institutional home and community-based services

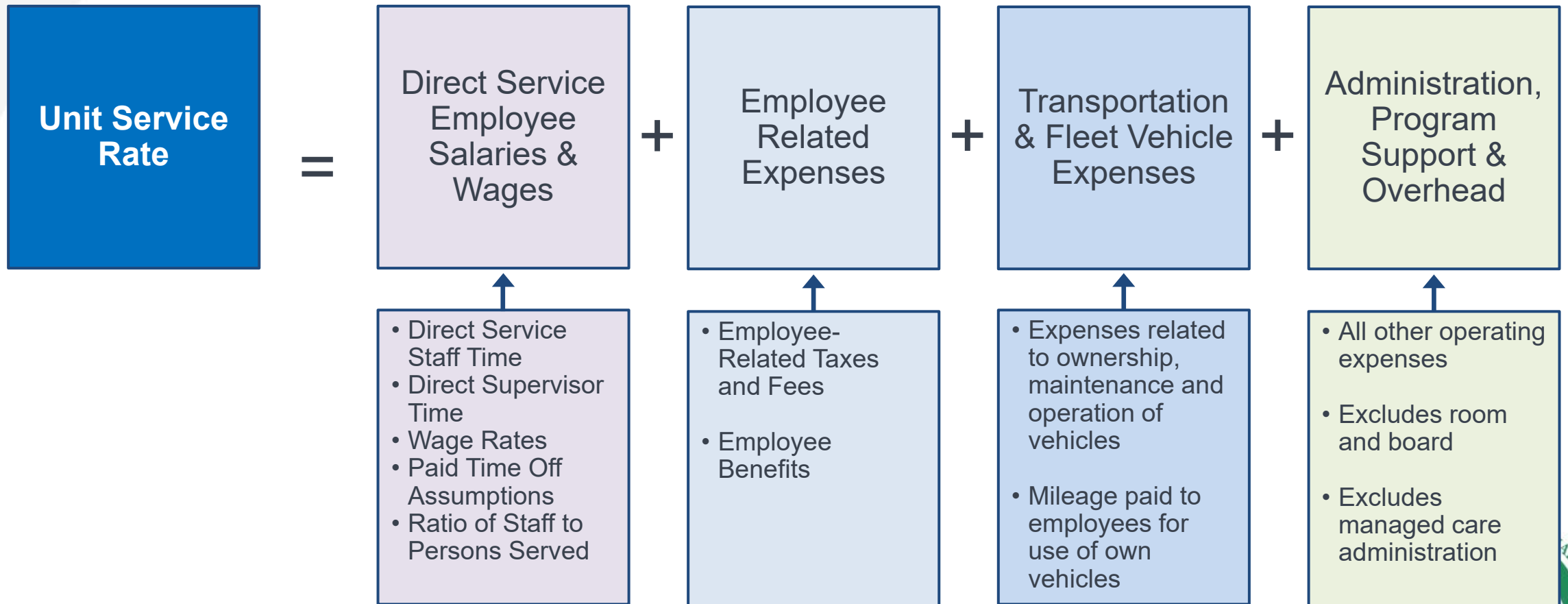
- Many states employ independent rate model approach
- Will support the development of state-wide HCBS rates that are easy to update in the future

Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates streamlined process to update rates in future periods
- Facilitates comparison of actual costs of providing services
- Can be adopted to support future rate modification efforts
- Developed independently from actual costs incurred



Independent Rate Model (Fee Schedule) Rate Components



Preliminary Example Fee Schedule Calculation

Example Rate Component for Hourly Unit	Example Value	Example Rate Component
Direct care worker average wage per hour	\$10.00	
Staffing ratio	1 to 3	
Average hourly direct wage per client	\$3.33	\$3.33
Productivity and paid time off (PTO) adjustment	20%	\$0.67
Supervision adjustment (cumulative)	18%	\$0.72
Benefits adjustment (cumulative)	30%	\$1.42
Operational/program support adjustment (cumulative)	15%	\$0.92
Example total rate (based on hourly cost per client)	\$7.06	\$7.06
Current hourly rate	\$7.50	\$7.50

**Preliminary example for demonstration purposes only.
Does not represent actual services, methodologies or rate factors.**



Public Data Sources Options

- Potential public data sources under consideration:
 - Bureau of Labor Statistics (BLS): average wages, benefit costs, PTO, inflation
 - Internal Revenue Service (IRS): Federal tax rates
 - Indiana Department of Workforce Development (DWD) “Hoosiers by the Numbers”: average wages, unemployment tax rates
 - Workers Compensation Board of Indiana: Workers’ compensation
 - Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel (MEP) Survey: Health insurance premiums
 - CMS Market Basket: Inflation
 - Other sources as appropriate

**FSSA is open to suggestions regarding other data sources.
Please submit recommendations via email along with rationale for using this data source.**



Provider Survey

- Key rate inputs and assumptions would be informed by provider feedback
 - FSSA is considering a simplified survey to collect data from providers (similar to the 2019 DA provider survey)
 - Will be used both for select rate inputs and to corroborate findings from publicly available data sources
- Survey questions will relate to provider staffing levels, costs by broad cost categories, and solicitation of general provider feedback
- FSSA seeks to limit administrative burden on providers
 - FSSA will streamline the number of survey questions and level of detail
 - FSSA does not plan to administer a survey annually
 - Participation is **strongly** encouraged
- Survey will be conducted in October
 - Training will be offered via Webinar to assist providers in responding



Approach to Stakeholder Engagement



Stakeholder Engagement Process

- Balanced input from the full range of stakeholders is critical to this process
- FSSA wants to hear from a variety of stakeholders, including providers and associations, participants, families, caregivers and advocacy groups, and other key State and federal government stakeholders
- Stakeholder engagement will include multiple modes of communication, such as:
 - Webinars
 - Surveys
 - Bulletins and FAQs
 - Rate methodology projects website and email address
 - Listening sessions for individuals and families
- In addition, per federal requirements, prior to any rate method or rate changes there will be an official 30-day public comment period, followed by 30 days for FSSA to review and respond to public comment. CMS then has a 90 day approval process (which may be extended).



Benefits to Stakeholders

- All stakeholders
 - New rate methodologies will reflect input from all types of stakeholders including providers, advocates, participants and their families, and others
 - Rate methodologies will be developed using a transparent process, so all stakeholders can understand how the rates are calculated
- Participants and their families
 - May see more providers beginning to serve in multiple waivers
 - Support access to services and promote staff retention
 - The FSW cap and CIHW budgets will be considered to allow participants to continue to receive appropriate services
- Provider stakeholders
 - Payment methods will be more consistent across programs, making it easier for a provider to participate in more programs
 - Rates will be based on a sound methodology that providers can understand
 - New methodologies will seek opportunities to reduce administrative burden on providers during the data collection process



Overview of Future Stakeholder Meetings

Service Specific Workgroups

- Discuss service requirements and alignment with the rate methodology
- Discuss rate assumptions, including, wages, administrative costs, travel time, indirect service time

Draft Rate Setting Meeting

- Share summarized data, preliminary rate calculations, rates, and fiscal impacts
- Virtual meeting (potential in-person option)

Feedback collected as part of the Phase I rate setting project may be used to inform future projects included in Phase II



Stakeholder Input

- Stakeholder meetings allow limited time for gathering input, as such we will rely heavily upon written comments
- A dedicated email inbox will be available to collect stakeholder comments throughout this rate project
 - HCBS.ratemethodology@fssa.in.gov
- Stakeholders can also mail feedback to the following address:

Attn: HCBS Rate Methodologies
Indiana FSSA Division of Disability and Rehabilitative Services
402 W. Washington St., #W453
P.O. Box 7083, MS26
Indianapolis, IN 46207-7083



Questions?

Submit them via email to:
HCBS.ratemethodology@fssa.in.gov

A HCBS rate methodology project website with additional information about this process and opportunities for stakeholders to get involved will be provided in the future.

Responses to questions provided during today's meeting are preliminary. Final responses will be posted and maintained in writing in a Frequently Answered Questions (FAQ) document on the project website.

