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Virginia Department of Behavioral Health &  
Developmental Services

*My Life, My Community*

**Overview of Proposed Rate Models and  
Changes to Service Requirements**

November 12, 2014

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Agenda

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- Purpose
- Process
- Results
- Next Steps

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## Purpose

- Support *My Life, My Community* initiative, which includes:
  - Amending the 1915(c) waiver programs for persons with intellectual and developmental disabilities
  - Revising service definitions and considering new services
- Provide a comprehensive review of reimbursement rates
  - Develop transparent rate models that outline the specific assumptions used to develop each rate
  - Increase consistency in supports and rates across members by establishing fixed per diems for residential supports rather than relying on hourly authorizations for each individual
- Reflect differences in individuals' levels of need
  - 'Tiering' rates for residential and day habilitation services

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## Process – Scope of Project

- Burns & Associates, Inc. – through a subcontract with the Human Services Research Institute (HSRI) – is assisting with the review of provider rates
- At this time, DBHDS is not proposing rate models for several services (so these rates would not change):
  - Case Management/ Support Coordination
  - Service Facilitation (e.g., Consumer-Directed Routine Visits)
  - Supported Employment-Individual
  - Personal Assistance/ Companion/ Respite
  - Crisis Stabilization/ Crisis Supervision
  - Cost-based services (e.g., environmental modifications)
- Rates for any new services will be developed when service definitions are drafted

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## Process – Overview of Activities to Date

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- Review service definitions and requirements
- Collect input from provider community
  - Meet with Provider Advisory Committee to discuss project approach, review draft provider survey, present survey results
  - Survey on costs and service design sent to every provider
- Research data to support rate models
  - Example: Bureau of Labor Statistics wage and benefit cost data
- Develop detailed rate models and supporting documentation outlining assumptions

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## Process – Remaining Activities

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- Provide opportunity for public comment (see Next Steps)
- Revise rates as appropriate and finalize
- Include in waiver amendments to be submitted to Centers for Medicare and Medicaid Services
- Implementation (see Next Steps)

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## Process – Provider Survey

- Survey was emailed to vendors April 6, 2014
  - Intended to gather data regarding costs and service delivery details
- Vendors were given six weeks to submit surveys
  - Partially completed surveys were accepted (i.e., if certain questions or sections were incomplete, those questions that were completed were incorporated in the analyses)
  - All surveys submitted after the deadline were accepted
- Technical assistance was provided throughout the survey
  - Two webinars were conducted and question and answer documents were emailed to providers
  - B&A responded to other questions by phone and email
- B&A reviewed submitted surveys and emailed clarifying questions as necessary

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## Process – Provider Survey (cont.)

- Participation
  - Of approximately 645 providers, 82 submitted a survey (13 percent)
  - These providers accounted for 38 percent of total waiver expenditures (thus, roughly 38 percent of members and services)
  - Largest providers were most likely to complete the survey (e.g., 42 of the 100 largest providers by revenue participated)
  - Community Service Boards had a high participation rate – 75 percent (30 of 40) compared to 9 percent of other providers
- Survey results were one of the considerations in the development of the proposed rate models
  - See Provider Survey Analysis packet

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## Process – Developing Rate ‘Tiers’

- The cost of services in which members share supports (i.e., residential and day habilitation) varies according to intensity of need
- The State is using the Supports Intensity Scale (SIS) to determine levels of need
- A sample of waiver enrollees was assessed to develop the levels and to estimate the number of members in each level
  - Sample includes a total of 1,354 assessments

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## Process – Developing Rate ‘Tiers’ (cont.)

- Based on a review of SIS results, 7 levels have been created\*

1	Mild support needs; able to manage many aspects of their lives with little assistance
2	Moderate support needs; require more assistance than those in Level 1, but these needs are often minimal in a number of life areas
3	Mild or moderate support needs with some behavioral issues that require more assistance
4	High support needs
5	Severe support needs
6	Significant medical support needs
7	Significant behavioral support needs

\* Adapted from HSRI presentation; see attached Information Brief for additional information

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Process – Developing Rate ‘Tiers’ (cont.)

- HSRI’s estimated distribution of levels across ID, DD, and Day Support waivers
  - Levels are consolidated into four rate tiers
  - Distribution of levels varies by residential placement (i.e., the percentage of group home residents in level 1 may differ from the percentage of members in other placements) – see next slide

Level	% of Total	Rate Tier
1	7.3%	1
2	37.9%	2
3	2.4%	3
4	38.7%	3
5	5.3%	4
6	6.9%	4
7	1.5%	4

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Process – Developing Rate ‘Tiers’ (cont.)

- HSRI’s estimated distribution of levels by placement (members over 22 years of age; may not sum to 100 percent due to rounding)

	ID Waiver					DD Waiver	DS Waiver
	Group Home	Spons. Place.	Supp. Living	With Family	Lives Alone		
1	5.7%	4.4%	26.7%	6.5%	32.7%	13.8%	20.5%
2	44.3%	21.1%	48.9%	36.2%	42.9%	36.2%	47.7%
3	1.4%	4.4%	5.6%	2.0%	2.0%	3.6%	0.0%
4	40.0%	46.1%	15.6%	40.2%	18.4%	24.6%	29.5%
5	5.2%	6.7%	0.0%	5.0%	0.0%	4.3%	1.1%
6	2.9%	10.6%	2.2%	9.5%	4.1%	15.9%	0.0%
7	0.5%	6.7%	1.1%	0.5%	0.0%	1.4%	1.1%

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## Process – Developing Proposed Rate Models

- Rate models include specific assumptions regarding direct care wages and benefits, transportation costs, staffing ratios, administration and program support, etc.
- Providers do not have to follow the assumptions and have flexibility to design their own programs (within the service definitions and requirements)
- Benefits
  - Transparency – assumptions are clear to everyone
  - Easy to maintain – if required, changes can be targeted to specific assumptions

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## Process – Direct Care Worker Wage Assumptions

- Federal Bureau of Labor Statistics (BLS) reports wage levels in Virginia for hundreds of job classifications, but most are not identical to waiver service providers
  - Compared waiver service definitions to BLS job classification descriptions to ‘construct’ a position reflective of job responsibilities
  - Used Washington-Arlington-Alexandria metropolitan statistical area for Northern Virginia and statewide figures for the rest of the State
  - Used median wage for BLS job classifications
- Comparison to wages reported in provider survey
  - Wage assumptions for residential and in-home services are greater than wages reported by non-CSB providers; assumptions for day services are somewhat less than reported by non-CSB providers
  - Wages reported by CSBs are higher than non-CSBs and rate models
- See Appendix A in Proposed Rate Models packet

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## Process – Direct Care Worker Benefit Assumptions

- Considered BLS benefits survey
- Rate models allow for:
  - 30 paid days off per year (holiday, sick, and vacation leave)
  - \$375 per month for health insurance (considered BLS, DHHS Medical Expenditure Panel, and health insurance exchange plans)
  - \$50 per month for other benefits
  - Non-discretionary benefits (FICA, unemployment insurance, workers' compensation)
- Model assumes 85 percent of paraprofessional staff participate in optional benefits
- Assumptions are translated to benefit rates by wage level
  - Benefit rates are significantly greater than reported in provider survey by non-CSBs, but less than reported by CSBs
- See Appendix B in Proposed Rate Models packet

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## Process – Direct Care Worker Productivity Assumptions

- Productivity adjustments account for the non-billable time of direct care workers (such as attending a training)
  - Adjustments build the costs of these functions into the rates
- Considered provider-reported data and service requirements
- See Appendix C in Proposed Rate Models packet

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## Process – Administration and Program Support

- Administration funded at 11 percent of total rate
- Program Support is funded on a per day basis to account for the higher support costs associated with delivering services to groups of individuals
  - Models include \$20 per day in Northern Virginia and \$18 in the rest of the State
  - As a percentage of total costs, the rate across all services is about 10 percent, but varies from service to service
  - Example: on a percentage basis, Tier 1 Day Support model includes 31 percent for program support while the Registered Nursing model includes 5 percent

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## Results – Summary

- Based on fiscal year 2013 utilization, waiver spending would increase by about \$50.2 million (\$25.1 million in state funds), which is 7.8 percent of total spending
  - Estimate reflects ‘full implementation’ when all changes are in effect for a complete year, if fully funded
  - Due to the phase-in schedule, there will be minimal cost in fiscal year 2016, with increases in fiscal years 2017 through 2019
  - Funding is subject to the budget approved by the General Assembly and the Governor
- Changes vary by service – most increase but some decline
- Estimate does not account for caseload growth, changes in utilization patterns, or use of new services

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## Results – Congregate Residential

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- Proposed rate models for three different residential types
  - Group home
  - Supported living
  - Sponsored placement
  
- Proposed rates for each residential type are fixed per diems that vary by individuals' level of need
  
- Replacing current system in which a single hourly rate is used across all residential types and the number of hours per member is authorized on a member-by-member basis

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## Results – Congregate Residential, Group Home

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- Applies to situations in which multiple members reside in the same home and share staff
  
- In addition to level of need, rates vary by home capacity: there are rates for homes with four or fewer residents, for homes with five residents, for homes with six residents, etc.
  
- On average, fully funded rates would increase an estimated 5 percent
  - For informational purposes, revenue per staff hour is about \$25 in Northern Virginia and about \$22 in the rest of the State

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## Results – Congregate Residential, Group Home (cont.)

- Staffing
  - Group homes must be staffed whenever a member is present
  - Homes must have awake staff during overnight shifts
  - Current language regarding ‘general supervision’ will be eliminated
- Proposed rate models build in 21 annual absences
  - Fully compensates providers in 344 day billing limit per plan year

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## Results – Congregate Residential, Supported Living

- Applies to situations in which multiple members reside at the same location, but not the same home (e.g., an apartment complex) and share staff
- Rates vary by individuals’ level of need
- On average, fully funded rates would increase an estimated 4 percent
  - For informational purposes, revenue per staff hour is about \$22 to \$25 in Northern Virginia and about \$25 to \$28 in the rest of the State

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## Results – Congregate Res., Supported Living (cont.)

- Staffing
  - Staff must be available whenever a member is present
  - Sites must have awake staff during overnight shifts
  - Current language regarding ‘general supervision’ will be eliminated
- Proposed rate models build in 21 annual absences
  - Fully compensates providers in 344 day billing limit per plan year

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## Results – Congregate Residential, Sponsored Placement

- Applies to situations in which an individual or family shares a home with a member
  - Payment for support provider is treated as a stipend rather than an hourly wage
- Rates vary by individuals’ level of need
  - Assumed stipends range from \$30,000 to \$75,000 annually
- On average, fully funded rates would decrease an estimated 11 percent
- Proposed rate models build in 21 annual absences
  - Fully compensates providers in 344 day billing limit per plan year

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## Results – In-Home Residential Support

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- Service is for intermittent (i.e., not full-time) support provided to members in their own home or families' home
- Proposed rate model includes group rates for (infrequent) instances when multiple individuals are served
- On average, fully funded rates would increase an estimated 34 percent

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## Results – Day Support and Pre-Vocational Services

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- Pre-Vocational Services will be combined with Day Supports (i.e., Pre-Vocational activities will be added to the Day Support definition and the service will be eliminated)
- Service will be billed on an hourly basis rather than the current 'unit' (part-day) billing
  - Service time will be totaled over a week/ month and rounded to the nearest hour
- On average, fully funded rates would increase an estimated 12 percent
  - Estimate assumes that each current unit is equal to 2.75 hours

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## Results – Day Support & Pre-Vocational Services (cont.)

- Rates vary based on service setting, with higher rates for services delivered in the community than at a facility to reflect the need for smaller staff ratios in the community
  - Thus, if a member spends part of their day at a facility and part of the day in the community, the provider will bill both rates for the member that day
- Proposed rates are ‘tiered’ based on individual need and, therefore, varied staffing levels
  - Staffing ranges from 2 to 7 members per staff person in a facility and from 1.5 to 3 members per staff person in the community
  - There is also a ‘Community Access’ rate for one-to-one habilitation services provided in the community

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## Results – Supported Employment, Enclave/ Work Crew

- Supported Employment, Enclave/Work Crew rates vary based on group size, with rates for 2 members per staff, 3 to 4 members per staff, and 5 or more member per staff
  - Group size is not directly determined by individuals’ level of need, but by the requirements of the work
- Service will be billed on an hourly basis rather than the current ‘unit’ (part-day) billing
  - Service time will be totaled over a week/ month and rounded to the nearest hour
- On average, fully funded rates would decrease an estimated 2 percent
  - Estimate assumes that each current unit is equal to 2.75 hours

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## Results – Professional Services

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- On average, fully funded rates for nursing services would increase an estimated 109 percent for LPNs and 144 percent for RNs
- Therapeutic Consultation will have different rates for therapists, psychiatrists/ psychologists, and all other professionals
  - On average, fully funded rates would increase an estimated 58 percent

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## Next Steps – Comment Period

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- Proposed rates and supporting documentation are being distributed to providers and other stakeholders
- A webinar will be held to walk-through the proposed rate models
- Written comments will be accepted at [WaiverRates@burnshealthpolicy.com](mailto:WaiverRates@burnshealthpolicy.com) until December 15
- Comments will be considered and proposed changes to rates and policies will be revised as appropriate

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## Next Steps – Implementation

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- Implementation will begin in January 2016
  - Given the number of SIS assessments to be completed, it will be necessary to phase-in by cohort (e.g., by waiver or residential placement)
- Approach will vary by service type
  - Residential rates will be transitioned ‘en masse’ on specific dates because it would not be feasible for providers to bill using the hourly rates for some members and per diem rates for others
  - For other services, members will be transitioned to the new rate schedule as their planning year comes up (so, once their cohort begins implementation, it will take one year to transition everyone)
- Full transition scheduled for completion in late 2017
  - Two fee schedules will be in effect until the transition is complete

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