Rate Transition Workgroup - July 6, 2011

The following minutes were approved as amended 8/3/11

Present: Steve Morris; Terry Edelstein; Stan Soby; Matt Reyher; Julia Wilcox; Elyse Velardo; Joe Drexler; Peter Mason; Deb Heinrich; Katie Banzaf; Janice Chamberlain; Pat Bourne

1. Review of 6/22/11 minutes. Spelling, typographical errors and other corrections noted. Goal statement revised to include the phrase "impact of collective bargaining".

2. Appointment of Co-chair: Pat Bourne nominated as co-chair. There was a question whether the group is expected to focus on both day and residential services at this time. Commissioner Macy was asked for clarification. He intends there be a separate phase for residential services. Therefore, the Trade Assocs. Will submit separate nominations for another co-chair at a later date.

3. Review of Transition Effect on Day Providers (see working documents)

The committee reviewed data assessing the impact of LON based allocation rates on providers. Approximately 50% of day program providers are within 8% (+/-) the currently established LON allocation rates for a variety of reasons. The other half is either very high cost providers where wage/benefit issues have affected funding or very low cost program models.

What does the information tell us?

- There seems to be a disproportionate impact on smaller providers. Many of these providers have been consistently asking for DDS for more funding
- There would need to be a plan for each provider to minimize impact
- There are 16 agencies identified as being 8% or more above the rates. The methodology would be to get everyone within the 8% (+/-) range in Phase 1 and eventually to the rates at phase 2.
- There are some agencies that are significantly higher cost because of their specialized program model. The question is whether these are sustainable models.
- Rates are tied to LON on a scale of 1-8 ranging from $11,200-28,200. The rate methodology was presented at the June meeting.
- The data is based on the annual authorization per client adjusted for part-time. The dollar figures do not include one-time funding or other revenue and assumes 90% attendance.

How do we begin?

- Start process with agencies with budgets greater than $500K with rates greater than 8% above or below the LON rates
- The plan would need to be implemented over a period of years to be workable.

What are issues/factors to consider?

- 70% of providers are losing money according to some recently published reports. According to DDS, for agencies with budgets in excess of $500K, there was an overall loss in day services of $2 million in 2009. However, one agency accounted for $1.5 million and another accounted for $300K. Therefore, DDS assumption is majority of providers are "break even".
- If providers are getting more than the established rate and still losing money, then there is still the question of a sustainable model.
- What is the impact of collective bargaining?
- What is the impact of the LON? Are the scores reliable? Some agencies are better than others in identifying changing needs. Also, LONs are not based on the fiscal year. Therefore, LONs have

"rolling" dates and can change at any time. Persons with funding above the LON rate must be reviewed and approved by URR further complicating the process.

- Funding has historically perpetuated legacy issues.
- Data does not show how agencies are using the money. For example, there is no way at present to identify those providers who offer health care benefits to employees vs. those who don't so employees must rely on HUSKY plan. DDS can identify provider's average wage and the percentage of benefit costs but can't determine what the benefits are.

Next Steps for data analysis:

- DDS will add the following information to the data:
  - Column to show impact of getting all to 8%
  - Add # of participants per agency
  - Add avg. LON score
  - Identify profit/loss based on FY 10 info for all agencies

4. URR Policy distributed

The LON does not predict the need for 1:1 or intensive staffing that may be required for a variety of individual client issues. The role of the URR committee is to approve the need for additional support. It was never meant to be a rate implementation system.

Joe will talk with the ARD's to emphasize that URR should concentrate on enhanced staffing issues and not attempt to address "legacy funding" issues at this time. Joe will report back to the workgroup.

5. Rate Training Need

It is clear from the discussions that there is a need for a "rate training 101" to bring all providers up to date on the current practices. In an initial attempt to address this, DDS will:

- Revise the Rate Transition webpage to ensure info is current and relevant. Workgroup recommends that DDS add "version #" and dates on all documents.
- Develop written procedures for when and how LON allocated rates will be applied. Procedures will be presented to workgroup at next meeting. This will serve as the initial steps in developing a waiver rate billing manual.
- Set up a workshop for providers at a date TBD. NEAT Marketplace is available.

Action Steps:

There are gaps in the process between IDT development of the LON for each individual, budget development by PRAT and the final allocation to the provider. Joe will ask 2 providers from each region who are in the "high" and "low" categories to begin informally discussing issues, reasons, implications, etc. of converting to the LON allocation rate. Joe will present a status report at the 8/17 meeting.

Need to set up sub-committee meetings. Pat will follow-up with the trade associations to identify appropriate representatives to serve on the sub-committees and report back with recommendations at the 7/20/11 meeting.

Note: Workgroup members are reminded not to share handouts or other "work products" distributed at the meetings.

Submitted by: Pat Bourne