



FY22 ARPA RATE ENHANCEMENTS RATE IMPLEMENTATION FOR ADULT LONG TERM RESIDENTIAL SERVICES REVISED: JANUARY 24, 2022

Overview

This guidance document describes the process for implementing rate enhancements in Adult Long Term Residential Service (ALTR) contracts authorized in *101 CMR 447.00: Rates for Certain Home- and Community-Based Services Related to Section 9817 of the American Rescue Plan Act (ARPA)*.

The Department of Developmental Services (DDS) will engage in a staged process to implement these rates. This staged process allows DDS to process initial payments to providers on the shortest possible timeline while maximizing enhanced federal claiming rates authorized in the ARPA legislation.

This staged process will occur as follows:

- Stage 1: Payment for July – October
- Stage 2: Payment for November – December
- Stage 3: Transition to ICMS contract management; remaining enhancements paid through normal billing

To facilitate the Stage 1 & 2 payments, DDS has developed a parallel contract dataset and recomputed contracts based on the enhanced rates. Using the new blended rates, DDS will issue payments equal to the difference between the new blended rate (July-December) and the ICMS blended rate currently in EIM.

Stage 1

The first implementation stage will result in payments for the value of the 10% enhancement for all paid attendance for service dates July – October.

New Contract Reports

Providers will receive a new contract report for each of their ALTR contracts (3153 & 3751) based on the parallel dataset. These reports are similar in structure to current ICMS Site Detail reports.

The new parallel dataset was developed based on the initial ARPA regulation which only provided for enhanced rates for the first six month of the fiscal year. Therefore, the new site detail reports will show site computations split between the two halves of the year, using enhanced rates in the first half, and standard rates in the second half.

Specifically, sites were split based on the following methodology:

- Site days are split 175/172 (calendar day split @ 95%)

- Vehicle add-ons split 184/181 (calendar days)
- Staff add-ons are split 50%/50%

Since this parallel system will only be used to compute payments for July – December, providers will be reimbursed correctly under this methodology and will receive the full 10% value. The extension of rate enhancements through June will be reflected in Stage 3 contract amendments.

It is understood that this methodology may not reflect all contract-specific practices and conditions, such as short-term contract add-ons, and other changes made during the first six months. However, as DDS will transition to ICMS computations in Stage 3, any of these issues will be corrected and reconciled as part of that process. Similarly, other changes not currently reflected in ICMS (new sites, changes to models / add-ons, billing unit adjustments, etc.) will be entered retroactively as part of Stage 3.

Ultimately, providers will receive the 10% enhancement on all rate components for the full fiscal year once all three stages are complete. Therefore, as part of Stages 1 & 2, DDS will not modify reports or re-compute rates in cases where sites were not split appropriately.

These reports will be emailed to you by your regional contract office and are only for informational purposes to document how rates were re-computed. Providers do not need to sign anything, and there will be no formal contract amendments as part of Stages 1 & 2. Please do not submit updated service summary forms based on these reports.

Sample of Site Splitting

Current ICMS Report:

Date Range	Model	Model Rate	Unit Type	Billing Days	Site Capacity	Purchased Capacity	Billing Units	Total Cost
7/1/2021 to 6/30/2022	I08.0C FY21	\$1,619.56	Day	347	5	5	1,735	\$561,987.32
Site Model Totals:							1,735	\$561,987.32

New Report:

MODEL									
Start Date	End Date	Model	Model Rate	Purchased Capacity	Total Capacity	Billing Days	Billing Units		Total Cost
7/1/2021	12/31/2021	I08.0C	\$ 1,781.52	5	5	175	875		\$ 311,766.00
1/1/2022	6/30/2022	I08.0C	\$ 1,619.56	5	5	172	860		\$ 278,564.32
				-	-	-	-		\$ -
				-	-	-	-		\$ -

Jul-Dec	175	875		\$ 311,766.00
Jan-Jun	172	860		\$ 278,564.32
Site Model Total	347	1735		\$ 590,330.32

Blended Rate Computations

In order to reimburse providers correctly for the full 10% enhancement, blended rates have been recomputed based only on the first half of the year, using only the dollars and units associated with this period. Once the new blended rate is computed, the report computes a “Rate Differential” which is the

difference between the current ICMS rate and the new blended rate. The Rate Differential will be the basis for both Stage 1 & 2 payments.

Summary of Billing Units

	Jul-Dec	Jan-Jun	Total
Billing Days	875	860	1,735
Biling Units	4,200	4,128	8,328

Summary of Funding

Jul-Dec Total	\$	1,376,530.69
Jan-Jun Total	\$	1,230,019.18
Current Annual Value	\$	2,606,549.87

Rate Differential

	Jul	Aug	Sep	Oct	Nov	Dec
New Blended Rate	\$ 327.75	\$ 327.75	\$ 327.75	\$ 327.75	\$ 327.75	\$ 327.75
ICMS Rate	\$ 297.96	\$ 297.96	\$ 297.96	\$ 297.96	\$ 297.96	\$ 297.96
Rate Differential	\$ 29.79	\$ 29.79	\$ 29.79	\$ 29.79	\$ 29.79	\$ 29.79

$$\text{New Blended Rate} = \frac{\text{Jul} - \text{Dec Total}}{\text{Jul} - \text{Dec Billing Units}}$$

Payments

DDS will compute payment amounts based on total paid days of attendance for service dates July – October.

$$\text{Payment} = [\text{Attendance July} - \text{October}] * [\text{Rate Differential}]$$

Please note the attendance used to compute payments was pulled at a point in time. Additional attendance that has been paid or removed since that date will not be included in Stage 1 payments. Any attendance not included in Stage 1 will be picked up / reconciled in Stage 2.

Payments for Stage 1 will be issued from an encumbrance managed by Central Office and will not be reflected in contract balances. Providers will receive a single payment covering the entire July – October period for each contract (i.e. one payment per contract).

Once payments have been completed, DDS will issue a report connecting payments to their associated contract, as well as the attendance basis used for each month. Providers will be able to refer to this report to track and accrue revenue to appropriate contracts / service months.

DDS anticipates that providers will receive Stage 1 payments by the end of January.

Stage 2

Stage 2 payments will cover paid attendance for the period of November – December, as well as reconciling any changes to July – October billing that has been completed since Stage 1 data was pulled. Stage 2 payments will be based on the same rate differential used in Stage 1. Providers will not receive new reports as part of this process.

In order for attendance to be included in Stage 2, providers must submit SDRs by Monday January 10, 2022. This is the latest date that allows DDS to meet payment timelines and transition to the Stage 3 amendment process. Attendance submitted after this date may not be included in Stage 2, and providers will have to wait for Stage 3 to receive those enhancements.

Payment computation for Stage 2 is similar to that of Stage 1:

$$\text{Payment} = [\text{Rate Differential}] * ([\text{Nov} - \text{Dec Attd}] + [\text{Change in Jul} - \text{Oct Attd}])$$

Similar to Stage 1, payments will occur from an encumbrance managed by Central Office and will not be reflected in contract balances. Once payments have been completed, DDS will issue an updated report tying payments to contracts with attendance totals by month.

DDS anticipates that Providers will receive Stage 2 payments during the second week of February.

Stage 3

Stage 3 encompasses the entire process of cutting over to ICMS. Transitioning to ICMS will allow enhancements to be paid out through the regular billing process and for normal contract management / amendment activities to occur for the remainder of the fiscal year.

DDS staff will update ICMS to convert all rate components to the 10% enhanced ARPA rates for the entire fiscal year. Due to how ICMS functions, this transition will display as the original rates being zeroed out on 7/1/2021 and then new rates going into effect 7/2/2021, but with all 347 units associated with the new rate.

Sample Site Detail

Date Range	Model	Model Rate	Unit Type	Billing Days	Site Capacity	Purchased Capacity	Billing Units	Total Cost
7/1/2021 to 7/1/2021	I08.0C FY21	\$ 1,619.56	Day	0	5	5	0	\$ -
7/2/2021 to 6/30/2022	I08.0C FY22	\$ 1,781.52	Day	347	5	5	1,735	\$ 618,187.44
Site Model Totals:							1,735	\$ 618,187.44

Additionally, as part of this process Regions will incorporate any new authorizations or changes to contracts retroactive to the appropriate effective date. These updates may include:

- Adding new sites, or end dating existing sites
- Model changes
- Billing unit adjustments

- Purchased capacity adjustments
- Adding/modifying add-ons

In order to reconcile contracts with payments made during Stages 1 & 2, DDS will also enter the value of those payments as negative offsets to the contract. This will result in a contract that is computed using the 10% enhanced ARPA rates for the entire year, minus the value of enhancements already paid through separate payments.

Sample Rate Computation with Stage 1 & 2 Offsets

Current Annual Value Computation (before blended rate is created)	Total Billing Units		Value
Current Base Value of Sites	8,328		\$2,669,803.72
Current Add-On Value			\$59,748.06
Current Annual Value			\$2,729,551.78
Program Offsets	Prior Offset	Amount Changed	Total Offset
Stage 1 Payment	\$0.00	-\$83,412.00	-\$83,412.00
Stage 2 Payment	\$0.00	-\$41,706.00	-\$41,706.00
Total Offsets:	\$0.00	-\$125,118.00	-\$125,118.00
Net Annual Value:			\$2,604,433.78
Rate Rounding Adjustment:			\$64.94
Amount to be Billed:			\$2,604,498.72

Once this process is completed, DDS will complete a billing reconciliation and compute new blended rates. Since DDS will have already issued enhancement payments for the first half of the year, the billing reconciliation will not be computed retroactively to July 1st, and instead be computed as a “normal” amendment, with a new blended rate starting based on the effective date of the amendment.

Once ICMS reports have been updated a normal contract amendment process will occur, requiring providers to sign / submit new service summary forms and rosters. **Please do not submit new service summary forms until instructed to by your regional contract office.** DDS will process the amendment including adding funds to contracts to reflect the new contract totals. These new totals will be reflected in EIM along with the new blended rate. Providers will be paid for the remaining ARPA enhancements through normal billing for the remainder of the fiscal year.

DDS anticipates that Stage 3 amendments will occur on a rolling basis starting in the second half of February.

Thank you to all DDS provider organizations for your continued patience and partnership in this process.