



Overview of DDS Utilization Threshold Recoupment Calculations

October 26, 2020

For each billed month, for August through November, DDS will make the following calculation to determine recoupment amounts. This calculation will be made based on total units billed and total dollars paid for all contracts within a given activity code (3163 & 3181 combined, 3168A, 3285, 3664, 3764). For additional information or background, please review previously released DDS guidance titled *Utilization Thresholds for Certain Day Programs* on September 21, 2020 and *Utilization Thresholds by Provider and Activity Code* on October 6, 2020.

1. Total Dollars paid is split in to two categories
 - a. Dollars paid under Threshold
 - b. Dollar paid over Threshold

$$\text{Paid Under Threshold} = \text{Total Paid} \times \frac{\text{Utilization Threshold}}{\text{Total Units Billed}}$$

$$\text{Paid Over Threshold} = \text{Total Paid} - \text{Paid Under Threshold}$$

2. Amount Paid over Threshold will be adjusted down based on difference in rate values

$$\text{Recoup} = \text{Paid Over Threshold} \times \left(1 - \frac{\text{Rate Enhancement Below Threshold}}{\text{Rate Enhancement Over Threshold}} \right)$$

- a. For Aug/Sep rate enhancements are 140% below threshold and 125% over
- b. For Oct/Nov rate enhancements are 125% below threshold and 100% over

$$\text{Aug \& Sep Recoup} = \text{Paid Over Threshold} \times 10.7\%$$

$$\text{Oct \& Nov Recoup} = \text{Paid Over Threshold} \times 20\%$$

Example:

Consider a provider with the following billing information for August. These are the aggregate totals across all contracts within the activity code.

1. Utilization Threshold = 200 Units
Actual Billing = 250 Units
Total Paid = \$10,000

$$\text{Paid Under Threshold} = \$10,000 \times \frac{200}{250} = \$8,000$$

$$\text{Paid Over Threshold} = \$10,000 - \$8,000 = \$2,000$$

2. Recoup is calculated against the amount Paid Over Threshold

$$\text{Recoup} = \$2,000 \times 10.7\% = \$214$$