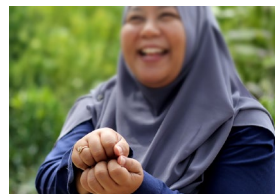


RATE ADJUSTMENT IMPLEMENTATION: COMMUNITY CARE FACILITIES PROVIDERS

March 28, 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

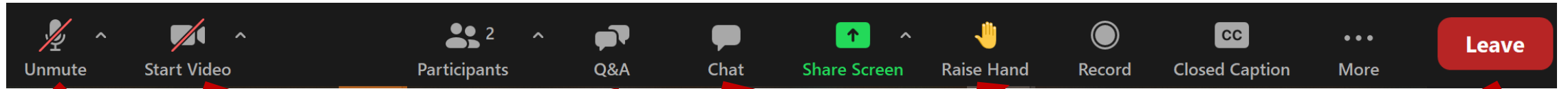


Materials are available at: [Rate Study Implementation - CA Department of Developmental Services](#)



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



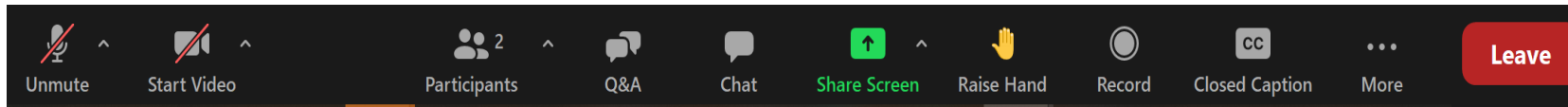
- For attendees, your video and microphone will not be available
- You will only see/hear DDS staff and presenters on screen



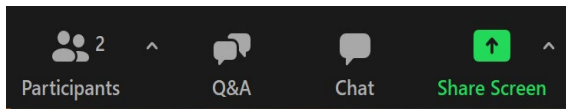
- Features will vary based on the version of Zoom and device you are using
- Some Zoom features are not available for telephone-only participants

PROVIDING COMMENTS

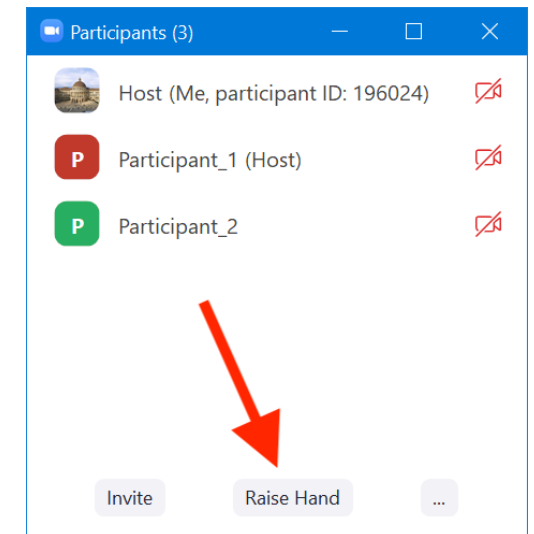
Please use “Q&A” for your questions and comments; if you prefer, you may send your questions/comments to ratesquestions@dds.ca.gov



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

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

- 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

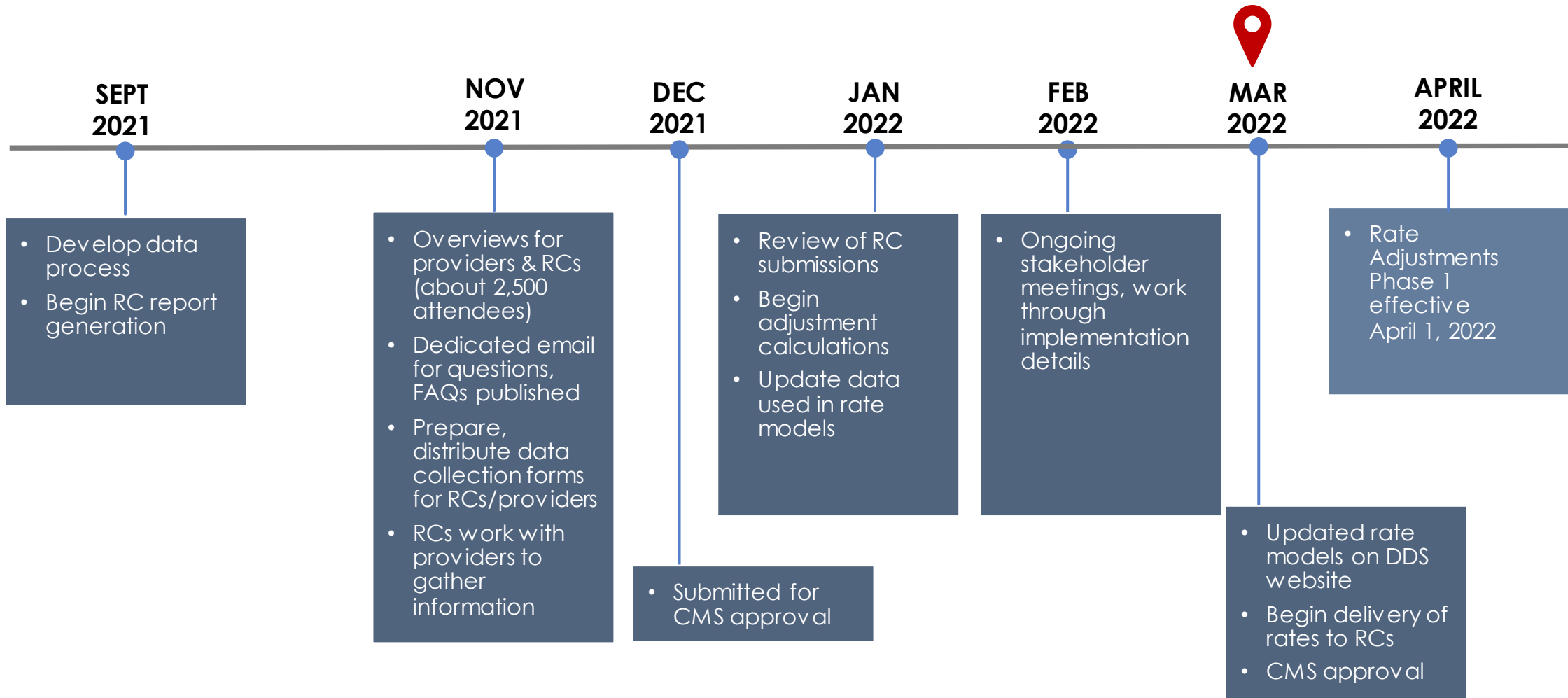
July 1, 2023

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

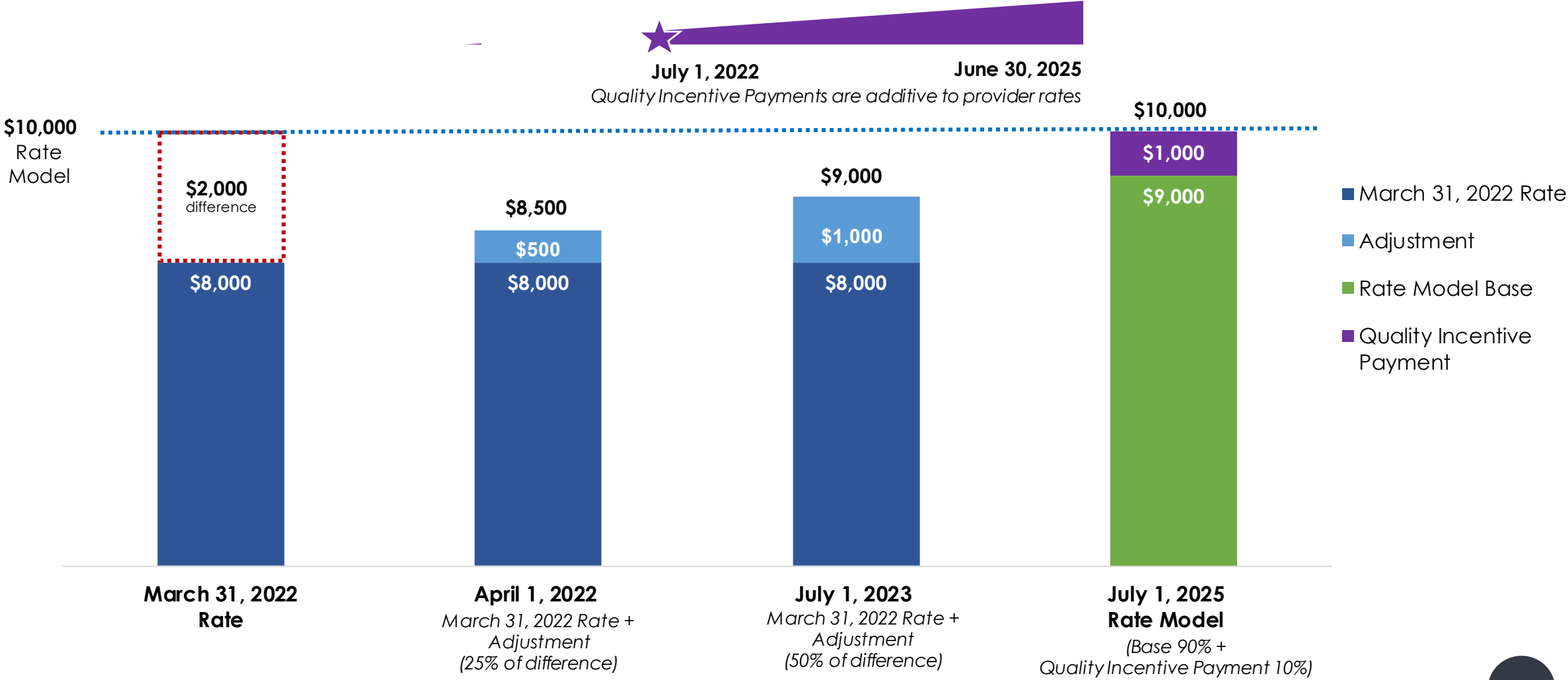
July 1, 2025

- 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



PROCESS FOR DETERMINING BENCHMARK RATES FOR COMMUNITY CARE FACILITY PROVIDERS

- 
- Collect data (staffing ratio, staff qualifications, service hours) to align with the rate models; complete rate models [here](#)
 - Regional centers received a service detail collection form for each provider;
 - Regional centers worked with their providers as needed to complete the forms

APRIL 2022 RATE ADJUSTMENTS

No changes to billing/authorizations required in April 2022

- If a provider has hourly or daily 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

BACKGROUND SPECIFIC TO RESIDENTIAL SERVICES

- For most Community Care Facilities, the current 12 rate levels are collapsed to 6 rate levels

Current Level	Rate Model Level
Level 1	Level 1
Level 2	Level 2
Level 3 - 4B	Level 3
Level 4C - 4E	Level 4
Level 4F - 4H	Level 5
Level 4I	Level 6
N/A	Level 7 (customizable)

- Separate rates for homes serving children

BACKGROUND SPECIFIC TO RESIDENTIAL SERVICES (CONT.)

- Specialized Residential Facilities (SRFs) vended under service code 113
 - Rate study recommended that these homes be transitioned to align with the proposed ARM rates based on staffing levels
- For homes with staffing levels above the 4l staffing assumptions “customizable” Level 7 rate model
 - Key assumptions (e.g., staffing) used to price the rate based on specified values (such as per hour wage and benefit costs for staff)
- Adult Residential Facility for Persons with Special Health Care Needs, Enhanced Behavioral Support Homes, and Community Crisis Homes
 - Rate study did not propose standard fixed rates for these homes
 - Instead, there are “customizable” rate models for each home type
 - Key assumptions (e.g., staffing) are used to price based on specified values (such as per hour wage and benefit costs for staff)

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

BURNS & ASSOCIATES
A DIVISION OF
HEALTH MANAGEMENT ASSOCIATES

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 – NON-ARM RATE CCFs

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

- Determine the baseline (current) effective rate for each vendor/ subcode
- Identify the appropriate benchmark rate model based on current program design

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

- Regional Centers expected to coordinate with vendors as necessary

PROCESSING (CONT.)

- 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
 - Used to identify instances when certain activities (e.g., travel or administration) have been unbundled from the core service so that a total combined effective rate can be determined for comparison to the applicable benchmark rate model
- Service Detail Collection Form (see following slides)

PROCESSING – SERVICE COLLECTION DATA FORM

- Form to be used to report information needed to input data into the customizable rate models for calculating the rate increase for a given vendorization
 - Forms are accompanied by detailed instructions and definitions to guide responses
- For homes authorized under service code 113, the form asks for:
 - Home capacity
 - Whether the home is licensed as an ARFPSHN and, if so, whether the home administrator is an RN
 - Whether the home administrator is shared by multiple facilities
 - The number of weekly staff hours provided within the home provided by RNs, LVNs, CNAs, and other staff
 - The number of consultant hours provided to home residents
 - Annual rent/mortgage and property tax expenses

STAFFING LEVEL ASSUMPTIONS

- The Vendor Rate Study utilizes the following assumptions for the proposed rates
- Staffing level displayed are for homes serving Adults

Current Level(s)	New Level	Staff Hours - Home w/ Fewer Than 4 Beds		Staff Hours - Home w/ 5 or 6 Beds	
		Total	Net of Administrator	Total	Net of Administrator
2	2	168	128	168	128
3/4A/4B	3	180	140	220	180
4C4D/4E	4	220	180	280	240
4F/4G/4H	5	260	240	340	320
4I	6	300	280	400	380
N/A	7	Customizable		Customizable	

STAFFING LEVEL ASSUMPTIONS (CONT.)

- The Vendor Rate Study utilizes the following assumptions for the proposed rates
- Staffing level displayed are for homes serving Children

Current Level(s)	New Level	Staff Hours - Home w/ Fewer Than 4 Beds		Staff Hours - Home w/ 5 or 6 Beds	
		Total	Net of Administrator	Total	Net of Administrator
2	2	179	139	179	139
3/4A/4B	3	192	152	234	194
4C4D/4E	4	234	194	298	258
4F/4G/4H	5	277	234	362	322
4I	6	319	279	426	386
N/A	7	Customizable		Customizable	

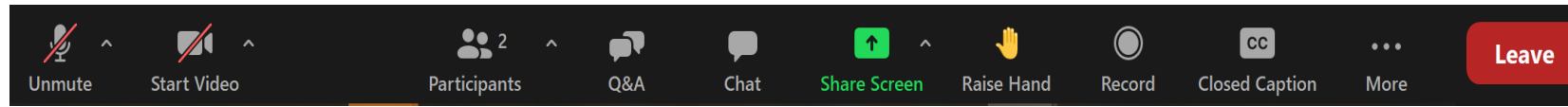
EXAMPLE OF A SECTION OF A CUSTOMIZABLE RATE MODEL

Factor	Assumption	
Direct Care Hourly Wage (Regular Time)	\$21.46	As with the non-customizable rate models, the rate model relies on standardized cost assumptions for most cost factors
Benefit Rate (Regular Time)	23.52%	
Direct Care Hourly Wage (Overtime)	\$32.19	
Overtime Benefit Rate (Overtime)	11.3%	
Overtime Rate	5.00%	
Staff Cost per Hour Before Productivity	\$26.98	
Productivity Adjustment	1.22	
Staff Cost per Billable Hour	\$32.92	Due to significant variability in staffing levels, the number of hours per individual are customized for each individual
Staff Hours per Participant per Week	Custom	

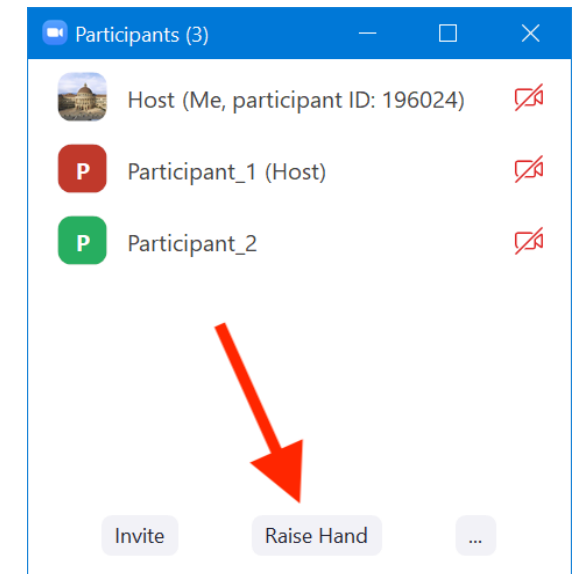
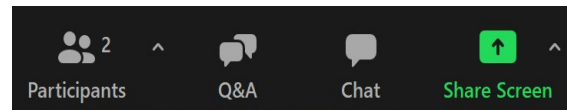
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Q & A

Dedicated email: ratesquestions@dds.ca.gov

Questions not answered live will be added to the [FAQs](#) on rate adjustment implementation