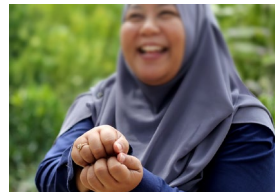


# RATE ADJUSTMENT IMPLEMENTATION: SUPPORTED LIVING PROVIDERS

February 14, 2022



# 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

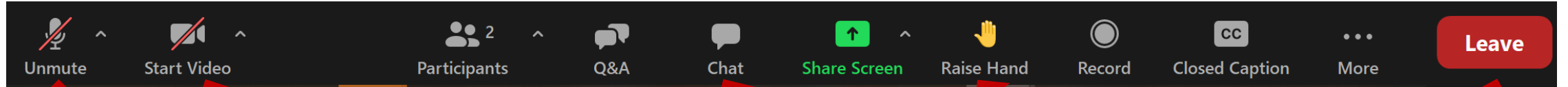


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



Answers to frequently asked questions are available at: <https://www.dds.ca.gov/rc/vendor-provider/rate-study-implementation/rate-model-implementation-frequently-asked-questions/>

# 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



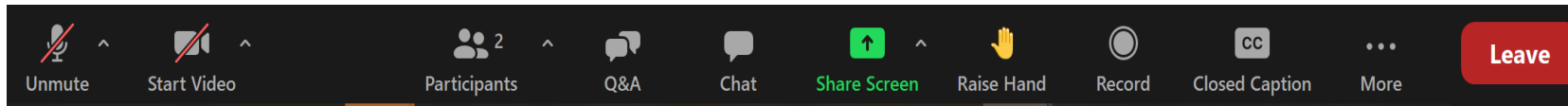
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



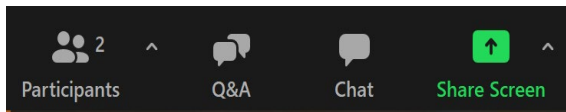
- Features will vary based on the version of Zoom and device you are using
- Some Zoom features are not available for telephone-only participants

# PROVIDING COMMENTS

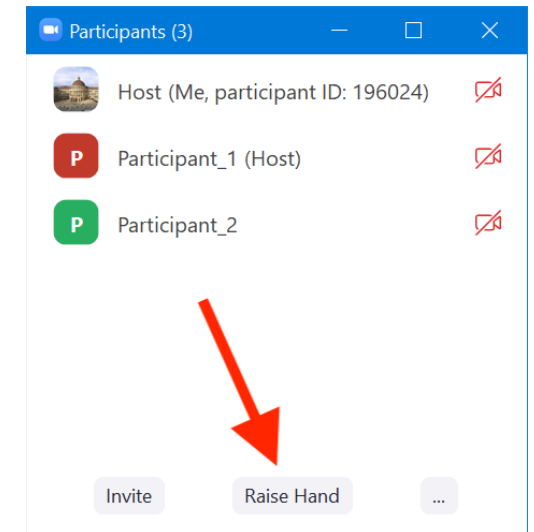
Please use “Q&A” for your questions and comments; if you prefer, you may send your questions/comments to [ratesquestions@dds.ca.gov](mailto:ratesquestions@dds.ca.gov)



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*

# BACKGROUND & TIMELINE

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## 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
- Given the significant variability in existing negotiated rates, fiscal 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)
- Goal to make service codes more reflective of the level and types of services provided
- For services without regulations, the rate study included the expectations on which the rate models are based

## AB 136 RATE REFORM

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- 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

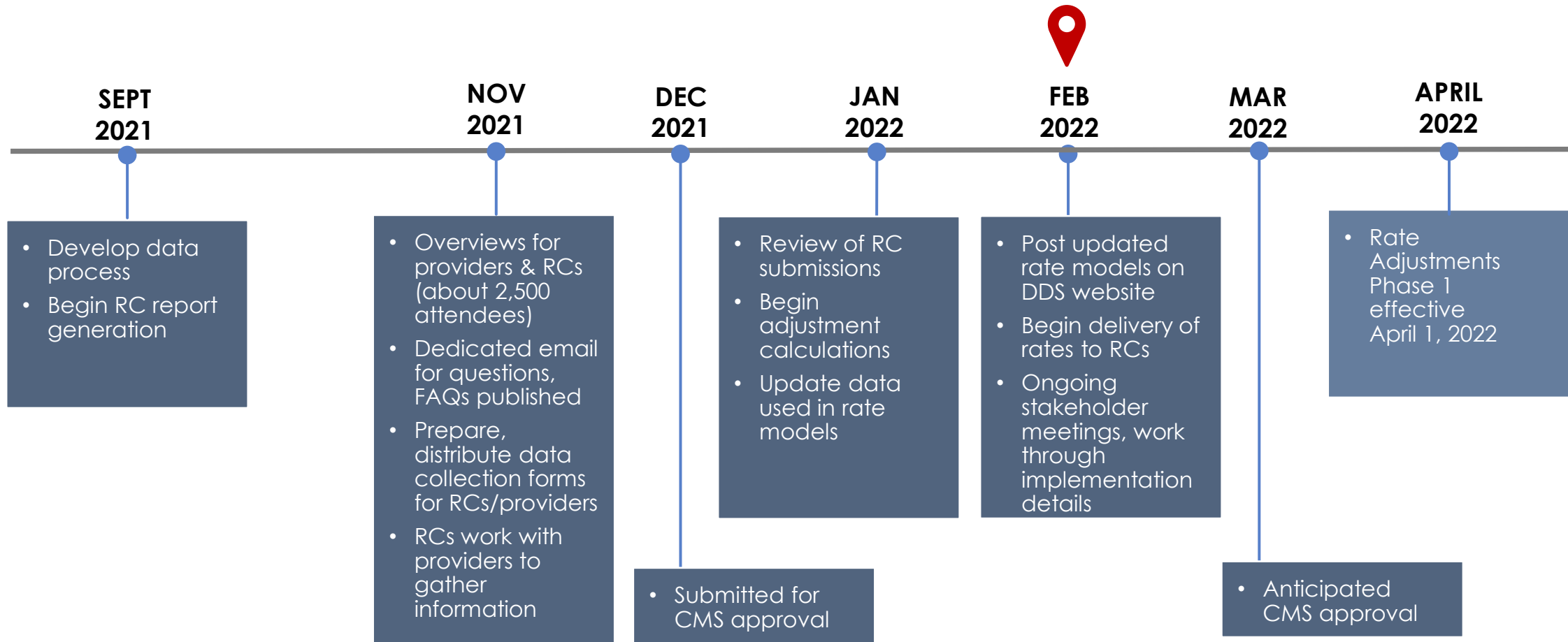
- 50 percent of difference between March 31, 2022 rate and applicable rate model

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



# APRIL 2022 RATE ADJUSTMENT



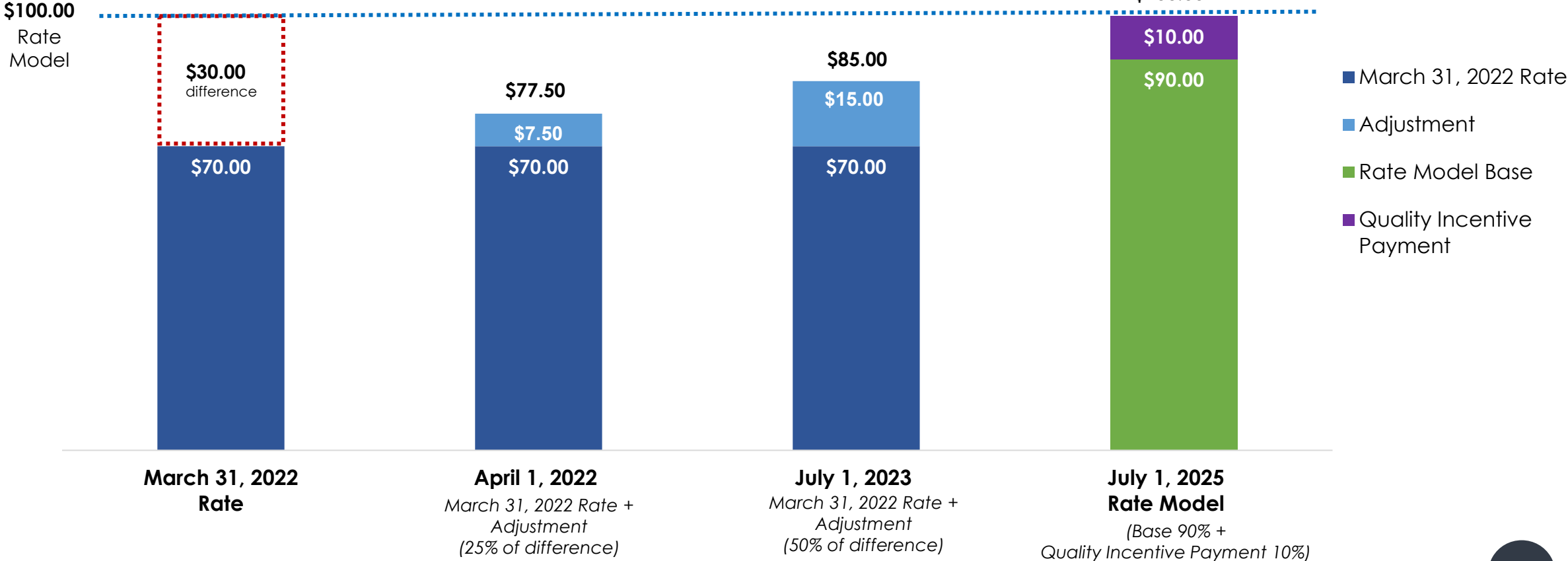
# RATE ADJUSTMENTS EXAMPLE



July 1, 2022

June 30, 2025

Quality Incentive Payments are additive to provider rates



# PROCESS FOR DETERMINING BENCHMARK RATES FOR SUPPORTED LIVING

- 
- Collect data (staffing ratio, staff qualifications, service hours) to align with the rate models

- 
- Regional centers received a service detail collection form for each provider; regional centers are working with their providers to complete the forms

- 
- Instructions for completion are located [here](#)

# APRIL 2022 RATE ADJUSTMENTS

## No changes to billing/authorizations required in April 2022

- If a provider has hourly, daily, or monthly rates, regional centers can continue to use those units
- In coming years work with stakeholders to standardize through shared definitions of service, staffing qualifications, & billing units

## Current rates will be compared to benchmark rate models to calculate rate adjustment

- Information provided will identify baseline rate to be compared to benchmark rate and calculate the applicable rate adjustment

# 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

## INTRODUCTIONS

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- 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

**BURNS & ASSOCIATES**  
A DIVISION OF  
HEALTH MANAGEMENT ASSOCIATES

# BACKGROUND ON SUPPORTED LIVING

- Rate study proposed hourly payment rates for Supported Living
  - Although no changes to billing units are required in April, a current effective hourly rate is needed to calculate the appropriate rate increase
- In general, effective hourly rate is calculated by dividing total monthly rate (or budget) by the number of service hours
  - If the Regional Center uses a budget tool to determine the monthly rate (budget), evaluate each component to determine portions included in SLS hourly rate
  - Goal is to count included components, so baseline costs do not overstate the current rate (and understate the increase)
  - Components not included in the SLS rate model will be added back to the calculated April 1 rate, since no changes to billing are required
- Approach is the same for monthly rates and monthly budgets using a \$1.00 rate

# PROCESSING

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## 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

## Service Detail Collection Form



# UNBUNDLED ACTIVITIES

- Instances of separate payments being made for an activity that is integral to the core service and, generally, not billable as a standalone activity
  - Most common examples are administration and travel
- 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

# UNBUNDLED ACTIVITIES (CONTINUED)

- 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

	Service Rate	Admin Subcode	Current Totals	Rate Model	Service w/ 25%	New Total
Vendor A	\$30.00	\$0.00	\$30.00	\$40.00	\$32.50	\$32.50
Vendor B	\$28.00	\$2.00	\$30.00	\$40.00	\$31.00	\$33.00

- 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

# DETERMINING COMPONENTS INCLUDED IN BENCHMARK RATE

Component	Units	Unit Rate	Amount	Notes
DSP Hours	240	\$20.00	\$4,800.00	Included; hours in denominator
DSP Hours-Asleep	240	\$15.00	\$3,600.00	Included; hours in denominator (model does not distinguish between awake/ asleep)
Mileage	1,250	\$0.56	\$700.00	Included; mileage bundled into model
Room and Board	1	\$900.00	\$900.00	Not included; not in model
Direct Nursing	44	\$100.00	\$4,400.00	Not included; not in model (which assumes direct nursing will be separately billed)
Staff Participation Fees	1	\$100.00	\$100.00	Included; part of program cost in model
Administration	-	At 10%	\$1,100.00	Included; included in model
<b>Total</b>			<b>\$15,600.00</b>	Represents current total

For questions about what components are included, please email [ratesquestions@dds.ca.gov](mailto:ratesquestions@dds.ca.gov)

# DETERMINING CURRENT EFFECTIVE RATE

	<b>All Components</b>	<b>Adjusted for components in the benchmark model</b>
Current Rate (Budget)	\$15,600.00	\$15,600.00
Less Room and Board	-	(\$900.00)
Less Direct Nursing	-	(\$4,400.00)
Total (Budget)	\$15,600.00	\$10,300.00
Divided by Funded Hours (inc. Asleep)	480	480
Effective Hourly Rate	\$32.50	\$21.46

Regional Center reports \$21.46 as the 'correct' rate

- Monthly rate: adjust current rate to \$10,300 and report 480 hours per month
- \$1.00 rate: select invalid rate (noting new record) and create new record

*If multiple individuals served under a subcode, sum all 'included' components and divide by sum of all funded hours*

# CALCULATING RATE ADJUSTMENTS

	<b>All Components</b>	<b>Adjusted for components in the benchmark model</b>
Benchmark Rate Model	\$29.46	\$29.46
Current Effective Hourly Rate	\$32.50	\$21.46
Difference in Rates	- \$3.04	\$8.00
25% of Difference	N/A	\$2.00
% Increase (Compared to Current Effective)	N/A	9.32%

- Percentage increase will be applied to the 'included' components of the monthly rate (budget)
- Components not included remain at current rates (without adjustment) and do not understate the increase
- Components not included in the benchmark rate will be added back to the total rate for April 2022

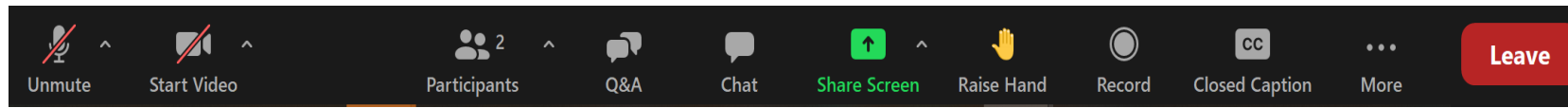
# ADJUSTED MONTHLY BUDGET

Component	Units	Unit Rate	Amount	Adjusted Unit Rate	Adjusted Amount	Notes
DSP Hours	240	\$20.00	\$4,800.00	\$21.86	\$5,246.40	Increased by 9.32%
DSP Hours-Asleep	240	\$15.00	\$3,600.00	\$16.40	\$3,936.00	Increased by 9.32%
Mileage	1,250	\$0.56	\$700.00	\$0.61	\$762.50	Increased by 9.32%
Room and Board	1	\$900.00	\$900.00	\$900.00	\$900.00	Not increased
Direct Nursing	44	\$100.00	\$4,400.00	\$100.00	\$4,400.00	Not increased
Staff Participation Fees	1	\$100.00	\$100.00	\$109.32	\$109.32	Increased by 9.32%
Administration	-	At 10%	\$1,100.00	At 10%	\$1,535.42	Not directly adjusted, but increases based on component changes
<b>Total</b>			<b>\$15,600.00</b>		<b>\$16,899.64</b>	

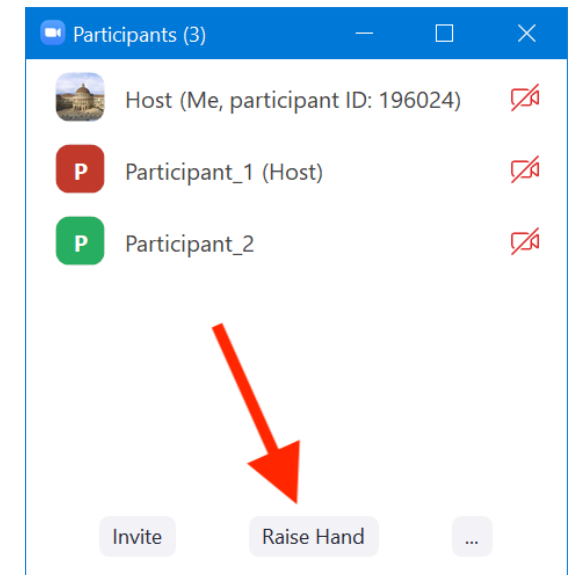
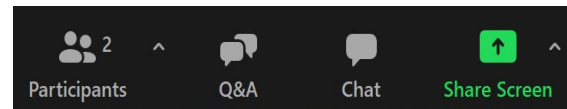
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## Q & A

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