

# **Developmental Services Payment Reform**

## **Presentation of Proposed Fee Schedule, Bundled Payment Model, and Reconciliation Process**

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**May 1, 2024**

**BURNS & ASSOCIATES**

A DIVISION OF  
HEALTH MANAGEMENT ASSOCIATES

# PURPOSE OF TODAY'S MEETING

- Provide overview of payment reform
  - Assessment and model service mixes presented at previous meetings
- Present initial *draft* fee schedule rate models and reconciliation framework
  - Materials will be presented to stakeholder groups throughout May and June
  - DAIL and HMA-Burns will be accepting feedback through June before final recommendations are made
    - Stakeholders will have an additional opportunity to comment on the final recommendations as part of the standard Public Comment process to update Medicaid standards

# PAYMENT REFORM BACKGROUND

- DS Payment Reform project began in January 2018
- Goals
  - Equity (in terms of access to services, payment rates, etc.)
  - Accountability (2014 report from the State Auditor: “DAIL... cannot ensure that clients are receiving the planned services and that the payments being made reflect the services being performed”)
  - Flexibility
  - Transparency
- Key elements
  - Use of standardized assessment
  - Use of a standard fee schedule
  - Person-centered planning
  - Submission of claims or encounters

# FEE SCHEDULE RATE MODELS

# ROLE OF FEE SCHEDULE WITHIN PAYMENT REFORM

- In general, providers will *not* be paid on a fee-for-service basis
- Uses of the fee schedule
  - Price service plans to determine individual budgets
  - Price encounters as part of the reconciliation process
- Fee schedule will *only* be implemented as part of broader payment reform

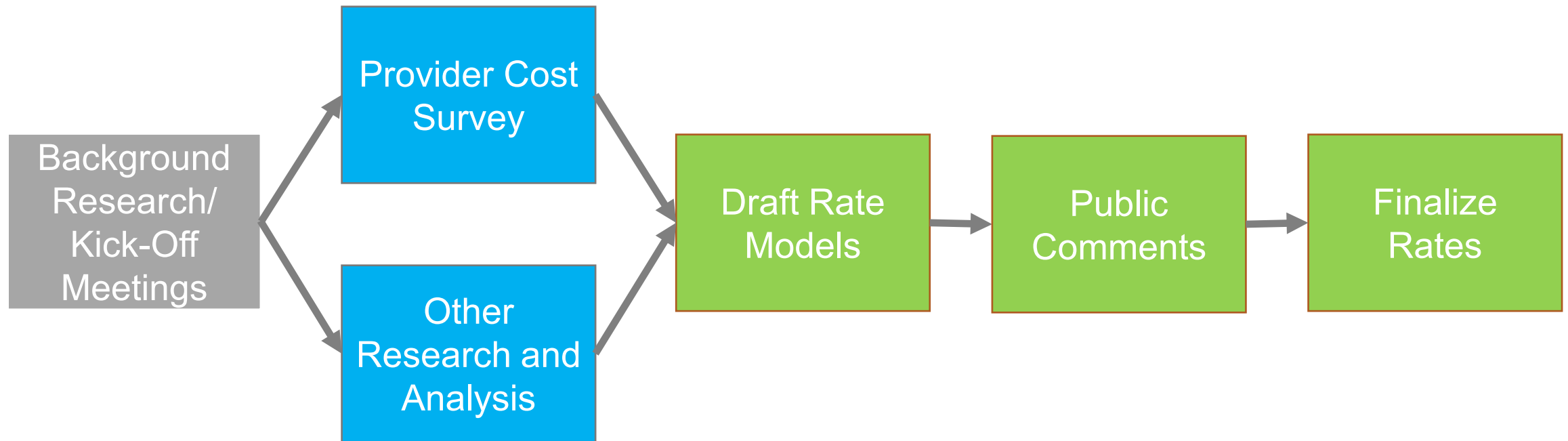
# RATE STUDY PRINCIPLES

- Principles in payment reform project charter
  - Data-based
  - Collaborative
  - Transparent, understandable, accountable
  - Scalable, administrable, sustainable
  - Support access to quality services

## RATE STUDY PRINCIPLES (CONT.)

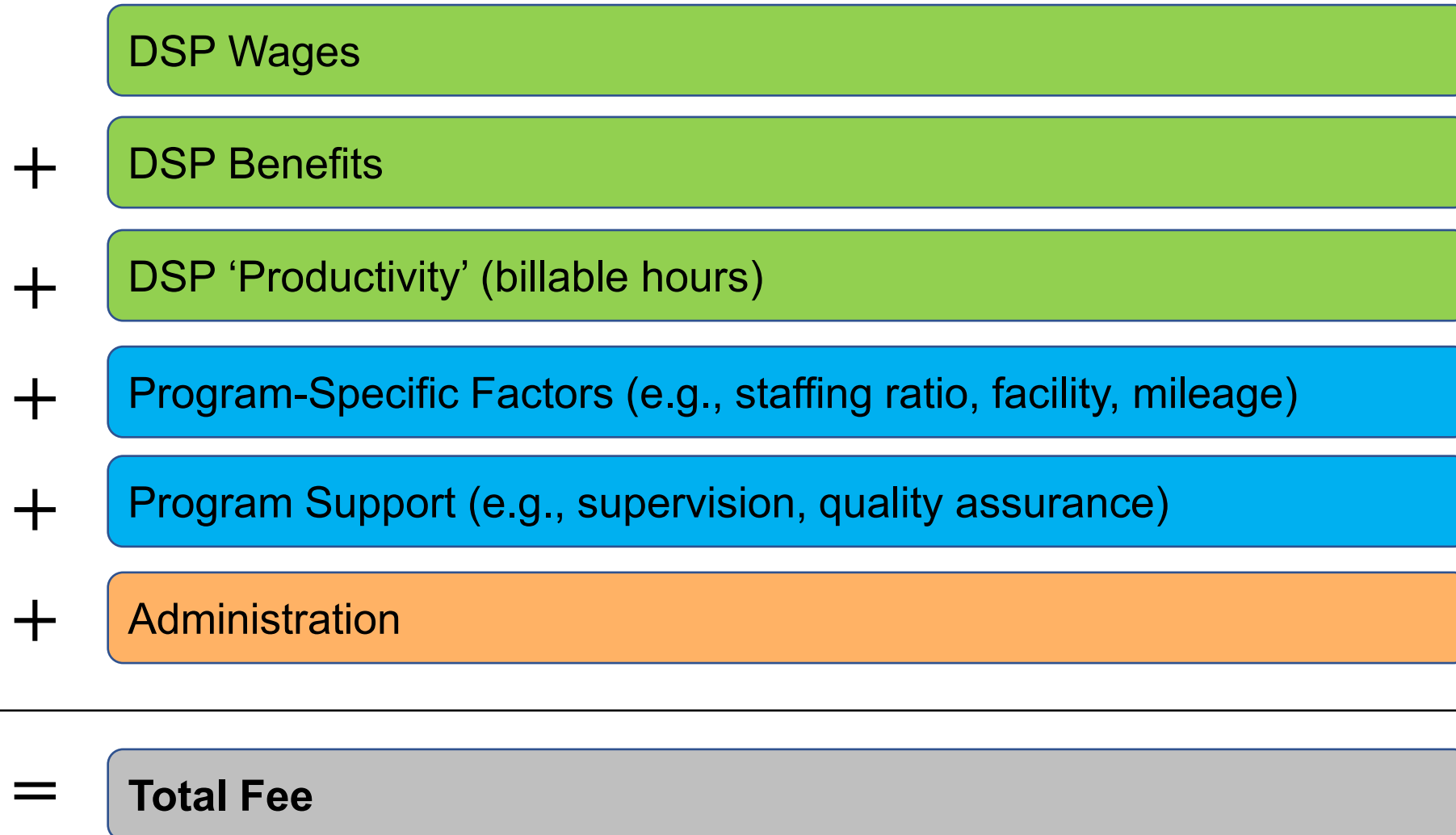
- Use 'independent' rate-setting process
  - Looking at data from multiple sources (i.e., not dependent on any single source of information)
- Develop rates that reflect the reasonable costs providers incur to deliver services consistent with the state's requirements and individuals' service plans
- Build on work previously completed
  - Developed draft rates in late 2019, but work was suspended due to the pandemic and enough time has passed that the work must be redone
- Review rates without regard to budgetary considerations
  - Available funding will need to be considered as part of implementation planning
  - Changes that would increase overall spending would require additional funding
- Exceptions will be required in some cases

# RATE STUDY PROCESS





# RATE MODEL STRUCTURE



Rate model assumptions are *not* mandatory for service providers (e.g., providers do not need to pay the exact wage assumed in a rate model)

# EMPLOYMENT STATUS

- Rate models assume a mix of full-time and part-time staff
  - 80 percent of staff assumed to work full-time
    - Consistent with provider survey results (77 percent of staff reported to be full-time)
  - Since full-time staff work more hours than part-time staff (assumed 40 hours per week compared to 20 hours for part-time staff), rate models assume that 88.9 percent of direct care hours are delivered by full-time staff
- Rate model wage, benefit, and productivity assumptions
  - No difference in wage assumptions
  - Lower assumed benefit costs for part-time staff
  - Lower assumed productivity for part-time staff before adjusting for less paid time off

# WAGE ASSUMPTIONS

- See Appendix A of the rate model packet
- Rate model wage assumptions tied to BLS wage data due to the usefulness of the data
  - *Comprehensive.* Wage levels are published for more than 800 occupations based on data from 1.2 million establishments representing 57% of the employment in the U.S.
  - *Cross-industry.* It is not limited to a single industry so estimates for a given occupation are representative of the overall labor market
  - *Regularly updated.* Released once per year – in April for the previous May (so most recent data published in April 2024 reflects May 2023 survey data)
  - *State- (and local-) specific.* Data is published for individual states and sub-state regions ('metropolitan statistical areas')
- Since the most recent BLS data reflects May 2023, inflationary adjustment is applied
  - Vermont-specific data from Bureau of Economic Analysis shows net earnings growth has averaged 3.3 percent over the past ten years
  - BLS data is inflated to January 2026 (total inflation of 9.04 percent)

## WAGE ASSUMPTIONS (CONT.)

- Wage assumptions generally tied to BLS median wages (assumed to reflect an average)
  - Due to workforce challenges, DSP wage assumptions set at 75<sup>th</sup> percentile wages
- Most HCBS do not have one-to-one match with BLS occupations
  - Rate model wage assumptions reflect a weighted mix of BLS occupations based on comparison of service requirements and BLS occupational descriptions
    - Example: Direct Support Professional

BLS Standard Occupational Classification	Weighting	75 <sup>th</sup> %ile Wage (Adj.)
31-1120 Home Health and Personal Care Aide	30%	\$20.58
21-1093 Social and Human Service Assistant	30%	\$24.58
31-1133 Psychiatric Aide	20%	\$21.91
39-9032 Recreation Worker	20%	\$22.84
<b>Weighted Avg. (Rate Model Assumption)</b>		<b>\$22.81</b>

## WAGE ASSUMPTIONS (CONT.)

- Rate model wage assumptions exceed wages reported through the provider survey

Service (with at least 100,000 reported hours)	Provider Survey (weighted avg.)	Rate Model	Difference
Community Support	\$20.65	\$22.81	10.5%
Staffed Living	\$20.87	\$22.81	9.3%
Group Living	\$22.03	\$22.81	3.5%
Supervised Living	\$19.37	\$22.81	17.8%
Job Training and Ongoing Support	\$21.22	\$23.77	12.0%

- The rate study recommends the establishment of an \$18 per hour wage floor (that is, providers would be required to pay all staff providing direct support at least \$18 per hour)

# PAYROLL TAX AND FRINGE BENEFITS ASSUMPTIONS

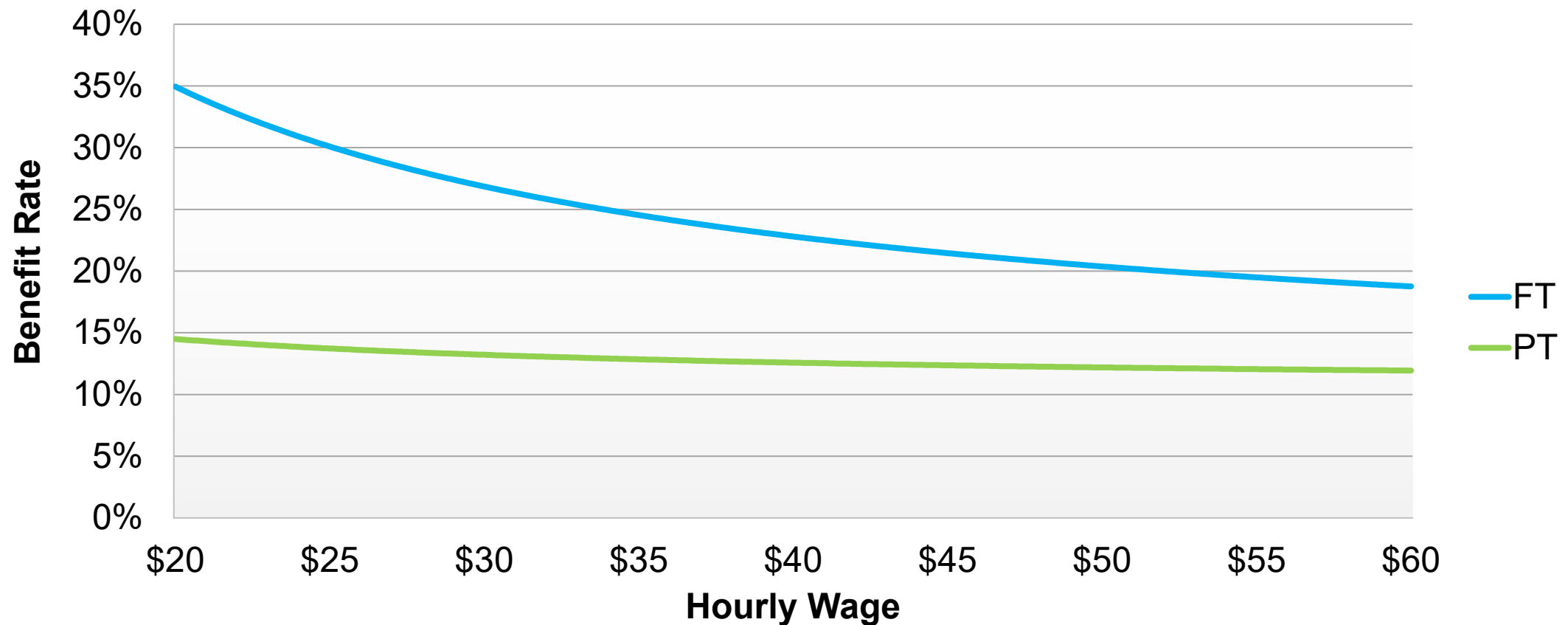
- See Appendix B of the rate model packet
- Payroll taxes
  - Social Security and Medicare – 7.65 percent of wages
  - Unemployment Insurance
    - Federal – 0.60 percent on first \$7,000 in wages
    - State – 1.00 percent (new employer rate in 2024) on first \$14,300 in wages
  - Workers' compensation – 3.01 percent of wages
- Fringe benefits
  - Annual paid days off (holiday, vacation, and sick leave) – FT: 30 / PT: 2.5 (sick leave only)
  - Health insurance – FT only: \$575 per employee per month (based on an assumed 65.4 percent take-up rate across a mix of plan types and an assumed employer cost of \$880 per participating employee)
  - Other benefits (e.g., retirement, dental, etc.) – FT: \$250 per month / PT: \$50 per month

## PAYROLL TAX AND FRINGE BENEFITS ASSUMPTIONS (CONT.)

- Rate models present benefit costs as a percent of wages (based on assumed benefit package)
  - Weighted by full-time / part-time status
  - Paid time off is treated as a productivity adjustment (reduction in billable hours) rather than calculated as part of the benefit rate
  - Since certain benefit assumptions are fixed, the benefit rate declines as the wage increases
    - For example, the \$575 assumed for health insurance represents a larger percentage of the wage of someone making \$22 per hour than for someone earning \$50 per hour

# PAYROLL TAX AND FRINGE BENEFITS ASSUMPTIONS (CONT.)

- Benefit rate assumed in rate models, by wage level (excludes paid time off)





# PRODUCTIVITY ASSUMPTIONS

- See Appendix C of the rate model packet
- ‘Productivity adjustments’ recognize costs associated with direct care workers’ non-billable tasks (e.g., training, travel, documentation, employer time such as staff meetings, etc.)
  - Example
    - An employee earning \$25 per hour (wages and benefits) and working 40 hours per week is paid \$1,000 per week
    - However, if the employer can only bill for 32 hours per week, a productivity adjustment of 1.25 is required (work hours divided by billable hours)
    - Thus, the agency must be able to bill \$31.25 per service hour (\$25 multiplied by 1.25) to cover the cost of the wages and benefits
- Rate model assumptions
  - 240 annual hours for paid time off for full-time staff and 20 hours for part-time staff
  - DSP-type services include 48 annual hours for training
  - All services include 1.25 hour per week for supervision and other employer time
  - Other assumptions are more variable across services

# PROGRAM SUPPORT ASSUMPTIONS

- Program operations funds activities that are program-specific, but not billable such as supervision, training, and program development
- Provider survey found average program support costs of 9.5 percent of revenue (median of 7.1 percent)
- Current Service Coordination service includes both case management and other support functions
  - Service Coordination accounts for about 8.5 percent of providers' budgeted revenue
  - With the transition to conflict-free case management, the rate study recommends eliminating Service Coordination as a separately-billable service
  - To account for functions that will remain providers' responsibility, the rate models for all services include an additional five percent for program support
    - Assumes that 60 percent of Service Coordination functions will remain with providers
- Rate models include a total of 15 percent of the total rate for internal service coordination and other program support

# ADMINISTRATION ASSUMPTIONS

- Administration funds activities that are not program-specific such as executive management, accounting, and human resources
- Rate models include a total of 12 percent of the total rate for administration
  - Current waiver budgets typically include 7 to 12 percent for administration
  - Provider survey found average administrative costs of 15.2 percent of revenue (median of 14.1 percent)

# RATE MODELS: SHARED LIVING

- Billing unit: month (currently a daily rate)
  - There will be a half-month (or half-unit) rate when an individual receives less than 16 days of Shared Living support in a month
  - Respite and Shared Living-Hourly services are unbundled from the monthly rate
- Four rate categories based on assessed needs (levels 4, M, and B are combined into Category 4)
  - Impacts assumed payment to home provider
- Assumed payment to home provider ranges from \$36,000 to \$60,000 per year
  - Agencies would be required to pay at least 65 percent of the payments they receive to the home provider
  - Home providers cannot deliver any other services to individuals to whom they provide Shared Living

# RATE MODELS: GROUP LIVING

- Billing unit: day
- Service only intended to cover residential supports
  - Other supports such as employment and community supports would be separately authorized and encountered
- Rates vary by home capacity (3-4 beds, 5-6 beds)
- Four rate categories based on assessed needs (levels 4, M, and B are combined into Category 4)
  - Individuals in the same home may have different assessed needs and, therefore, differed payment rates
- Certain homes specializing in serving individuals with public safety or medical needs will have customized rates
  - Rates will follow the same framework as for other services (that is, staffing needs will be determined for each home, but priced using the same approach as for all other services)
  - Expect this will apply to home in Enosburg Falls and two homes in Barre

# RATE MODELS: STAFFED LIVING

- Billing unit: 15 minutes (currently a daily rate)
- Hours of support will be determined on a person-by-person basis according to their needs
  - Individuals may also receive other services such as employment and community supports

# RATE MODELS: SUPERVISED LIVING, IN-HOME FAMILY SUPPORT, AND RESPITE

- Billing unit: 15 minutes
  - Respite also has a daily rate, which is tied to the Category 4 rate for Shared Living
- Rate model assumptions are the same for Supervised Living and In-Home Family Support
  - Supervised Living does not include a 1:3 rate

# RATE MODELS: EMPLOYMENT AND COMMUNITY SUPPORTS

- Billing unit: 15 minutes
  - Represents a change for Employment Assessment, which is a daily rate
- Employment staff assumptions
  - Wage assumptions for Employment Assessment and Job Development are higher than for Job Training and Ongoing Support to Maintain Employment (which are higher than for direct support professionals)
- Community Support rates vary by setting with higher rates for community-based activities than for center-based activities
  - If an individual receives supports in both settings in a day, the provider would bill both rates
- Community Support rates vary by staffing ratio
  - Rates are not tiered; that is, an individual in any assessment level can be served at any ratio



# RATE MODELS: OTHER SERVICES

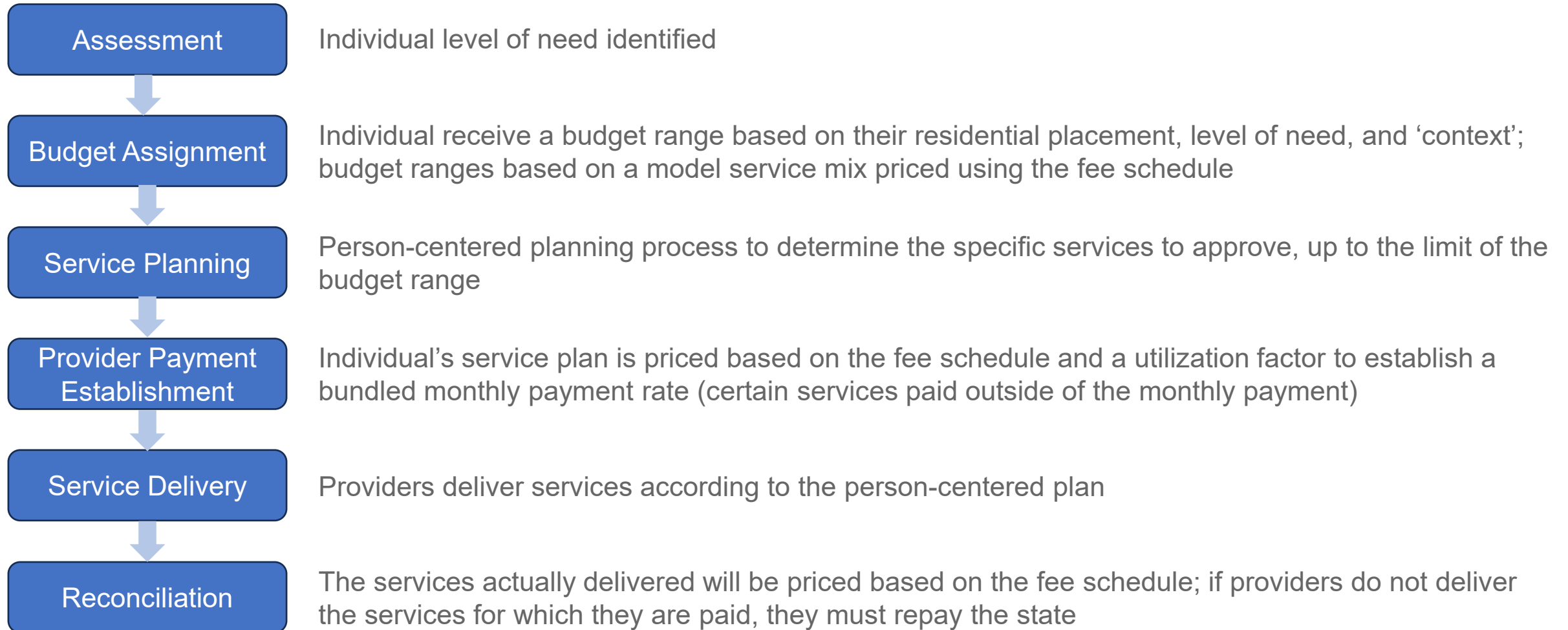
- Communication Support
  - Billing unit: 15 minutes
- Professional services (e.g., Individual Therapy or Medication Oversight) – no rate models
  - Instead services will be reimbursed based on the Vermont Medicaid fee schedule
- Crisis supports – rate models have not yet been developed

# RATE MODELS: CONSUMER-DIRECTION

- Consumer-directed services
  - No rate models
  - Consistent with current policies, individuals can negotiate worker wages up to the defined cap
- Developed rate model for new Supports Broker service to assist individuals who self-direct
  - Billing unit: 15 minutes

# PROVIDER PAYMENT AND RECONCILIATION

## PAYMENT REFORM COMPONENTS



# ASSESSMENT: INSTRUMENT TO ASSESS INDIVIDUALS' NEEDS

- DDSD has adopted the Supports Intensity Scale (SIS) to assess individual needs
  - Published by the American Association on Intellectual and Developmental Disabilities (AAIDD)
  - Used by more states than any other assessment instrument for individuals with I/DD
  - Recently renormed based on results from more than 100,000 assessments
- DDSD selected Public Consulting Group (PCG) as the independent assessor
  - Assessors receive training from AAIDD and go through interrater reliability testing
  - More than 1,700 assessments completed to date

# ASSESSMENT: ESTABLISHING LEVELS OF NEED

- The Human Services Research Institute (HSRI) conducted statistical analyses of completed SIS assessments in Vermont to identify groups of individuals with similar support needs
  - Resulted in a recommended six-level framework
- Framework has been shared with multiple external stakeholder groups
- Level assignments for a sample of 128 individuals were reviewed by DDSD and provider staff to determine whether individuals' level of support match the needs documented in their case files and whether the levels are sufficiently differentiated
  - Record reviews largely validated the level assignments (that is, individuals with comparatively fewer needs were assigned to lower levels than those with high needs)
  - Minor adjustments made in response to findings

# ASSESSMENT: ESTABLISHING LEVELS OF NEED (CONT.)

Level	Description	Support Needs Index	Med. Support (Sec. 1A)	Behav. Support (Sec. 1B)
1	Low general support need, no extraordinary medical or behavioral needs	71 or Less	6 or Less	10 or Less
2	Moderate general support need, no extraordinary medical or behavioral needs	72 - 88	6 or Less	10 or Less
3	High general support need, no extraordinary medical or behavioral needs	89 - 106	6 or Less	10 or Less
4	Very high general support need, no extraordinary medical or behavioral needs	107 or More	6 or Less	10 or Less
M	Extraordinary medical support need	Any	7 or More OR Verified Need	10 or Less
B	Extraordinary behavioral support need	Any	Any	11 or More OR Verified Need

# ASSESSMENT: EXAMPLES

## Ben

- 21 year-old man who recently graduated high school and would like to get a job. He currently lives with parents although longer-term he would like to explore living on his own. He is able to spend some time alone in and close to his home without support.
- On his SIS assessment, his SNI score is 69 and his medical and behavioral scores are 0
- Based on these assessment results, he has low general support needs (Level 1)
- Supplemental questions and context answers do not indicate additional needs

## Jerry

- 40 year-old man who enjoys living with the shared living caregiver he has been with for the past ten years. He has several medical conditions that require medication oversight and close supervision when in the community.
- On his SIS assessment, his SNI score is 111, his medical score is 10, and his behavioral score is 5
- Based on these assessment results, he has extraordinary medical support needs (Level M)



# BUDGET ASSIGNMENT: OVERVIEW OF MODEL SERVICE MIXES AND INDIVIDUAL BUDGETS

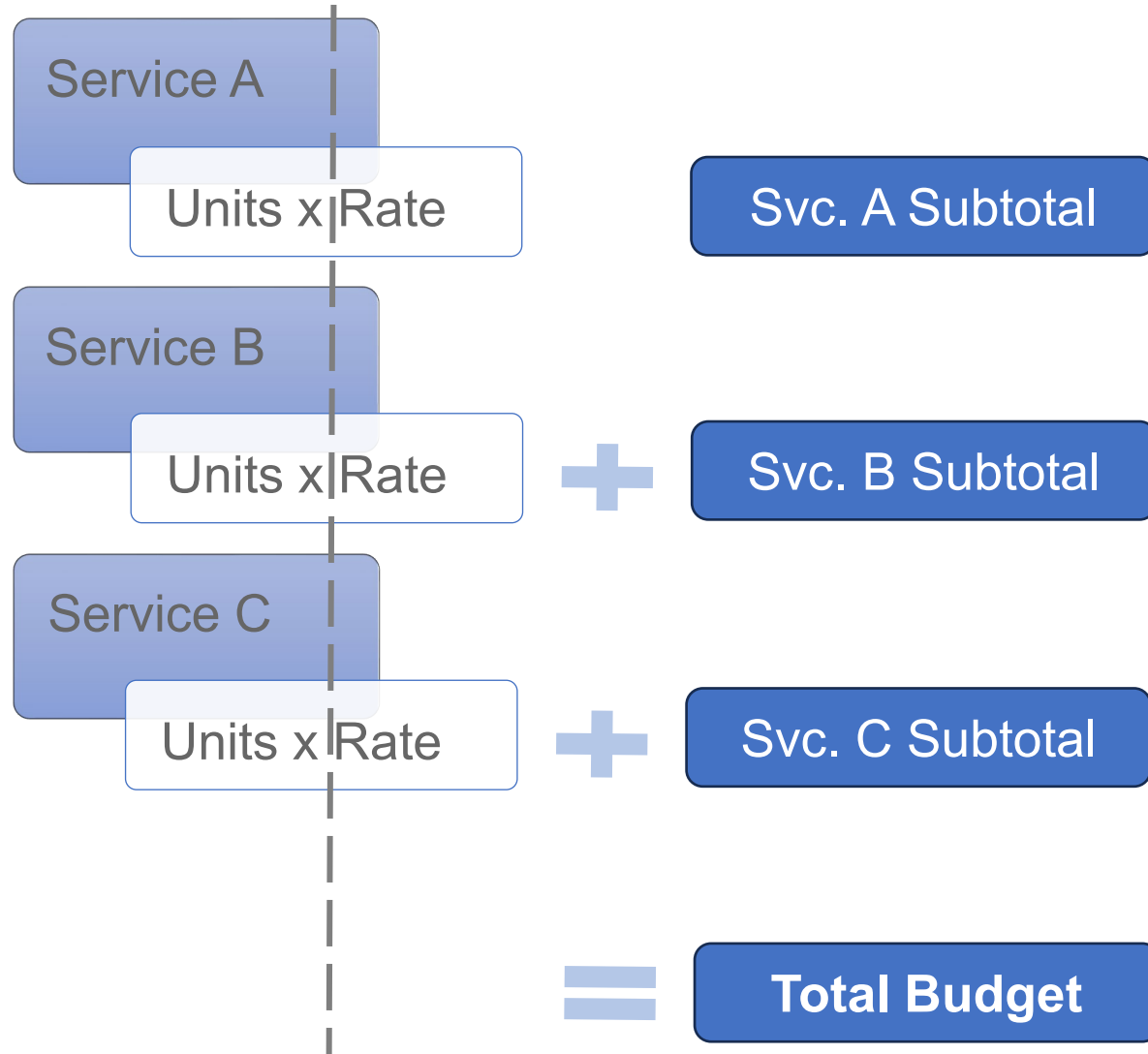
- Individuals assigned to a budget range based on residential placement and support needs
  - Individuals in the same cohort (that is, the same residential placement type and level of need) receive the same budget range
- Six support levels based on SIS assessment and supplemental questions
  - Individuals with greater support needs receive larger budgets to meet those needs
- Cost to support individual varies across residential placement groups
  - Group Living
  - Staffed Living
  - Shared Living
  - Living with unpaid caregivers
  - Living independently

# BUDGET ASSIGNMENT: OVERVIEW OF MODEL SERVICE MIXES AND INDIVIDUAL BUDGETS (CONT.)

- A model service mix is an estimate of the types and amounts of services needed by individuals in a group (based on their assessed needs and residential placement)
  - A model service mix is developed for each group of individuals (that is, there is a model service mix for each combination of level of need and residential placement)
  - Assumptions regarding specific services are not meant to be limits for those services; individual service plans can include different mixes of services that fit within the overall budget range based on a person-centered planning process
- Model service mixes are ‘priced’ based on the fee schedule to establish the overall budget for the applicable group
  - Most individuals will likely have plans that are less than the maximum budget based on the model service mix (as most individuals’ plan include fewer services than assumed in the model service mixes)
  - DDSD continues to work on the development of expected range of budgets

# BUDGET ASSIGNMENT: OVERVIEW OF MODEL SERVICE MIXES AND INDIVIDUAL BUDGETS (CONT.)

The **model service mix** is the types and amounts (units) of services intended to meet the needs of individuals in a group



**Individual budgets** are based on the model service mix priced according to the fee schedule

# BUDGET ASSIGNMENT: PROCESS FOR DEVELOPING SERVICE MIXES

- Determine which services are subject to individual budget limit
- Review existing budgets and utilization
  - Establish model service mixes to meet the needs of individuals in each group
  - Budgets should accommodate large majority of existing utilization (that is, budgets are *not* established as averages)
- Other considerations
  - Differences across residential placement groups
  - Incentives (for example, how to incentivize employment supports)
  - Exceptions process

# BUDGET ASSIGNMENT: SERVICES SUBJECT TO INDIVIDUAL BUDGET LIMIT

- Residential Supports
  - In-Home Family Supports
  - Supervised Living
  - Shared Living (including hourly)
  - Staffed Living
  - Group Living
  - Respite (hourly and daily)
  - Emergency Response System (installation and monitoring)
- Self-Directed Services and Supports
  - All Self-Direct services
  - Supports Broker (new service)
  - Transportation Services-Mileage

# BUDGET ASSIGNMENT: SERVICES SUBJECT TO INDIVIDUAL BUDGET LIMIT (CONT.)

- Community Supports
  - Community Supports-Individual
  - Community Supports-Group
  - Post-Secondary Education and Technical Training Support
  - Camp (day and overnight)
- Employment Supports
  - Employment Assessment
  - Employer and Job Development
  - Job Training
  - Ongoing Supports to Maintain Employment

# BUDGET ASSIGNMENT: SERVICES NOT SUBJECT TO INDIVIDUAL BUDGET LIMIT – COMMUNICATION SUPPORT AND CRISIS

- Individual budgets will be adjusted when an individual's plan includes Communication Support or Crisis services so that these services do not reduce the amount of other services that an individual may receive
  - Services will be part of the bundled payment

# BUDGET ASSIGNMENT: SERVICES NOT SUBJECT TO INDIVIDUAL BUDGET LIMIT – PROFESSIONAL SERVICES

- Services will be authorized in addition to the individual budget
  - Need for these services varies significantly, even within a group so a standard amount cannot be established for a group
  - Do not want these services to ‘compete’ against other services
  - Considering paying for these services on a fee-for-service basis
- Services
  - Clinical Assessment
  - Individual Therapy
  - Group Therapy
  - Family Therapy
  - Behavioral Support, Assessment, Planning, and Consultation
  - Medication and Medical Support and Consultation
  - Other Supportive Services



# BUDGET ASSIGNMENT: SERVICES NOT SUBJECT TO INDIVIDUAL BUDGET LIMIT – EQUIPMENT

- If these high-cost/ low-utilization services were counted against an individual's budget limit, they would have to forego a significant amount of other services
  - Services will be separately authorized and paid when incurred
- Services
  - Home Modifications
  - Vehicle Modifications

# BUDGET ASSIGNMENT: ESTABLISH MODEL SERVICE MIXES

- Design model service mixes to meet the needs of most individuals within a group
  - Informed, but not dictated, by current budget and utilization patterns
  - Policy intentions (for example, each service mix includes employment supports although most individuals do *not* receive employment supports)
- Service mixes generally include the most used services, but individuals can choose from all services subject to the individual budget limit
  - For example, for Community Supports, the model service mixes only include individual supports, but individuals can select group services
- Assumptions for individual services do not represent limits for those services; individuals can choose any combination of supports that is within their budget range

# BUDGET ASSIGNMENT: MODEL SERVICE MIX AND BUDGET FOR INDIVIDUALS IN GROUP LIVING

Service	Measure	1	2	3	4	M	B
<b>Residential Supports</b>							
Group Living	Days/ Year	365	365	365	365	365	365
<b>Community Activities</b>							
Community Supports-Individual	Hours/ Week	5	10	12	12	12	20
Employment-Ongoing Support	Hours/ Week	5	8	8	8	8	10
<b>Total – Community Activities</b>	<b>Hours/ Week</b>	<b>10</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>30</b>

Individual Budget (in a 3-4 Bed Home)	\$193,063	\$235,130	\$276,904	\$302,304	\$302,304	\$333,676
Individual Budget (in a 5-6 Bed Home)	\$169,785	\$205,789	\$217,118	\$237,437	\$237,437	\$264,745

# BUDGET ASSIGNMENT: MODEL SERVICE MIX AND BUDGET FOR INDIVIDUALS IN STAFFED LIVING

Service	Measure	1	2	3	4	M	B
<b>Residential Supports</b>							
Staffed Living	Hours/ Week	158	150	148	148	148	138
<b>Community Activities</b>							
Community Supports-Individual	Hours/ Week	5	10	12	12	12	20
Employment-Ongoing Support	Hours/ Week	5	8	8	8	8	10
<b>Total – Community Activities</b>	<b>Hours/ Week</b>	<b>10</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>30</b>

Individual Budget

\$434,710   \$439,612   \$440,728   \$440,728   \$440,728   \$446,600

# BUDGET ASSIGNMENT: MODEL SERVICE MIX AND BUDGET FOR INDIVIDUALS IN SHARED LIVING

Service	Measure	1	2	3	4	M	B
<b>Residential Supports</b>							
Shared Living	Months/ Year	12	12	12	12	12	12
Shared Living-Hourly	Hours/ Week	-	-	-	20	20	20
<b>Community Activities</b>							
Community Supports-Individual	Hours/ Week	5	10	12	12	12	16
Employment-Ongoing Support	Hours/ Week	5	8	8	8	8	10
<b>Total – Community Activities</b>	<b>Hours/ Week</b>	<b>10</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>26</b>
<b>Respite</b>							
Respite	Days/ Year	16	20	24	32	40	40
Individual Budget		\$90,483	\$127,835	\$146,417	\$218,431	\$221,245	\$240,185

# BUDGET ASSIGNMENT: MODEL SERVICE MIX AND BUDGET FOR INDIVIDUALS LIVING WITH UNPAID CAREGIVER

Service	Measure	1	2	3	4	M	B
<b>Home-Based Supports</b>							
In-Home Family Support	Hours/ Week	4	8	12	16	20	16
<b>Community Activities</b>							
Community Supports-Individual	Hours/ Week	5	10	12	12	12	16
Employment-Ongoing Support	Hours/ Week	5	8	8	8	8	8
<b>Total – Community Activities</b>	<b>Hours/ Week</b>	<b>10</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>24</b>
<b>Respite</b>							
Respite	Days/ Year	16	20	24	32	40	40
Individual Budget		\$49,343	\$87,956	\$107,483	\$122,202	\$136,920	\$137,448

# BUDGET ASSIGNMENT: MODEL SERVICE MIX AND BUDGET FOR INDIVIDUALS LIVING INDEPENDENTLY

Service	Measure	1	2	3	4	M	B
<i>state review for these levels</i>							
<b>Home-Based Supports</b>							
Supervised Living	Hours/ Week	8	10	12			
<b>Community Activities</b>							
Community Supports-Individual	Hours/ Week	5	10	12			
Employment-Ongoing Support	Hours/ Week	5	8	8			
<b>Total – Community Activities</b>	<b>Hours/ Week</b>	<b>10</b>	<b>18</b>	<b>20</b>			
Individual Budget		\$55,618	\$86,872	\$99,040			

# BUDGET ASSIGNMENT: COMPARISON OF SERVICE MIXES TO CURRENT UTILIZATION

- Based on individuals with a SIS assessment, the initial service mixes cover current utilization of 87 percent of service recipients
- Expected that some individuals with utilization in excess of the individual budget range to which they will be assigned will be approved for an exception
  - For example, none of the service mixes include two-to-one support (because it is not true that every individual in any cohort will require this level of support) so individuals who require this level of support will likely require an exception



# BUDGET ASSIGNMENT: EXAMPLES

## Ben

- Ben receives the budget for an individual with low general support needs and living with unpaid caregivers, which is \$XX based on the applicable model service mix and proposed fee schedule

## Jerry

- Jerry receives the budget for an individual with extraordinary medical support needs and receiving Shared Living, which is \$XX based on the applicable model service mix and proposed fee schedule

# SERVICE PLANNING: SUMMARY

- Working with individual and people who are important to them, the case manager will develop a service plan to meet the needs of the individual based on their goals and preferences
  - Plans should fit within the individual budget range for the individual based on their assessed needs and residential placement
  - However, the plan does not need to match the model service mix

# SERVICE PLANNING: EXAMPLE – BEN (LIVES WITH FAMILY, LOW GENERAL SUPPORT NEEDS)

Service	Rate	Service Mix Assumption	Budget	Service Plan	Planned Budget	
In-Home Family Support	\$14.88	200 hours	\$11,904	150 hours	\$8,928	Works on Independent Living skills 1 day/ week
Respite	\$351.80	16 days	\$5,629	80 hours	\$4,320	Uses hourly (not daily)
Community Supp.-Individual	\$15.54	250 hours	\$15,540	400 hours	\$24,864	Scheduled Mon.-Tues.
Community Supp.-Group	\$ 8.54			150 hours	\$5,124	Weekly activity with a friend with shared interest
Ongoing Employ. Support	\$16.27	250 hours	\$16,270			Does not currently have a job
Employment Assessment	\$16.77			40 hours	\$2,683	Wants to explore employment
<b>Total</b>			<b>\$49,323</b>		<b>\$45,919</b>	Plan does not have to use the entire budget

# SERVICE PLANNING: EXAMPLE – JERRY (IN SHARED LIVING, EXTRAORDINARY MEDICAL SUPPORTS)

Service	Rate	Service Mix Assumption	Budget	Service Plan	Planned Budget	
Shared Living	\$7,133.75	12 months	\$85,605	12 months	\$85,605	Plan should account for entire year
Shared Living-Hourly	\$14.56	1,000 hours	\$58,240	1,000 hours	\$58,240	
Respite	\$351.80	40 days	\$14,072	40 days	\$14,072	
Community Supp.-Individual	\$15.54	600 hours	\$37,296	400 hours	\$24,864	Scheduled Mon.-Wed.
Ongoing Employ. Support	\$16.27	400 hours	\$26,032			
<b>Total</b>			<b>\$221,245</b>		<b>\$182,781</b>	
Medication Support	\$123.07			52 hours	\$6,400	In addition to individual budget range

# 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
- 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 a the service plan and will receive 'credit' for related 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)

## PROVIDER PAYMENT: BUNDLED MONTHLY PAYMENT (CONT.)

- The bundled payment rate will be specific to each individual based on their service (that is, monthly payments will not be averaged across an organization)
- Self-directed services will not be part of an agency's bundled payment as the state will be invoiced directly for these costs
- 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: SERVICES OUTSIDE THE BUNDLED PAYMENT

- 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: EXAMPLES

	Ben	Jerry
Services Subject to Individual Budget Range	\$45,919	\$182,781
Other Services in Bundle (Communication and Crisis)	\$0.00	\$0.00
All Services Included in Bundled Payment	\$45,919	\$182,781
<b>Monthly Bundled Payment Before Utilization Factor</b>	<b>\$3,827</b>	<b>\$15,232</b>
Utilization Factor Adjustment	80%	80%
<b>Monthly Bundled Payment</b>	<b>\$3,061</b>	<b>\$12,185</b>
<b>Authorizations Outside Bundled Payment (Professional/ Modifications)</b>	<b>\$0.00</b>	<b>\$6,400</b>



# SERVICE DELIVERY: OVERVIEW

- Service delivery should be managed at the individual level and guided by each individual's service plan
- If an individual's service plan changes, the provider's bundled monthly payment will be recalculated
- Providers will only receive 'credit' for encounters that are part of an individual's service plan

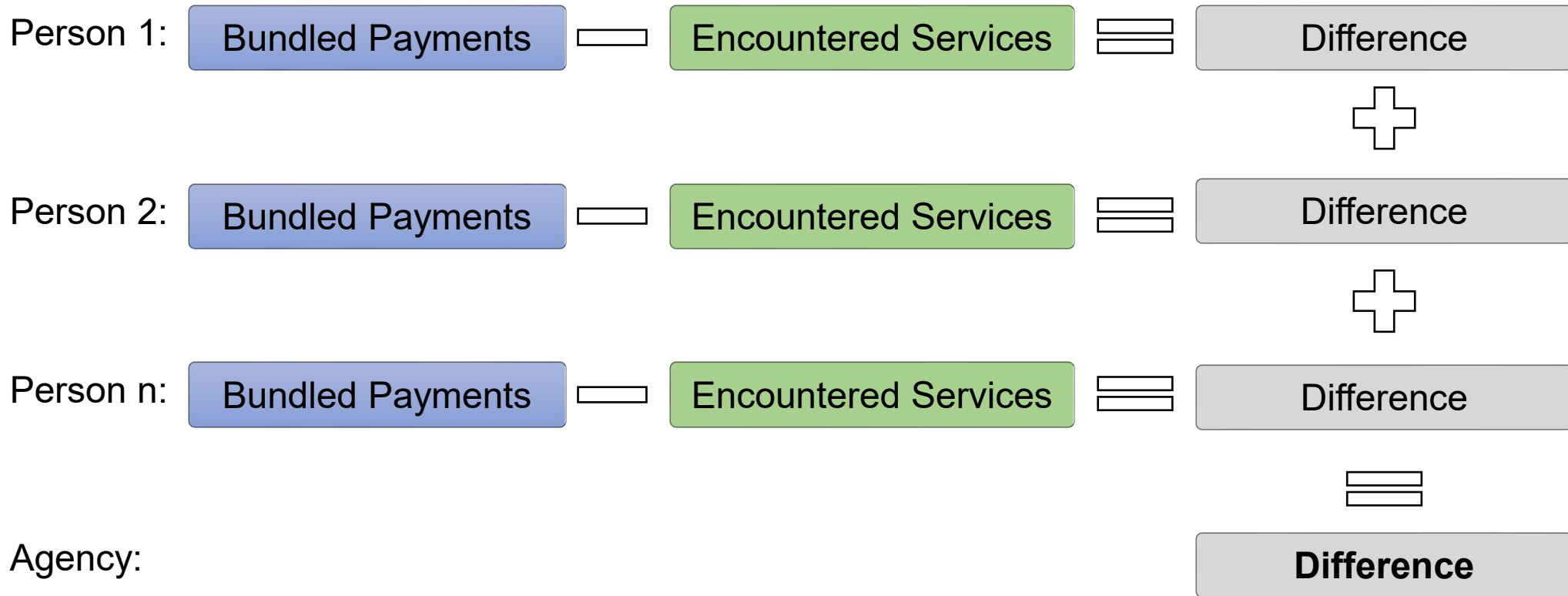
## SERVICE DELIVERY: EXAMPLE

- Ben did not have a job when his service plan was developed, but nine months into the plan year, he got a job at a coffee shop. He needs four hours of support per week. He goes to work on a day where he previously received Community Support-Individual service
  - His plan will be revised to add Ongoing Employment Support and reduce the Community Support that we will no longer use

Service	Original Service Plan	Planned Budget	Revised Service Plan	Revised Budget
In-Home Family Support	150 hours	\$8,928	150 hours	\$8,928
Respite	80 hours	\$4,320	80 hours	\$4,320
Community Supp.-Individual	400 hours	\$24,864	360 hours	\$22,378
Community Supp.-Group	150 hours	\$5,124	150 hours	\$5,124
Ongoing Employ. Support			40 hours	\$2,603
Employment Assessment	40 hours	\$2,683	40 hours	\$2,683
<b>Total</b>		<b>\$45,919</b>		<b>\$46,036</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

- Providers will be asked to submit final encounters within 90 days of 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 three percent allowance, intended to offer some flexibility, to account for unexpected costs, and to support program investment
  - For example, if a provider received bundled payments of \$4,000,000, there would be no payment owed if encounters total \$3,880,000 due to the three percent allowance of \$120,000
- Settlements
  - If a provider delivers less service than funded through the bundled payments (after accounting for the three percent allowance), they must repay the state
  - If the provider delivers more service than funded through the bundled payments (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

- Assume Ben uses 65 percent of all services, and Jerry uses 100 percent of Shared Living and Respite and 60 percent of other services

	Ben	Jerry	Agency
Services Subject to Individual Budget Range	\$45,948	\$182,781	\$228,729
Other Services in Bundle (Communication and Crisis)	\$0.00	\$0.00	
All Services Included in Bundled Payment	\$45,948	\$182,781	\$228,729
Utilization Factor Adjustment	80%	80%	
<b>Total Bundled Payment</b>	<b>\$36,758</b>	<b>\$146,225</b>	<b>\$182,983</b>
<b>Encountered Services</b>	<b>\$22,974</b>	<b>\$149,539</b>	<b>\$172,513</b>
<b>Difference</b>	<b>(\$13,784)</b>	<b>\$3,314</b>	<b>(\$10,470)</b>
Three Percent Allowance			\$5,489
<b>Amount Due (Owed) to State</b>			<b>(\$4,981)</b>

**NEXT STEPS**



# NEXT STEPS

- Continue engaging stakeholders to discuss proposed payment reform framework
  - Materials will be presented to stakeholder groups throughout May and June
  - DAIL and HMA-Burns will be accepting feedback through June before final recommendations are made
    - Comments can be submitted to Tina Harper with HMA-Burns at [tharper@healthmanagement.com](mailto:tharper@healthmanagement.com)
  - Stakeholders will have an additional opportunity to comment on the final recommendations as part of the standard Public Comment process to update Medicaid standards
- Continue analysis related to service mixes, utilization factor, and other payment model assumptions
- Develop detailed policy and operational standards (work processes, exceptions, etc.)