



2018 RESIDENTIAL RATE METHODOLOGY

OVERVIEW

- Timeline of the new Residential Rate Methodology roll-out
- Benefits of the new Residential Rate Methodology
- Residential Rate Methodology overview
- How rates are determined
- Future Outcome Payment options
- Rate and Category Review Processes
- Transition Planning

The new Residential Rate Methodology will be used to establish Care and Supervision rates starting on January 1, 2018 for new residential placements and enrollments.

A transition plan has been developed for existing Care and Supervision rates to be moved into the new Residential Rate Methodology on January 1, 2018.

WHAT IS THE TIMELINE?

WHAT ARE THE BENEFITS?

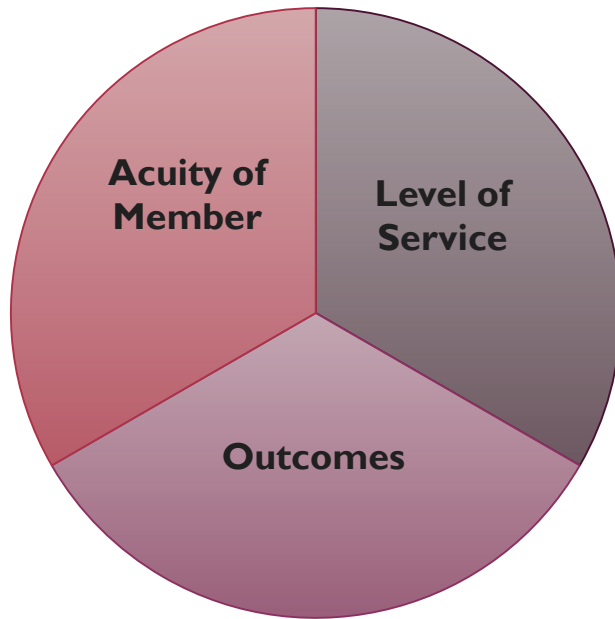
- In identifying a new methodology, several considerations were made. These include:
 - Using a model that can be used for 90% of rates (non-outliers)
 - Aligning the member acuity score with the Department of Health Services' regression model used to set MCO capitation rates
 - Providing transparency as to how the rates are developed
 - Includes outcomes that will drive rate enhancements for 2019

WHAT ARE THE BENEFITS? (CONT'D)

Additional considerations, based on provider feedback, were also built into the new model.

- Providing more stability and predictability from year to year
- Compensating for specialized or high-level cares
- Considers quality components, community involvement and member outcomes

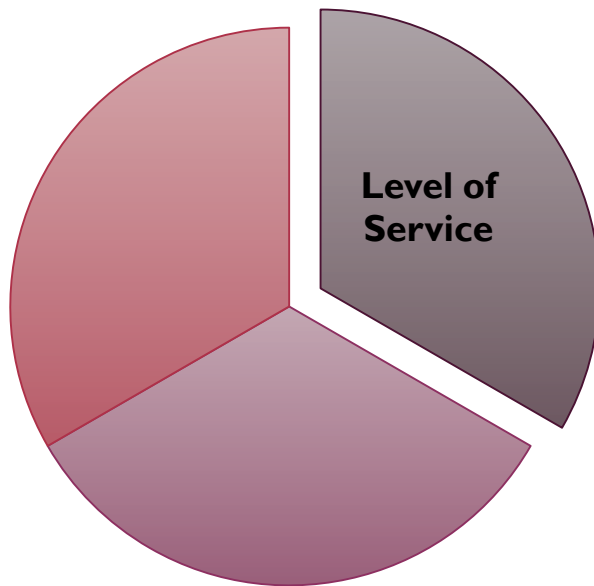
WHAT ARE THE KEY ELEMENTS



- Residential Rate Methodology is comprised of 3 component areas:
 - **Acuity of Member** – Based upon the LTC Functional Screen
 - **Level of Service** – Includes service needs not captured within the Acuity of the member
 - **Outcomes** – Reimbursement opportunity for providers that meet established outcomes

WHAT ARE THE KEY ELEMENTS – LEVEL OF SERVICE

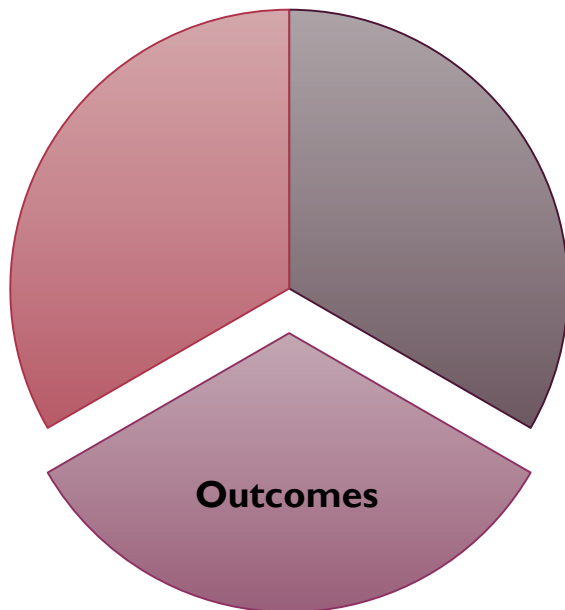
Level of Service Component



- Ability to build in services offered that are above and beyond what is required and not included within the acuity portion of the rate
- Example: Category change for providers that serve Advanced Dementia and Alzheimer's disease
- Ongoing evaluation of provider services to determine whether additional enhancements should be made

WHAT ARE THE KEY ELEMENTS – OUTCOME PAYMENTS

Outcome Component



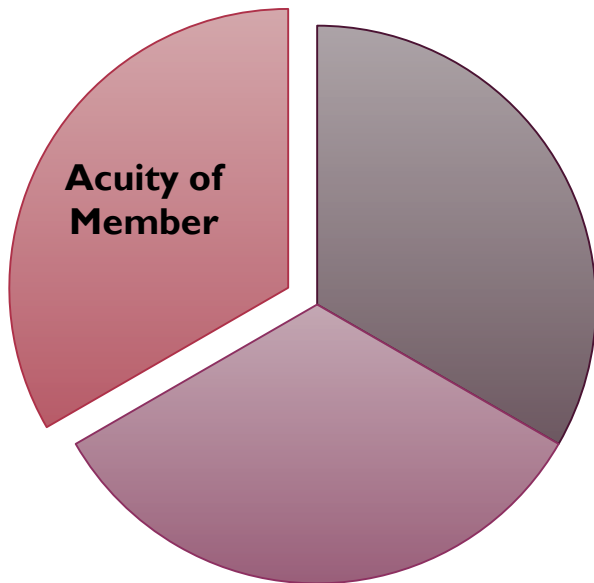
- New opportunity for providers to gain reimbursement based on offering an additional level of care through identified outcomes
- The criteria used to develop the outcomes to be utilized in 2018 include:
 - Both provider and member specific outcomes
 - Outcomes that will be simplistic to measure and operationalize

WHAT ARE THE KEY ELEMENTS – OUTCOME PAYMENTS

The current outcomes include:

- Provider's Internal Quality Initiatives
- Influenza Vaccination
- Behavioral Support Planning

WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER



Acuity of Member:

- Based upon the **Regression Model** - Mirrors how Includa receives payment from DHS
- **The Regression Model** – A holistic picture of the member, based on target group, all areas of the LTC Functional Screen, and determined cost drivers for the target group as developed by the State

WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Acuity	Band Value
0-49	400
50-99	900
100-149	1400
150-199	1900
200-249	2400
250-299	2900
300-349	3400
350-399	3900
400-449	4400
450-499	4900
500-549	5400
550-599	5900
600-649	6400
650-699	6900
700-749	7400
750-799	7900
800-849	8400
850-899	8900

Acuity Band Value:

- The acuity numbers are added together for an overall acuity score. That acuity score falls into an acuity band.

WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Category of the Residential Provider:

- The model utilizes category assignments for each provider
- Categories are determined based upon target group, average acuity of the members served, staffing model, overnight care, and behavioral/medical specialties
- Includes category definition for providers that serve Advanced Dementia and Alzheimer's Disease
- There are 5 Provider Categories in the current methodology
- Your contract addendum will identify which category your facility(ies) are in



WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Facility Type	Category 1	Category 2	Category 3	Category 4	Category 5
OO AFH	X		X		
Target Group	DD, FE, PD		DD, FE, PD		
General Member Acuity Served	Low-Moderate		Low-Moderate		
Staffing Model	Owner Only		Owner + Staff		
Overnight Care	Usually Sleep Staff		Sleep or Awake Staff		
Behavioral/Medical Specialties	Possibly		Usually		
Corporate AFH			X	X	X
Target Group			DD, FE, PD	DD, FE, PD	DD, FE, PD
General Member Acuity Served			Low – Moderate	Moderate - High	High
Staffing Model			Dedicated Staff	Fluid Staff	Fluid Staff
Overnight Care			Sleep or Awake Staff	Usually Sleep Staff	Usually Awake Staff
Behavioral/Medical Specialties			Usually	Always	Always
CBRF 1-8 Bed			X	X	X
Target Group			DD, FE, PD	DD, FE, PD	DD, FE, PD
General Member Acuity Served			Low – Moderate	Moderate - High	High
Staffing			Dedicated Staff	Fluid Staff	Fluid Staff
Overnight Care			Sleep or Awake Staff	Usually Sleep Staff	Usually Awake Staff
Behavioral/Medical Specialties			Usually	Always	Always
CBRF >8 Bed		X		X	
Target Group		FE and PD Only		FE and PD Only	
General Member Acuity Served		Low - High		Dementia/Alzheimer	
Staffing		Large Supervised Setting		Large Supervised Setting	
Overnight Care		Awake		Awake	
Behavioral/Medical Specialties		Usually		Always	
RCAC		X			
Target Group		DD, FE, PD			
General Member Acuity Served		Low - Moderate			
Staffing		Up to 28 Hours per Week			
Overnight Care		Sleep or Awake Staff			
Behavioral/Medical Specialties		Usually			

WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Acuity	Band Value	Category 1	Category 2	Category 3	Category 4	Category 5
0-49	400	15	30	30	30	30
50-99	900	20	30	30	30	30
100-149	1400	25	30	30	30	30
150-199	1900	51%	69%	75%	81%	88%
200-249	2400	47%	66%	75%	81%	88%
250-299	2900	47%	63%	75%	81%	88%
300-349	3400	47%	63%	75%	79%	87%
350-399	3900	47%	63%	71%	79%	83%
400-449	4400	47%	62%	68%	79%	84%
450-499	4900	47%	62%	68%	78%	84%
500-549	5400	47%	59%	65%	78%	84%
550-599	5900	47%	56%	63%	75%	84%
600-649	6400	47%	55%	62%	73%	83%
650-699	6900	47%	54%	61%	72%	83%
700-749	7400	47%	53%	60%	70%	83%
750-799	7900	46%	52%	60%	70%	83%
800-849	8400	44%	52%	60%	70%	83%
850-899	8900	42%	52%	60%	70%	83%

- A member with an acuity score of 310 would fall into the 300-349 acuity band.
- A band value of \$3,400 is assigned
- Dependent upon the category of residential provider, the designated percentage is the amount of the regression value that is used to pay residential care and supervision
- Most members have other services provided beyond residential care and supervision

WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Let's Calculate!

Member's Acuity Band Value

X

Percentage =

Monthly Care and Supervision Rate

Divided by 30.4 (average days per month) =

Daily Care and Supervision Rate



WHAT ARE THE KEY ELEMENTS – ACUITY OF MEMBER

Acuity	Category 1	Category 2	Category 3	Category 4	Category 5
0-49	\$ 15	\$ 30	\$ 30	\$ 30	\$ 30
50-99	\$ 20	\$ 30	\$ 30	\$ 30	\$ 30
100-149	\$ 25	\$ 30	\$ 30	\$ 30	\$ 30
150-199	\$ 32	\$ 43	\$ 47	\$ 51	\$ 55
200-249	\$ 37	\$ 52	\$ 59	\$ 64	\$ 69
250-299	\$ 45	\$ 60	\$ 72	\$ 77	\$ 84
300-349	\$ 53	\$ 70	\$ 84	\$ 88	\$ 97
350-399	\$ 60	\$ 81	\$ 91	\$ 101	\$ 106
400-449	\$ 68	\$ 90	\$ 98	\$ 114	\$ 122
450-499	\$ 76	\$ 100	\$ 110	\$ 126	\$ 135
500-549	\$ 83	\$ 105	\$ 115	\$ 139	\$ 149
550-599	\$ 91	\$ 109	\$ 122	\$ 146	\$ 163
600-649	\$ 99	\$ 116	\$ 131	\$ 154	\$ 175
650-699	\$ 107	\$ 123	\$ 138	\$ 163	\$ 188
700-749	\$ 114	\$ 129	\$ 146	\$ 170	\$ 202
750-799	\$ 120	\$ 135	\$ 156	\$ 182	\$ 216
800-849	\$ 122	\$ 144	\$ 166	\$ 193	\$ 229
850-899	\$ 123	\$ 152	\$ 176	\$ 205	\$ 243

- A member with an acuity score of 310 would fall into the 300-349 acuity band.
- A band value of **\$3,400** is assigned
- If the member was in a Category 5 facility, the designated percentage of the amount of the regression value is 87%

$$\$3,400 \times 87\% = \$2,958 \text{ (monthly)}$$

$$\$2,958 / 30.4 = \$97.30$$

Rounded = \$97 Daily Rate



LET'S TAKE A LOOK AT THE TOOL

MEMBER NAME:						
MEMBER'S SOCIAL SECURITY NUMBER (NO DASHES):						0
MEMBER'S DATE OF BIRTH (XX/XX/XXXX):						
ACUTY FILE ELIGIBILITY DATE OF THE LTCFS (XX/XX/XXXX):						
CURRENT LTCFS ELIGIBILITY DATE (XX/XX/XXXX):						
ACUTY FILE CONTAINS MOST RECENT LTCFS, CAN CONTINUE WITH CALCULATION						
MEMBER'S OFFICE:						
REASON FOR TOOL:						
TOOL COMPLETED BY:						
DATE TOOL COMPLETED (XX/XX/XXXX):						
KEY#	TARGET GROUP	CODE	CODE DEFINITION	CODE	CODE DEFINITION	VALUE
1	TARGET GROUP - FE					
2	TARGET GROUP - ALZHEIMER'S DISEASE AND OTHER IRREVERSIBLE D					
3	TARGET GROUP - SEVERE AND PERSISTENT MENTAL ILLNESS					
4	MEDICARE RECIPIENT FLAG					
5	MEDICAID RECIPIENT FLAG					
KEY#	ACTIVITIES OF DAILY LIVING SECTION	CODE	CODE DEFINITION	CODE	CODE DEFINITION	VALUE
6	BATHING					
7	BATHING EQUIPMENT USE					
8	DRESSING					
9	EATING					
10	MOBILITY					
11	TOILETING					
12	TRANSFER					
13	MECHANICAL LIFT USE					
14	TRANSFER BOARD/TRAPEZE USE					
KEY#	INSTRUMENTAL ACTIVITIES OF DAILY LIVING SECTION	CODE	CODE DEFINITION	CODE	CODE DEFINITION	VALUE
15	MEAL PREPARATION HELP LEVEL CODE	0		0		
16	MEDICATION MANAGEMENT HELP LEVEL CODE	0		0		
17	MONEY MANAGEMENT HELP LEVEL CODE	0		0		
18	TELEPHONE USE ABILITY CODE	0		0		
19	TRANSPORTATION DRIVING ABILITY CODE	0		0		
KEY#	OVERNIGHT CARE/SUPERVISION AND EMPLOYMENT SECTION	CODE	CODE DEFINITION	CODE	CODE DEFINITION	VALUE
20	OVERNIGHT CARE SUPERVISION CODE					
21	EMPLOYMENT ASSISTANCE CODE	0		0		
KEY#	DIAGNOSIS SECTION	CODE	CODE DEFINITION	CODE	CODE DEFINITION	VALUE
22	E4 - BRAIN - TRAUMATIC BRAIN INJURY AFTER AGE 22					
23	E5 - BRAIN - SEIZURE DISORDER WITH ONSET AFTER AGE 22					
24	H1 - MI - ANXIETY DISORDER			0		
25	H2 - MI - BIPOLAR/MANIC DEPRESSIVE			0		
26	H3 - MI - DEPRESSION			0		
27	H4 - MI - SCHIZOPHRENIA			0		
28	H5 - MI - OTHER MENTAL ILLNESS			0		

**TRANSITION
PLAN** –WHAT
WILL HAPPEN TO
EXISTING RATES?

Bringing in all members creates
changes to all rates

Developed a plan that brings those
rates most out of alignment into
the tool, while preserving those
closest to the new tool rate

TRANSITION PLAN - LOGIC

Effective January 1, 2018, existing placements will have care/supervision daily rates determined by using the following criteria:

- Members with current care/supervision daily rates that are greater or less than 10% of the 2018 methodology rate will remain at their current care/supervision rate.
- Members with a difference between the current care/supervision daily rate and the 2018 methodology rate that is greater (or less) than 10%-60% will have their current care/supervision rate reduced (or increased if less) by 10%.
- Members with a difference between the current care/supervision daily rate and the 2018 methodology rate that is greater (or less) than 60% will have their current care/supervision rate reduced (or increased if less) by 12%.



RESIDENTIAL REVIEW TYPES

- **Significant Change of Condition (COC) Review** – Providers seeking a rate change due to a member’s significant change of condition are reviewed on a weekly basis.
- **Enhanced Rate/Outlier Review** – Occurs when a member’s support needs are unique and complex, and fall outside of the residential rate methodology. This review will require providers to submit documentation and staffing information for each member.
- **Provider Category Review** – Opportunity for providers to request a review if their services appear to be at a higher level than the category to which they were initially assigned.

WHAT HAPPENS NEXT?

- **Letters and rate sheets** - Mailed to all providers on 11-1-17
- **Opportunity to meet with Community Resource/Provider Relations Staff** – Time reserved in November and December to schedule individual meetings to discuss this new approach to establishing rates
- **New placements after 11-1-17** – Providers will receive rate for remainder of 2017 and rate for 1-1-18
- **New process for offering rates beginning on 1-1-18** – Member Support Managers and IDT will begin offering the rate as of 1-1-18



QUESTIONS

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