



Adult Long-Term Residential (ALTR) FY2021 Rates

March 10, 2020

CHAPTER 257 AND ALTR BACKGROUND



ALTR Background

Chapter 257's intention was to move away from negotiation and towards standardization and equity for providers. Stated recommendations from a January 2008 report included:

- POS reimbursement rates should reference market prices (e.g. Labor costs)
- POS reimbursement rates should be **standard** and transparent
- Multi-year contracts should be **reviewed** with reference to inflationary cost increases
- There should be a **consistent** way to identify similar services across purchasing agencies



ALTR Background

ALTR was first rate regulated through Chapter 257 and effective in fiscal year 2014

- The first year of rate regulation in **FY14 resulted in a ~\$200 million increase** for ALTR services
- ALTR rate reviewed and effective **7/1/2016** with minor adjustments
- ALTR rate reviewed and effective **7/1/2018** with minor adjustments
- New, proposed ALTR rate effective **7/1/2020**



ALTR Background

ALTR is one of DDS' most important, complex, and resource-intensive services

- Serving over 7,700 individuals each year
- 2,100+ home sites (including ABI homes)
- FY19 spending in 5920-2000 account (*Community Residential Services*) was \$1.202 billion

FY2017 Spend.	FY2018 Spend.	FY2019 Spend.	FY2020 Proj. Spend.
\$ 1,118,171,141	\$ 1,156,881,580	\$ 1,202,262,457	\$ 1,278,155,080
% Growth			
	3.5%	4%	6%



ALTR Background

The Governor's House 2 Budget

- Proposes **\$1.287 billion** for the Community Residential Account
- Includes a **\$160 million Chapter 257 Reserve** (1599-6903) for rate projects occurring or effective in FY21, including but not limited to ALTR
- Proposed language in Chapter 257 Reserve requests providers regularly **report on the wage effects** of rate funding

NEW ALTR RATE STRUCTURE



New ALTR Rate Structure

The new ALTR rate structure simplifies and rationalizes rates, transitioning from a “**per person, per day**” to “**per site, per day**” approach that is intended to reduce administrative burdens for providers and DDS

- Reduces the number of rates by approximately 50%, from 356 to 185
- Consolidates rates for sites of similar capacity
- Simplifies issues related to funding vacancies
- Standardizes FTE increments between models



New ALTR Rate Structure

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

- Direct Care (DC) model salaries are increasing to \$15.48 and \$16.02 for Basic / Intermediate
- Overnight Staff increased to \$14.25
 - In accordance with Massachusetts minimum wage laws reflective of the last year of the rate regulation (2022)
- RNs and LPNs benchmarked to \$86,861 / \$57,450
Add-ons no longer pegged to MassHealth rates



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
- Embedded consultant hours standardized for each capacity / intensity combination:

	Basic			Intermediate / Medical		
Capacity	1	2-3	4+	1	2-3	4+
RN	1	1	1	1	1	2
Clinical	1	1	1	1	3	3



New ALTR Rate Structure

Vehicle funding embedded in models, and add-ons, has been significantly increased. This model now aligns with the benchmarks used in the CBDS models updated last year

- 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.

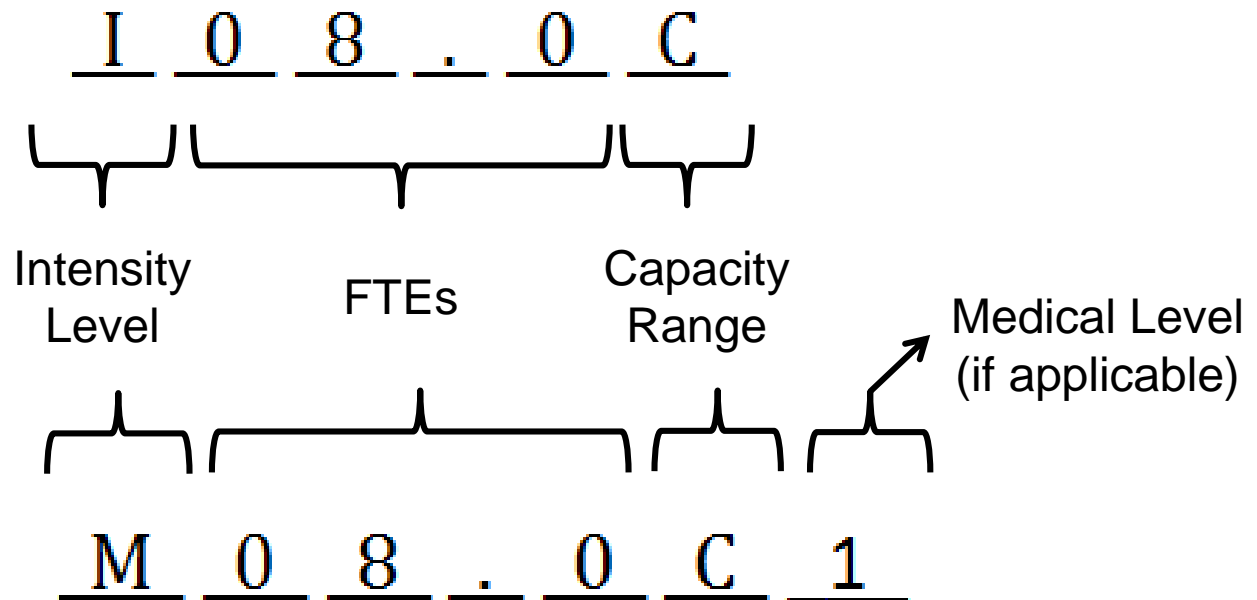
Site capacity is based on the **total site capacity** and does not change when there are vacancies or another purchaser is funding a slot.



New ALTR Rate Structure

Naming Convention

Models are named using 6 or 7 character convention:





New ALTR Rate Structure

Site funding level is based on five components

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

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



New ALTR Rate Structure

Total Capacity vs. DDS Funded 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 Funded Capacity are number of “slots” purchased by DDS – regardless of whether slot is filled
 - During a vacancy DDS may continue to purchase the vacant slot, i.e. continue to fund that capacity.



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 (i.e. no change to site cost) but reduce the billing units to inflate the blended rate. No change to overall contract value.

Unfunded vacancies will no longer purchase the vacant slot, and will reduce the billing units. Contract value will go down.



New ALTR Rate Structure

Vacancy Policy

Once a vacancy occurs, the provider and Area must discuss the needs of the individuals still residing at the site and, where appropriate, develop an updated staffing pattern

- **When a vacancy extends beyond 60 days**, the Area Office, Regional Office, or Central Office, shall review the capacity purchased and units associated with the site and may make an adjustment until such time as a new individual moves into the home
- The capacity purchased and/or units of the site may be adjusted based on the current program capacity and FTE count, retroactive up to the date the vacancy occurred



New ALTR Rate Structure

Absence Policy

The Absence Policy remains unchanged for FY21. Because new rates are still based on 95% utilization, the basis for the absence policy remains the same.

Providers must establish that they have “used up” the pre-paid absence days built in to their contract before DDS will approve billable absence units.

JULY 1, 2020 IMPLEMENTATION



New ALTR Rate Structure

July 1, 2020 implementation timeline:

- Providers update staffing schedules (March 2020)
- DDS-Provider rate meetings (through mid-May 2020)
- Central Office review (end of May 2020)
- Communicate final rate decisions & execute contracts (June 2020)



New ALTR Rate Structure

Staffing patterns must only reflect the *current staffing level for a site*

- Staff that has not previously been approved should not be included
- New staff should not be included
 - Additional resources may be discussed during an approved period of rate setting discussion, but should not be included in the initial submission of the staffing pattern
- List each scheduled direct care shift, shifts for the house manager, average weekly utilization of consultant hours, and the number of vehicles utilized at the site



New ALTR Rate Structure

Selecting a Program Model & Service Tier

- For July 1, 2020 implementation program model discussions will be based on the staffing schedule
- Sites will remain at same service tier as FY20 in almost all cases
- Model FTEs will be determined by rounding up or down to the closest FTE model
- Medical tiers require that nursing ratios meet or exceed levels listed in regulation

OCCUPANCY



New ALTR Rate Structure

Occupancy: In addition to a CAF (cost-adjustment factor) applied to the rates, the ALTR proposal includes funding for residential providers who have maintenance staff

- These FTE costs have been excluded in the past and only contracted maintenance costs have been considered
- The amount providers are eligible to receive is based on maintenance staff costs included in their FY18 UFR which are attributable to DDS funded sites



New ALTR Rate Structure: New Site Occupancy

Regional Caps for New Sites:

- Maximum Regional Caps Proposed:

Central West:	\$1,629 per person/per month
Northeast:	\$1,763 per person/per month
Southeast:	\$1,763 per person/per month
Metro:	\$2,001 per person/per month
ABI/Medical:	\$2,174 per person/per month

New Sites: Eligible for one tier increase above maximum cap if the site developer has applied for Facility Consolidation Funding through the Community Economic Development Assistance Corporation (CEDAC)



Additional Open / Close Considerations

A fund holdback will be required in order to get all contracts on MMARS for July 1, 2020

- Fund holdback is projected to be 10%+ for ALTR
- In addition, holdback percentage for other services where rates increasing:
 - Shared Living
 - In Home Supports
 - Day Habilitation Supplemental Services
 - Ongoing Employment Supports



Open/Close – ALTR Planning

Task	Target Complete Date
ALTR Regulations Published	2/21/2020
Operations/ALTR Kick-Off Meeting	3/3/2020
Request provider staffing patterns	3/6/2020
ALTR Public Hearing	3/13/2020
Southeast Open/Close: Regional Office	3/26/2020
Metro Open/Close: Bentley College	3/30/2020
Northeast Open/Close: Hogan Regional Center	4/1/2020
Central West Open/Close: Springfield College	4/2/2020
Area Offices Meet with ALTR Providers	4/3/2020