

MEMO

TO: Rates Coalition

FROM: Kevin P. Goodno

DATE: April 10, 2014

SUBJECT: Rate Setting Methodology Detailed Summary (HF3172 Senate version)

The Disability Waiver Rate Setting (DWRS) legislation includes over twenty provisions that add integrity, transparency and protections in the conversion to the new rate system; provide clarity and uniformity on elements of the new methodology; make technical corrections to current law; and, in a few cases, make needed policy changes to correct identified problems with the transition to the new system. Each discussed change has been labeled as Technical, Integrity, Clarity or New Policy to reflect the category in which it falls. Additionally, there are a number of technical, non-substantial changes that are made within the bill (i.e. must v. shall) that are not discussed in this summary.

Rate Stabilization (section 256B.4913, subd. 4a)

- 1) Paragraph (a): Defines “Banding Period” (five years) in addition to the already defined “Implementation Period” (1st year of Banding Period) (Technical).
- 2) Throughout Subdivision: Changes “banding value” to “historical rate” (Technical).
- 3) Paragraph (b) Clause (1): Corrects day service banding language to add clarity. Current language is confusing and perhaps incomprehensible. The new language makes it clear that the historical rate for new services, et al is the authorized rate in the county for the provider on 12/1/2013 (Technical).
- 4) Paragraphs (d) and (e): Requires the commissioner to review rates in effect on 12/1/2013 to make sure they provide an equivalent level of spending and service utilization on an annual basis as if the rates in effect on October 31, 2013 were in effect on 12/1/2013; and, requires an appropriate adjustment in rates (Integrity).
- 5) Paragraph (f): Adds a process to determine the historical rate for an individual who experienced a change in need. This makes clear that an individual with a change in need continues to have a historical rate during the banding period (Clarity).
- 6) Paragraph (g): Clarifies the providers of personal supports services that also acted as fiscal support entities are treated as new providers for reasons of banding (Clarity).

Definitions (section 256B.4914, subd. 2)

- 1) Paragraph (f): Adds a definition of Individual Staffing and how it is established for residential services. The services provided include direct support and assistance with activities of daily living, instrumental

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activities of daily living, and training to participants; and, the staffing level for the services is based on an individual's support plan, an assessment tool and provider observation of an individual's needs (Clarity).

2) Paragraph (l): Adds a definition of Shared Staffing and how it is established for residential services. The services provided include direct support and assistance with activities of daily living, instrumental activities of daily living, ancillary activities, and training to participants; and, the staffing level for the services is based on an individual's support plan, an assessment tool and provider observation of an individual's needs. Shared staffing is determined when total shared staffing hours are divided proportionally by the number of individuals who receive the shared service provisions (Clarity).

3) Paragraph (m): Adds a definition of Staffing Ratio for day services. Staffing ratios are to be based on an assessment tool, provider observation, case history, a recipient's choice of services and are not to be based on the licensure staffing ratios (Clarity).

4) Paragraph (n): Adds a definition of "Unit of Service" for various services to add uniformity and clarity (Clarity unless noted).

5) Paragraph (n)(1): States that any portion of a day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day unit (Clarity)

6) Paragraph (n)(2)(i) (B) and (C): Defines a unit of service when an individual is served fewer than 6 hours in a day for day training and habilitation as either a Partial Day for recipients that were served before January 1, 2014, and 15 minute unit for recipients new after January 1, 2014. This essentially "grandfathers" in partial day for existing provider clients (New Policy).

7) Paragraph (n)(i): Makes it clear that both direct service and transportation time are included in determining the unit of service (Clarity).

Data Collection (section 256B.4914, subd. 4)

1) Paragraph (d): Requires that the determination of service levels must include a discussion with members of the support team prior to the establishment of an individual's rate (Integrity).

2) Paragraph (f): Establishes criteria counties must consider when responding to a provider request to reconsider an error made in establishing service levels or rate values (Integrity).

Base Wage Index (section 256B.4914, subd. 5)

Paragraph (i): Corrects an internal cite within the statutory language concerning the framework component updates for changes in the Consumer Price Index (CPI) (Technical).

Residential Support Services Payments (section 256B.4914, subd. 6)

1) Paragraph (a) Clause (9): Changes how transportation costs are calculated for residential. This provision changes the calculation from an individual-by-individual based calculation to a calculation based on the individual in a residence with the highest assessed need (New Policy).

2) Paragraph (e): Provides clarity on the conversion of rates and services authorized for residential services for the implementation period (Integrity).

3) Paragraph (f): Clarifies that the number days for new enrollees after January 1, 2014 includes every day that services start and end (Clarity).

Day Program Payments (sections 256B.4914, subd. 7)

Paragraph (1): Adds clarity in how to calculate staffing ratios for day services and requires the commissioner to develop a uniform worksheet to make this calculation. The staffing ratio is determined by averaging the individual's staffing ratios for a typical week (Clarity).

Payment Values Update (section 256B.4914, subd. 10)

1) Paragraphs (b) and (d): Requires that the Commissioner begin the research and review of value components by July 1, 2014 (Technical).

2) Paragraph (b), Clause (2): Requires the collection of day service transportation data through the rate management worksheet and entered into the rate management system (Clarity).

3) Paragraph (b), Clause (3): Requires research in the underlying costs of providing services to individuals with a mental illness (New Policy).

4) Paragraph (c): Requires that the commissioner issue semiannual reports about the difference in rates by service and county during the banding period with the first report due on October 1, 2014 (New Policy--Integrity).

5) Paragraph (f): Requires the commissioner by January 15, 2015 to make recommendations on issues identified during the implementation period to the legislature (Technical).

County Allocations (section 256B.4914, subd. 15)

Paragraph (c): Protections are established for lead agencies that exceed their allocations due to rate differences caused by the implementation of the new rate setting methodology for the first two years of implementation (Clarity).

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Disability Waiver Reimbursement Rate Adjustments

Adds language to make appropriate adjustments to both the historical rate and the new rates for rate modifications made by the legislature effective April 1, 2014; and, enacted during the 2014 legislative session (Technical).