RATE ADJUSTMENT IMPLEMENTATION

November 9, 2021
November 10, 2021
November 15, 2021
Housekeeping

Interpretación en español: haga clic en el globo blanco en la parte inferior de la pantalla con la etiqueta "Interpretation." Luego haga clic en "Spanish" y seleccione "Mute original audio."

ASL interpreters have been “Spotlighted” and live closed captioning is active

This meeting is being recorded

Materials are available at: https://www.dds.ca.gov/initiatives/stakeholder-events/
Zoom Tips

Unmute mic only when it's your turn to speak.

Turn your webcam on/off.

All attendees can type questions/comments in the Q&A.

Chat is disabled for attendees.

Attendees can raise their hand during the Q&A portion to ask a question live.

Leave the webinar at the end of the meeting.

- For attendees, your video and microphone will not be available.
- You will only see/hear DDS staff and presenters on screen.

- Features will vary based on the version of Zoom and device you are using.
- Some Zoom features are not available for telephone-only participants.
Providing Comments

Please use “Q&A” for your questions and comments; if you prefer, you may send your questions/comments to ratesquestions@dds.ca.gov

During the Q&A portion of this meeting we will take live questions – please use “Raise Hand” to comment

You may need to click on “Participants” and a new window will open where you can “Raise Hand”

Questions not answered live will be used for an FAQ document on rate adjustment implementation
AGENDA

Welcome
Background & Timeline
Health Management Associates - Burns Introduction
Process
  • Data
  • Compilation
Q & A
Next Steps
BACKGROUND & TIMELINE
VENDOR RATE STUDY

• Comprehensive study of vendor payment rates (ABX 2-1)
• Proposed standardized rates (based on detailed rate models) within each Regional Center for most services
• Generally proposed significant increases to payment rates for most vendors
• Given the significant variability in existing negotiated rates, impact varies by vendor and some have rates that exceed the applicable proposed rate
• Rate study included recommendations to simplify and standardize services (including consolidation of service codes)
• For services without regulations, the rate study included the expectations on which the rate models are based
AB 136 RATE REFORM

• Enhanced person-centered, outcomes-based system
• Quality incentive program
• Phased implementation of rate models
AB 136 RATE ADJUSTMENT TIMELINE

April 1, 2022
• 25 percent of difference between March 31, 2022 rate and applicable rate model

July 1, 2023
• 50 percent of difference between March 31, 2022 rate and applicable rate model

July 1, 2025
• Full implementation of rate models with two payment components
  • Base rate equaling 90 percent of the rate model
  • Quality incentive program component of up to 10 percent of the rate model
PAYMENTS IN ADDITION TO RATE ADJUSTMENTS

- **DSP BILINGUAL DIFFERENTIAL**
  - Planning in FY 2021-22
  - Implementation in FY 2022-23

- **DSP TRAINING & CERTIFICATION**
  - Planning in FY 2021-22
  - Implementation in FY 2022-23

- **QUALITY INCENTIVE PAYMENTS**
  - Implementation in FY 2022-23 and 2023-24 in addition to rate adjustments

Stakeholder input through the Developmental Services Task Force and other groups
UPDATED RATE MODELS

• Rate models established in March 2019 based on data available at that time, including a $13 per hour minimum wage

• Rate models will be updated before rate adjustment calculations, to include
  • $15 per hour minimum wage assumption
  • Updated wage inflation estimate
  • Updated health benefits cost
  • Review of workers’ compensation cost
  • Updated IRS mileage rate
RATE ADJUSTMENT EXAMPLE

March 31, 2022 Rate
$70.00

April 1, 2022
March 31, 2022 Rate + Adjustment (25% of difference)
$77.50

July 1, 2023
March 31, 2022 Rate + Adjustment (50% of difference)
$85.00

July 1, 2025 Rate Model
(Base 90% + Quality Payment 10%)
$100.00

March 31, 2022 Rate
$70.00

Adjustment
$7.50

Rate Model Base
$15.00

Quality Payment
$90.00

$10.00 difference
FOR THE APRIL 2022 RATE ADJUSTMENT

- No changes in service code or program design
- No changes to billing units (hours, days, etc.)
- No rates will be reduced
DAILY RATE CONVERSION EXAMPLE

MARCH 2022 RATE
$60 per day

$60
6 hours of service per day

$10 per hour

RATE MODEL
$12 per hour

$2 difference
### Daily Rate Conversion Example (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Rate Model</th>
<th>Rate</th>
<th>Difference</th>
<th>Rate Model</th>
<th>Rate</th>
<th>Difference</th>
<th>Rate Model</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2022</td>
<td>Rate</td>
<td>$10.00</td>
<td></td>
<td>$12.00</td>
<td>Rate</td>
<td>$2.00</td>
<td>Rate</td>
<td>$12.00</td>
</tr>
<tr>
<td>March 31, 2022</td>
<td>Rate + Adjust. (25% of difference)</td>
<td>$10.50</td>
<td>$0.50</td>
<td>$12.00</td>
<td>Rate + Adjust. (50% of difference)</td>
<td>$11.00</td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>July 1, 2025</td>
<td>Rate Model (Base 90% + Quality Payment 10%)</td>
<td>$12.00</td>
<td>$2.00</td>
<td>$12.00</td>
<td>Hourly Rate</td>
<td>$60 per day</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>x 6 hours</td>
<td>$60 per day</td>
<td>$63 per day</td>
<td>$66 per day</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**March 31, 2022 Rate:** $10.00

**April 1, 2022:**
- March 31, 2022 Rate + Adjustment (25% of difference) = $10.50
- March 31, 2022 Rate + Adjustment (50% of difference) = $11.00

**July 1, 2025 Rate Model (Base 90% + Quality Payment 10%):** $12.00

Hourly Rate: $60 per day, $63 per day, $66 per day
SERVICES THAT ARE NOT A PART OF THE RATE STUDY

Certain specialized programs and services, typically identified by subcode*

- Senior Program
- Tailored Day Service
- Specialized Training/Medical Services
- Paid Internship Program Payments
- Placement Incentive Payments
- Health Insurance Copays & Deductibles
- Independent Assessment Services (ILS/SLS)

*Examples only, not a comprehensive list

Alternative Nonresidential Services
DATA SHARING TIMELINE

Data Process/ Report Generation
[in progress]

Delivery of Rates to Regional Centers (by 2/15)

<table>
<thead>
<tr>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2022</td>
</tr>
</tbody>
</table>

Report Distribution

Effective Date of Rate Increase (4/1)
## UPDATED PRELIMINARY SERVICE CODE BATCHES

### Group 1

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Description</th>
<th>Code</th>
<th>Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>025</td>
<td>Tutor Services</td>
<td>520</td>
<td>Independent Living Program</td>
</tr>
<tr>
<td>062</td>
<td>Personal Assistance</td>
<td>645</td>
<td>Mobility Training Services Agency</td>
</tr>
<tr>
<td>073</td>
<td>Parent Coordinator Supported Living Prog</td>
<td>650</td>
<td>Mobility Training Services Specialist</td>
</tr>
<tr>
<td>091</td>
<td>In-Home/Mobile Day Program</td>
<td>680</td>
<td>Tutor</td>
</tr>
<tr>
<td>093</td>
<td>Parent-Coordinated Personal Assist Service</td>
<td>950</td>
<td>Supported Employment-Group</td>
</tr>
<tr>
<td>109</td>
<td>Program Support Group-Residential</td>
<td>952</td>
<td>Supported Employment-Individual</td>
</tr>
<tr>
<td>110</td>
<td>Program Support Group-Day Service</td>
<td>954</td>
<td>Rehab Work Activity Program</td>
</tr>
<tr>
<td>111</td>
<td>Program Support Group-Other Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Group 2

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Description</th>
<th>Code</th>
<th>Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>055</td>
<td>Community Integration Training Program</td>
<td>896</td>
<td>Supported Living Services</td>
</tr>
<tr>
<td>063</td>
<td>Community Activities Support Services</td>
<td>904</td>
<td>Family Home Agency</td>
</tr>
<tr>
<td>505</td>
<td>Activity Center</td>
<td>905</td>
<td>Residential Facility Serving Adults-Owner Operated</td>
</tr>
<tr>
<td>510</td>
<td>Adult Development Center</td>
<td>910</td>
<td>Residential Facility Serving Children-Owner Operated</td>
</tr>
<tr>
<td>515</td>
<td>Behavior Management Program Behavior Management</td>
<td>915</td>
<td>Residential Facility Serving Adults-Staff Operated</td>
</tr>
<tr>
<td>525</td>
<td>Social Recreation Program</td>
<td>920</td>
<td>Residential Facility Serving Children-Staff Operated</td>
</tr>
<tr>
<td>894</td>
<td>Supported Living Service Vendor Administration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### UPDATED PRELIMINARY SERVICE CODE BATCHES (CONT.)

#### Group 3

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>108</td>
<td>Parenting Support Services</td>
<td>860</td>
<td>Homemaker Services</td>
</tr>
<tr>
<td>113</td>
<td>DSS Licensed-Spec Residential Facility</td>
<td>862</td>
<td>In-Home Respite Services</td>
</tr>
<tr>
<td>115</td>
<td>Specialized Therapeutic Services (Consumers 3 to 20)</td>
<td>864</td>
<td>In-Home Respite Worker</td>
</tr>
<tr>
<td>116</td>
<td>Early Start Specialized Therapeutic Services</td>
<td>875</td>
<td>Transportation Company</td>
</tr>
<tr>
<td>117</td>
<td>Specialized Therapeutic Services - (Consumers 21 and Older)</td>
<td>880</td>
<td>Transportation-Additional Component</td>
</tr>
<tr>
<td>605</td>
<td>Adaptive Skills Trainer</td>
<td>882</td>
<td>Transportation-Assistant</td>
</tr>
<tr>
<td>805</td>
<td>Infant Development Program</td>
<td>883</td>
<td>Transportation-Broker</td>
</tr>
</tbody>
</table>

#### Group 4

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>048</td>
<td>Client/Parent Support Behavior Intervention Trng</td>
<td>616</td>
<td>Behavior Technician-Paraprofessional</td>
</tr>
<tr>
<td>420</td>
<td>Voucher Respite</td>
<td>620</td>
<td>Behavior Management Consultant</td>
</tr>
<tr>
<td>465</td>
<td>Participant-Directed Respite Services</td>
<td>635</td>
<td>Independent Living Specialist</td>
</tr>
<tr>
<td>475</td>
<td>Participant-Directed Community-Based Training Svcs./Adults</td>
<td>900</td>
<td>Enhanced Behavioral Supports Home Facility Component</td>
</tr>
<tr>
<td>612</td>
<td>Behavior Analyst</td>
<td>901</td>
<td>Enhanced Behavioral Supports Home</td>
</tr>
<tr>
<td>613</td>
<td>Associate Behavior Analyst</td>
<td>902</td>
<td>Community Crisis Home Facility Component</td>
</tr>
<tr>
<td>615</td>
<td>Behavior Management Assistant</td>
<td>903</td>
<td>Community Crisis Home</td>
</tr>
</tbody>
</table>
OUTSTANDING ITEMS

- How rates for new vendorizations will be set
- How incentive payments will be considered in future rate adjustments
- Timing of change in unit types
- Defining programmatic requirements, including staff qualifications
- How hold harmless provisions will work
INTRODUCTIONS

• Known as HMA-Burns
• Conducted the vendor rate study delivered in March 2019
• Performed detailed analysis of current rates and purchase of service data to develop Alternative Nonresidential Services rates
• Assisting DDS in rate model implementation authorized by AB 136
DATA USED IN THE DETERMINATION OF RATE INCREASES

- Rates files for all vendorizations and subcodes
  - Separate files for Department-set rates and negotiated rates
  - Files combined to establish a complete listing of current unique rates based on Regional Center, service, subcode, and vendor number

- Purchase of service (POS) data ending June 30, 2021
  - POS data is being processed using the same methodology as utilized for the non-residential alternative service delivery rate calculations
  - Used to identify potential missing rates and large discrepancies compared to the rates files
PROCESSING

For many services, additional information is needed before rate increases can be calculated.

For each service code, a series of reports will be developed.

- Ensure all current rates have been accurately identified.
- Identify the appropriate rate model for determining the rate increase (e.g., for services where rate models vary by staffing ratio, need to know the current staffing ratio for each vendorization).
- HMA-Burns will produce detailed documentation of methodology for each report.

Regional Centers will be asked to review the reports to identify erroneous conclusions and/or report information needed to determine appropriate rate model.
Missing Rates Report
- Rates (by Regional Center, Service, Subcode, and Vendor) that appear in the POS data but do not appear in the rates files

Mismatched Rates Report
- Effective rates in the POS data that differ markedly (+/- 10%) from the amount appearing in the rates files

Rate Unbundling Report (see following slides)

Service Detail Collection Form (see following slides)
PROCESSING – RATE UNBUNDLING REPORT

• Instances of multiple payments being made for the same service (e.g., base service rate with administrative costs billed using separate subcodes)

• POS data used to identify when a vendor bills multiple subcodes for an individual member(s)
  • Identified combinations will be further reviewed to determine
    1) if the utilization occurs simultaneously in one or more months and
    2) if the subcode with the lower rate is less than 20 percent of the sub-code with the higher rate
  • If both criteria are met, the subcodes are presumed to be unbundled activities that are part of the same service
The identification of unbundled activities is intended to ensure equity between vendors. Intent is that the cost of the unbundled rate (Admin in this example) will be added (bundled) to the service rate so a ‘true’ total rate can be calculated.

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Service Rate</th>
<th>Admin Subcode</th>
<th>Current Totals</th>
<th>Rate Model</th>
<th>Service w/ 25%</th>
<th>New Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor A</td>
<td>$30.00</td>
<td>$0.00</td>
<td>$30.00</td>
<td>$40.00</td>
<td>$32.50</td>
<td>$32.50</td>
</tr>
<tr>
<td>Vendor B</td>
<td>$28.00</td>
<td>$2.00</td>
<td>$30.00</td>
<td>$40.00</td>
<td>$31.00</td>
<td>$33.00</td>
</tr>
</tbody>
</table>

In this example both vendors start with the same effective rate, but Vendor B receives a larger rate if the unbundled amount billed under the Admin subcode is not considered.
PROCESSING – SERVICE COLLECTION DATA FORM

• Form to be used to report information needed to determine appropriate rate model for calculating the rate increase for a given vendorization

• Example of information needed to determine rate increase for a day program (since the rate models vary based on these factors)
  • Whether program meets criteria for specialized medical or behavioral
  • Staffing ratio
  • Service setting (proportion of time in center and in community)
  • For non-hourly unit types, number of hours of service being provided
    • For example, services billed using a daily unit will require average number of hours per day to determine an effective hourly rate for comparison to the rate model to allow calculation of the percentage rate increase to be applied to the rate

• Forms will feature detailed instructions and definitions to guide responses
• Intent is to send in four batches of service codes to allow Regional Centers to review and provide feedback in a staggered fashion
• Information will be shared via a ‘secure-share’ site similar to the process used for sharing non-residential alternative service delivery rates
Q & A

Dedicated email: ratesquestions@dds.ca.gov

Questions not answered live will be used for an FAQ document on rate adjustment implementation
Providing Comments

Please use “Q&A” for questions and comments

If you prefer to ask a live question – please use “Raise Hand” feature

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NEXT STEPS