SENIOR AND DISABILITIES SERVICES – OFFICE OF RATE REVIEW – COMMUNITY CARE COALITION

RATE REBASING REFINEMENT PROJECT

Interim Report: January 31, 2015

Authors:

Sandra Heffern, Effective Health Design

Angela Salerno, Senior and Disability Services, Manager, Policy and Program Development Unit

The Rate Rebasing Refinement Project has been a collaborative effort of the Department of Health and Social Services, Division of Senior and Disability Services and the Office of Rate Review with representatives from the Community Care Coalition made possible by a grant from the Alaska Mental Health Trust.

The Community Care Coalition is comprised of trade associations who provide care for elderly, disabled and at-risk Alaskans. The Alaska Association on Developmental Disabilities, Alaska Behavioral Health Association, AgeNet, Assisted Living Association of Alaska and the Personal Care Assistant Provider’s Association banded together in a united voice to bring forward a collective message on behalf of Alaska’s most vulnerable citizenry. As members of the home and community-based, long term services and supports industry, the Community Care Coalition collectively represents all of Alaska with over 50,000 consumers, family members and staff.

The Office of Rate Review (ORR) establishes Medicaid payment rates for hospitals, nursing facilities, home health agencies, ambulatory surgical centers, rural health clinics, and federally qualified health centers. ORR also works with tribal providers and various divisions and units throughout the Alaska Department of Health and Social Services on rate setting and accounting issues.

Senior and Disability Services’ mission is to promote health, well being and safety for individuals with disabilities, seniors and vulnerable adults by facilitating access to quality services and supports that foster independence, personal choice and dignity.

The authors of this report would like to acknowledge the following individuals for their valuable input, unselfish sharing of time and ideas and willingness to be open to differing views and opinions.

*Senior and Disability*

Duane Mayes, Director

Jon Sherwood, Deputy Director

Lisa McGuire, Chief, Waiver Services

Lynne Keilman-Cruz, Chief, Quality Assurance

Andrew Sandusky, Manager, Operations and Training

Maureen Harwood, Manager, IDD Unit

Robin Hobbs, Health Program Manager

Lisa Morley, Manager, Grants Services

*Office of Rate Review*

Katherine Tompkins, Audit Supervisor

Kathy Parker, Audit and Review Analyst

*Service Providers*

Michael Bailey, Hope Community Resources

Theresa Brisky, Marlow Manor

Penny Champney, Mat-Su Senior Services

Gregg Cress, Sue’s Sourdough ALH

Emily Ennis, Fairbanks Resource Agency

Amanda Faulkner, Frontier Community Services

Rachel Greenberg, Mat-Su Senior Services

Mike Hanshew, Consumer Direct

Cindy Hensley, Cindy and Vic’s

Stephanie Hoxie, ASSETS

Allison Lee, ResCare

Sherry Mettler, Assisted Living Association of Alaska

Marianne Mills, Southeast Senior Services

Randall Nichols, Providence Health Services

Mary Nicholson, Nicholson’s Assisted Living

Mike Ocampo, Sunset Haven

Amy Oney, Mama’s Assisted Living

Dave Rhodes, ResCare

Millie Ryan, Reach

Gregg Schomaker, Consumer Direct

Connie Sipe, Center for Community

Leah Solberg, Arc of Anchorage

Mary Troup, Advantage Senior Care

Trish Walters, Mat-Su Services for Children and Adults

*Partners*

Tom Chard, Alaska Behavioral Health Association

Nancy Burke, Alaska Mental Health Trust Authority

*Background*

The Department of Health and Social Services (DHSS) implemented cost based rates for home and community based services and personal care assistant services in 2010 following extensive analysis of service provider costs by contractor Myers and Stauffer. The cost study completed by Myers and Stauffer resulted in the development of rate regulations and a rate chart based on cost surveys submitted by a limited number of service provider organizations. The rate regulations called for rebasing of the rates utilizing cost data from service providers for services provided in 2011 either calendar or fiscal year. The proposed rate calculations based on the 2011 cost survey data led provider organizations and the Office of Rate Review (ORR) to question the validity of the cost data as the proposed rates did not appear to reflect the current cost of doing business as being experienced by providers. ORR determined that the proposed rate chart, collection of cost data and rate setting methodology needed additional review and subsequently postponed institution of the rate chart until further analysis could be completed or July 1, 2015.

Senior and Disabilities Services (SDS), ORR and leadership of the Community Care Coalition (CCC) met in early 2014 to discuss the Phase I plan for refinement of the rate setting system for home and community based waiver and personal care assistant services. Several meetings with leadership of SDS and ORR along with CCC representatives occurred in early Spring to discuss possible alternate structures for collection and analysis of cost data. One approach that was researched extensively was modeling of costs whereby the rate structure would be based on established data sources, such as the Department of Labor, national databases and actuarial data, for all cost categories. It was determined that this approach was not a feasible approach as there were not reliable sources for data collection on program support costs nor administrative costs. ORR indicated they were more interested in refining the current structure of collecting cost based information from providers and would work towards strengthening and modifying the existing structure. It was felt a more extended discussion needed to occur to move the project forward

A work group with SDS and ORR leadership along with representatives from the CCC was convened. The meeting held on May 13th resulted in a commitment from all parties to continue an in-depth review of service definitions and expectations. The deeper discussion would occur in breakout groups around the five categories of services: individualized services, assisted living home services, group/facility-based services, residential services and other (meals, chore, transportation). There was agreement that the conditions of participation were a logical starting point to build upon mutual understanding of service expectations. Due to final rules issued by CMS in March, 2014, it was decided that service definitions for care coordination services would be on hold until the model for care coordination/case management was designed.

In addition to the service expectations group a structural cost survey design group was formed as resource specific to ORR to discuss cost survey tool design, data collection and what to do with the cost data as a means of establishing rates. At the conclusion of the service expectation and structural cost survey focus groups, the intended outcome was concurrence on service definitions and expectations which would lead to decisions on establishment of rates.

*Process*

The focus groups were established with representatives from SDS management team as facilitators and at least three service provider representatives in each group. The groups began monthly meetings in August, 2014 with the final meetings in December 2014. Each group completed an in-depth review of the Conditions of Participation (COPS) specific to the assigned service category and the overall provider COP. Additionally a review of the certification requirements and regulations was completed. The groups utilized the CMS Application for a 1915(c) Home and Community-Based Waiver Instructions, Technical Guide and Review Criteria, 2008 as a resource. The groups worked diligently towards mutual understanding defined as a relation of affinity or harmony between people; whatever affects one correspondingly affects the other.

The group tasked with reviewing Residential Supported Living Arrangements (aka ALH group) realized quickly that in order to complete an in-depth discussion of service expectations there also needed to be a discussion on the acuity of individuals served. SDS had previously contracted with Myers and Stauffer toperform research of the reimbursement methodologies and recommend revisions to incorporate acuity adjustment strategies into the rate setting process for certain home and community based services. In May, 2014 they released their report with recommendations and proposed next steps. In addition to the acuity issue, there is significant variation on business models employed in the delivery of ALH services (e.g., “mom and pop”, shift staff, nursing staff, etc.) that effect cost. As a result of the service expectation discussion, SDS proposed to build on the initial work of Myers and Stauffer to establish an acuity adjusted system beginning with assisted living homes. As such, ALH’s were removed from the rate rebasing refinement project to focus on establishment of an acuity based rate setting methodology. A contract to address acuity based rate methodology was awarded in January, 2015 with completion targeted for June, 2015.

ORR in collaboration with the structural cost survey design group determined that in order to mitigate the issues that emerged with the 2011 rebasing cost data changes to the cost survey tool needed to occur. ORR will partner with a small number of provider organizations to gather feedback and suggestions on changes that can be made to the cost survey tool via a pilot project. The pilot project will result in an assessment of the process for cost data collection but will not be used to establish rates. The pilot project participants were selected as the “high utilizers” for each procedure code. They will report an unaudited snapshot of the second quarter of calendar year 2014. The intended outcome of the pilot will be changes to the format and physical structure of the cost survey tool, development of an instruction manual for completion of the cost survey and recommendations on utilization of the cost data for establishment of rates.

*Outcomes*

Specific outcomes of the Rate Rebasing Refinement Project include:

1. Complete review of service definitions and expectations as they relate to costs. See attached service definitions chart
2. Pilot project for Targeted Rate Methodology. See Pilot HCBW Packet
3. Acuity Project for ALH

*Recommendations*

1. Complete the Targeted Rate methodology pilot project by April, 2015
2. Complete and implement an acuity based system for ALH’s
3. Conduct community forums to disseminate the rate rebasing refinement project to include the service expectations and targeted rate methodology by July, 2015
4. Regulation package(s) – waiver and rates by December 2015