

# Home and Community Based Service Rate Rebase Study Update

## Mississippi Division of Medicaid

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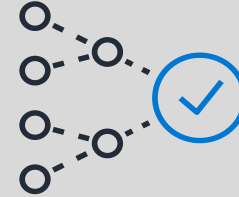
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# Agenda

- Welcome (5 min)
- Project Recap (10 min)
- Independent Rate Model Overview (10 min)
- Overview of Key Changes from February 2024 Draft Rate Assumptions (15 min)
- Payment Rate Modeling Fiscal Results (15 min)
- Next Steps (5 min)



## Meeting Focus:

Provide an overview of the payment rate results and next steps.

Feedback can be provided to:

[LTSSPrograms@medicaid.ms.gov](mailto:LTSSPrograms@medicaid.ms.gov)

# Welcome

# Introductions

## Division of Medicaid (DOM) Leads

- Misty Jenkins – LTSS Solutions Manager
- Jennifer Wentworth – Deputy Administrator of Finance
- Tracy Buchanan – Deputy Administrator of Health Services
- Kimberly Sartin-Holloway – Program Director ID/DD & CSP
- Paulette Johnson – Director of Long Term Care
- Kate McMillin – Director of Mental Health
- LaShonda Barnes – Director of Assisted Living Waiver
- Nancy Dampier – HCBS Provider Relations

## Department of Mental Health (DMH) Leads

- Jamie Odom – Director, ID/DD Waiver
- Pamela Harkins – Director, IDD Community Support Program
- Craig Kittrell – Deputy Director
- Kristin Merritte – Chief Clinical Officer

## Mississippi Department of Rehabilitation Services (MDRS) Lead

- Anita Naik – Director, Office of Special Disability Programs

## Key Milliman Staff

- Gwyn Volk - Senior Healthcare Consultant
- Jill Bruckert - Principal and Consulting Actuary
- Katarina Lorenz - Consulting Actuary
- Alyssa Tolbert - Healthcare Consultant
- Kameron Galm - Analyst

# Project Recap

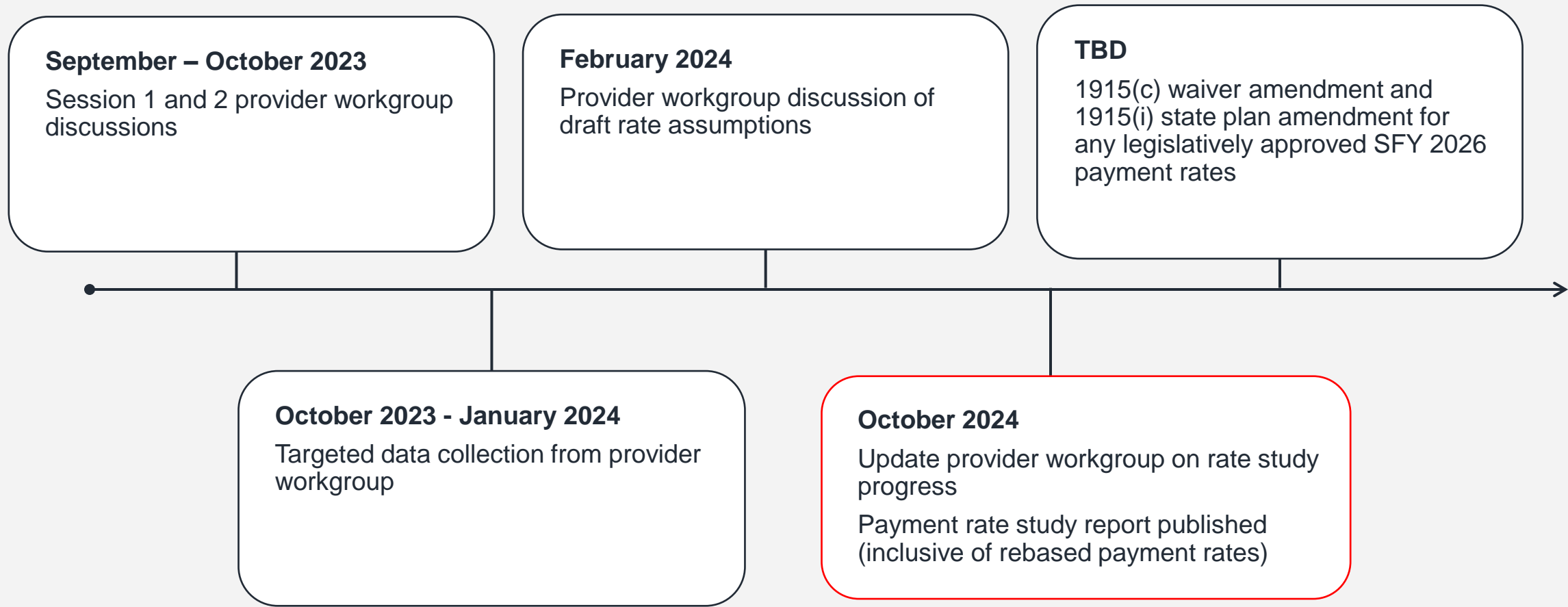
# Purpose of Project

- Rebase payment rates for the Mississippi Division of Medicaid (DOM)'s HCBS authorized via 1915i state plan and five 1915(c) waivers
- Use an independent rate model (IRM) approach to develop payment rates that are consistent with efficiency, economy, quality of care, and access to care
- Base payment rates on transparent and clear payment assumptions
- Payment rates are subject to state legislature approval for state fiscal year (SFY) 2026 (July 1, 2025 to June 30, 2026)



***Today's session is focused on providing an overview of the final payment rate approach, fiscal impacts, and next steps.***

# Provider Workgroup Project Timeline



# DOM HCBS Programs Included in Rate Study

**The 2024 Rate Rebase includes:**

## Assisted Living (AL) Waiver

All services (AL and TBI residential services)

## Independent Living (IL) Waiver

Includes personal care attendant (PCA) services

Excludes environmental accessibility adaptations, specialized medical equipment supplies, and transition assistance services

## Traumatic Brain Injury/Spinal Cord Injury (TBI/SCI) Waiver

Personal care assistant (PCA), respite (in-home, nursing, and institutional) services only

## Elderly and Disabled (E&D) Waiver

All services except therapy, environmental safety, host home, and extended home health services

- New service: Medication management
- Service under review for inclusion in the program: Private duty nursing

## Intellectual Disabilities/Developmental Disabilities (ID/DD) Waiver

All services except therapy, transition assistance, and specialized medical supply services

## Community Support Program (CSP) 1915(i) Services

All Services



# Services Included in Rate Rebasing

Program	Residential	In-Home	Community	All Other
<b>Assisted Living</b>	<ul style="list-style-type: none"> <li>Assisted living</li> <li>TBI residential</li> </ul>			
<b>Independent Living</b>		<ul style="list-style-type: none"> <li>Personal care attendant</li> </ul>		
<b>TBI/SCI</b>	<ul style="list-style-type: none"> <li>Respite: Institutional</li> </ul>	<ul style="list-style-type: none"> <li>Personal care attendant</li> <li>Respite: In home companion, in home nursing (separate payment rates for LPN and RNs)</li> </ul>		
<b>Elderly &amp; Disabled</b>	<ul style="list-style-type: none"> <li>Respite: Institutional</li> </ul>	<ul style="list-style-type: none"> <li>Personal care services</li> <li>Private duty nursing (separate payment rates for LPN and RNs)</li> <li>Respite: In home</li> </ul>	<ul style="list-style-type: none"> <li>Adult daycare (include separate payment rates for low support and high support clients for DOM's consideration)</li> </ul>	<ul style="list-style-type: none"> <li>Case management</li> <li>Home delivered meals</li> <li>Community transition services (pre and post)</li> <li>Medication management (separate payment rates for initial and follow-up)</li> </ul>
<b>ID/DD</b>	<ul style="list-style-type: none"> <li>Shared supported living (low to high support)</li> <li>Supervised living (low to high support, &lt;4 beds, 4+ beds)</li> <li>Medical supervised living</li> <li>Behavioral supervised living</li> <li>Crisis Support (ICF/IID)</li> </ul>	<ul style="list-style-type: none"> <li>Home and community supports (1-3 people)</li> <li>Supported living (1-3 people)</li> <li>Respite: In home (1-3 people), nursing (separate payment rates for LPN and RNs)</li> </ul>	<ul style="list-style-type: none"> <li>Day services adult (low to high)</li> <li>Prevocational services (low to high)</li> <li>Job discovery</li> <li>Job development</li> <li>Supported employment – job maintenance (1-3 people)</li> <li>Respite: Community</li> </ul>	<ul style="list-style-type: none"> <li>Support coordination</li> <li>Crisis intervention</li> <li>Behavioral support evaluation</li> <li>Behavioral support specialist</li> <li>Behavioral support consultant</li> </ul>
<b>CSP</b>		<ul style="list-style-type: none"> <li>Supported living (1-3 people)</li> <li>Respite: In home (1-3 people)</li> </ul>	<ul style="list-style-type: none"> <li>Day services adult (low to high)</li> <li>Prevocational services (low to high)</li> <li>Job development</li> <li>Job maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Targeted case management</li> </ul>

# Independent Rate Model Overview

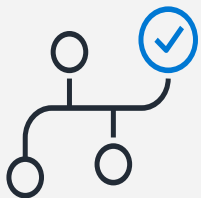
# Independent Rate Model Framework

## Overview



### 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 community-based services rate-setting



### 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

## Overview

1



### Direct Care Worker (DCW), Clinical Staff, and Supervisor Salary and Wages

- DCW billable and non-billable time
- Supervisor time
- Wages
- Paid time off
- Ratio of staff to persons served

2



### Employee Related Expenses

- Employee related taxes and fees
- Employee benefits, such as health insurance and retirement contributions

3



### Transportation and Fleet Vehicle Expenses

- Expenses related to ownership, maintenance, and operation of vehicles
- Mileage paid to employees for use of own vehicle

4



### Administrative, Program Support, and Overhead

- All other operating expenses
- Excludes room and board



**Service Rate**  
(Per Unit Per Person)

Note: The term direct care worker refers to frontline workers and includes direct support professionals and program assistants.

# Additional Data Sources Used to Support Rate Rebasing

## Mississippi Workforce Study

- Review of data from a calendar year (CY) 2022 provider workforce study performed by Mississippi State University National Strategic Planning & Analysis Research Center.
- Information collected included staff wages, staff counts, benefits offered, and administrative costs.
- Results of survey were used to inform wage and employee benefit assumptions.

## Regulatory Review

- Review of Mississippi specific regulations including:
  - Mississippi administrative code
  - 1915(c) waiver for applicable programs
  - DMH operational standards
  - Assisted living facility minimum standards

## Provider Workgroup Feedback

- Provider workgroup sessions were held during September and October 2023 with draft rate assumption discussions held in February 2024.
- Participants included providers who provide services for the AL, IL, TBI, E&D, ID/DD waivers as well as the CSP.
- Provider workgroup feedback was considered in rate development assumptions.

## DOM Service Expenditure Data

- CY 2021 claims data was reviewed for service utilization and overall program expenses.
- State fiscal year (SFY) 2022, from July 2021 to June 2022, 372 experience was reviewed for more recent service utilization.

## Mississippi-Specific Data Collection

- Additional information to inform rate assumptions was collected for the following services or assumption types:
  - Home delivered meal
  - Transportation
  - E&D adult day care

## Prior Rate Development Assumptions

- Review and comparison of prior Milliman, Inc. and Burns and Associates rate assumptions.
- Use of Inventory for Client and Agency Planning (ICAP) scoring for residential, day services and prevocational services.

# Overview of Key Changes from February 2024 Draft Rate Assumptions

# Overview of Key Changes from February 2024 Draft Rate Assumptions

Rate Component	Program Impacted	Change Details
<b>Rate modeling assumptions changes from more recent public data and DOM, DMH, and MDRS discussions</b>		
Staffing and Wages	All	<ul style="list-style-type: none"> <li>Updated wages for more recent Mississippi specific BLS wage data available (May 2023).</li> <li>Updated wage trend assumptions for more recent Mississippi specific Federal Reserve Economic Data (FRED) monthly wage reporting as of April 2024 and forecasted wages into June 2025.</li> <li>Adjusted the number of worked holidays for frontline workers to 7 days and for frontline worker supervisors to 6 days under the assumption that staff are not likely to be working all state holidays.</li> </ul>
Employee Related Expenses	All	Health insurance, retirement, and worker's compensation now reflect the most recent March 2024 reported values from BLS.
Program Support and Administrative Assumptions	ID/DD	Adjusted administrative cost assumptions for behavioral supervised living, residential crisis support, crisis intervention, and all other behavioral support services (evaluation, specialist, and consultant) to reflect that increased staffing to align with department objectives does not necessarily mean there is a proportionally higher administrative burden on the providers.
<b>Rate modeling assumptions changes from workgroup feedback</b>		
Staffing and Wages	All	Frontline worker provider group blended with certified nursing assistant occupation.
Paid Time Off (PTO)	All except TBI & IL	PTO assumptions were increased to assume 15 days PTO for frontline workers while all other staff assume 20 days PTO.
New Hire Training	All except TBI & IL	New hire training assumption was increased to assume 120 hours of new hire training.
Travel & Vehicle Costs	All	Miles and travel time were increased for several services in response to workgroup member feedback, primarily for ID/DD and CSP services.
Travel & Vehicle Costs	E&D, ID/DD, CSP	For residential & day services, vehicle sharing assumptions across services were removed.
Travel & Vehicle Costs	ID/DD & CSP	For day services, ID/DD and CSP assumption for # residents per vehicle was adjusted from a 1:10 assumption to a 1:5 assumption.
Day Service Staffing Ratios	ID/DD & CSP	Adjusted ID/DD and CSP day service daily attendance assumption to 20 members per facility.
Residential Staffing Ratios	ID/DD	<ul style="list-style-type: none"> <li>For supervised living 4 beds or fewer and 5 beds or more, adjusted resident time away from the facility due to attendance at day or employment services to 25 hours per week.</li> <li>Medical and behavioral supervised living services no longer reflect any time residents would be away from the facility attending day or employment services.</li> <li>Behavioral supervised living staffing reflect 1:1 DCW to resident staffing for all hours of the day.</li> </ul>

# Payment Rate Modeling Results



# Estimated Fiscal Impact of Payment Rates

**Draft modeled rates result in an estimated 7.5% total increase reflecting \$56.7 million in total expenditure increases (state and federal share).**

**Budget request does not include any payment rate decreases from current payment rates.**



## Fiscal Impact Inputs

- Units utilized from the SFY 2022 372 reports, as provided by DOM, except for the CSP targeted case management service, which did not have 372 units available at the time of summarization and is instead based on 2021 claims data utilization.
- Current payment rates reflect:
  - CSP payment rates in effect as of November 1, 2023
  - Waiver payment rates effective July 1, 2023
- Fiscal impacts are based on historical units and do not reflect estimations of future changes to service utilization.

## Notable Drivers of Payment Rates

- Wage levels
- Staffing levels, particularly for residential care services
- Service-specific parameters, such as:
  - Travel time, mileage, or vehicle costs
  - Indirect time
  - Assumed service use per day

# Estimated Fiscal Impact of Modeled Payment Rates

Fiscal Impact Analysis for all DOM HCBS Programs and Services				
State Agency Share	Estimated Total Payments		Estimated Fiscal Impact	
	Current Rates	Modeled Payment Rates	Dollar Change	Percent Change
<b>Total Across Programs (State and Federal Share)</b>	<b>\$ 754,750,198</b>	<b>\$ 810,957,952</b>	<b>\$ 56,717,628</b>	<b>7.5%</b>
In-Home	\$ 467,300,239	\$ 494,594,227	\$ 27,696,506	5.9%
Community	\$ 103,836,040	\$ 113,268,337	\$ 9,432,297	9.1%
Residential	\$ 114,738,788	\$ 129,978,596	\$ 15,347,004	13.4%
All Other	\$ 68,875,131	\$ 73,116,792	\$ 4,241,822	6.2%
<b>Assisted Living</b>	<b>\$ 15,453,964</b>	<b>\$ 19,127,381</b>	<b>\$ 3,673,417</b>	<b>23.8%</b>
Residential	\$ 15,453,964	\$ 19,127,381	\$ 3,673,417	23.8%
<b>Elderly and Disabled</b>	<b>\$ 373,215,155</b>	<b>\$ 390,357,703</b>	<b>\$ 17,142,709</b>	<b>4.6%</b>
In-Home	\$ 281,112,721	\$ 294,319,359	\$ 13,206,638	4.7%
Community	\$ 37,682,280	\$ 40,385,574	\$ 2,703,294	7.2%
Residential	\$ 34,855	\$ 44,097	\$ 9,242	26.5%
All Other	\$ 54,385,298	\$ 55,608,673	\$ 1,223,535	2.2%
<b>Community Support Program</b>	<b>\$ 18,302,321</b>	<b>\$ 20,676,668</b>	<b>\$ 2,374,347</b>	<b>13.0%</b>
In-Home	\$ 1,954,398	\$ 2,106,484	\$ 152,086	7.8%
Community	\$ 14,532,882	\$ 15,983,924	\$ 1,451,042	10.0%
All Other	\$ 1,815,041	\$ 2,586,260	\$ 771,219	42.5%
<b>Intellectual Disabilities/Developmental Disabilities</b>	<b>\$ 226,151,217</b>	<b>\$ 250,674,928</b>	<b>\$ 25,033,425</b>	<b>11.1%</b>
In-Home	\$ 62,659,745	\$ 68,115,640	\$ 5,858,413	9.3%
Community	\$ 51,620,879	\$ 56,898,840	\$ 5,277,961	10.2%
Residential	\$ 99,195,802	\$ 110,738,588	\$ 11,649,983	11.7%
All Other	\$ 12,674,792	\$ 14,921,860	\$ 2,247,068	17.7%
<b>Independent Living</b>	<b>\$ 97,300,043</b>	<b>\$ 104,088,418</b>	<b>\$ 6,788,375</b>	<b>7.0%</b>
In-Home	\$ 97,300,043	\$ 104,088,418	\$ 6,788,375	7.0%
<b>Traumatic Brain Injury/Spinal Cord Injury</b>	<b>\$ 24,327,498</b>	<b>\$ 26,032,854</b>	<b>\$ 1,705,356</b>	<b>7.0%</b>
In-Home	\$ 24,273,331	\$ 25,964,325	\$ 1,690,994	7.0%
Residential	\$ 54,167	\$ 68,529	\$ 14,362	26.5%

## Program Specific Drivers of Fiscal Impacts:

**AL:** AL service payment rate increases were the driver of fiscal impact increases for this program, with TBI residential service increasing more modestly.

**E&D:** Personal care service rate increases accounted for 90% (\$11.9 million) of the in-home service increases.

### CSP:

- Prevocational and day service rate increases accounted for 91% (\$1.3 million) of the CSP community services increases.
- Targeted case management service payment rate increases accounted for nearly the entirety of the CSP “all other” service type increases.

### ID/DD:

- Respite service rate increases accounted for nearly the entirety of the estimated fiscal increase for in-home services.
- Prevocational and day service rate increases accounted for 91% (\$4.8 million) of the ID/DD community services increases.
- Residential service payment rates increased significantly with behavioral supervised living having the highest single service fiscal impact of \$4.0 million and a combined fiscal impact of the remaining supervised living services of \$5.6 million.
- All other services increases were driven by behavioral support and crisis intervention services having a combined fiscal impact of \$1.3 million, and the remaining increases attributable to the support coordination service.

**IL and TBI/SCI:** In-home service increases were the result of aligning direct care staff wage assumptions across programs and adjusting the health insurance cost assumption to reflect some limited health insurance participation.

Note: Fiscal impacts reflect totals from service level calculations and therefore totals may not tie. Calculations are an estimate based on historical units and do not reflect estimations of future changes to service utilization.

# Payment Rate Development Example: E&D Personal Care Attendant

Ref.	Description	Frontline Worker	Frontline Worker Supervisor	Total	Notes
A	Average minutes of direct time per unit	15.00			7 hours and 27 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	0.48			14 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	0.63			19 transportation minutes per 8 hours    spread over 24 units per day
D	<b>Total minutes per unit</b>	<b>16.11</b>			D = A + B + C
E	Staffing ratio	1.00			
F	Supervisor span of control		20.00		20 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		0.81		G = D / E / F
H	PTO/training time adjustment factor	8.7%	11.0%		Based on separate PTO build
I	<b>Adjusted total minutes per unit</b>	<b>17.51</b>	<b>0.89</b>		I = D / E * ( 1 + H )    I = G * ( 1 + H )
J	Hourly wage	\$ 14.02	\$ 16.68		Based on separate wage build
K	<b>Total wages expense per unit</b>	<b>\$ 4.09</b>	<b>\$ 0.25</b>	<b>\$ 4.34</b>	K = J * I / 60
L	Total OT minutes per unit	0.43	0.02		Based on separate OT build
M	<b>Total wages expense per unit w/ OT</b>	<b>\$ 4.24</b>	<b>\$ 0.26</b>	<b>\$ 4.50</b>	M = ( J * 1.5 / 60 ) * L + K
N	Employee related expense (ERE) percentage	18.6%	20.5%		Based on separate ERE build
O	<b>Total ERE expense per unit</b>	<b>\$ 0.79</b>	<b>\$ 0.05</b>	<b>\$ 0.84</b>	O = M * N
P	Estimated miles driven per unit			0.40	Based on separate miles build spread over 24 units per day    average speed of 38.7 MPH
Q	Federal reimbursement rate			\$ 0.67	
R	<b>Transportation fleet costs per unit</b>			<b>\$ 0.27</b>	R = P * Q
S	Administration & program support			10.0%	Portion of total rate
T	<b>Administration expenses</b>			<b>\$0.62</b>	T = S * ( M + O + R ) / ( 1 - S )
U	Service add-on expenses			\$ 0.00	No add-on expenses
V	<b>Total rate</b>			<b>\$ 6.24</b>	V = M + O + R + T + U
W	Rate adjusted for multiple people			\$ 6.24	Single Person Rate
X	<b>15 minute Rate</b>			<b>\$6.24</b>	<b>X = M + O + R + T</b>

Ref.	Alignment to Cost Allocation Plan			Total	Notes
Y	Direct Service Employee Salaries & Wages			\$ 4.19	
Z	Indirect Service Employee Salaries & Wages			\$ 0.13	
AA	Transportation Service Employee Salaries & Wages			\$ 0.17	
AB	Employee Related Expenses			\$ 0.84	
AC	Transportation & Fleet Vehicle Expenses			\$ 0.27	
AD	Administration, Program Support & Overhead			\$ 0.62	
AE	<b>Total Rate</b>			<b>\$6.24</b>	

Note: Totals may not tie due to rounding

# Next Steps

# Next Steps

- Please email any feedback on today's presentation to [LTSSPrograms@medicaid.ms.gov](mailto:LTSSPrograms@medicaid.ms.gov)
- Modeled payment rates will be provided in the payment rate report
- Payment rate report will be made publicly available on DOM's website: <https://medicaid.ms.gov/hcbs-waiver-providers/>
  - DOM will notify workgroup members once the report is officially published and anticipate that it will be available next week
- Providers will be made aware when SFY 2026 payment rates levels have been approved by the state legislature and can submit feedback via the 1915(i) public notice and the 1915(c) waiver public notice.

# Limitations

*The information contained in this presentation has been prepared for the State of Mississippi, Division of Medicaid (DOM). This presentation is intended to facilitate discussions with providers regarding HCBS payment rate development and is not considered complete without oral comment. The contents of this presentation are not intended to represent a legal or professional opinion or interpretation on any matters.*

*Milliman has developed certain models to estimate the values included in this presentation. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purposes and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).*

*In preparing this presentation, we relied on information from the Mississippi Workforce Study (performed by the Mississippi State University), DOM service expenditure data, rate assumptions from DOM's 2018 ID/DD payment rate development, U.S. Bureau of Labor Statistics wage and benefit data, tax withhold information from federal and state agencies, and transportation and home delivered meal cost data submitted by DOM HCBS providers. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such as a review was beyond the scope of our assignment.*

*Milliman makes no representations or warranties regarding the contents of this document to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for DOM by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.*

*Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Jill Bruckert and Katarina Lorenz are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this correspondence*



# Thank you

**Gwyn Volk, Principal and Senior Healthcare Consultant**

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