

The Alaska Association on Development Disabilities

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To facilitate a united provider voice for best practices, advocacy, partnerships and networking.

April 29, 2013

Jared Kosin
Alaska Department of Health and Social Services
Office of Rate Review
Post Office Box 240249
Anchorage, Alaska 99524-0249

Re: FY12 Cost Survey Utilization for Rebasing Medicaid Rates of Reimbursement

Dear Mr. Kosin:

The Alaska Association of Development Disabilities (AADD) represents approximately 40 organizations around Alaska who are providers of home and community-based waiver services (HCBW). AADD members provide developmental disability services to children and adults throughout Alaska. They also provide Personal Care Services and other supports and services to individuals and seniors with disabling conditions.

The purpose of this letter is to follow up on our meeting held on March 05, 2013, in which provider concerns and questions were shared, and you promptly responded, prior to completing the Cost Surveys recently submitted. Based on provider experience in completing the survey, we take this opportunity to provide additional feedback and recommendations in the spirit of transparency and cooperation to assure the right rate re-basing outcomes for the State of Alaska and Service Providers.

Additionally, the following general timelines have emerged based on information presented during recent teleconferences by State of Alaska representatives, which influence the recommendations made:

June 30, 2013	Cost Surveys for Providers with Fiscal Year end Sept 30, 2012 due to ORR
July 2013	Analysis of Cost Survey information by ORR to construct draft rates
July 2013	Implementation of Waiver Regulations including Group Day Hab & Supported Employment rates, and revised Adult Day Care rates
August 2013	Release of draft rates for Public Comment
September 2013	Regulations to Department of Law for legal review
January 1, 2014	Implementation of rebased rates per 7 AAC145.520(j)

Based on this information, the AADD is requiring that the Office of Rate Review articulate and publish the rate setting methodology utilized by Office of Rate Review to establish new rates, honoring past assurances and promises of transparency of the process. The current regulations 7 AAC 145.500 through 7 AAC 145.537, and 7 AAC 160.900(d) only specify the methodology for data collection from providers including allowable and non-allowable costs, but do not address the

treatment of data from collection to publication of rebased rates. These timelines should also include the planned opportunities for provider review and input prior to rates being released for public comment.

Cost Survey Considerations

The following concerns and considerations are also submitted for your review and integration:

1. Definition of a procedure for Rebased Rates, which has demonstrated congruency with other Medicaid Rebasing processes.

Current Regulations address the methodology for collection of data to be utilized in rate rebasing. This procedure has been requested by service providers throughout the development of 7 AAC 145.520 regulations since the framework of the Myers & Stauffer Recommendations for a Rate Methodology for Home and Community-Based Services was presented in 2008. This procedure should contain sufficient detail and information to be able to withstand an independent review by a Certified Public Accountant firm, and to demonstrate congruency with other Medicaid rate rebasing programs, such as The State Plan for Title XIX: Medicaid Provider Reimbursement Long Term Care services and Intermediate Care services.

2. Clarification of CMS Home Health Agency Market Basket adjustments to cost survey results for July 1, 2012 and July 1, 2013 per 7 AAC 145.520 (g) (1).

Current Regulations state that "Each July 1, rates established in *the Chart of Personal Care Attendant and Waiver Service Rates* will be adjusted as follows:

- (1) The department will first adjust the rates for inflation, using the CMS Home Health Agency Market Basket in the most recent quarterly publication of Global Insight's *Healthcare Cost Review* available 60 days before July 1"

Data collected in the cost survey reflects historical costs for the period primarily prior to July 1, 2012. Please explain how the inflationary adjustments specified in regulation will be applied to the results of the cost survey.

3. Definition of the methodology for adjusting cost survey results to a factor of 1.00 per 7 AAC 145.520 (g) (2) prior to adjustment for regional differences.

4.

Current Regulations state that "Each July 1, rates established in *the Chart of Personal Care Attendant and Waiver Service Rates* will be adjusted as follows:

- (2) After adjusting the rates for inflation, the department will further adjust them to reflect regional differences in the cost of doing business based on the designated planning regions described in Table I-1 of the Alaska Geographical Differential Study 2008, dated April 30, 2009 and adopted by reference in 7 AAC 160.900, with a factor of 1.00 being the lowest factor applied.

Data collected in the cost survey reflects aggregate costs for any provider serving multiple geographic regions. Please explain how the regional differentials contained within the cost survey will be isolated and reduced to achieve a factor of 1.00 before rates are rebased and regional differentials are re-applied.

5. Clarification of the application of Cost of Room and Board removal from per diem services at \$40 per day per 7 AAC 145.520 (j) with respect to Family Habilitation and Daily Respite

services, and the 2004 adjustment to Adult Public Assistance benefits for residents in licensed facilities.

Home and Community Based Services which are provided in daily service units are not all inclusive of room and board. For example, SDS has historically treated the payments made by Medicaid providers to Family Habilitation providers as "difficulty of care" payments, with separate payments expected by the recipient to the Family Habilitation provider from their Social Security or other benefits to compensate for room and board costs.

On February 1, 2005, the Division of Senior and Disability Services issued a memo (see attachment) increasing daily rates by \$8.65 for Group Home, Family Habilitation Adult, and Shared Care Adult services in recognition of the reduction in Adult Public Assistance (APA) benefits of approximately \$262 per month for recipients residing in adult licensed environments. This aspect has been ignored in the development of the \$40 per day deduction from per diem services as the APA benefits have not been restored as the rates are rebased exclusive of this funding shift. Rates were increased by 4% on 07/01/08, 1.5% on 07/01/09, 1.5% on 07/01/10, 2.2% on 07/01/11, and 2.5% on 07/01/12. The net impact of these increases on \$8.65 would result in a downward adjustment to the \$40 per diem of at least \$9.70 unless full benefits are restored to recipients in these environments, permitting providers to increase rent/cost of care charges to recipients.

6. Definition of the methodology for utilizing cost survey data to rebase new service categories of Day Habilitation Group (T2021HQ), Supported Employment Group (T2019HQ), Pre Employment Individual (T2019CG), Adult Day Service (T2019TT) on or after January 1, 2014.

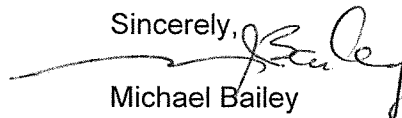
The establishment of these new service categories is not recognized in the cost survey data currently collected. Please explain how these service categories will be rebased and if additional data will be required from providers to complete this accurately.

7. Clarification of the application and purpose of the licensed beds reported on the Buildings Worksheet
8. Explanation of the methodology by which federally mandated provider cost increases, such as the Affordable Care Act, will be recognized and appropriately adjusted.

Recommendation

The Alaska Association on Developmental Disabilities recommends a delay in implementation of rebased rates, if a clear and well-articulated methodology and plan cannot be produced by May 31, 2013 addressing the gaps in the current regulations which are noted in the body of this letter. Additionally, AADD supports the Office of Rate Review notifying the Commissioner of Health and Social Services to prepare for expedited regulation adjustments to apply the 2013 CMS Home Health Agency Market Basket to existing provider rates effective July 1, 2013 through June 30, 2014. This will allow the Office of Rate Review adequate time to complete a thorough review of cost survey data and additional dialogue with provider groups before issuing rebased rates for public comment, and permit collaborative resolution of unforeseen issues when the regulations were issued.

Sincerely,



Michael Bailey
AADD Vice President

Retroactive Rate Increase
For
Shared Care Services
Family Habilitation Home Services
Group Home Habilitation Services

The \$8.65 per day rate increase, which is retroactive to date of service July 1, 2004 has been applied to prior authorizations for the following services and corresponding procedure codes and procedure code modifiers:

Procedure Code	Modifier	Service Description
S5140	U2	Shared care services, adult (age 18 and over); per day
S5140		Family habilitation home services, adult (age 18 and over); per day
T2016		Group home habilitation, residential; per day

For every approved unit on each P.A. for these services, the authorized dollar amount was increased by \$8.65. Please note the following:

- For paid claims whose billed charges reflect the \$8.65 per unit reimbursement increase, adjustments will be initiated by DHCS. No action is required from providers.
- For paid claims whose billed charges did **NOT** reflect the entire \$8.65 per unit reimbursement increase, DHCS will be contacting each provider to assist with the claim adjustment process.
- If you have not already done so, **please begin billing at this higher per unit rate.**

February 1, 2005