



Adult Long-Term Residential (ALTR) Rate Implementation

January 11, 2021



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



New ALTR Rate Structure

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:

| | |
|---------------------|--------------|
| 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 |

$$\text{Site Cost} = \$1,618.43 \times 347 \times \frac{4}{4} + 0 = \$561,595.21$$



New ALTR Rate Structure

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

| | |
|---------------------|--------------|
| Total Site Capacity | 4 |
| DDS Funded Capacity | 3 |
| Site FTEs | 8.00 |
| Intensity | Intermediate |
| Site Days | 347 |
| Rate Model | 108.0C |
| Site Rate | \$ 1,618.43 |

$$\text{Site Cost} = \$1,618.43 \times 347 \times \frac{3}{4} + 0 = \$421,196.41$$



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

$$\text{Blended Rate} = \frac{[Site Cost]_1 + [Site Cost]_2 + [Site Cost]_3 + \dots + [Site Cost]_x - [Total Program Offsets]}{Total Billing Units}$$



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:

| | |
|---------------------|--------------|
| 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 |

| Pre-Vacancy | |
|---------------|---------------|
| 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



ALTR – Regulation Update

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 – Implementation Update

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 be based on current slotting instead of updated staffing patterns



ALTR – Implementation Update

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 – Implementation Update

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)

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

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.



ALTR Amendments

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