Adult Long-Term Residential (ALTR) Rate Implementation
Outline

▪ Introduction: Commissioner Ryder

▪ Part I: Overview of New ALTR Rates

▪ Part II: Rate Implementation
Part I: ALTR Rate Overview
ALTR Background

The Department of Developmental Services (DDS), in collaboration with the Executive Office of Health and Human Services (EOHHS), reviewed the pricing methodology of Adult Long-Term Residential (ALTR) services and has developed a new and simplified rate structure.

- Effective FY21-22 (beginning January 1, 2021)
- Fundamental cost components remain the same
- All salaries in ALTR models were developed in partnership with the EOHHS Workforce Initiative using Federal Bureau of Labor Statistics salary data
- Goal was to promote standardization and simplification across the ALTR system
ALTR – Regulation Update

▪ **Original** Regulation Proposal (February 2020)
  ➢ New rate structure effective July 1, 2020

▪ **Revised and Final** Regulation (December 2020)
  ➢ FY20 rate structure remains in place through 12/31/20
  ➢ Addition of 2% Bridge and 5.25% Day Staffing Add-ons
  ➢ New rate structure effective January 1, 2021
  ➢ New rate structure is the same as proposed in February
New ALTR Rate Structure: January 1, 2021

New ALTR rate structure transitions from a “per person, per day” to “per site, per day” approach

- Reduces the number of rates by approximately 50%, from 356 to 189
- Consolidates rates for sites of similar capacity
- Simplifies issues related to funding vacancies
- Standardizes FTE increments between models
- Updates salaries & vehicle funding
New ALTR Rate Structure

As part of the EOHHS Workforce Initiative all staff salaries in the ALTR models have been updated to new benchmarks.

Note: *Salaries are for modeling purposes only and providers ultimately determine wages for position types*

- Direct Care (DC) model salaries are increasing, on average of 6-11%
- These benchmarks are based on Federal Bureau of Labor Statistics (BLS) Massachusetts median salaries for similar position types
- Massachusetts minimum wage laws reflective of the last year of the rate regulation (2022)
New ALTR Rate Structure

What’s New? (And What’s Not)

- Rates retain Basic / Intermediate / Medical structure
  - “Lower” designation has been removed
  - Medical Level 4 has been removed
- Basic and Intermediate are differentiated by DC salary and number of embedded nursing / clinical hours
  - Basic model wage: $15.48 / hr
  - Intermediate model wage: $16.02 / hr
Vehicle funding embedded in models, and add-ons, has been significantly increased to align with actual market costs.

- Increased cost basis for all four cost components: vehicle acquisition cost, maintenance, insurance, and fuel

- The resulting rates are a 58% increase for wheelchair vans, 68% increase for vans, and 73% increase for minivans
New ALTR Rate Structure

Capacity Ranges

Rates are based on capacity ranges:

- A: Capacity 1
- B: Capacity 2-3
- C: Capacity 4+

Sites with the same number of FTEs, in the same capacity range, will be paid the same.

Site capacity is based on the total site capacity and does not change when there is a vacancy or another purchaser is funding a slot.
New ALTR Rate Structure

Per Site per Day Rates:

- Rates are established at the site level

- Site Rate is based on:
  - Intensity Level
    - Basic
    - Intermediate
    - Medical 1/2/3
  - Direct Care FTEs
  - Capacity Range

- Units are based on total days site is in operation @ 95% utilization
New ALTR Rate Structure

**Site funding level** is based on five components

- Site Rate
- Site Days
- Total Site Capacity
- DDS Purchased Capacity
- Add-ons

\[
\text{Site Cost} = [\text{Site Rate}] \times ([\text{Site Days}] \times 95\%) \times \frac{\text{DDS Purchased Capacity}}{\text{Total Site Capacity}} + [\text{Add ons}]
\]
New ALTR Rate Structure

Total Capacity vs. DDS Purchased Capacity

- Site Rate is based on Total Site Capacity
  - i.e. total number of beds available, including vacant slots and those purchased by other Departments, ABI, and private pay.

- DDS Purchased Capacity is number of “slots” purchased by DDS – regardless of whether slot is filled
  - During a vacancy DDS may continue to purchase the vacant slot
New ALTR Rate Structure

**Example:** 4 Capacity Intermediate home where DDS purchases all slots:

<table>
<thead>
<tr>
<th>Total Site Capacity</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDS Funded Capacity</td>
<td>4</td>
</tr>
<tr>
<td>Site FTEs</td>
<td>8.00</td>
</tr>
<tr>
<td>Intensity</td>
<td>Intermediate</td>
</tr>
<tr>
<td>Site Days</td>
<td>347</td>
</tr>
<tr>
<td>Rate Model</td>
<td>108.0C</td>
</tr>
<tr>
<td>Site Rate</td>
<td>$1,618.43</td>
</tr>
</tbody>
</table>

\[
Site\ Cost = \$1,618.43 \times 347 \times \frac{4}{4} + 0 = \$561,595.21
\]
New ALTR Rate Structure

Example: 4 Capacity Intermediate home where DDS purchases 3 slots, MCB purchases 1 slot:

<table>
<thead>
<tr>
<th>Total Site Capacity</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDS Funded Capacity</td>
<td>3</td>
</tr>
<tr>
<td>Site FTEs</td>
<td>8.00</td>
</tr>
<tr>
<td>Intensity</td>
<td>Intermediate</td>
</tr>
<tr>
<td>Site Days</td>
<td>347</td>
</tr>
<tr>
<td>Rate Model</td>
<td>108.0C</td>
</tr>
<tr>
<td>Site Rate</td>
<td>$1,618.43</td>
</tr>
</tbody>
</table>

\[
Site\ Cost = $1,618.43 \times 347 \times \frac{3}{4} + 0 = $421,196.41
\]
New ALTR Rate Structure

Contract Calculation and Blended Rate

- Contracts will continue to be built up in a similar manner
  - Add together value of each site
  - Subtract any offsets
  - Divide by billing units to establish blended rate

\[
\text{Blended Rate} = \frac{[Site \ Cost]_1 + [Site \ Cost]_2 + [Site \ Cost]_3 + \ldots + [Site \ Cost]_x - [Total \ Program \ Offsets]}{Total \ Billing \ Units}
\]
New ALTR Rate Structure

Total Billing Units

- Providers will continue to bill DDS on a per person per day basis, using a single blended rate for the contract
  ➢ Necessary to facilitate Medicaid Waiver claiming

- Billing units are simply the number of bed days (i.e. total enrolled days for all individuals) at 95% utilization
  ➢ This is the same calculation that is currently used
New ALTR Rate Structure

Interplay of Site Cost & Total Billing Units

- Unlike current structure, under new rates the site cost and billing units are decoupled.

- Site cost is driven by purchase of “slots”. Slots can be purchased even if no one is enrolled to that slot.

- Billing units require an enrollment.

- This structure allows greater flexibility to modify, or not modify, billing rates and total contract value when there are vacancies, and during site start-up / close-down periods.
New ALTR Rate Structure

Home Vacancies

Vacancies may be accommodated in one of two ways:
- Funded vacancy
- Unfunded vacancy

**Funded vacancies** will continue to purchase the vacant slot but reduce the billing units to inflate the blended rate. **No change to site value.**

**Unfunded vacancies** will no longer purchase the vacant slot and will reduce the billing units. **Site value will go down.**
New ALTR Rate Structure

Funded Vacancy Example: Return to our 4 capacity intermediate site. Suppose one slot is vacant for 50 days:

Pre-Vacancy

| Total Site Capacity | 4 |
| DDS Funded Capacity | 4 |
| Site FTEs           | 8.00 |
| Intensity           | Intermediate |
| Site Days           | 347 |
| Rate Model          | 108.0C |
| Site Rate           | $1,618.43 |
| Site Value          | $561,595.21 |
| Site Value          | $561,595.21 |

Billing Units: 1388
Rate: $404.61

Amendment

| Site Value          | $561,595.21 |
| Billing Units       | 1340 |
| Rate                | $419.10 |

Remove 50 days @ 95% = 48 Units
Recompute Rate
PART II: RATE IMPLEMENTATION
ALTR – Regulation Update

Operational challenges due to the revised regulation

- Requires DDS to manage two rate structures within single fiscal year
  - Cannot “blend” the two halves of the year together
  - Requires the retroactive implementation of rate changes to July 1, 2020

- Timing of regulation finalization
  - Contracts were funded at 50% of FY20 due to no state budget and planned earlier rate implementation
  - Contracts require additional funding before DDS is able to implement new rates
Operational challenges due to the revised regulation (cont.)

- Need to complete re-slotting on expedited schedule
  - Regions/Areas also need to complete FY21 utilization reviews
  - Need to transition to FY22 re-contracting

- System challenges: ICMS does not currently accommodate new rate structure – DDS must implement new rates using parallel system. ICMS improvements underway.
ALTR FY21 Implementation

- Initial FY21 implementation strategies included collection of new staffing patterns in Spring 2021 for all home sites and alignment of new rates with these staffing levels
  - The pandemic prevented these activities

- Due to the delay in regulation finalization, facilitating a timely transition to new rates requires that re-slotting is based on current slotting instead of updated staffing patterns
ALTR FY21 Implementation

- DDS Central Office developed a tool to transition sites to the closest FTE model in the new structure based on the FTEs of the current model.

- DDS Area/Regional Offices are reviewing these slotting determinations and making adjustments to align with current authorizations:
  - Changes to align slotting based on changes in residents
  - Changes to align with new authorizations in FY21
  - Changes to incorporate new sites and remove closed sites
ALTR FY21 Implementation

▪ Due to ICMS limitations, DDS Central Office is managing a separate database for contract management in Jan-Jun

▪ All Area slotting determinations will be aggregated in the database and new contract totals calculated

▪ Database will generate new contract reports that mirror existing formats of ICMS reports. These reports will be shared with Providers when it is time to execute amendments.
ALTR Timeline

- Dec 11 – Regions complete ICMS entry of FY21 Jul-Dec data
- Dec 14 – Central Office releases initial slotting determinations for Jan-Jun
- Dec 14 – New Occupancy Worksheets released
- Dec 14 – Jan 15 – Areas review slotting & adjust to align w/ FY21 authos
- Jan 15 – Providers return completed Occupancy Worksheets
- Jan 18 – 29 – Central Office aggregates data, generates contract reports, determines allocation of reserve funding
- Feb 1 – Regional Contract Offices start processing amendments to implement increases retroactive to 7/1
  - Execute amendment documents with providers
  - Encumber Funds
- Mar 1 – Update Rates in EIM & Re-adjudicate billing
ALTR Amendments

- **Wave 1**: *Funding only* amendments (ongoing)
  - Contracts started the year funded at 50% of FY20 levels
  - Contracts need additional funds to support billing in January and February
  - Regions processing funding only amendments

- **Wave 2**: *Rate change* amendments (Feb – Mar)
  - One amendment will be processed to increase rates retroactive to 7/1/2020
  - One rate will be established for Jul-Dec period, inclusive of 2% Bridge and 5.25% Day Staff funding
  - Second rate will be established effective January 1st based on new rates
**ALTR Amendments**

**Wave 2 Amendment – Service Summary Form (SSF)**

<table>
<thead>
<tr>
<th>Version #</th>
<th>Brief Description</th>
<th>Dates of Service</th>
<th>Number of Units</th>
<th>Unit Rate</th>
<th>Unit Type</th>
<th>Estimated Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>Adult Long Term Residential (Initial)</td>
<td>07/01/20 - 06/30/21</td>
<td>TBD</td>
<td>$300.00</td>
<td>Day</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>2</td>
<td>Adult Long Term Residential (Wave 1)</td>
<td>07/01/20 - 06/30/21</td>
<td>TBD</td>
<td>$300.00</td>
<td>Day</td>
<td>$300,000.00</td>
</tr>
<tr>
<td>3</td>
<td>Adult Long Term Residential (Wave 2)</td>
<td>07/01/20 - 06/30/21</td>
<td>TBD</td>
<td>$300.00</td>
<td>Day</td>
<td>($1,300,000.00)</td>
</tr>
<tr>
<td>4</td>
<td>Adult Long Term Residential (Wave 2)</td>
<td>07/01/20 - 12/31/20</td>
<td>3,333</td>
<td>$321.75</td>
<td>Day</td>
<td>$1,072,392.75</td>
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<tr>
<td>5</td>
<td>Adult Long Term Residential (Wave 2)</td>
<td>01/01/21 - 06/30/21</td>
<td>3,273</td>
<td>$353.93</td>
<td>Day</td>
<td>$1,158,396.53</td>
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<td>Totals:</td>
<td></td>
<td></td>
<td>6,606.00</td>
<td></td>
<td></td>
<td>$2,230,789.28</td>
</tr>
</tbody>
</table>

Providers will receive traditional ICMS reports for Jul-Dec period, and similarly structured reports for Jan-Jun. These reports will show the units and blended rate for each period which providers can use to update the SSF.
Initial Slotting Determinations

- Due to limitations of the contract database and system constraints, DDS will move forward with initial contract amendments based on the DDS slotting determinations
  - DDS cannot make modifications to the initial contract amendment on slotting for individual sites
  - DDS will proceed with the initial amendment as proposed by DDS, and incorporate any modifications agreed to by the Area and Provider in a later FY21 amendment
Retro Payments

▪ Once amendments are processed, DDS will enter new rates in EIM retro to July 1
  ➢ One rate effective 7/1/2020 – 12/31/2020
  ➢ Second rate effective 1/1/2021 – 6/30/2021

▪ With new rates entered, DDS will re-adjudicate all attendance submitted retro to July 1
  ➢ Providers will be issued a payment for the difference in rates between the provisional rate that is in EIM, and the new rate that is entered (Example: Provisional rate of $300, new rate is $320, Provider will be paid additional $20 for every day of attendance that’s approved.)
Occupancy Contracts

- Occupancy rate increases are retroactive to July 1 – **there is only one rate structure in place during FY21**
  - Occupancy worksheets were distributed to Providers in December

- Providers should follow standard process of updating worksheets:
  1. Update Offsets
  2. Update to add/remove sites that are new/closed
  3. Update expenses where Area Director has previously approved a change
Occupancy Contracts

- Amendments to the Occupancy accommodation rate will not be retroactive. Increases to Occupancy contracts will be paid out over remainder of fiscal year
  ➢ This is due to an EIM system limitation with retroactive rate changes to accommodation rates

- Thank you to provider agencies who have submitted their completed Occupancy worksheets
THANK YOU