

# **Developmental Services Payment Reform**

**Follow-Up to  
May 1 Presentation and  
Provider Feedback Session**

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**June 3, 2024**

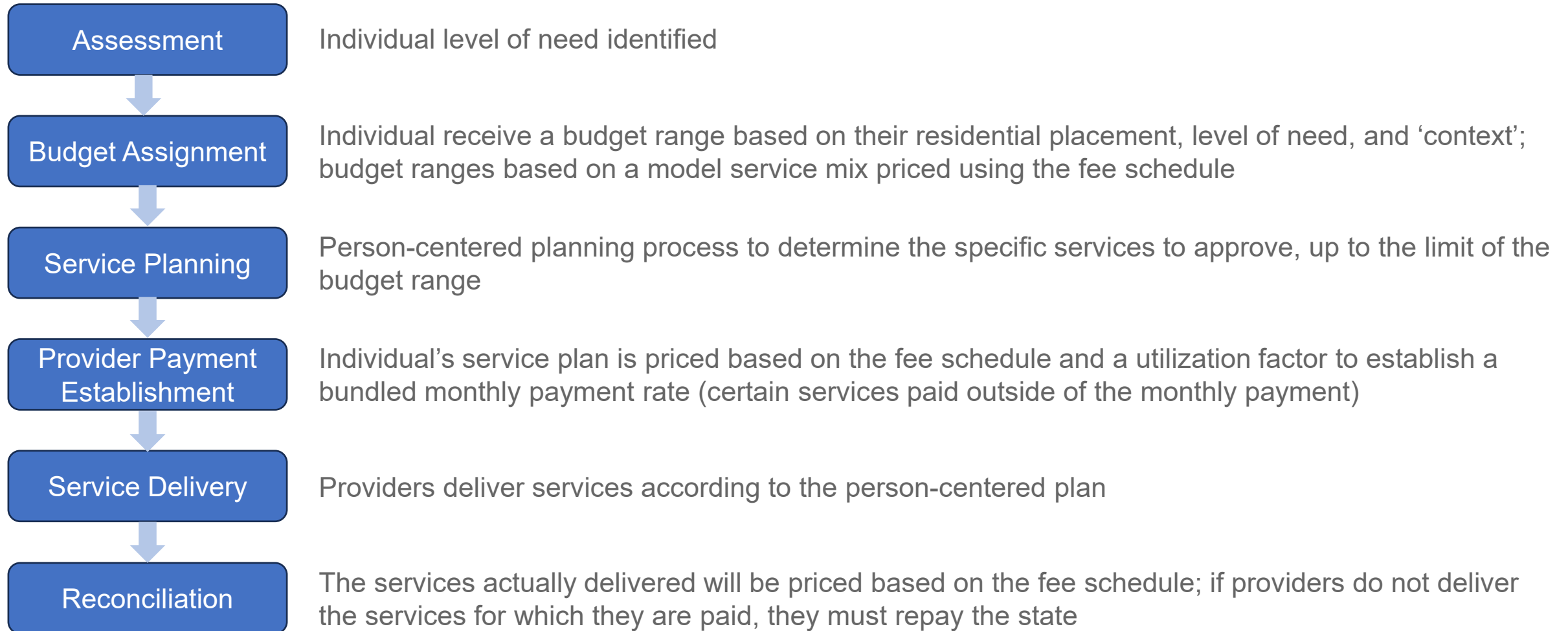
**BURNS & ASSOCIATES**

A DIVISION OF  
HEALTH MANAGEMENT ASSOCIATES

# PURPOSE OF TODAY'S MEETING

- Present additional detail to supplement May 1 presentation
  - Reconciliation process
  - Crisis services
- Offer forum for provider feedback and questions

## PAYMENT REFORM COMPONENTS



# RECONCILIATION PROCESS

# PROVIDER PAYMENT: BUNDLED MONTHLY PAYMENT

- Providers will receive a monthly bundled payment covering most services for an individual based on that individual's service plan (that is, the payment will be specific to the individual)
  - Sum of services subject to the individual budget range plus Communication and planned Crisis services included in an individual's service plan priced based on the fee schedule
  - Annual total divided by 12 to establish monthly amount
- The bundled payment rate will be specific to each individual based on their service plan (that is, monthly payments will not be averaged across an organization)
- Providers must encounter one unit of service in a month to bill the bundled payment for that month
  - Once transitioned to the new payment model, providers will no longer need to suspend services when there is a gap in service usage

# PROVIDER PAYMENT: BUNDLED MONTHLY PAYMENT

- Because few individuals use their entire budget, a utilization factor will be applied
  - Intended both to ensure both that providers are not faced with large paybacks every year and to facilitate responsible management of the program's budget
  - Providers can deliver services up to the amounts included in the service plan and will receive 'credit' for all encounters during reconciliation (***the utilization factor does not cap services***)
  - Currently assuming an 80 percent utilization factor, but may revise based on further analysis and stakeholder input
    - So, if the value of the approved service plan is \$60,000 (\$5,000 per month), the monthly payment will be \$4,000 (80 percent of \$5,000)
  - *Discussion: Should all providers have the same utilization factor or should it vary by provider?*
- The bundled payments will add a three percent 'flexibility factor' to provide resources to meet individuals' needs, to account for unexpected costs, and to support program investment
  - Funds will be automatically credited in addition to encountered services
  - Separate from risk corridor

# PROVIDER PAYMENT: SERVICES OUTSIDE THE BUNDLED PAYMENT

- Self-directed services will not be part of an agency's bundled payment
  - Services will be directly claimed by and paid to the fiscal/employer agent
- Professional services will be reimbursed on a fee-for-service basis
- Home modifications and vehicle modifications will be paid based on approved cost

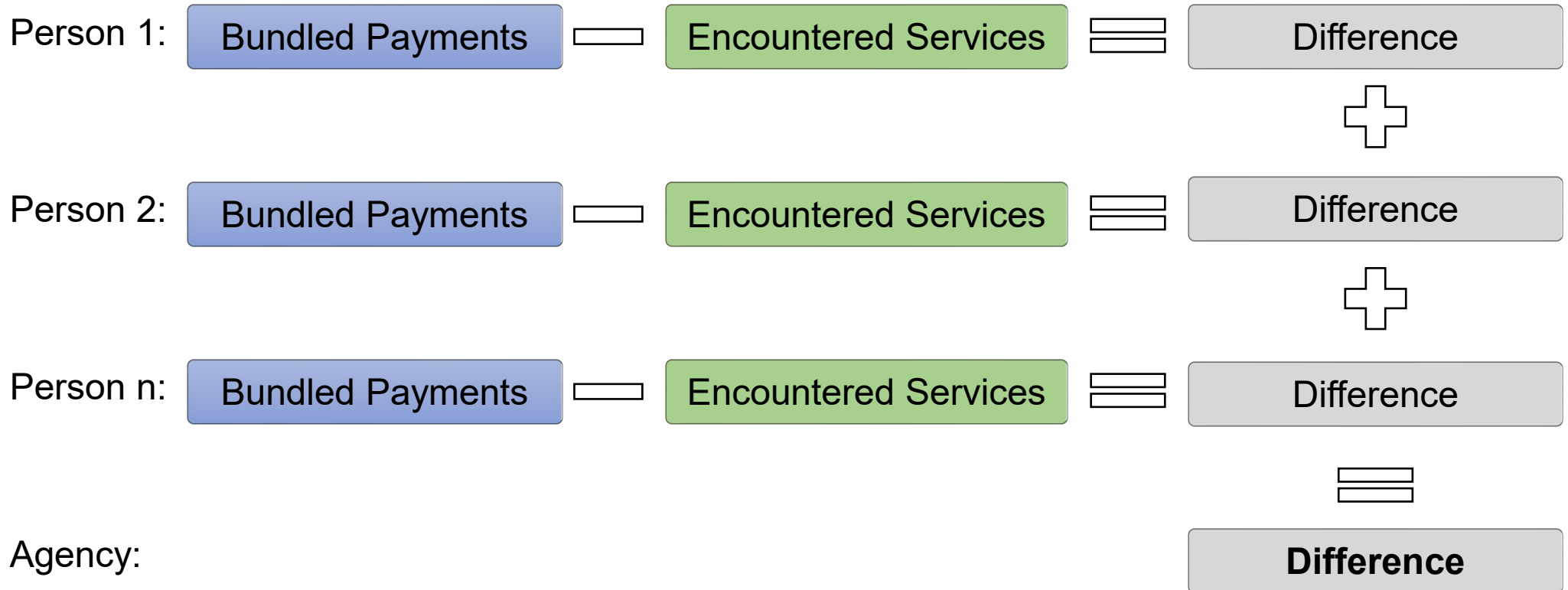
## PROVIDER PAYMENT: EXAMPLE

	Example
Services Subject to Individual Budget Range	\$55,000
Other Services in Bundle (Communication and Crisis)	\$5,000
All Services Included in Bundled Payment	\$60,000
<b>Monthly Bundled Payment Before Utilization Factor</b>	<b>\$5,000</b>
Utilization Factor Adjustment	80%
<b>Monthly Bundled Payment Before Flexibility Factor</b>	<b>\$4,000</b>
Flexibility Factor	3%
<b>Total Monthly Bundled Payment</b>	<b>\$4,150</b>
<b>Authorizations Outside Bundled Payment (Professional/ Modifications)</b>	<b>\$0</b>



# RECONCILIATION: SUMMARY

- Annual process to compare the services that were funded in the bundled payment rate to the services that were actually delivered



# RECONCILIATION: ENCOUNTERS

- Reconciliation period will be the state fiscal year
  - Encounters will be pulled 90 days after the end of the year
- Encounters considered in the reconciliation
  - Only services subject to the individual budget range (for example, professional services are not part of the reconciliation)
  - Must be part of an individual's service plan (that is, services that are not in the plan or that are not part of the plan will not be counted)
- Encounters will be priced based on the standardized fee schedule

# RECONCILIATION: SETTLEMENT

- Settlement will be determined at the agency level (based on the sum of the reconciliation for all individuals served)
- Settlement determination will include a two percent, two-sided risk corridor
  - If value of encounters are within the corridor (plus-or-minus) there is no reconciliation payment
    - For example, if a provider received bundled payments of \$4,000,000, there would be no payment owed or made if encounters total \$3,920,000 and \$4,080,000
  - Separate from the flexibility factor, which is automatically credited and is not reconciled
- Settlements
  - If a provider delivers less service than funded through the bundled payments (after accounting for the two percent risk corridor), they must repay the state
  - If the provider delivers more service than funded through the bundled payments (after accounting for the two percent risk corridor) – meaning that services exceeded the utilization factor applied to the bundled payments) – the state will make a supplemental payment
  - Expect that any value-based payment will be part of the reconciliation

# RECONCILIATION: MONITORING

- Reconciliation will occur annually, but the state and providers have a shared interest in monitoring payment and encounters throughout the year to avoid unforeseen reconciliation issues
- DAIL intends to develop a quarterly report to share with providers comparing their to-date payments and encounters
  - Goals is to supplement budget monitoring that providers should already be doing
  - If significant gaps are identified, payment adjustments may be necessary

# RECONCILIATION: EXAMPLE

	Example 1	Example 2	Agency
Services Subject to Individual Budget Range	\$55,000	\$55,000	\$110,000
Other Services in Bundle (Communication and Crisis)	\$5,000	\$5,000	\$10,000
All Services Included in Bundled Payment	\$60,000	\$60,000	\$120,000
Utilization Factor Adjustment	80%	80%	
Flexibility Factor	3%	3%	
<b>Total Bundled Payment</b>	<b>\$49,800</b>	<b>\$49,800</b>	<b>\$99,600</b>
<b>Encountered Services</b>	<b>\$35,000</b>	<b>\$55,000</b>	<b>\$90,000</b>
<b>Difference</b>	<b>(\$14,800)</b>	<b>\$5,200</b>	<b>(\$9,600)</b>
Flexibility Factor Add-Back			\$3,600
Risk Corridor (up to 2% of Total Bundled Payments)			\$1,992
<b>Amount Due (Owed) to State</b>			<b>(\$4,008)</b>

# MANAGEMENT OF PROGRAM BUDGET

- DAIL and HMA-Burns continue to estimate the fiscal impact of the payment reform proposals
  - If the current budget is inadequate to pay for estimated costs, DAIL will communicate the shortfall to policymakers
- If there is an estimated shortfall in the program's budget, the rates in the fee schedule will be prorated to remain within budget
  - For example, if the program budget is \$300.0 million, but projected spending is \$312.5 million, the fee schedule will be set at 96 percent of the rate models
  - Applies to calculation of bundled monthly rates and pricing of encounters during reconciliation
  - Only (unacceptable) alternative would be to reduce services

# CRISIS SERVICES

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- Statewide crisis
  - DAIL does not intend to change current approach
  - Funding will be added to individuals' budgets and credited during the reconciliation process without encounters
- Individual crisis
  - Rate models will be developed for emergency/ crisis beds (H0046) and emergency crisis/ crisis assessment, support, and referral (H2011)
- Local crisis
  - *Discussion: Are there costs that should be separate from the encounterable rates?*



**FEEDBACK AND QUESTIONS**