Frequently Asked Questions Regarding the Transition to LON-Based Rates

Why are we doing this?

The Center for Medicaid Services (CMS) expects all states that receive federal reimbursement for developmental services to develop a fair and consistent funding mechanism for each participant. DDS has been working with private providers on developing a standard rate system based on a person's level of need. After several years of work, a Legislative Rate Study Commission was established to review the information and make recommendations. The report is available on line at: http://www.ct.gov/dds/lib/dds/operations_center/rate/lac_final_report.pdf. The finding of the Commission was that "CMS has articulated its requirements to states in the regulations for the Homes and Community Based Waivers. Waiver regulations requires that states have a uniform rate setting methodology for service models; that states pay only for services actually delivered; and that states afford service recipients freedom of choice between service providers in order for the state to qualify for FFP (Federal Financial Participation). Connecticut's existing payment system does not meet any of these three criteria and places the state at risk of federal recoupment of FFP should the state undergo a CMS audit."

What is the transition to Level of Need rates?

The Commission recommended that "A multi-year transition period will allow agencies to develop and implement strategies to deal with the rate differences depending on their historical funding. At the conclusion of the transition period, all services would be paid based on the uniform rates." Commissioner Macy has given the directive for a seven and one half (7½) year transition period for day services beginning on January 1, 2012 to allow private agencies to develop and implement strategies to deal with the difference between a standard rate based on a participant's level of need and the provider's historical funding. The transition for residential services is scheduled to begin on January 1, 2013. At the conclusion of the transition period, all services will be paid based on uniformed rates.

Has there been provider involvement in developing the transition process?

A Waiver Work Group, a collaborative effort between DDS and the private sector, was formed in April 2005 to address fee for service rates. The Waiver Work Group researched the methodologies used by many states and established a goal to transition providers to uniform rates over time. This culminated with a plan to begin a transition implementation for July 2009. The 2009 implementation was delayed in order to complete the legislative rate study. A new Transition to Day Rates Committee was formed and has been working on the implementation plan since the summer of 2011. The Committee has been broken up into two working groups. The Implementation Workgroup worked on the transition plan to implement the LON-based rates based on the current appropriations. The Sustainability Workgroup has been working on developing a plan to present to the legislature on how to maintain a rate system that is sustainable for the participants, the direct care staff and the provider agencies.

How is the Level of Need determined?

An assessment tool is completed as part of the Individual Planning (IP) process for individuals who receive DDS funded services. The Level of Need (LON) assessment provides the information needed to accomplish the following objectives:

- *determine an individual's need for supports in an equitable and consistent manner for the purposes of allocating DDS resources*
- *identify potential risks that could affect the health and safety of the individual, and support the development of a comprehensive Individual Plan to address potential risks*
- *identify areas of support that may need to be addressed to assist the individual in actualizing personal preferences and goals*

What if a provider does not think the participant's Level of Need is correct?

A participant's funding is based on the LON assessment. If a provider believes that there is an error with the assessment, they should first contact the participant's case manager. Most times, the issue can be resolved with the case manager and the individual's team. If a provider does not feel the issue has been resolved in the best interest of the participant, the agency can contact the regional LON liaison. The following DDS staff has been identified as the LON Liaison:

Tammy Garris, West Region – Email: tammy.garris@ct.gov Tel. – 203-805-7440

Amy Chase, North Region – Email: amy.chase@ct.gov Tel. – 860-263-2504

Carin Mancini, South Region – Email: carin.mancini@ct.gov Tel. – 203-294-5048

In contacting the Liaison, the provider should be prepared to identify the specific question(s) in the assessment tool which they believe is incorrect. Since the LON is based on the answers to questions regarding the participant, the Liaison will need to know which area in the tool is in dispute. A general inquiry on the rate structure should be addressed to the Operations Center.

How were the rates developed?

The day services rates were developed to reimburse providers for direct and indirect costs associated with direct care staffing support hours. A standard hourly wage for direct care staff was determined by reviewing the Depart of Labor Wage Survey and comparing it with the average hourly wage in the FY2009 annual report. The standard hourly wage is increased proportionately by established percentages for substitute staff, supervision, benefits, indirect costs and administrative and general expenses. The hourly rate is adjusted for group programs to factor in a 90% utilization rate.

Do the rates include behavioral and clinical supports?

The indirect percentage includes the clinical oversight to be provided by the agency. The rates do not include the cost for a behavioral assessment or the training of the staff. Providers may request a one-time authorization to be reimbursed for a behavioral assessment or the training of the staff on the resultant behavioral interventions.

Do the rates include nursing supports?

The indirect percentage includes the nursing oversight to be provided by the agency. The standard group day services rates do not include the salary and benefits of direct care staffing supports provided by a LPN or an RN. Documented need for staffing supports provided by an RN or LPN will be required for an increase to the standard LON rate.

How are LON-based rates calculated?

The rates are designed in a series of equal steps. Each step is based on estimated staffing ratios. The Level of Need tool will determine a rate based on the staff supports required to meet the individual's needs. The graduated steps were developed to correspond to the increased staffing ratios. This approach eliminates the staffing modifier as a separate calculation and billing requirement.

How are transportation rates calculated?

Transportation will utilize the same step values. The number of miles will determine how many additional steps will be added to the rate that was determined by the Level of Need. This approach eliminates transportation as a separate calculation and billing requirement.

The following chart shows the ranges for transportation with rates for ten trips a week. The mileage ranges listed represent the one-way mileage from home to program or work site. Each step equals $1,872.00:

Transportation	
$1,872.00	<= 7 miles
$3,744.00	7.1 to 12 miles
$5,616.00	12.1 to 16 miles
$7,488.00	16.1 to 20 miles
$7,488.00	20 miles and up

Accessible Transportation	
$ 1,872.00	<= to 3.5 miles
$ 3,744.00	3.6 to 6 miles
$ 5,616.00	6.1 to 8.5 miles
$ 7,488.00	8.6 to 11 miles
$ 9,360.00	11.1 to 13.5 miles
$11,232.00	13.6 to 16 miles
$13,104.00	16.1 to 20 miles
$13,104.00	20 miles and up

Are the rates for Sheltered Workshops the same as the GSE and DSO rates?

The rates for Sheltered Workshops are not the same as the GSE and DSO programs. The LON-based rates work for people in sheltered settings similarly to people in other group day programs. People will be authorized for service at a per diem rate based on their Level of Need (LON). The rates are lower than DSO and GSE based on historical cost differences and higher participant to staff ratios in the "sheltered" setting. Agencies that wish to transition from Sheltered Supports to Group Supported Employment should discuss it with their region.

Level of Need	Day Rate
1	$9,461
2	$11,361
3	$13,260
4	$15,150
5	$18,922
6	$20,812
7	$22,703
8	$24,593

What is the definition of Sheltered Workshop?

Sheltered Workshop is defined in the Purchase of Service contract as a "service in a segregated facility where a Participant is supervised in producing goods or performing services under the (POS) Contract to third parties. A Participant is paid at a wage that is commensurate with workers who do not have a disability for essentially the same type, quality, and quantity of work in accordance with the Connecticut Department of Labor and U.S. Department of Labor regulations."

DDS will be providing a more detailed definition in the coming months.

When will the transition for day services begin?

In January of 2012, the transition for day services will start for agencies that are 8% or more above or below the need based rates. After a review of the total annualized legacy amount of all contract service authorizations and vendor service authorizations, DDS calculated that more than half of the authorized amount was with those providers that were within 8% of the LON rates. Using that as the benchmark, the committee determined that those agencies 8% or more above or below the need based rate would require a longer transition period.

Providers whose aggregate legacy funding is greater than 8% above or below the total of all Level of Need based rates will begin the process of incrementally adjusting their funding level towards the LON-based rates. Providers whose aggregate legacy funding is within 8% above or below the total of all Level of Need based rates will begin the transition on July 2013. All

providers will work with the primary region to develop a provider specific plan to move the agency from legacy funding to LON-based rates.

When will the transition to residential services begin?

The transition to residential rates is scheduled to start on January 1, 2013. A transition work group comprised of DDS and private providers has been developed and the first meeting is scheduled for January.

What is legacy funding?

In both day and residential services, funding was based on a historical combination of cost, appropriation and negotiation, but not necessarily on consumer need. This has resulted in different funding amounts for different people with similar needs. This funding is considered legacy funding. Participants that have received funding through the Utilization Resource Review or Forensic Review process are not considered to have legacy funding.

Which agencies will be affected on January 1, 2012?

Providers whose aggregate legacy day funding is 8% or more above or below the total of all Level of Need based rates will begin the process of incrementally adjusting their funding level towards the LON-based rates.

Does this apply to day providers who have a total funding of less than $250,000?

Since a small provider has few participants that attend their program, the addition or subtraction of one individual can dramatically affect the difference between the legacy funding and the LON-based rates. For this reason, DDS has delayed the implementation of the LON-based rates for small providers until July 1, 2013. Regions will begin discussions with these providers over the coming year to assist them with developing a plan that will move all their participants to the LON-based rates.

Is there a list of which providers are above, below or within 8% of the LON rates?

All providers that were identified above or below 8% of the LON rates were invited to a statewide transition meeting on November 15th. Each agency was provided with documentation on the individuals within their program and the difference between the LON rates and the legacy rates. A spreadsheet with the affect on providers has been posted on the DDS website. Providers have been identified by a number. Any provider may ask their region as to which number relates to their agency.

Does the aggregate legacy funding include participants served through a Vendor Service Authorization and billed through a fiscal intermediary?

Yes, participants funded through a vendor service authorization are included.

If an agency is within 8% of the rates, does a Transition Plan need to be completed?

Providers within 8% of the LON-based rates do not need to complete a Transition Plan for January 1, 2012. Over the FY2012 year, DDS will begin to work with these providers to assist them with developing a plan that will move all their participants to the LON-based rates. The Transition Plan for providers that are within 8% of the rates will be due on January 1, 2013.

If a new participant enters the program, will their allocation be based on the LON rates?

As of January 1, 2012, all new participants entering the system will be authorized based on the LON rates. If an individual needs additional annualized resources, approval from the Utilization Resource Review (URR) team will be required. Temporary one-time supports may be authorized by the Planning and Resource Allocation Team (PRAT) above the LON-based rates in accordance with the One-time Funding procedure.

What happens if a participant with legacy funding above the rates leaves an agency with total funding above the rates?

As of January 1, 2012, all participants that leave a program and/or choose to use portability to move to another provider will be authorized based on the LON rates. If an individual whose funding is over the LON-based rates leaves the program, the funding amount over the LON-based rates will be removed from the agency. The annual recalculation of the difference between the legacy and LON-based rates will reflect any portability changes during the previous year.

What happens if a participant with legacy funding below the rates leaves an agency with total funding above the rates?

As of January 1, 2012, all participants that leave a program and/or choose to use portability to move to another provider will be authorized based on the LON rates. If an individual whose funding is below the LON-based rates leaves the program, the funding amount below the LON-based rates will not be removed from the agency. The annual recalculation of the difference between the legacy and LON-based rates will reflect any portability changes during the previous year.

What happens if a participant with legacy funding above the rates leaves an agency with total funding below the rates?

As of January 1, 2012, all participants that leave a program and/or choose to use portability to move to another provider will be authorized based on the LON rates. The funding amount over the LON-based rates will be dispersed in accordance with the transition plan. If the provider has not developed a transition plan, the funding will be added to one or more of their participants whose allocations are below the rates. The annual recalculation of the difference between the legacy and LON-based rates will reflect any portability changes during the previous year.

What happens if a participant with legacy funding below the rates leaves an agency with total funding below the rates?

As of January 1, 2012, all participants that leave a program and/or choose to use portability to move to another provider will be authorized based on the LON rates. If an individual whose funding is below the LON-based rates leaves the program, the funding amount below the LON-based rates will not be removed from the agency. The annual recalculation of the difference between the legacy and LON-based rates will reflect any portability changes during the previous year.

What happens if a participant in the program requires additional funding due to a change in behavioral or health issues but is at the LON rates?

Temporary one-time supports may be authorized by the Planning and Resource Allocation Team (PRAT) above the LON-based rates in accordance with the One-time Funding procedure. Request for annualized authorizations over the LON rates requires approval from the Utilization Resource Review (URR) team.

What happens if a participant in the program requires additional funding due to a change in their LON status?

A change in the LON status of an individual will increase or decrease the participant's allocation. During the transition period, the increase or decrease will depend on the position of the agency in relation to the rates. Individuals who are receiving services from a provider at the LON-based rates will have their allocation increased once approved by the PRAT team. Individuals who are receiving services from a provider that is not at the LON-based rates will have their allocation increased once approved by PRAT but the funding will be added to the calculation of the difference between the legacy funding and the LON-based rates. Any increase/decrease will be done in accordance with the transition plan.

What is the process for establishing a Transition Plan?

The Transition Plan was developed with the cooperation of private providers. The Plan reviews the Rate Transition Goals and Applicable Regulations, identifies current day services , identifies the waiver definitions for day services, identifies the responsibilities of the provider, the responsibilities of DDS, identifies projected provider increase/decrease in funding and the Agency's plan to implement the funding change. The Transition Plan is a two step process:

Step One: The provider and the region(s) will meet to review the transition effect on the provider and agency specific information.

Step Two: The provider and the region(s) will meet at a later date to review the plan and adjust the transition amount based on the findings of agency specific information.

If the funding amount changes the percentage to fall within 8% of the rates, then the provider will not begin the transition process until 7/1/2013.

For more information see Process for Developing a LON-based Rate Transition Plan.

Will the provider be able to develop their own plan?

The Transition Plan will be a road map as to the implementation of the funding change. It must be flexible and adaptable to meet the constant change in the make-up of the participants in a program. Since no two agencies are alike, the Transition Plan must be provider driven based on the unique needs of their organization. DDS will approve the plan to ensure the health and safety of the participants and the integrity of the programs.

What are some example strategies a provider may use to reach the LON rates?

The Transition Plan is based on the unique needs and circumstances of the provider. Here are examples of some of the strategies that have been proposed or are expected to be proposed in the Transition Plan. These include strategies for a provider who will be receiving either an increase or decrease in funding. Please be advised that a strategy that works for one agency may not be a good option for another.

- *Develop a plan to increase the utilization of supports to offset the reduction of the legacy funding*
- *Develop a plan to add an additional person or persons at a reduced rate (funding to increase the allocations of the new participants up to the LON-based rates to come from individuals within the existing program who have legacy funding above the LON rates)*
- *Redesign a program to be more employment based in the community*
- *Reduce the administrative costs*
- *Balance out the funding of existing participants*
- *Increase the staffing ratio of a program*
- *Increase the wages or benefits of direct care staff*

Will the provider be required to follow the plan even if there is a change in the composition of participants that significantly increases/decreases the amount of funding needed to be at the LON rates?

The Transition Plan must be flexible and adaptable to meet the constant change in the make-up of the participants in a program. The addition or subtraction of a number of new participants could change the composition of a provider. If the composition of the agency changes, providers have the option of altering some of the strategies that were identified to reach the LON rates. A revised Transition Plan would need to be reviewed and approved by DDS to ensure the health and safety of the participants and the integrity of the programs.

How do I find out more information on the transition to LON-based day rates?

DDS has developed a DDS Rate System Transition Webpage. Information on rates will be updated and posted on this webpage. The link is: http://www.ct.gov/dds/cwp/view.asp?a=3166&Q=438120. Providers can also call their resource manager for more information.

What will happen if there is a Cost of Living Increase (COLA) during the transition period?

As recommended in the Legislative Rate Study Report, DDS should "ensure that the implementation of future appropriations takes into account the funding disparities and, wherever possible, mitigates them." Unless otherwise directed by the Legislature, any COLA would be used to mitigate the funding disparities in a manner that would enhance the rates and decrease the gap between the LON-based rates and the legacy amount.

Is there a Hardship Process?

The Day Transition to LON-based Rates Committee will be developing a hardship process for agencies that are experiencing severe fiscal problems created by the transition process. The process will be designed to maintain financial stability for a provider but will not lengthen the transition period.

Will these frequently asked questions be updated?

Additional questions will be added whenever the need arises. Providers will be notified of any changes to this document.