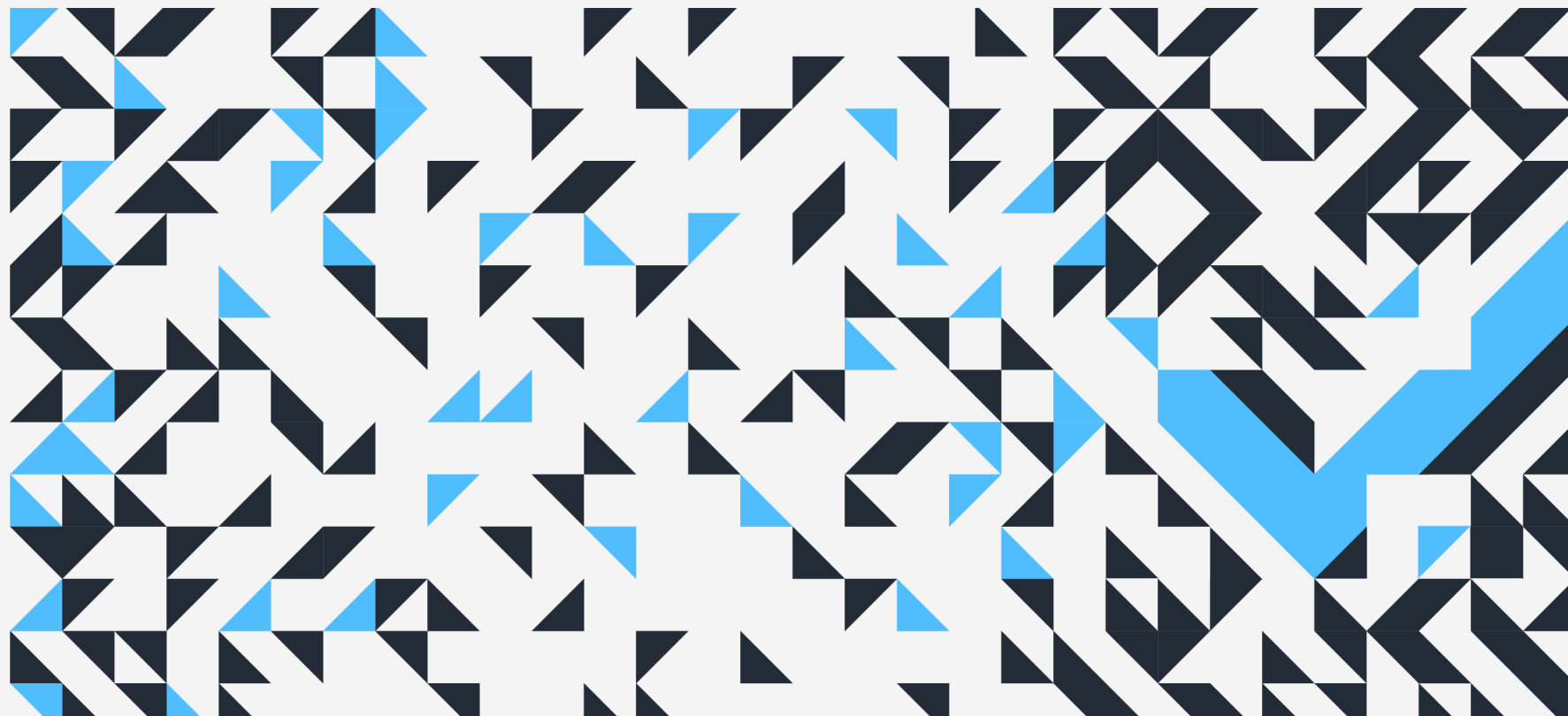


Home and Community-Based Services (HCBS) Phase II Kick-Off Meeting

March 8, 2023

State of Hawai'i Med-QUEST Division (MQD)



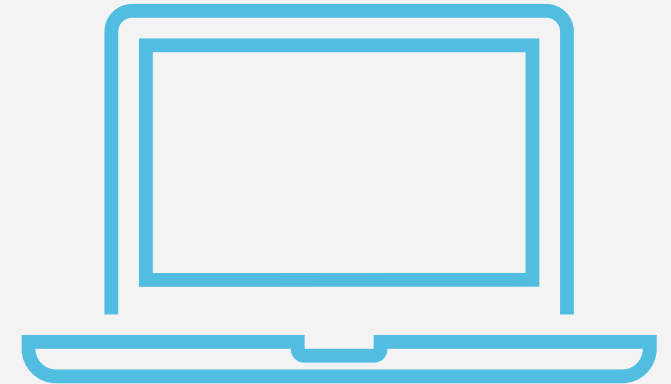
Aloha

All participants are in listen only mode

Please use the chat function to submit any questions

We will address questions in between sections and at the end of the meeting

This meeting is being recorded and a link to the recording will be posted to the project website (<https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>)



Agenda

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**Project Overview
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Project Overview and Background

Project Background

The State of Hawai`i Med-QUEST Division (MQD) is conducting a Phase II HCBS Rate Study for its Medicaid Home and Community-Based Services (HCBS) programs. This is a continuation of the work completed in Phase I and is supported by the following main drivers:

- The Hawai`i State Legislature in 2022 passed Senate Resolution #4, which requests the Department of Human Services to study the feasibility of increases in the Medicaid reimbursement rates for Community Care foster family homes, expanded adult residential homes, and other home and community care providers and services.¹
- MQD’s HCBS spending plan under the American Rescue Plan Act of 2021 (ARPA), which specifies the “initiative will include a rate study to identify baseline rates and establish competitive rate methodologies”.²

¹ “Urging the Department of Human Services to Study the Feasibility of Increasing Payment to Hawaii’s Community Care Foster Family Homes and Expanded Adult Residential Care Homes for Medicaid Recipients,” S.R. No. 4, The Senate Thirty-First Legislature, 2022, State of Hawaii, Retrieved from: [SR4 \(hawaii.gov\)](#).

² “Spending Plan for Implementation of American Rescue Plan Act of 2021, Section 9817,” State of Hawaii, Department of Human Services, July 2021, Retrieved from: [hi-spending-plan-for-implementation.pdf \(medicaid.gov\)](#).

HCBS Rate Study Goals



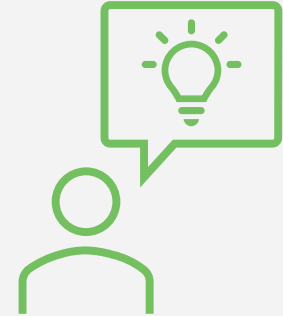
Alignment and Transparency - bring continuity and alignment across the rate methodologies and rates in each program, providing a consistent framework



Adaptability - future payment rate updates and modification efforts are streamlined



Sustainability - facilitate adequate participant access to services



Promotes Person-Centeredness – supports participant access to person-centered services and drives healthy outcomes for all HCBS program participants

Phase II HCBS Rate Study Overview

Phase II of the Hawai'i HCBS Rate Study will build upon the work completed under Phase I and will include the following services:

- Adult day care
- Adult day health
- Assisted living facilities
- Home delivered meals
- Respite care facility and in-home services
- Level 3 for residential services (CCFFH and E-ARCH I) and CCMA services

As a result of the rate study, we will calculate benchmark “comparison” payment rates that providers and MCOs can consider when negotiating CY 2024 contracts, and that the State and other stakeholders can use when evaluating changes to overall funding

Stakeholder Engagement

Phase II will have a customized stakeholder engagement approach that is informed by work previously completed under Phase I and current service utilization.

Service	Informed by Phase I	Stakeholder Meetings	Provider Survey
Adult day care		X	X
Adult day health		X	X
Assisted living facilities		X	
Home delivered meals		X	X
Respite care facility and in-home services	X	X	
Level 3 residential services (CCFFH and E-ARCH I)	X	X	
Level 3 CCMA services	X	X	

MQD is completing a parallel project to define Level 3 criteria and service requirements, which will inform the Phase II rate studies for residential and CCMA services.

Project Timeline

Phase II key tasks to be performed during CY 2023 are as follows:

Task	March	April	May	June	July	Aug
Task 1 – CY 2024 HCBS Payment Rate and Capitation Adjustment Assessment						
Task 2 – Comparison Rate Development						
Develop and conduct provider survey (adult day and home delivered meals)						
Conduct stakeholder engagement						
Develop comparison payment rates						
Develop rate report						

Independent Rate Model

Independent Rate Model Framework



Ground-up approach

- Rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service



Commonly applied method for rate determination for community-based services

- Many states employ independent rate model approach
- One acceptable method based on CMS guidance for HCBS services

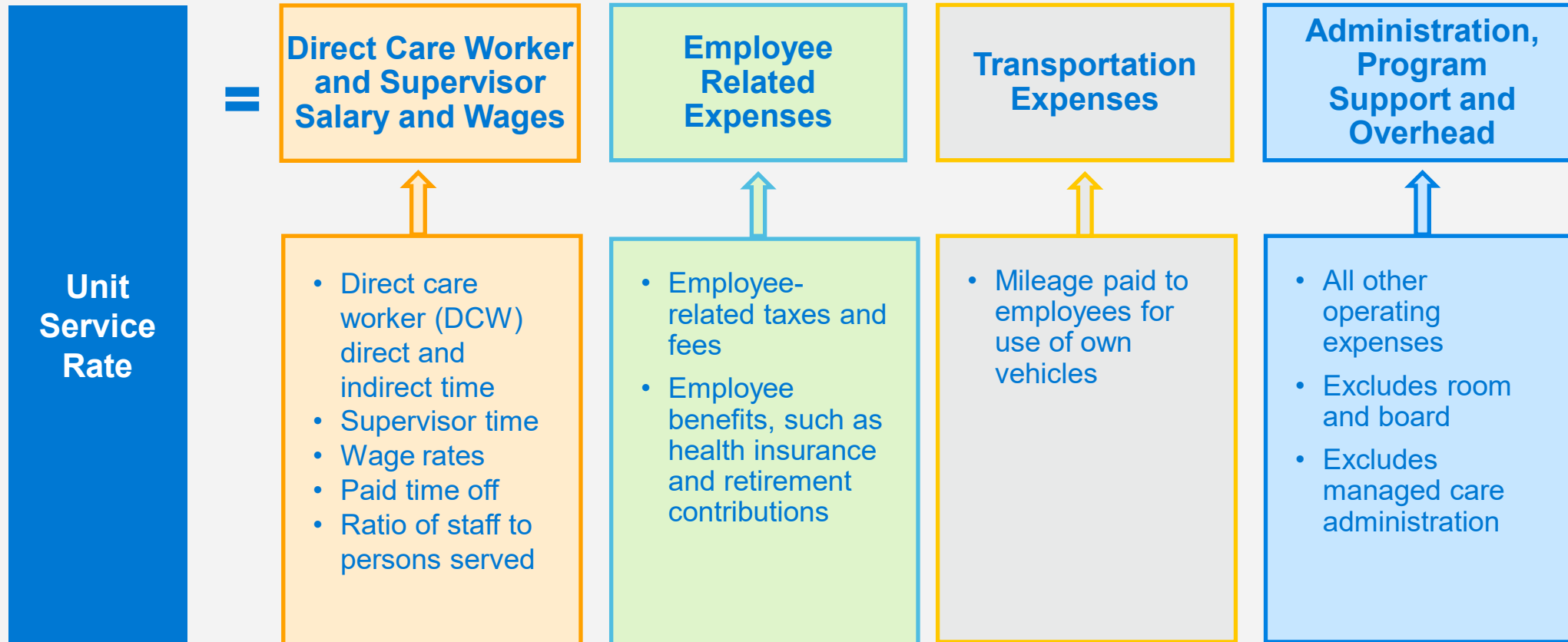


Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates payment rate updates and modification efforts
- Facilitates comparison of actual costs of providing services
- Developed independently from actual costs incurred – not tied to historical costs

Independent Rate Model Framework

Rate Build Up Components



Not all services will use the independent rate model framework; some rates will be negotiated (i.e., market rates) or use a different price-based methodology.

Potential Independent Rate Model Data Sources



Publicly available information, including but not limited to:

- Wage and employee benefit information from the Bureau of Labor Statistics (BLS)
- Consumer Price Index (CPI)
- State-specific wage and labor force projections



State and stakeholder guidance, reflecting the state and stakeholders' understanding of how the services are provided



Provider survey that will inform independent rate model assumptions (e.g., wages and administrative costs)



State procedure code descriptions and regulations, and program descriptions

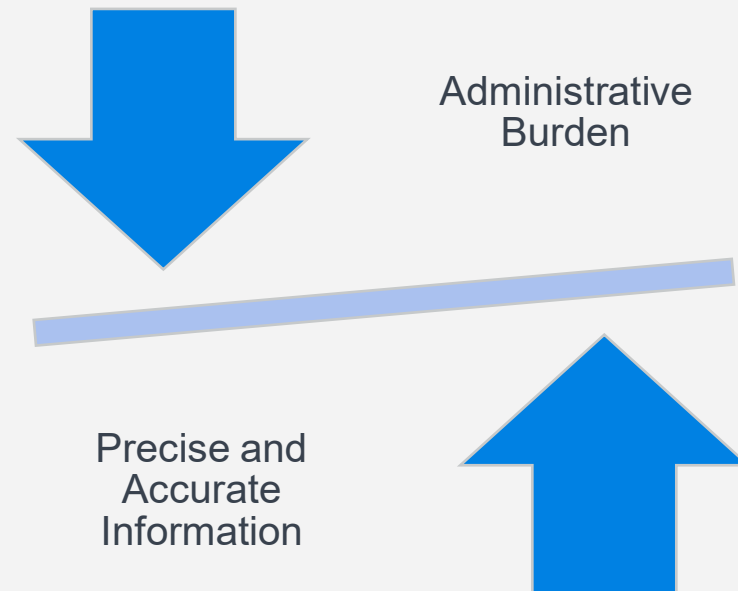
Provider Survey Overview

Purpose: Collect information on provider wages and costs to inform rate assumptions

Timeframe for Reporting: Snapshot in time (e.g., average hourly wage as of March 1st) and others will require looking at one year's worth of data (e.g., administrative and program support costs for the most recent provider fiscal year end).

Respondents: Adult day care / health and home-delivered meals providers

Adult Day Care and Health
<ul style="list-style-type: none">Contact informationStaffing requirements and acuityWagesCost informationIndividuals served
Home-Delivered Meals
<ul style="list-style-type: none">Contact informationMeal and delivery costsMeals delivered



Stakeholder Engagement Overview

All-Provider Stakeholder Meetings

- Meets twice throughout the project (virtual)
- Provides an opportunity to review the status of the work to date and obtaining feedback on important aspects of the project such as:
 - Key payment rate assumptions and payment rates (e.g., wage levels and staffing)
 - Implementation considerations

Industry-Specific Workgroups

- Members represent services under evaluation
- Each provider specific group meets twice throughout the project (in-person)
 - Assisted living facilities will not have a provider survey and will use three additional workgroup meetings (virtual)
- Provide subject matter expertise regarding service delivery and related costs for individual services
- Provide feedback from the perspective of their organization and other organizations across the state providing similar services

Project Next Steps

Project Materials and Next Steps

Materials for Phase II will be posted to the MQD HCBS Rate Study project webpage:

- <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>

Next Steps:

- Submit legislative budget request for potential future rate updates
- Develop and release provider surveys
- Develop materials and hold stakeholder meetings
- Develop benchmark comparison rate calculations for stakeholder comment

Limitations

The information contained in this presentation has been prepared for the State of Hawai'i Med-QUEST (MQD) and is subject to the terms of Milliman's contract with MQD signed on July 1, 2020. This presentation is intended to facilitate a presentation with MQD at a Medicaid home and community-based services (HCBS) stakeholder meeting on HCBS rate study considerations on March 8, 2023, and is not considered complete without oral comment.

We understand this presentation will be shared by MQD with Medicaid HCBS stakeholders, including providers, and Managed Care Organizations. This presentation may not be provided to other third parties without Milliman's prior written consent. To the extent that the information contained in this presentation is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of this information must possess a certain level of expertise in health care modeling that will allow appropriate use of the information presented.

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