

Department of Human Services 2009-11 Policy Option Package

Division Name: Seniors and People with Disabilities

Policy Option Package Initiative: Seniors and people with disabilities live safely and independently in their communities.

Policy Option Package Title: Home and Community-Based Care Rate Restructure

Policy Option Package Number: 103

Summary Statement:

This POP creates a new rate methodology for community based care facilities for seniors and people with physical disabilities. It establishes a market related base-rate and an acuity add-on system for seniors and people with physical disabilities with higher needs. It implements a comprehensive, standardized assessment and rate tool for people with developmental disabilities eligible for 24-hour Medicaid home and community based services, including a provider rate adjustment as necessary to meet the support needs of individuals determined by the assessment process. This POP requires 5 permanent and 13 limited duration positions.

1. WHAT WOULD THIS POLICY OPTION PACKAGE (POP) DO AND HOW WILL IT BE IMPLEMENTED?

This POP responds to two directives regarding rates for home and community based services. First, SB 1061, passed in the February 2008 Legislative Session, directed the Department to present recommendations for a new community based care rate methodology for seniors and people with physical disabilities (APD). SPD's last APD rate restructure occurred in January 2002. Second, Oregon was awarded a Real Choice Systems Transformation Grant by the Centers for Medicare and Medicaid Services (CMS) in 2005. This funded the SPD/Developmental Disabilities (DD) Restructuring, Assessments, and Rates (ReBAR) project. This allowed DHS to build a standardized assessment and rate tool system. All states using Medicaid DD home and community based waiver services must demonstrate the connection between client need and the cost of care. This POP implements this too, and funds the realignment of existing rates and some rate increases.

2. WHY DOES DHS PROPOSE THIS POP?

The current reimbursement system is inadequate and needs to be improved. SPD current reimbursement ranges from a low of 37% to 62% of current market rates. This methodology proposes a phased in reimbursement rate for most providers at 85% of private market rates. It also proposes increased reimbursement for providers with high Medicaid participation and those with high acuity census levels. SPD expects the proposed system will decrease the rate of exception requests, relieving a significant workload on local and central office staff. For DD programs, DHS proposes this POP in order to implement a standardized assessment and rate tool. This tool will meet CMS requirements demonstrating the connection between client need and the cost of care, and provide for fairer reimbursement.

3. HOW DOES THIS FURTHER THE AGENCY’S MISSION OR GOALS?

This supports the DHS mission of keeping people healthy, independent and safe. The POP also provides fairer, more consistent rates for providers, reflecting DHS’ commitment to the stewardship of state resources.

4. IS THIS POP TIED TO A DHS PERFORMANCE MEASURE? IF YES, IDENTIFY THE PERFORMANCE MEASURE. IF NO, HOW WILL DHS MEASURE THE SUCCESS OF THIS POP?

KPM #1: People with disabilities in community settings – increasing the number of people with developmental disabilities in community settings of five or fewer people.

KPM #2: Seniors living outside of institutions – the percentage of seniors who are living outside of institutions.

Internal measure: Nursing facility diversion – percentage of new Medicaid long-term care clients who are diverted from nursing facility care settings.

5. DOES THIS POP REQUIRE A CHANGE(S) TO AN EXISTING STATUTE OR REQUIRE A NEW STATUTE? IF YES, IDENTIFY THE STATUTE AND THE LEGISLATIVE CONCEPT.

No.

6. WHAT ALTERNATIVES WERE CONSIDERED AND WHAT WERE THE REASONS FOR REJECTING THEM?

For APD community based care, the existing rate reimbursement structure is inadequate.

Stakeholders helped develop the new reimbursement proposal. For DD rates, the current system is not standardized and is not consistent for clients and providers. Failing to implement a standardized rate tool would raise concerns from CMS.

7. WHAT WOULD BE THE ADVERSE EFFECTS OF NOT FUNDING THIS POP?

Adverse effects include continued loss of access to community-based care options for Medicaid clients in the APD system, and delayed implementation of ReBAR that potentially creates adverse CMS reviews and financial sanctions in the DD system.

8. WHAT OTHER AGENCIES (STATE, TRIBAL AND/OR LOCAL GOVERNMENT) WOULD BE AFFECTED BY THIS POP? HOW WOULD THEY BE AFFECTED?

Local SPD and AAA office case managers may experience easier placements in APD community based care facilities; DD county and community programs would be affected by training and assessment activities associated with the ReBAR assessment and rate tool.

9. WHAT ASSUMPTIONS AFFECT THE PRICING OF THIS POP?

Implementation Date: July 1, 2009 for DD and April 1, 2010 for APD

For the APD system, SPD proposes a three-part phase-in of full implementation of a revised reimbursement rate methodology that is acuity based, set at 85% of current market and includes Medicaid participation and high acuity census rate adjustments.

Phase 1 This was a base rate increase of \$260.00 to all base rates effective July 1, 2007 and is fully implemented. Approval was at the January 2008 Emergency Board at a cost of \$9.7 GF, \$25.2 TF.

Phase 2 Effective April 1, 2010 a 15-month base rate adjustment set at 85% of market rate for a core bundled rate pricing of approximately \$2,034 base rate. This would be for Residential Care Facilities, Assisted Living Facilities, and Commercial Adult Foster Care. The base rate adjustment

would also increase the current Upper Payment Limit (UPL) Providence Elder Place resulting in a rate increase of approximately \$340.

In addition, implementation of a four-part add-on related to cost for services related to ADL/Medical and Behavioral care. Behavior 1, Behavior 2, Medical and Two-Person Assist categories are in addition to the base rate as needed.

In addition, implementation of base rate reimbursement increase for Contracted Residential Care facilities specializing in care for Alzheimer's and dementia care of approximately \$500, setting the base rate at approximately \$3,000.

Relative Adult Foster Care base rate adjustment set at 65% of market rate from April -December 2010 setting the base rate at approximately \$1,433.

Phase 3 January 2011 implement an additional 20% base rate adjustment for Relative Adult Foster Care setting the base rate at 85% of market at approximately \$2,034. With this adjustment all CBC placements for Residential Care Facilities, Assisted Living Facilities, Commercial and Relative Adult Foster Care will be at the same base rate of 85% of market, approximately \$2,034.

In addition, implement two rate adjustments for high acuity client census and high Medicaid participation based on prior six months client census. This rate adjustment will be fully automated into the rate schedule with a look-back of the prior six months of activity to calculate the rate adjustment.

End Date (if applicable): None, on-going rate reimbursement increase.

a. Will there be new responsibilities for DHS? Specify which division(s) and describe their new responsibilities.

- | | |
|--|--|
| <input type="checkbox"/> Administrative Services | <input type="checkbox"/> Addictions and Mental Health |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Division of Medical Assistance Programs | <input checked="" type="checkbox"/> Seniors and People With Disabilities |

For ReBAR, this will require staff to continue training to this tool, to provide assessments and reassessments in SPD, DD Services, and for SPD to update the model periodically to assure its validity, sufficiently, and cost effectiveness. It will also require SPD to integrate the results of assessments into allowable individual rates for client services and allowable service rates for providers, and to modify multiple data and payment systems to incorporate these changes.

b. All there be new administrative impacts? Specify which office(s) and describe how it will be affected.

- | | |
|---|--|
| <input checked="" type="checkbox"/> Human Resources | <input type="checkbox"/> Payment Recovery |
| <input type="checkbox"/> Information Security (privacy) | <input type="checkbox"/> Investigations and Training |
| <input type="checkbox"/> Document Management (imaging) | <input checked="" type="checkbox"/> Facilities |
| <input type="checkbox"/> Audit and Consulting | <input type="checkbox"/> Contracts |
| <input checked="" type="checkbox"/> Information Services (IT) | <input checked="" type="checkbox"/> Budget |
| <input type="checkbox"/> Financial Services (Accounting) | <input type="checkbox"/> Other (Specify) |

There will be minor IT impacts for changes to rate reimbursements for APD community based care rates, and IT needs for continued assistance with the DD ReBAR system. Hiring new staff would have minor impacts on HR and facilities.

- c. Will there be changes to client caseloads or services provided to population groups? Specify how many in each relevant program.**

No – there will be rate increases, but no new services or caseloads.

- d. Will it take new staff to implement and maintain? For each classification, list the number of positions and the number of months the positions will work in each biennium. Specify if the positions are permanent, limited duration or temporary. Attach position descriptions.**

For APD rates, new staff include five limited duration positions for nine months for the IT implementation changes to the system and adjustments to rate schedules. Some IT enhancements are necessary to calculate the Medicaid participation and acuity client census using the prior six months census data.

5 Limited duration Positions: 1-ISS8, 2-ISS7, 1-ISS6, 1-OPA2

For DD ReBAR, staff are provided through either the CMS Real Choice Grant or realignment of existing SPD position functions. These include five permanent IT staff (1 ISS8, 2 ISS&, 1 OPA3, and 1 RA4) and 8 additional limited duration IT staff for 18 months (1 ISS PEMD, 1 ISS8, 1 ISS8 DBA, 2 ISS7, 1 ISS6, 2 OPA2).

- e. What are the start-up costs, such as new or significant modifications to computer systems, new materials, outreach and training?**

The POP requires some systems modification depending on rates established and some IT costs outlined in the labor costs above.

f. What are the ongoing costs?

Ongoing costs include roll up of rate increase to full 24 months, roll up in subsequent years and permanent staff positions for some ongoing requirements.

g. What are the potential savings?

SPD does not expect any immediate savings. However, the decline in our ability to maintain CBC placements instead of more expensive NF placement, and the current obstacles maintaining placements for Medicaid clients will be strengthened with an across the board CBC base rate adjustment that brings the rates more into line with the current market rates. For DD services, the assessment tool will provide a standard tool used in calculating and setting the reimbursement rates for services to clients in a more consistent and acuity-based method. This will lead to some rates needing to be increased and possibly some being decreased. It will also bring a set review process for rates renewal and review process.

h. Based on these answers, is there a fiscal impact?

Yes.

i. What are the sources of funding and the funding split for each one? Include grant names and fund type, such as “Medicaid, General and Federal Funds.”

Medicaid Federal Funds and General Fund

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