

BRIDGE FUNDING

Definitions

Bridge Funding (BF) – A cash advance equaling the first month’s funding of the total annual authorizations for each program operated by a private provider, adjusted for utilization averages.

Community Living Arrangements (CLAs) – A congregate setting in the community licensed by the Department of Developmental Services (DDS) to provide Participants with twenty-four hour residential supports.

Continuous Residential Supports (CRS) - A non-licensed supervised home setting for no more than three Participants, other than a family home.

Qualified Provider – A private organization qualified to provide supports to a Participant or group of Participants in a residential or day program and is funded through a Purchase of Service Contract.

Description of Current Process

The Department of Developmental Services (DDS) established a web-based attendance program with the dual purpose of making payments to qualified providers based on the utilization of supports and billing for Medicaid reimbursement. Attendance is entered into the on-line program by the qualified provider no later than the 10th of the month following the month in which the services were provided.

When DDS implemented this utilization-based payment system, it changed the timing of payments for qualified providers. Rather than a simple calculation of 1/12 of the annual authorization, payments are now based on actual attendance records, which must be collected and processed to determine payment figures. If left unaddressed, this would have caused a delay in payments upon implementation. To bridge the gap in the first month of implementation, DDS developed a three part payment process, which still exists today. Each monthly payment is comprised of:

- 1) an estimate for the most recently completed month of service (“estimate”)
- 2) the recoupment of the estimate for the previous month (“estimate previous”)
- 3) the actual attendance for the previous month (“actual”).

While this payment process alleviated cash flow concerns at the time of implementation, it has created a system that is too complicated to maintain long-term. Complications in financial record-keeping and accounting have been a burden for qualified providers, in addition to confusion around recoupment of funds upon termination of a contract. In turn, the multi-part payment has also been a roadblock to systems modernization and improvement efforts at DDS.

Description of the New Payment Process

In order to streamline the payment process, qualified providers will receive a Bridge Funding (BF) payment in the March payment. The BF figure will be calculated based on an estimate of the total current annual authorizations as of the February pay pull, adjusted for the average utilization for the service. The BF will be retained by the qualified provider to maintain cash flow during the contractual period. At the end of the contract period, the BF will be deducted from the last payment. At the start of a new contract period, a BF will be re-authorized for each qualified provider for the contractual period. In the event a contract is terminated, DDS will arrange a payback schedule that factors in the length of time the Department was notified of the qualified provider's desire to end the contract, the amount of the BF, any cash advances given for the opening of a CLA, any funds owed through a DSS audit, unbilled attendance claims, and any other money owed to DDS.

Details:

- Each provider will receive one residential BF and one day BF (if the provider offers both types of supports).
- DDS will calculate the BF based on the current annual authorizations at the time of the payment.
- The BF will be based on the total current annual authorizations as of the February pay pull adjusted to reflect the average utilization for the service type:
 - DDS will use a utilization factor of 100% for all current CLA, CRS and Community Companion Home, Individualized Home Supports, Personal Supports and Adult Companion annual authorizations.
 - DDS will use a utilization factor of 85% for all current Day Service authorizations.
- New CLAs opened or taken over after the payment of the BF will not receive an additional BF. Per regulation, qualified providers will continue to receive a 30 day cash advance when opening a new CLA, or taking over administration of an existing CLA. The cash advance will not be increased when an agency closes an existing CLA and opens a replacement home.
- When a qualified provider adds a program or service through a merger or takeover from another provider, DDS will discuss the need to increase the BF. The maximum amount of additional funds the receiving provider may receive is equal to the BF authorized to the sending provider. If the BF of the receiving provider is increased, the sending provider will receive a corresponding reduction to their BF.
- A qualified provider may request a consideration of hardship from the DDS Deputy Commissioner or designee regarding the amount of the BF. At its discretion and within available appropriations, DDS will analyze the qualified provider's current annual authorizations, financial condition and cash flow requirements to determine whether an adjustment can be made.

- The BF will be considered a cash advance and must be identified as a liability on the qualified provider's financial statements.
- At the end of the contract period, DDS will reconcile the final payment to the qualified provider with the previous month's actual attendance and the BF. At the same time, the qualified provider will receive another BF for the new contract period.
- DDS reserves the right to reduce the BF based on available resources. If DDS decides to reduce the BF, the department will reduce the BF over a mutually agreed upon time period, not to extend beyond six months.

Example

Provider X has a total of \$100,000 of total authorizations for residential services.

February Payment

January Residential Estimate ("estimate") - \$85,000

Previous Residential estimate ("estimate previous") - (\$85,000)

Actual December Residential Attendance ("actual") - \$85,000

March Payment

Previous Residential estimate- (\$85,000)

Actual January Residential Attendance - \$85,000

Bridge Funding - \$85,000

April Payment

Actual February Residential Attendance - \$85,000