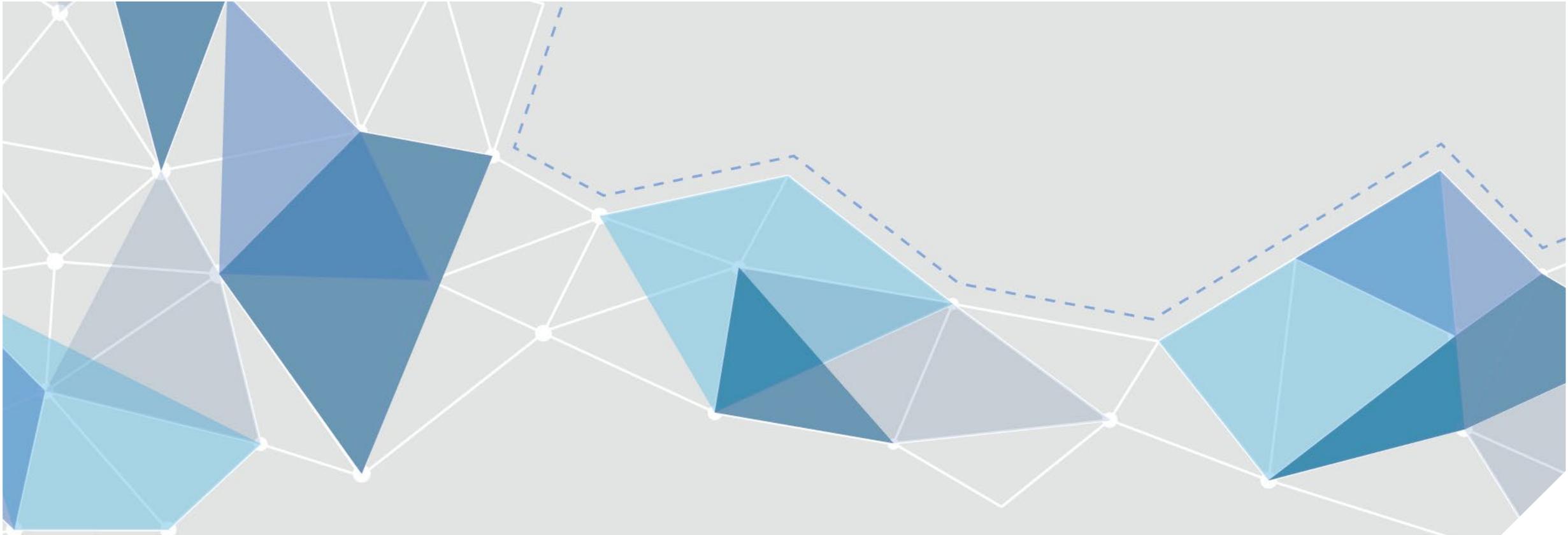


HCBS Rate Study Stakeholder Kick-off Meeting

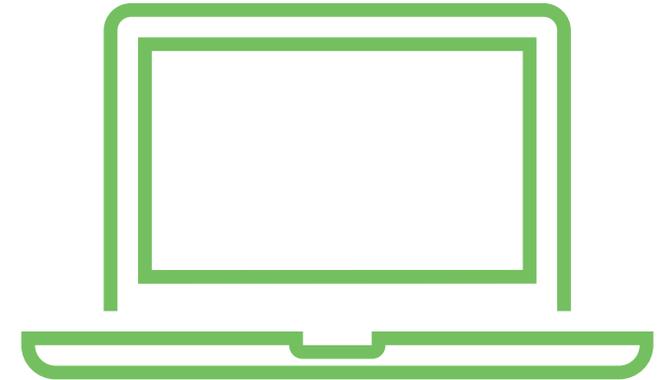
State of Hawai`i Med-QUEST Division

JULY 15, 2022



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 sent via email following today's meeting



Agenda



1

HCBS Rate Setting Project Overview



2

Comparison Rates



3

Independent Rate Model Overview



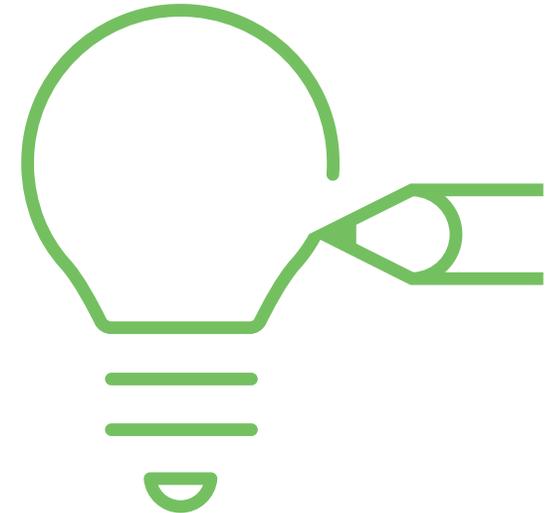
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Next Steps

HCBS Rate Setting Project Overview

Project Background

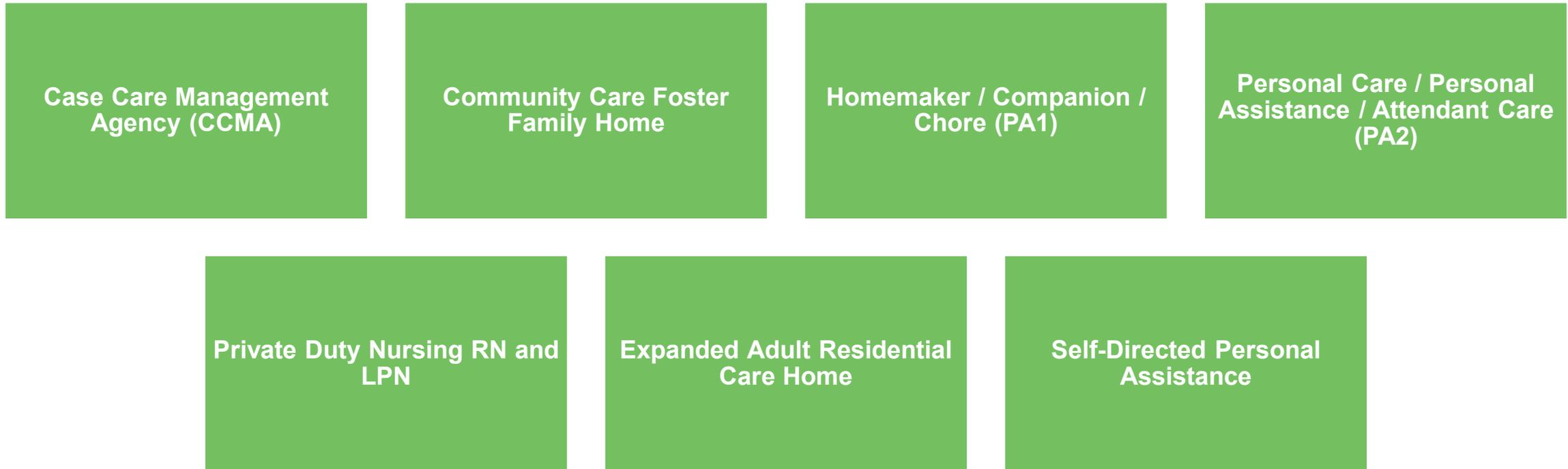
- The State of Hawai`i Med-QUEST Division (MQD) is conducting an initial rate study for its Medicaid Home and Community-Based Services (HCBS) programs that is supported by two main drivers:
 - The Hawai`i State Legislature in 2022 passed Senate Resolution #4, which requests the Department of Human Services 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 \(hawaii.gov\)](https://www.hawaii.gov/dhs/sr4).

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 \(medicaid.gov\)](https://www.hawaii.gov/dhs/hi-spending-plan-for-implementation.pdf).

Services Under Review



Additional services to be considered in a future rate study phase

MQD's ARPA Spending Plan

Summary of MQD's Spending Plan Goals and Objectives

Reimbursing Self-Directed Workers at a Competitive Wage

- *Increasing funding for self-direction will compete more effectively in the marketplace (particularly with tourism industry)*

Reimbursing CCMA's at a Competitive Wage

- *Residential CCMA rate has remained the same over the past decade, while the acuity and complexity of the members being served have increased (particularly related to behavioral health)*

Reimbursing Residential Alternatives at a Competitive Wage

- *Residential rates need to be competitive to entice caregivers to accept complex behavior/medical members, to attract new caregivers, to retain existing caregivers, or to slow the retirement of aging caregivers*

Building Capacity in Residential Alternatives to Serve Challenging Members

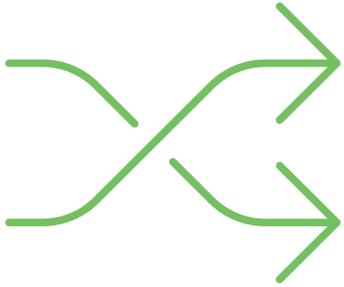
- *Hawai'i needs to build provider capacity and willingness to accept the growing number of members with complex behavioral, and medical needs into HCBS residential settings*

Building Case Management Capacity Related to Challenging Members

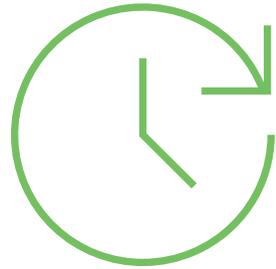
- *Case management agencies that visit and care for members with complex behavioral and physical need added capacity to handle complex members*

Source: "Spending Plan for Implementation of American Rescue Plan Act of 2021, Section 9817", State of Hawaii, Department of Human Services, July 2021

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

Project Overview

Phase I – ARPA Funding Increase Assessment

- Work performed June – September
- Research payment rates and rate-setting methodologies
- Wage trend analysis
- Benchmarking analysis
- Rate methodology assessment

Stakeholder engagement:

- Review of rate methodology assessment and key findings (all providers)

Phase II – Comparison Rate Development

- Work performed July – December
- Collect data inputs
- Conduct provider survey
- Comparison rate setting process
- Payment impact analysis

Stakeholder engagement:

- Provider survey training (all providers)
- Industry specific stakeholder meetings (CCMA, CCFFH/E-ARCH, in-home care)
- Review of comparison rate calculations (all providers)

High Level Tasks and Timeline

Task	June	July	Aug	Sept	Oct	Nov	Dec
Phase I – ARPA Funding Increase Assessment							
1. ARPA Funding Increase Assessment							
2. Evaluate New Rate Methodologies							
3. Finalize Rate Assessment Report				★ Target date for rate evaluation report and stakeholder meeting			
Phase II – Comparison Rate Development							
4. Conduct Comparison Rate-Setting							
5. Comparison Rate Development Stakeholder Engagement	Anticipated survey release		★				
6. Finalize Rate-Setting Report				Target date for rate-setting report and stakeholder meeting			★

This initial rate study will culminate in the development of benchmark “comparison rates” for select services that providers and Quest Integration (QI) Medicaid Managed Care Organizations (MCOs) can use in contracts in 2023 and beyond

Stakeholder Engagement Structure

All-Provider Stakeholder Meetings

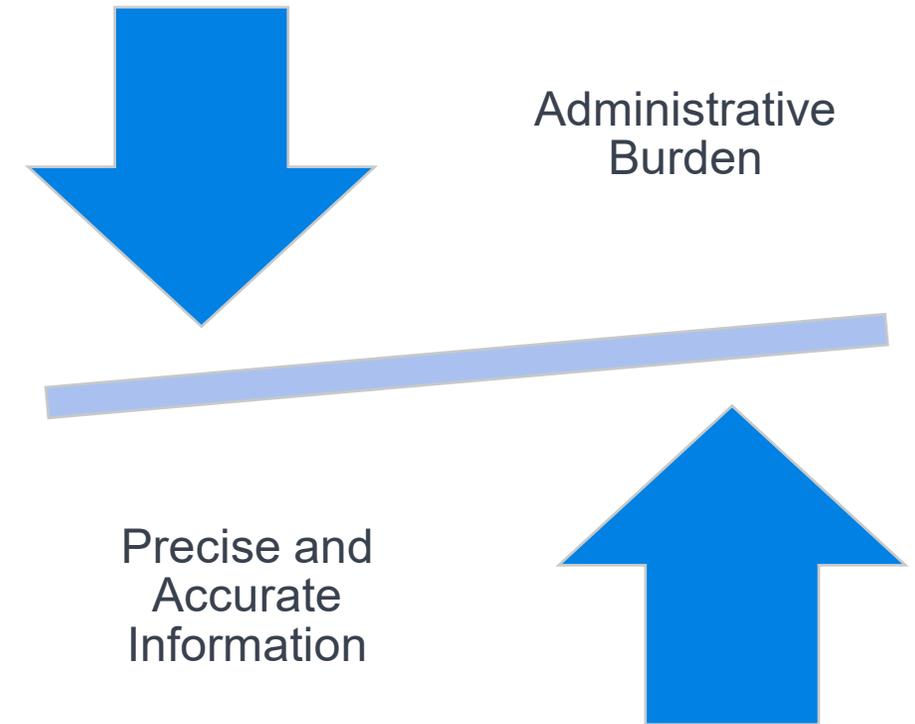
- Includes all providers delivering services under evaluation
- Meets three times throughout the project (virtually)
- Provides a forum for sharing the status of the work to date and obtaining feedback on key aspects of the project such as:
 - Key payment rate assumptions and payment rates (e.g., wage levels and approach to tiering rates)
 - Understand the provider survey requirements and support the project survey completion
 - Implementation considerations

Industry-Specific Workgroups

- Members represent specific services that require focused discussions: MQD CCFFH/E-ARCH, CCMA, and attendant care, homemaker, nursing, and other in-home direct care providers
- Each provider specific group meets twice throughout the project (in-person)
- Provide subject matter expertise regarding service delivery and related costs for individual services
- Provides feedback from the perspective of their organization and other organizations across the state providing similar services
- Works across their respective organizations between meetings to obtain feedback on specific items, e.g., staffing patterns or challenges in retaining direct care workers

Provider Survey

- A provider survey will be released to support this project and provide key information needed for the rate-setting process
- The provider survey will capture:
 - Provider contact information
 - Wages
 - Employee benefits costs
 - Vacancies
 - Other staffing and service information
 - Administrative and program support costs
- The provider survey will be released in August 2022 and will be designed to limit administrative burden while collecting sufficient information for rate-setting inputs
- Individual provider survey responses will be kept confidential; information shared publicly will be aggregated and not attributable to any single provider
- More information regarding the provider survey and a training date will be sent shortly after today's kick-off meeting



Milliman's Role

- Support development of comparison rates and payment rate assumptions
- Support collection of the cost of providing care to members, including developing and administering a provider survey
- Develop stakeholder meeting materials and support facilitation

Milliman's Experience

- Supported MQD with the design and implementation of the inpatient hospital payment methodology from per diem rates to a prospective APR-DRG methodology
- Experts in the development of HCBS payment rates and related state and federal regulations, including:
 - Development of payment assumptions, payment rates and related fiscal impact analyses
 - Extensive review of wage data and related trend assumptions
 - Provider survey development, administration, and review
 - Stakeholder engagement

Experience includes

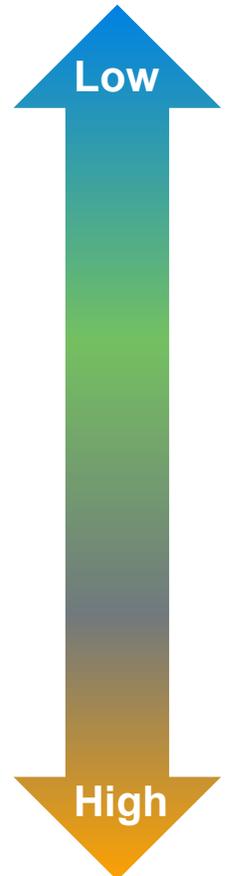
- Development of bundled and negotiated market HCBS payment rates – Arkansas, Indiana, Iowa, Florida, Michigan, Mississippi, New Hampshire, Ohio, Rhode Island, and South Carolina. For example:
 - In Michigan, Milliman supported the development of comparison rates for targeted case management and other behavioral health services.
 - In Indiana, Milliman supported the development of assisted living facility payment rates and other HCBS services for the Aged and Disabled and Traumatic Brain Injury waiver programs. Included a national scan of rate methodologies and supported the alignment of rate methodologies across programs.
- Identified approaches to increasing direct care worker wages. For example, Milliman is supporting Rhode Island in the implementation of the temporary increase in Medicaid HCBS FFS rates with specific requirements to pass the extra funds through to direct care workers employed at HCBS provider agencies.

Comparison Rates

HCBS Comparison Rates in Managed Care

Level of State
Direction:

1	Develop internal “comparison” rates , without publishing or changing HCBS rate methodologies
 2	Develop and publish comparison rates for optional MCO adoption, without requiring adoption or making fee-for-service changes
3	Require MCOs to adopt fee schedules via State Directed Payment arrangements under 42 CFR § 438.6(c)
4	Align fee-for-service and managed care HCBS rate methodologies, and establish minimum (and potentially maximum) fee schedules for MCOs via State Directed Payment arrangements



MQD is planning to publish the fee schedule comparison rates for potential MCO usage

Independent Rate Model Overview

Independent Rate Model Framework

Overview



Ground-up approach

- Rates are built from the ground up
- Based on the sum of independently determined rate inputs and components
- Inputs are based on the 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 services³

3

Home and Community Based Services Training Series, The Centers for Medicare & Medicaid Services, Retrieved from: [Home & Community Based Services Training Series | Medicaid](#)
Fee Schedule HCBS Rate Setting: Developing a Rate for Direct Service Workers, The Centers for Medicare & Medicaid Services, Retrieved from: [Slide 1 \(medicaid.gov\)](#).

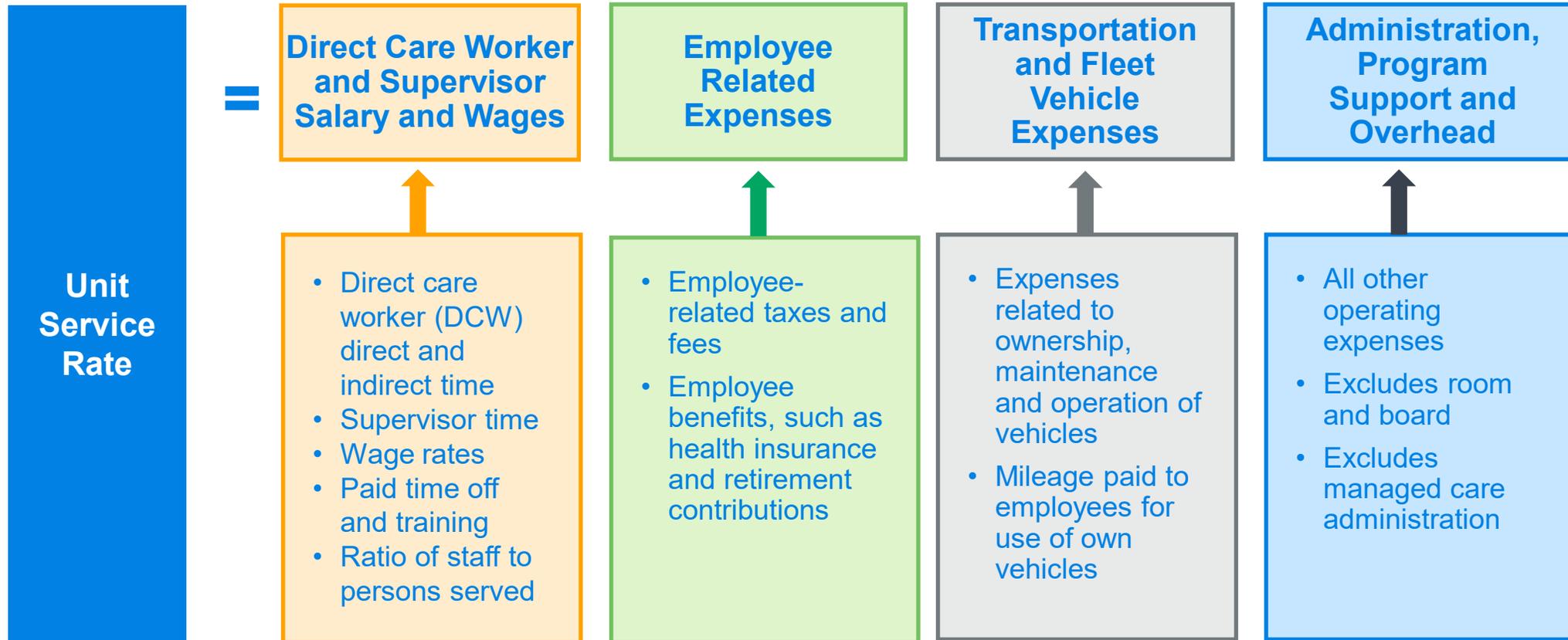


Benefits

- 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
- Uses independent factors that are not limited by historical costs

Independent Rate Model Framework

Rate Build Up Components



Independent Rate Model Framework

Example For Illustration Purposes Only: Services Rate Build Up Per 15 Min (inputs are not specific to Hawai`i)

Ref.	Description	DCW	Supervisor	Total	Notes
A	Average minutes of direct time per unit	15.00			6 hours and 31 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	1.50			39 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	1.90			50 transportation minutes per 8 hours 1 trips spread over 21.56 units per day
D	Total minutes per unit	18.40			D = A + B + C
E	Staffing ratio	1.00			
F	Supervisor span of control		10.00		10 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		1.84		G = D / F
H	PTO/training/conference time adjustment factor	15.7%	15.7%		Based on separate PTO build
I	Adjusted total minutes per unit	21.29	2.13		
J	Hourly wage	\$ 14.65	\$ 18.28		Based on separate wage build
K	Total wages expense per unit	\$ 5.20	\$ 0.65	\$ 5.85	K = J * I / 60
L	Employee related expense (ERE) percentage	26.1%	23.2%		Based on separate ERE build
M	Total ERE expense per unit	\$ 1.36	\$ 0.15	\$ 1.51	M = K * L
N	Estimated average MPH			32.97	Urban 30 MPH Rural/Urban 40 MPH Rural 50 MPH
O	Estimated miles driven per unit			1.04	O = N * C / 60 / E
P	Federal reimbursement rate			\$0.58	
Q	Mileage reimbursement or vehicle costs per unit			\$0.61	Q = O * P
R	Administration / program support / overhead			10.0%	Portion of total rate
S	Administration expenses			\$ 0.88	V = (K + M + Q) * R / (1 - R)
T	Per 15 minute payment rate			\$8.84	T = (K + M + Q + S)

Illustrative for demonstration purposes only – not an actual rate calculation

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

Next Steps

Next Steps

- Milliman to continue ARPA funding increase evaluation process
 - Conduct direct care professional wage trend analysis and rate benchmarking
 - Identify and evaluate potential new payment methodologies
 - Finalize provider survey
- Upcoming provider survey training in **August**
 - More information about the training and access to the virtual training will be sent at a later date
- ***Submit any questions or comments to MQD at HCSBInquiries@dhs.hawaii.gov and use the subject line “HCBS Rate Study”***

Questions?

Use the chat function to submit questions.

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 Med-QUEST signed on July 1, 2020.

This presentation is intended to facilitate provider stakeholder meeting along with MQD on home and community-based services (HCBS) rate study considerations and is not considered complete without oral comment. The contents of this document are not intended to represent a legal or professional opinion or interpretation on any matters.

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