



The Hilltop Institute

analysis to advance the health of vulnerable populations

Medicaid Rate-Setting Methods for Community Services in Selected States

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Harriet L. Komisar and Cynthia Woodcock

Maryland Long-Term Care Payment

Advisory Committee Meeting

Goals

- Compare rate-setting methods and rates for community services in Maryland and other states
- Community services
 - Personal Care
 - Adult Day Care
 - Assisted Living
- Sample of states
 - Nearby states plus others from across the country

Background: Community Services in Maryland

- Personal Care & Attendant Care (state plan, 2 waivers)
 - \$91 million in FY 2008
- Adult Day Care (7 waivers)
 - \$83 million in FY 2008
- Assisted Living (1 waiver)
 - \$24 million in FY 2008

Community Services in Maryland

continued

- Personal Care (state plan, 2 waivers)
 - Living at Home Waiver
 - Older Adults Waiver

- Adult Day Care (7 waivers)
 - Living at Home Waiver
 - Older Adults Waiver
 - Medical Day Care Services Waiver
 - Waiver for Adults with Traumatic Brain Injury
 - Model Waiver for Disabled Children
 - New Directions Waiver
 - Community Pathways Waiver

- Assisted Living (1 waiver)
 - Older Adults Waiver

Preview of Findings

- All states in sample offer all services with exception of assisted living (available in 10 of the 11 states)
- Wide variety of methods used for rates
 - In how rates work (how many categories, what adjustments if any)
 - In how rate amounts determined
- Maryland rate methods similar in some ways to other states, but some elements are unique or uncommon in the sample of states

Outline of Presentation

- Information sources, sample of states
- Rate methods and rates for each service:
 - Personal Care
 - Adult Day Care
 - Assisted Living
- Methods used to establish and update rates (all services)
- Conclusion

Information Sources

Data and Methods

- Limited information available in existing reports
 - Exception is assisted living; all-state report (Oct 2009)
- Contacted Medicaid staff in 22 states seeking interviews
 - Conducted interviews with Medicaid staff in 11 states; sent questions in advance
- Topics covered
 - Payment methods
 - Methods used to establish rates
 - Methods used to update rates
 - Level of rates (current and in recent years)

Data and Methods continued

- Sources for our analysis
 - Written replies to questions
 - Information obtained in interviews
 - Relevant documents (such as rate schedules)

States in Our Sample

- Nearby
 - Delaware, District of Columbia, Maryland, Pennsylvania, Virginia
- Others across the country
 - Arizona, Florida, Illinois, Minnesota, Texas, Washington

Personal Care

Personal Care: Number and Types of Programs

- All states offer personal care in more than one program
 - 2 programs (2 states)
 - 3 programs (2, including Maryland)
 - 4 or more (7)
- Type of programs
 - State plan and waivers (6 states)
 - Waivers only (5)

Personal Care: Limits on Utilization

Some states limit utilization by:

- Caps on Service Hours
(5 states, DE, DC, FL, MD, WA)
- Limits on Service Expenditures
(2 states, IL, MN)

Personal Care: Rates Across Programs

- Most states use the same rates for all or most programs

Same rates across all programs	5 states
Same rates in most programs (In IL, exception DD waivers; in VA, exception AIDS waiver)	2 states
Different rates in different programs	4 states (incl. MD)

Personal Care: Payment Methods

- Programs vary in the number of rates
 - Provider-specific (1 state, PA)
 - Participant- & provider-specific (individually negotiated) (1 program in 1 state)
 - One uniform rate, no adjustments (2 states)
 - Various rate categories or adjustments (9, including MD)

Personal Care: Rate Categories or Adjustments

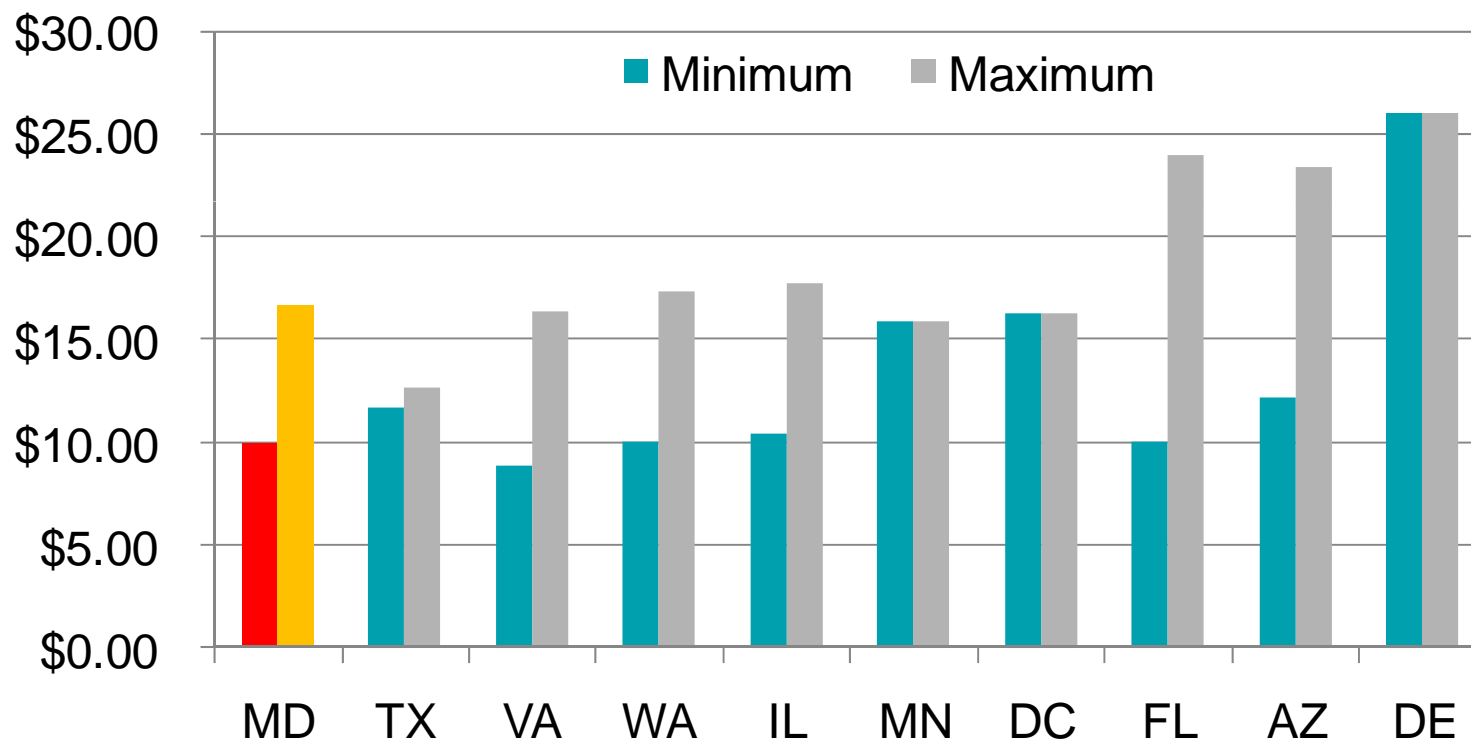
Different rates in different geographic areas	2 states
Lower rates for independent providers compared with agency providers	5, including MD
Lower rate if more than one recipient living in same house or apartment	2, MN and DC
Increase rate if agency provides health insurance for workers	1, IL
Higher rate if includes assistance with medications	1, MD Older Adults Waiver
Acuity adjustment	1, MD state plan
“Rate enhancement” option for providers, which providers must use to increase wages of direct care workers	1, Texas

Unit of Payment

- 15-minute unit (5 states)
- Hour (7, including MD waivers)
- Day (1, MD state plan)

Level of Care	Rate per Day
Level 1 (usually 1-2 hours)	\$12.74
Level 2 (usually 2-4 hours)	\$25.48
Level 2B (usually 6+ hours or both AM & PM care)	\$38.23
Level 3 (care available 24 hours)	\$55.21

Personal Care: Rates per Hour



Note: Current rates as of October 1, 2009. Only waiver rates are included for MD.

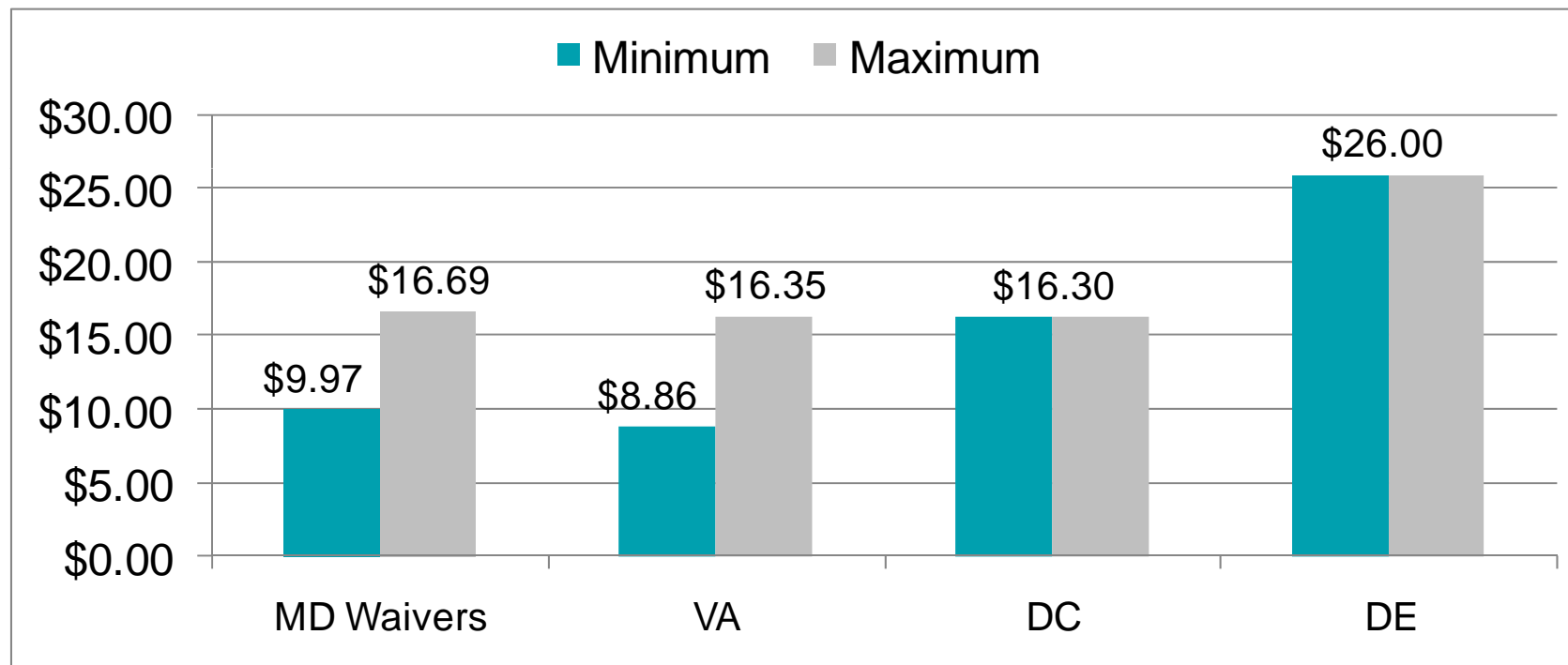
Personal Care: Rates per Hour continued

Range of Rates in Each State

	MD	TX	VA	WA	IL	MN	DC	FL	AZ	DE
Min	\$9.97	\$11.66	\$8.86	\$10.03	\$10.45	\$15.84	\$16.30	\$10.00	\$12.20	\$26.00
Max	\$16.69	\$12.66	\$16.35	\$17.38	\$17.69	\$15.84	\$16.30	\$24.00	\$23.40	\$26.00

Note: Current rates as of October 1, 2009. Only waiver rates are included for MD.

Personal Care: Rates per Hour in Maryland and Nearby States



Note: Current rates as of October 1, 2009.

Adult Day Care

Adult Day Care: Number and Types of Programs

- All programs offered social and medical (rehabilitative) services
- Number of programs
 - 1 (4 states)
 - 2 (1)
 - 3 or more (6, including MD)
- Types of programs
 - State plan only (2 states)
 - Waiver(s) only (9, including MD)

Adult Day Care: Rates Across Programs

- Same rates across all programs
 - 8 states, including Maryland
- Different rates in different programs
 - 3 states

Adult Day Care: Payment Methods

- Programs vary in number of different rates

Uniform statewide, no adjustments	5, including MD
Uniform within geographic areas, no other adjustments	2
Uniform with “rate enhancement” option for providers	1 (TX)
Provider-specific	3
Participant- & provider-specific (individually negotiated)	1 (some waivers in MN)

Adult Day Care: Payment Methods continued

- Transportation included in rate?
 - Yes (3, MD, DE, TX)
 - No (6)
 - Varies by provider (1, PA)
 - Varies by waiver (1, IL)

- Different rate categories or adjustments
 - Provider-specific rates (3)
 - Different rates in different programs (3)
 - Enhanced level of care (1, DE)
 - “Rate enhancement” (1, TX)

Adult Day Care: Units of Payment

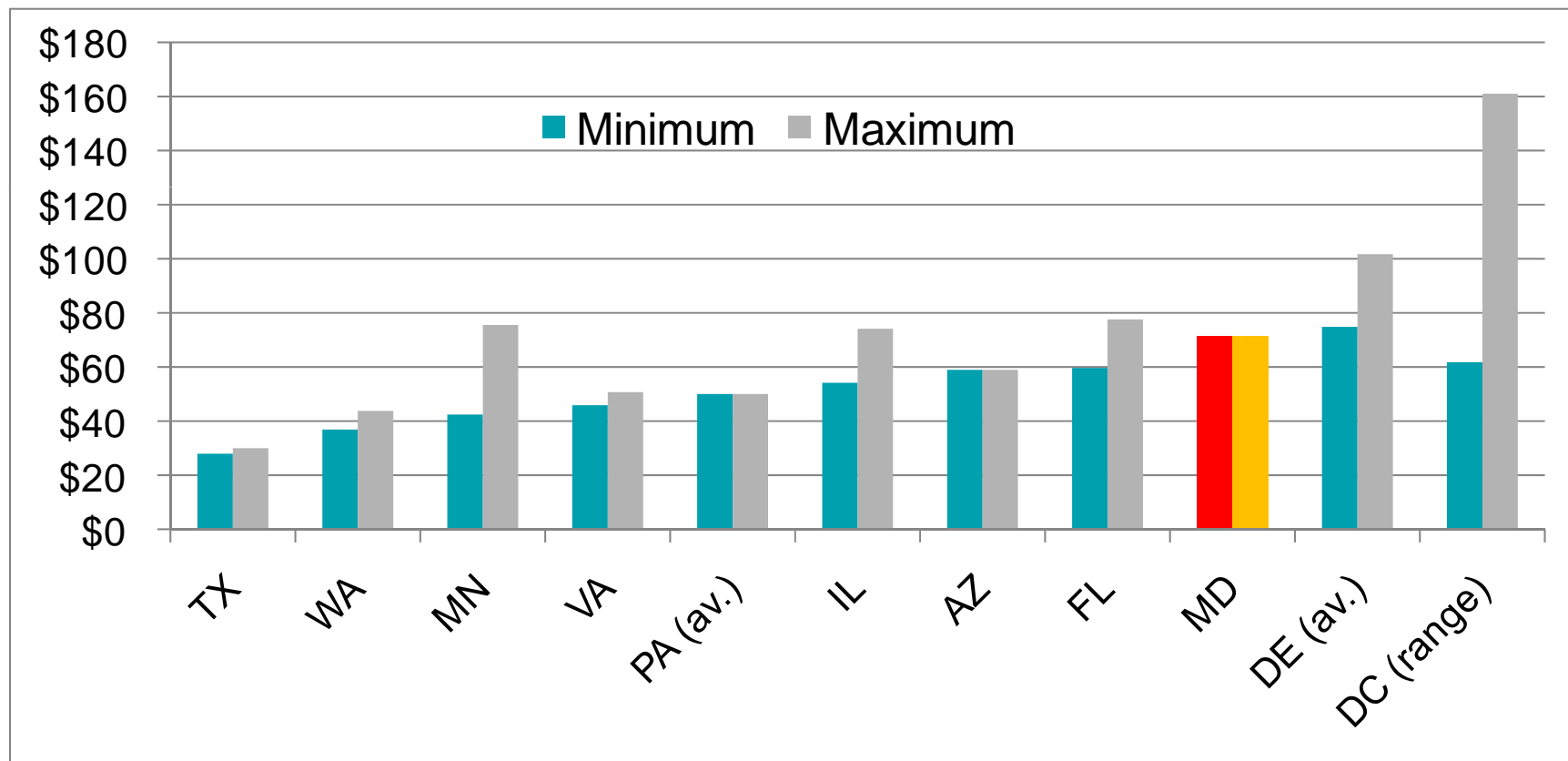
15-minute unit	1 state
hour	1
half-day	1
day	3 (incl. MD)
15-minute unit and day	1
hour and day	2
half-day and day	2
15-minute unit, half-day, and day	1

Adult Day Care: Units of Payment continued

- Definition of half-day
 - Less than 4 hours (1 state)
 - 4 or fewer hours (1)
 - 3 to 5 hours (1)

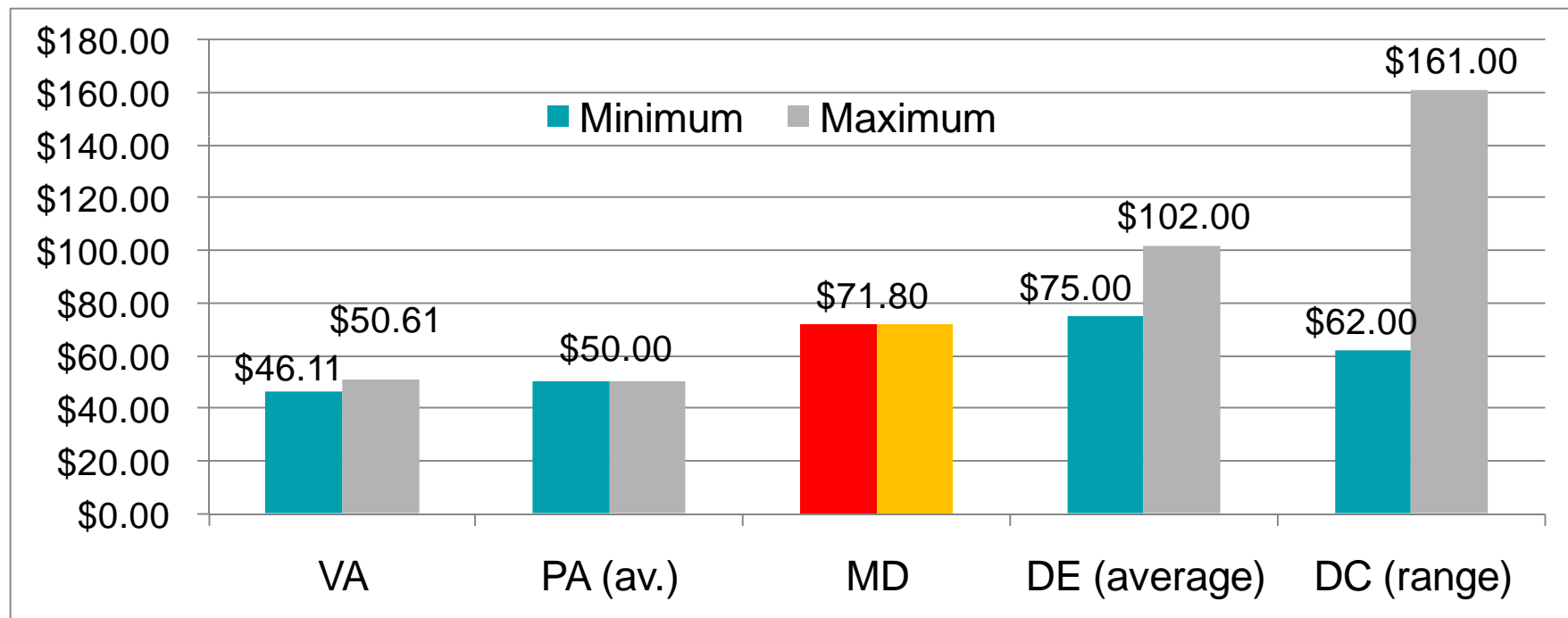
- Definition of day
 - More than 4 hours (3)
 - 5 or more hours (1, MD)
 - 6 or more hours (1)
 - No set number of hours (1)

Adult Day Care: Rates per Day



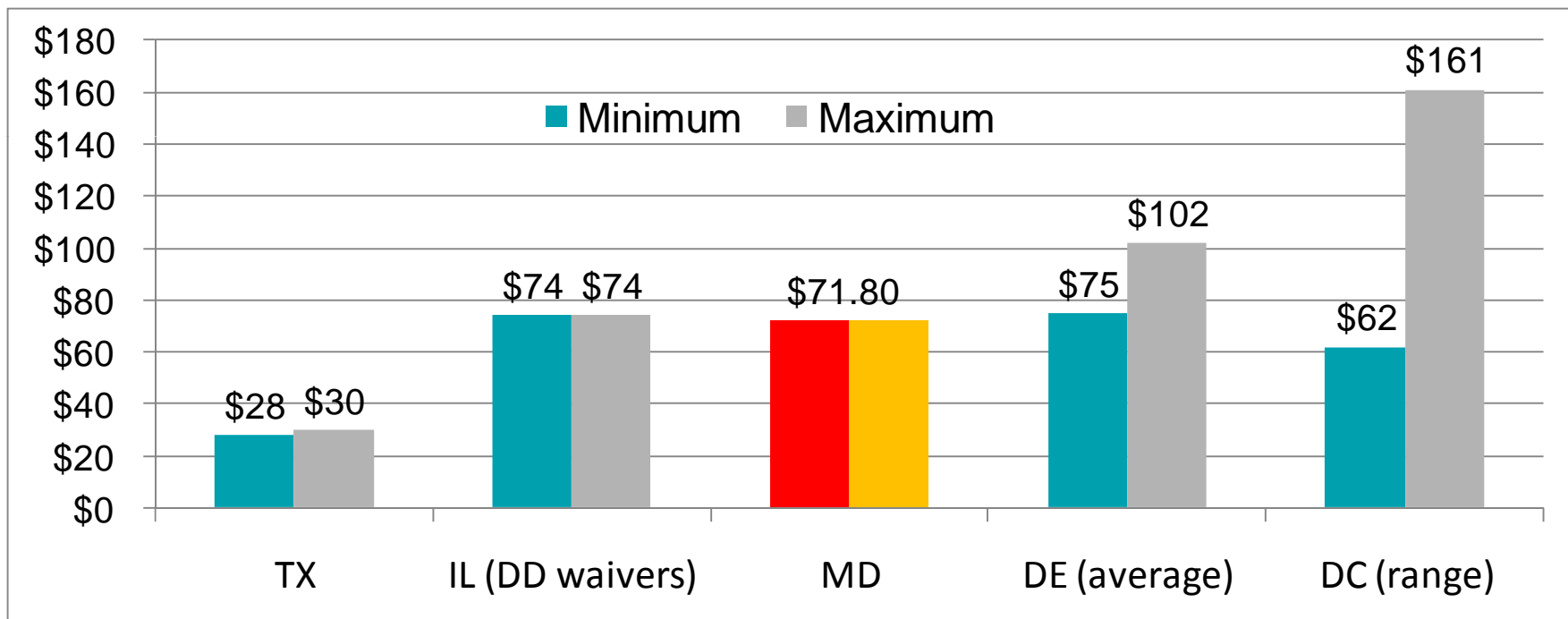
Note: Current rates as of October 1, 2009.

Adult Day Care: Rates in Maryland and Nearby States



Note: Current rates per day as of October 1, 2009.

Adult Day Care: States with Transportation in the Rate



Note: Current rates per day as of October 1, 2009.

Assisted Living

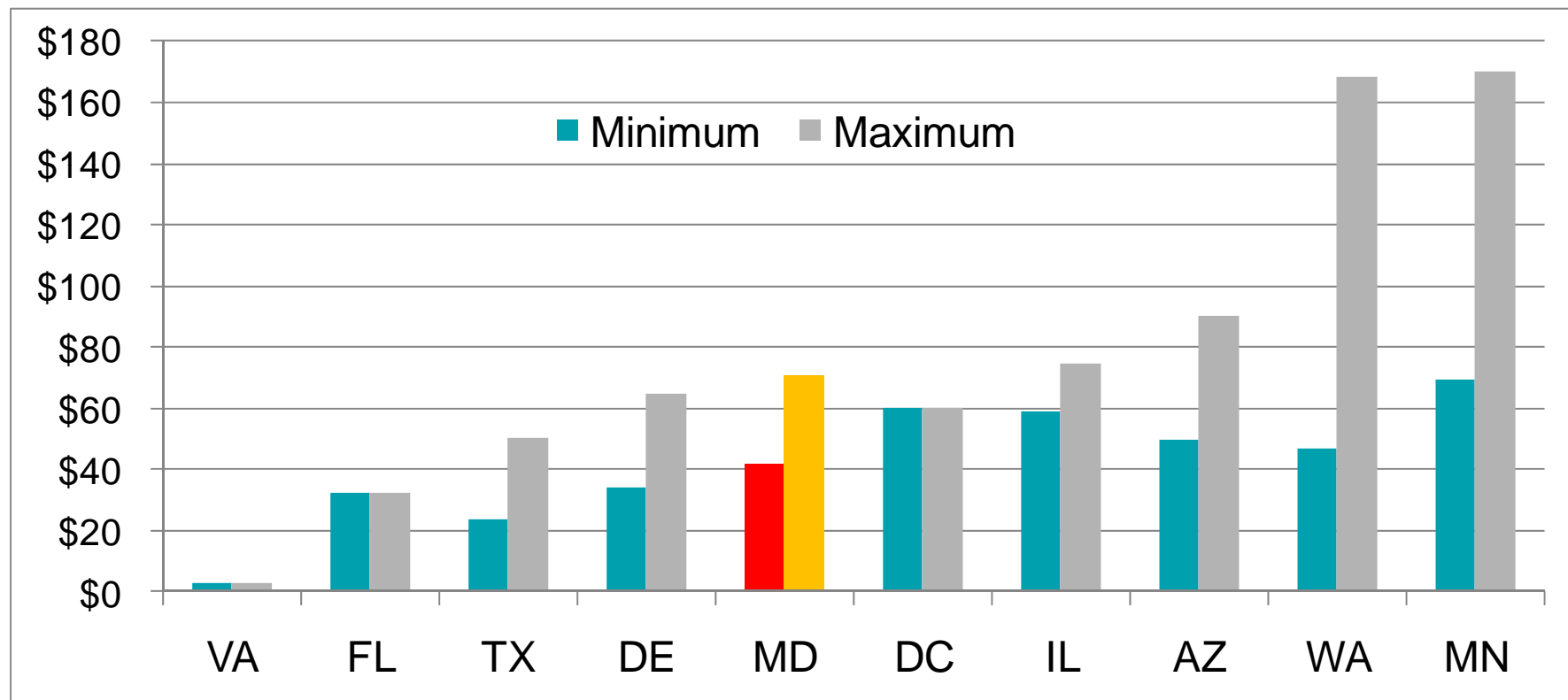
Assisted Living: Number and Types of Programs

- Number of programs
 - 0 (1, PA)
 - 1 (6)
 - 2 or more (4)
- Types of programs
 - State plan only (1)
 - State plan & 2 waivers (1)
 - 1 waiver only (6)
 - 2 or more waivers (2)
- Same rates across programs?
 - Yes (9 states)
 - In AZ, managed care organizations negotiate rates (state does not produce benchmark rates)

Assisted Living: Rate Categories and Adjustments

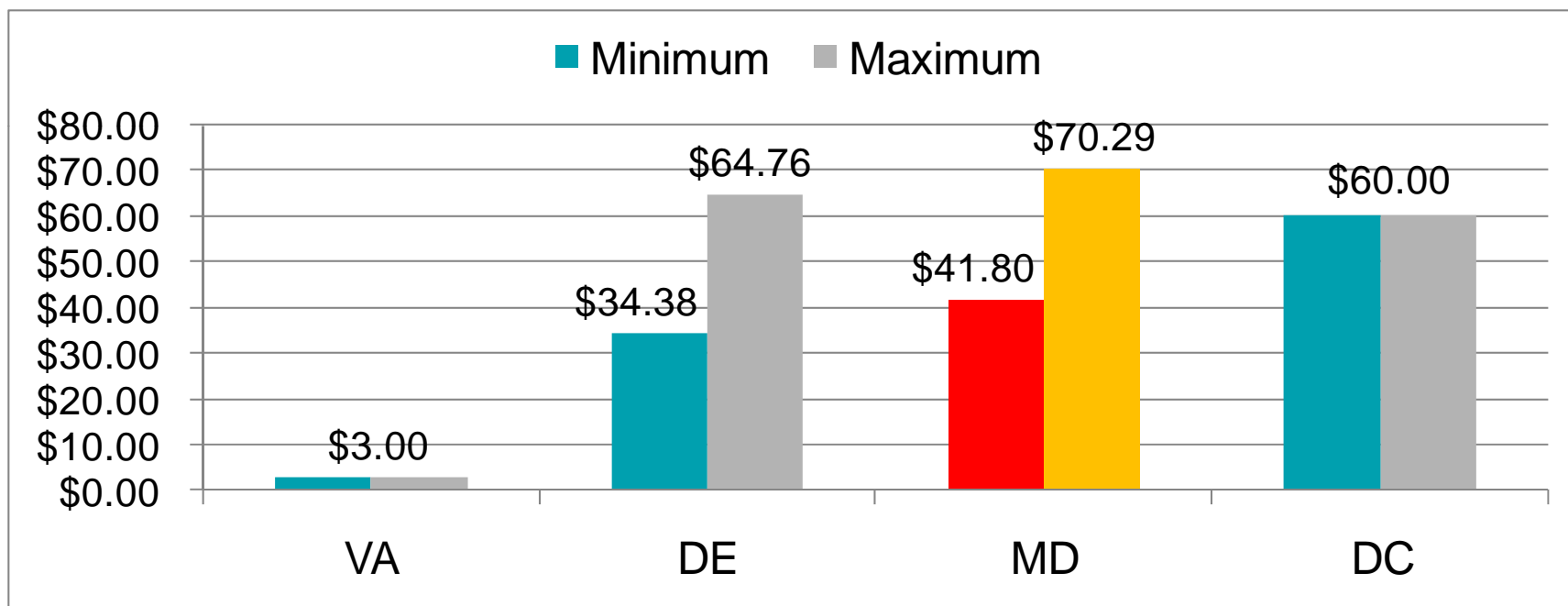
One uniform rate, no adjustments - DC, FL, VA	3 states
Uniform within geographic areas - IL (7 geo areas)	1
Different rates for different acuity levels - DE (9 levels), MN (11 levels), TX (6 levels)	3
Geographic areas and acuity levels - WA (3 geo areas and 17 acuity levels)	1
Acuity levels (2) and whether or not recipient is also receiving medical day care	MD
Managed care organizations determine rates - AZ (no state benchmarks)	1

Assisted Living: Rates per Day



Note: Current rates as of October 1, 2009.

Assisted Living: Rates in Maryland and Nearby States



Note: Current rates per day as of October 1, 2009.

All Services

All Services: Variety of Methods Used to Establish Rates

- Cost models
- Personal Care rates negotiated with union (SEIU local) (WA and IL)
- Assisted Living rates based on percentage of average nursing home rates in geographic area (IL)
- Combine variety of information: rates for state plan services, other waiver program rates, provider input
- Historic (unknown or based on fee-for-service amounts or limits when converted to current system)
- Provider survey
- Negotiated with providers or provider groups

Community Services: Methods for Updating Rates

- Regularly-scheduled updates for inflation
 - AZ, MD, TX
 - IL (Assisted Living only)
- Requires legislative action (most states)
- Regularly-scheduled rebasing
 - AZ (every 5 years)
 - TX (every 2 years)

Community Services: Recent Rate Changes

Rate Change Between Last Year and Now	Personal Care	Adult Day Care	Assisted Living
No Change	6 states	3 states	5 states
Decrease	4 (incl. MD)	3 (incl. MD)	1 (incl. MD)
Increase	1	1 (in one waiver)	1

Maryland Community Services: A Summary

	Personal Care	Adult Day Care	Assisted Living
Rates across programs	Different rates across 3 programs	Same rates	1 waiver
Adjustments	Acuity; agency vs. indep. providers; medication assist	none	<ul style="list-style-type: none"> ▪ Two acuity levels ▪ With and without medical day
Units of service	Hour, day	Day (5+ hours)	Day
How rates determined	Historic rates, updated over time	Initially based on limits in previous cost-up-to-limit system; updated over time	Initially based on provider survey; updated over time

Maryland Community Services: A Summary continued

	Personal Care	Adult Day Care	Assisted Living
Annual rate updates	<ul style="list-style-type: none"> ▪ State plan: increase in CPI, all items component, for Baltimore-DC ▪ Waivers: Lesser of 2.5% or increase in CPI, medical care component, Baltimore-DC 	Increase in CPI, medical care component, for Baltimore-DC, up to cap of 5%	Increase by lesser of 2.5% or increase in CPI, medical care component, Baltimore-DC

New Developments in States

A few states are in the process of planning changes in methods

- PA (currently working to establish standardized rate-setting process for all Medicaid waivers by July 2012)
- DC in process of developing new strategic plan for chronic and long-term care

Final Thoughts

Approaches to Integrating Rate Setting for Community and Institutional Services

- Linking community rates to nursing facility rates (IL—Assisted Living)
- Using the same rebasing schedule (AZ, TX)
- Using the same inflation indices
- Global budgeting

About The Hilltop Institute

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized research center dedicated to improving the health and social outcomes of vulnerable populations. Hilltop conducts research, analysis, and evaluation on behalf of government agencies, foundations, and other non-profit organizations at the national, state, and local levels.

www.hilltopinstitute.org

Contact Information

Harriet L. Komisar
Senior Research Analyst
410.455.6740

hkomisar@hilltop.umbc.edu

Cynthia Woodcock
Director of Long-Term Supports and Services
410.455.6273

cwoodcock@hilltop.umbc.edu