MARYLAND DEPARTMENT OF HEALTH (MDH)/DEVELOPMENTAL DISABILITIES ADMINISTRATION (DDA) RATE REVIEW ADVISORY GROUP

DATE: Monday, March 21, 2022
TIME: 1:00 to 3:00 p.m.
LOCATION: GoToWebinar

Due to COVID-19, this meeting was held through GoToWebinar only.

Registration for the Rate Review Advisory Group Meeting on Monday, March 21, 2022 1 p.m. EST was available at: Maryland Department of Health DDA Rate Review Advisory Group (constantcontact.com)

After registering, participants received a confirmation email containing information about joining the webinar.

AGENDA

1. Introduction and Overview
   Jennifer McIlvaine, Director of Finance, Medicaid, MDH

2. Approval of Meeting Minutes
   Jennifer McIlvaine, Director of Finance, Medicaid, MDH

3. LTSS Expanded Pilot Transition Timeline
   Robert White, Director of Administrative Services, DDA, MDH

4. Overview of Rate Development
   Lesley Le, Consultant, CBIZ Optumas - Rate Setting Consultants

5. FY 2022 Rates
   Lesley Le, Consultant, CBIZ Optumas - Rate Setting Consultants

6. FY 2023 Rate Priorities and Data Sources
   Kris Welch, Consultant, CBIZ Optumas - Rate Setting Consultants

7. FY 2024 Priorities
   Kris Welch, Consultant, CBIZ Optumas - Rate Setting Consultants

8. Next Steps and Adjournment
   Jennifer McIlvaine, Director of Finance, Medicaid, MDH

Next meeting is Friday, April 15, 2022 12:30 PM - 2:30 PM EDT. Members of the public who would like to observe the meetings, can register through the DDA Training Calendar at Constant Contact Events. Register once and get reminders for each meeting via GoToMeeting.

Meeting connection links will be sent one day and one hour prior to the meeting. Meeting minutes will be made available following the meeting. If you have any questions or would like to request accommodations, please contact Donna Will at donna.will@maryland.gov.

Next Meeting: Friday, April 15, 2022, 12:30 to 2:30 p.m.
Staff Contact: Ms. Donna Will
Donna.Will@maryland.gov

MDH/DDA RATE REVIEW ADVISORY GROUP MINUTES

March 21, 2022

Advisory Group Members Present

1. Donna Retzlaff, Spring Dell Center
2. Shauna Mulcahy, The Arc Frederick County
3. Scott Hollingsworth, Appalachian Crossroads
4. Gregory Miller, Penn-Mar
5. Karen Adams-Gilchrist, Providence Center
6. Laura Howell, MACS
    a. Sharon Lewis, MACS (Support)
    b. Maria Dominiak, MACS (Support)
7. Christian Parks, Somerset Community Services
8. Karen Lee, SEEC/EAG
9. Carol Custer, SDAN
10. Ken Capone, People on the Go

DDA Panelists

1. Robert White, Director of Administrative Services, DDA
2. Patricia Sastoque, Director of Programs, DDA
3. Rhonda Workman, Director of Federal Programs, DDA

State Medicaid Panelists

1. Jennifer McIlvaine, Director of Finance, Medicaid, MDH
2. Steve Schuh, MDH Deputy Secretary of Health Care Financing and Medicaid

The Hilltop Institute and CBIZ Optumas Panelists

1. Steve Schramm, CBIZ Optumas
2. Cynthia Woodcock, The Hilltop Institute
3. Lesley Le, CBIZ Optumas
4. Christen Diehl, The Hilltop Institute
5. Todd Switzer, The Hilltop Institute
6. Kris Welch, CBIZ Optumas
7. Megan Frenzen, CBIZ Optumas
8. Alice Middleton, The Hilltop Institute

DDA Office of Change Management Panelist

1. Kerri Zanchi, Consultant, DDA

Rate Review Advisory Group

February 25, 2022

<u>Introduction and Overview</u>

Ms. Jennifer McIlvaine, Director of Finance, Medicaid, MDH called to order the meeting of the Rate Review Advisory Group at 1:02 p.m.

<u>Approval of Meeting Minutes</u>

Members voted to approve the February 25, 2022 meeting minutes with no revisions.

<u>LTSS Expanded Pilot Transition Timeline</u>

Mr. White, Director of Administrative Services, DDA, walked through the LTSS*Maryland* Expanded Pilot transition timeline with rate adjustment milestones. The milestones were the April rates for fiscal year 2022 and the 4% cost of living adjustment (COLA) in July 2022. There was no separate effort to adjust rates in PCIS2, however the July COLA increase for fiscal year 2023 will apply to both sets of services (LTSS and PCIS2). Any potential rate adjustments for FY23 will also be implemented with consideration of budget approval.

All LTSS*Maryland* fee-for-service providers will utilize April 1 rates. Mr. White emphasized that the LTSS*Maryland* expansion is voluntary for providers and there are 66 providers interested in participating. He noted there are two phases of transitions in process to inform the overall, long-term LTSS*Maryland* transition timeline.

Ms. Lewis asked how many providers are moving forward with the upcoming LTSS*Maryland* Expanded Pilot and if it represented a geographic and service type range. Mr. White offered to speak to Ms. Lewis in more detail about pilot providers after the meeting.

<u>Overview of Rate Development</u>

Ms. McIlvaine outlined the goals of the rate development process in order to establish a common understanding of expectations. The process is structured and iterative, which will maintain the transparency of rate development while incorporating feedback from this advisory group and other stakeholders. Both the advisory group and state teams must assure rates align with policy goals; are informed by data or policy direction; are standardized across like services; and developed independent of budget constraints.

Ms. Lesley Le, a consultant with CBIZ Optumas, talked through in detail the decision-making process behind each component and the build up of the fully loaded rate. She shared that wage is the basis for all rates. Once the wage has been set, all of the other components build off from there. Therefore, as wages are changed up or down, the other components are impacted. Once the wage is decided, the components are built up using relativity factors to the wage. She added that this information comes from a variety of sources, most of them starting with the general ledgers that were collected. Administrative costs and service interruption adjustments are then factored into the rate. The fully loaded rate is the wage, plus the wage-based components, plus the general and administration, plus the service interruption amount. This is multiplied by the billable unit (hour, day, 15 min, etc), multiplied by the Staffing ratio (1 staff to 1 person, 1 staff to 2 people, etc.), and then multiplied by the funding factor to get the final rate.

Ms. Karen Lee, SEEC, asked how variants in service style, service definitions, and service delivery in a fee-for-service payment versus a prospective payment are considered if using the PCIS2 general ledgers. Ms. Le shared that there are other components beyond the general ledger wherein the state has decided to make enhancements to the rates. These components were discussed in detail following establishment of a base understanding of the components.

Ms. Le continued by walking through the components and examples of decision-making during the rate development process. She highlighted that wage data comes from the Bureau of Labor and Statistics (BLS), specifically the Maryland regional wage data. The Maryland wages are further split into two geographic areas which are called the Geographic Region (D.C./Metro area) and Standard (Rest of State).

Ms. Maria Dominiak, MACS, asked Ms. Le if the team used calendar year 2018 for the BLS data and what the process is to change the BLS starting point. Ms. Le confirmed 2018 for the BLS data, and added that when the state is doing a rate rebase year, the team will use the most recent available BLS data. Ms. Dominiak asked Ms. Le to share how the wage adjustment came out to be 9.5% over the original BLS wage selected. Ms. Le said that the adjustment was calculated using the Consumer Price Index (CPI) from 2018 through 2021 to develop the 5.5% with an additional 4% for the cost of living adjustment passed by legislation applied for 2022. Ms. Howell asked for clarification around the 9.5% being the rate increase. Mr. Kris Welch, CBIZ Optumas, explained that some of the 9.5% came from CPI, some came from the cost of living increase put in place by the state. He noted it breaks down each year's inflationary cost of living and the CPI figures. Mr. Robert White, DDA, said the 9.5% inflationary factor does not factor in the 5.5% ARPA. Ms. Howell asked to see that breakdown at some point, and Ms. Le said this could be shared prior to the next meeting.

Ms. Le continued the discussion around the four components derived from the general ledgers using the example of Supported Living with Overnight, sizes one (1) through four (4).

Ms. Le shared that brief explanations around the various decisions made for each component can be found in rate models that were posted within the "source" column within each component. Ms. Le emphasized that some of the rate components may have been adjusted to a higher percentage based on relevant policy decisions.

Ms. Le noted that DDA decided to enhance the training component by taking into account the training initiative and ongoing requirements for the various roles. In the Supported Living with Overnight example, the employee role was matched to a DSP I. Training requirements for each role (DSP I, DSP II, etc.) were shared. Ms. Lee, SEEC, asked what data was used to address the DSP II wage. Ms. Rhonda Workman, DDA, stated that the team used information Ms. Lee shared around tiers and DSP II. Ms. Le continued the discussion on DDA factoring in more than required training hours for the training component and spoke to the various enhancements to the training costs. For the General and Administrative (G&A) costs, Ms. Le spoke to the fact that DDA had made the decision to increase the G&A above the general ledgers to help address the increased costs of transitioning to the new system. There was no additional discussion regarding training nor the increase to the General and Administrative (G&A) costs. The final component factored into the rate was the service interruption adjustment. Although the service interruption adjustment was meant for Day Hab, Ms. Le explained that DDA recognized that there is an impact on residential services when Day Hab services experience closures and therefore this component was also included in the residential services.

Ms. Le continued with the last piece of determining the final unit cost/rate–the staffing ratio and billable units. She illustrated base and flex hours through the example of Supporting Living with Overnight Supervision (two-person home). Ms. Lee asked if the addition of flex hours would impact programming. Ms. Workman responded that there are 179 hours per week to support people's needs, however all hours do not need to be used because it is based on individualized schedules. DDA will offer communication and guidance to the Office of Health Care Quality (OHCQ) to support reviews of providers.

Ms. Howell was concerned about how flex hours will be audited and how it will impact dedicated hours. Ms. Patricia Sastoque, DDA, shared that the base hours should cover what the person needs within the home. The Dedicated Hours will be enhancements based upon need. Ms. Workman shared that DDA is building in flexibility for individualized settings and integration strategies. If those hours are not sufficient to support residents, the Dedicated Support remains an option. Ms. Howell posited that if the provider knows the person needs Dedicated Supports it may defeat the purpose of flex hours if the support team is told to utilize those hours prior to requesting Dedicated Supports. Ms. Workman shared that some providers may have already requested Dedicated Hours, these PCPs will not have to be revised based on new rates and hours associated. In those instances, the provider will need to follow the guidance on billing documentation around keeping timesheets and information about services utilized. Ms. Workman shared that each home and situation will be different, some homes will use flex hours to address people's needs and others will need additional Dedicated Hours. Ms. Donna Retzlaff, Spring Dell Center, asked for an example to be shared. Ms. Workman walked through scenarios where flex hours, staffing, and dedicated needs are to be considered. Mr. Christian Parks, Somerset Community Services, asked if providers are audited, will they need to show if the flex hours were consumed before billing any Dedicated Hours. Mr. White shared that billing guidelines are being updated to reflect policy decisions with April rates. Mr. Parks noted that the fiscal impact analysis tools may not have factored in the flex rates accurately. Ms. Howell recommended more discussion before the policy is finalized.

Switching back to the discussion on the components of the rate, Ms. Le took the group through an example of the Standard rate. Ms. Lee asked about funding percentages for different services. Ms. Le shared that services were grouped together. All residential services are being funded at 83%; day services are being funded at 90%; and the support services are being funded at 100%. Mr. White referred participants to the glide path used to inform policy decisions around percentages of rates to be funded per service. This ensures the rate is adequate.

Mr. Gregory Miller asked for clarity around the 12% G&A policy decision noted in the Standard rate chart. Ms. Le shared that G&A is applied differently than the other components. The dollar amount is back-solved from the fully loaded rate so that the G&A dollar amount would represent 12% of the fully loaded rate (grossed up by 12%), rather than 12% of the wage like the other components. The 2.4% noted to offset Day Habilitation closures is applied to the total including G&A. Ms. Le closed the conversation by clarifying that the rates are developed independent of budget constraints and then the funding percentages shared are decided in a separate process by the state based on projected budgets.

FY 2022 Rates

Ms. Le shared a high level summary of the changes made to rates since April of 2021. Additional materials were shared with members following the meeting.

FY 2023 Rate Priorities and Data Sources

Mr. Kris Welch, a consultant with CBIZ Optumas, revisited the summary of stakeholder rate review interests shared prior to the advisory group's formation. This was reviewed by members at the last meeting. Mr. Welch reflected the areas for exploration shared thus far in the meeting, and segwayed into discussing Day Habilitation rates as a potential priority for fiscal year 2023 rates. He showed the existing assumptions for Day Habilitation, size two to five (small group), at the standard rate. A focused priority demonstrated by Mr. Welch was around the transportation component for Day Habilitation. Mr. Welch shared this as one example of a lever that could be used to adjust the Day Hab rates to spark discussion among group members.

Mr. Scott Hollingsworth, Appalachian Crossroads, asked a question about the G&A component percentage of 12% for the Day Habilitation rate. Mr. Welch said the percentage for Day Habilitation Small Group is actually 28.7%, and this reflects the comparison between transportation versus billable time. He expanded that this is an area members may want to consider exploring further, but cautioned factoring in the availability of data constraints. Ms. Howell reflected that the original ledgers for Day Habilitation were from 2014, and that Day Habilitation costs and service models now look different. Regarding the data constraint issue, Ms. Howell highlighted that not all day programs are fully operational. She proposed the group seek to understand the need without asking for a burdensome amount of data collection from all providers. Mr. Welch discussed the base data time period shared by Ms. Howell is a great example for exploration as well as noting any possible subset of data is an option, such as collecting some initial data from a smaller but representative group of Day providers.

Mr. Welch continued with an example of DDA adjusting the staffing ratio for group sizes. DDA with HillTop can glean additional data from fiscal impact tools completed by providers or perhaps surveys distributed to providers. He also reminded the group to consider how rate increases might impact the budget. Ms. Howell made the point that one service should not bear the brunt of budget constraints. Ms. Dominiak asked for clarification on the Day Hab Small Group sized one example. Ms. Workman stated that this is for instances wherein a person is in a small group, but are the only one participating in that group on a given day. Ms. Dominiak recommended reviewing the ratio based on revised Community Development Services (CDS) policy. Ms. Sastoque clarified that the assumption for the ratio changed, not the service definition. Ms. Workman added that the Day Hab Small Group ratios that were the subject of this example, are part of the rate assumption, not mandated staffing ratios. Ms. Retzlaff asked about the definition for CDS and if it says one or two to five people. Ms. Sastoque said it is defined as up to four people, which includes a one person setting.

Mr. Welch continued the discussion about potential fiscal year 2023 rate priorities through the example of fixed and variable cost splits. Fixed costs would be those present and unchanging regardless of the group size. Variable costs would be those which change based on the group size. The current model assumes costs split evenly among an average assumed number of individuals. During discussion, Mr. Parks stated that Day Hab is the priority and he believed there to be foundational flaws around the wage model for Day Habilitation. Mr. Parks continued by explaining that the certain components of the brick cannot be divided by the group size and provided an example to illustrate his concerns. He shared this has been a concern for several years. Ms. Karen Adams-Gilchrist, Providence Center, noted support of Mr. Parks example, and emphasized that the level of program support and transportation is for each person, not a group considering them a fixed cost. Ms. Adams-Gilchrist asked why there could not be both variable and fixed rates. Mr. Parks and Ms. Adams-Gilchrist recommended exploring the Day Hab costs as they are currently divided by people within the group. Mr. Welch shared that if there is a problem with dividing costs with the number of people, then in theory, it can be addressed by splitting up the rate into discrete size settings, or pulling out a component such as transportation, and then paying for that component as its own rate. Mr. Parks stated both factors, addressing the foundational component and how the rate flows out, may be necessary. Ms. Howell added that providers having to bill person-by-person is onerous, and that having a different rate based on that model does not make the most sense. Mr. Welch thanked the group for highlighting potential steps to ensure rates and administrative burdens are aligned. Ms. Dominiak suggested looking at part of the cost being fixed and part being a variable and then modifying the assumption to get to an average staffing ratio. Mr. Welch thanks Ms. Dominiak for this idea. Mr. Hollingsworth asked Mr. Parks to put an example together of his suggested revisions to share with the group.

Mr. Welch asked the group about transportation, fixed vs. variable costs, and potentially having the average group size or staffing ratio adjusted regarding the Day Habilitation service. Ms. Lewis, MACS, asked for information from the HillTop impact studies to determine priorities. Mr. Welch shared that Optumas has not yet met with HillTop. Mr. White shared that DDA is meeting with HillTop tomorrow, March 22, 2022, to discuss additional areas for potential priorities. Ms. Lewis stated that Day Hab and Transportation services appear to be priorities, which includes defining a transportation cost.

Ms. Lewis asked DDA when the updated billing guidance will be available including audit standards. Ms. Sastoque noted that DDA is working on the billing guidance and will add clarity around dedicated and flex hours then release that to providers as soon as possible. Ms. Howell shared that it is difficult to not have information ahead of the meeting and offer critical feedback. Ms. Sastoque shared that the goal of this meeting was to ensure everyone understands the components of rate setting. Ms. Howell noted that information from the fiscal impact analysis tools would be helpful moving forward. Mr. Parks asked for information around the timeline for collecting and sharing data regarding current rate impacts. Mr. Welch shared that lags are typical in this process. Ms. Lee highlighted the responsiveness of DDA around utilization and the size of groups based on the impact analysis. Mr. Parks clarified that he was talking about the Annual Cost report, and he advised DDA to establish the data collection tool for providers as soon as possible as changing mid-fiscal year will have an administrative burden on providers. Mr. White supported the importance of getting data to the members of this advisory group. Ms. McIlVaine summarized that within the past six-months the stakeholder community highlighted urgency around specific changes, which is how the state is approaching this condensed rate review advisory first year.

FY 2024 Priorities

This topic was not discussed due to time limitations.

Next Steps and Adjournment

Mr. Welch summarized five takeaways from the discussion that will inform subsequent meetings. The five takeaways are:

1. Distribute the cost report/data collection tool to providers as soon as possible
2. Review the provider information that we have available around Day Habilitation services
3. Explore options for potentially splitting out rates for components against constraints of administrative burdens
4. Information on transportations surveys and feasibility of getting surveys distributed and collected for fiscal year 2023
5. Gathering feedback from Rate Review Advisory Group members for FY 2024

Ms. Howell added “flex” versus dedicated hours clarity. Ms. Retzlaff added clarification on the BLS calculations for the 9.5% inflationary adjustments. Ms. Dominiak asked to know the rebasing year, and Mr. Welch shared that the goal was to do this every two years. Mr. White noted that the team will visit the advisory group charter for the exact year. Ms. McIlVaine shared that the frequency of rebasing is driven by federal regulations and significant changes with the provider community.

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