

**Agency for Persons with Disabilities  
Provider Rate Reduction Procedures  
June 6, 2008**

The following instructions provide procedures for implementing a legislatively mandated rate reduction for waiver service providers.

**Purpose of the Rate Reduction:** By proviso included in the 2008 General Appropriations Act, the Legislature directed the Agency for Persons with Disabilities to reduce provider rates by \$43,544,549.00 by July 1, 2008. No reasonable rate reduction for any single provider group can generate the savings required in proviso. The rate reductions are being spread across most services.

**Amount of the Rate Reductions:**

- Rates for the following services will be reduced by 3%: Waiver Support Coordination and CDC Consultants; Residential Habilitation Standard and Behavior Focus; Intensive Behavioral Residential Habilitation.
- Rates for all other waiver services for which APD sets rates or there are rate schedules established by rule will be reduced by 7.21%. The exception is Personal Care Assistance (PCA) services. The Legislature set the rate for PCA services at \$15.00 an hour, or \$3.75 per quarter hour for all levels of the service.
- No rate reduction will be applied to waiver providers of commodities or market driven services such as Consumable Medical supplies, Durable Medical Equipment, Adult Dental, and Environmental Adaptations, etc., as there is no set rate schedule for these services.

**Who is affected:** The rate reduction:

- applies to all waiver service providers enrolled on the FSL and the DD Waivers, and providers who will be providing waiver services on the 4 Tiered Waivers, when implemented.
- applies to Consultants for the CDC+ program and to waiver services identified on the cost plans for individuals in the CDC program. (See CDC+ section for updating of annual cost plans and purchasing plans, page 5.)
- applies to services having negotiated rates, such as transportation (7.21%), Special Medical Home Care (7.21%) and Intensive Behavioral Residential Habilitation Services (3%) through an amendment to the provider's Medicaid Waiver Services Agreement, or a renewal of the Agreement.

All rate reductions will be effective July 1, 2008, or as provided in rule or contract. Rates found in the attached Waiver Provider Rate Tables will be appropriately established upon the General Appropriations Act becoming law. The Agency for

Health Care Administration has also published notice of rule development with the attached rate tables as the draft rates to be established by rule. The processes to be completed from the beginning of June to July 1, 2008 include:

- Filing of an Emergency Rule for provider rates, when appropriate, after the General Appropriations Act becomes law.
- Initiating the rule development process to amend existing rate schedules established by rule.
- Amending all provider Medicaid Waiver Service Agreements for service providers with negotiated rates to incorporate rate reductions.
- Updating service plans to reflect provider rate reductions for all cost plans in the ABC database.
- Supplying a service authorization to each provider to approve billing at the revised rate(s).

### **1. Cost Plan Updates and Time Frames for Completion**

Implementing the rate reductions will entail updating each individual's cost plan in the Agency's Allocation, Budget and Control system (ABC), initiating a signed Amendment for each provider's Medicaid Waiver Services Agreement for providers with negotiated rates, and supplying a service authorization to each provider indicating the revised rate. Due to the immensity of this task, it is planned that Area Offices and Waiver Support Coordinators will initiate rate and other changes based on procedures identified below beginning upon receipt of these procedures and a copy of the revised reduced rates. All activities for reducing the rates should be in place for a July 1, 2008 implementation.

- A. Beginning immediately and continuing until completion in July 2008, Area staff will update cost plans in ABC reflecting the reduced rates for services so that approved plans containing the reduced rates will be available for routine billing by all providers for July services.
- B. For Residential Habilitation Standard or Behavior Focus Services: the attached revised rates will be entered into individual cost plans and approved for billing. The supplemental payment process established to implement the January 1, 2008 emergency rule for residential habilitation rates will no longer be effective for services performed on and after July 1, 2008.
- C. Area offices will begin the process of obtaining signatures on Amendments to the Medicaid Waiver Services Agreement for providers of "negotiated rates" services; Transportation, Special Medical Home Care and Intensive Behavioral Residential Habilitation.
- D. By July 1, 2008 or during the month of July: All cost plans in the ABC system must be updated per these procedures below with the revised rate changes.
- E. July 1, 2008: All Amendments (or renewals) to provider Medicaid Waiver Service Agreements will be signed and final for rate reductions.
- F. July 15, 2008: All providers should be supplied with new service authorizations based on the revised rates by the waiver support coordinators. Providers can bill for services at the revised rate once the service authorization is received.

## 2. Electronic and staff updates of Cost Plans in ABC

Cost plans in ABC will be electronically updated as follows:

- A. Most cost plans in ABC should now be on the fiscal year cycle with a begin date of 7/1/08. Plans that have not been placed on the fiscal year cycle will not be updated electronically. A list of these plans will be sent to the Area offices for manual rate updates and establishing the plans on a fiscal year begin and end date. Note that any plan updated to the fiscal year prior to the electronic update occurring, will be modified as in these procedures.
- B. Cost plans and service plans with a begin date of July 1, 2008 will be electronically updated. The new reduced unit rate will be matched against the existing correct unit rate in each service plan, and the revised reduced unit rate entered into each service plan.
- C. If the rate for a service has been entered incorrectly, the plan cannot be electronically updated. The update will have to be performed by the Area office. Areas will receive a list of these plans.
- D. The allocation amount for each of the revised service plans will be modified electronically based on the reduced rate entered into the plan with the exception of services listed in E. below. The approval status of a plan will be maintained, so plans that are approved will continue in approved status. (Area staff may have to calculate allocations showing on the error list generated if a cost plan cannot be electronically updated. Area staff will enter a revised allocation amount based on utilization comments in the service plan if not performed electronically.)
- E. Allocation amounts will have to be calculated and entered by Area staff for the following services and the plan approved: 1) the PCA rate will be modified to \$3.75 qt. hr. electronically, however, Area staff will have to calculate the allocation and approve the service plan. 2) the daily rate for residential habilitation standard and behavior focus will be modified electronically to reflect the reduced rate, however, the allocation will have to be calculated and entered by Area staff and the plan approved. 3) the rates for Monroe County services will be modified electronically, however, allocations will have to be calculated and plans approved by the Area office. 4) Area 11 will modify rates and allocations for the one Special Medical Home Care service.
- F. Allocations for monthly services (Standard and Behavior Focus Residential Habilitation; Waiver Support Coordination or CDC Consultants) will be entered electronically. The approval status of the plan will not be changed, i.e., if the plan was in "A" status, it will continue in "A" status after the change to the rate and allocation.
- G. The electronic update to the rates will also be made for services with negotiated rates as long as the July 1, 2008 cost plan has no payments made against these services. Services to be electronically modified include transportation (7.21%), and Intensive Behavioral Residential Habilitation (3%). (Area 11 will be responsible for updating rates for Special Medical Home Care (7.21%) and no electronic update will be performed for this

service.) The update will establish a reduced rate based on a per cent reduction of the rate that is currently in the service plan. The allocation will also be reduced by the identified per cent reduction. Area staff are asked NOT to enter a reduced rate into ABC prior to the electronic update for these services as this will cause an error in the rate calculation. (Area staff should proceed with amending Service Agreements with the reduced rate as outlined in these procedures.)

- H. All updated service plans will be approved by Area staff, as needed and appropriate, with notices sent to the Waiver support coordinator or CDC Consultant of the cost plan/service plan changes.
- I. The electronic update of all cost plans will be completed on or before June 12, 2008. Areas will be notified when the update is complete.
- J. Service plans will not be changed for services not included in the rate reduction. These service plans will continue as established as long as they are on the fiscal year alignment. If the cost plan has not been aligned, Area staff will align the cost or service plan for a 7/1/08 begin date. Area staff should review the service plan to assure that it is within rule and procedural requirements, and adjust as appropriate. (Adult Dental, Consumable Medical Equipment, Durable Medical Equipment and Supplies, Environmental Adaptation.)
- K. When the new reduced rates and the revised allocations are entered, the cost plan may have to be reviewed for correctness by Area staff and any adjustments made. Please review electronic entries when entering cost plans for other activities and functions. The Area may also request that the waiver support coordinators notify the Area when errors are noted so that the plan can be corrected.
- L. The Area will review and approve rate changes for services that have been determined to be medically necessary. Should the waiver support coordinator request an adjustment in the frequency or intensity of the service(s), or request a new service(s), the request will have to meet standards for emergency need for the individual during the cost plan modification period. If approved by the Area as meeting these conditions, the cost plan will be submitted for review and approval by the appropriate PSA contractor as this changes medical necessity considerations.
- M. The Area staff should make a note in the "Comments" section of each service plan to reflect the number of units and the reason for the change, e.g. "A23 xxx units/(time frame) @ x (ratio or level). The short notation will be helpful when referring back to an individual's cost plan history.
- N. For individuals residing out of Area: The Area where the individual is residing will be responsible for the Cost Plan update.

Area approval of updated cost plans is restricted to a change in rate only. Changes in intensity and/or frequency of a service, or a request for a new service(s), requires PSA review.

### 3. Negotiated Rates

Intensive Behavioral Residential Habilitation, Transportation and Special Medical Home Care Services have negotiated rates outside of the provider rate tables. The Area is responsible for calculating a per cent reduction from the provider's current approved rate and entering into an Amendment to the provider's Medicaid Waiver Service Agreement to establish the revised rates for services. Current rates will be reduced by a per cent amount as follows:

Intensive Behavioral Residential Habilitation: 3% (.03 X rate)  
Special Home Medical Care: 7.21% (.0721 X rate)  
Transportation: 7.21% (.0721 X rate)

A model Amendment prepared for this rate reduction will be sent to Area offices under separate cover.

- A. The provider and APD must sign and date the Amendment(s) as described in the letter. July 1, 2008 is the target completion date. Area offices may begin sending the amendments to providers for signature as soon as the model amendment is received in the Area office.
- B. The Amendments will be effective on July 1, 2008, or the date signed by all parties, if later than July 1, 2008. A provider will receive a service authorization also specifying the revised rate and service frequency/intensity once the rate is approved in the individual's cost plan in ABC.
- C. The Amendment period will coincide with the timeframe identified on the provider's current Medicaid Waiver Services Agreement (from one to three years.)
- D. If the provider's Medicaid Waiver Services Agreement is up for renewal, a new Agreement may be entered into instead of amending the current agreement. The current Medicaid Waiver Services Agreement is located on the APD web site. A word copy of the agreement will be sent to Areas, if needed.
- E. Cost plan updates will not be approved, nor service authorizations sent to a provider authorizing services from July 1, 2008 forward until the Amendment to the Services Agreement, or a renewal Agreement is received signed from the provider.
- F. The amendment to change the rates should address on the reduced rate levels. For Intensive Behavioral Residential Habilitation, changes to the number of days a year for the service should be maintained at the current Agreement level until further notice.

Providers operating in more than one Area as the same corporation may elect to sign one amendment to their Medicaid Waiver Services Agreement with their "home" area for that corporation, and provide copies of the signed amendment or renewal agreement to the Area Administrators in all other areas where their organization provides services.

Upon completion of the signed amendment, the provider will mail or fax a copy of the signed amendment to the Area Administrator in all other areas where services are provided.

Designated Area office staff should track and report to the Area Administrator the names of any providers whose Amendment(s) or renewal has not been received and signed by June 25, 2008.

The area office will produce a list of all providers who have completed their amendment to the Medicaid Waiver Services Agreement. The list should be compared against a list of all providers in the area to assure that amendments are not outstanding for any provider. The Area Administrator will assure that service plans for providers not complying with the amended Agreements for rate change have been ended so that billing for services cannot occur.

#### 4. **CDC+**

The CDC+ Consultant will receive the same reduction in rate as Waiver Support Coordinators (3%). The reduction, for billing purposes will be effective on July 1, 2008, after each individual's cost plan has been revised to reflect the new rate and the Area office has approved the cost plan.

For participants of the CDC+ Program, rate reduction modifications to all other services must be made in the individual's current cost plan as described above for all other waiver services. Once the service plans within the cost plan have been updated, reviewed and approved, Area staff will recalculate the total cost plan amount, discount the cost plan by 8%, and the 4% monthly administrative fee capped at \$160.00 in accordance with the calculation methodology provided to the Area offices by the CDC+ Unit.

The CDC+ Consultant will work with the family to develop a revised purchasing plan within the new fiscal limits. Revised purchasing plans must be submitted to the APD Central Office no later than July 15, 2008, and will have an effective date of August 1, 2008. CDC+ Central office staff will monitor purchasing plan receipt to assure that all plans have been updated and reduced as required by law. All updated and reduced purchasing plans must be accompanied by a copy of the amended service plans, showing how the CDC+ monthly budget was calculated.

Note: CDC+ consumers' monthly budgets are determined by the services and limits allowed under the DD waiver, however, CDC+ participants are not limited to these services, the quantity of services, or the rate when the CDC+ purchasing plan is developed. CDC+ consumers must adhere to the CDC+ Consumer Notebook and the CDC+ service code chart when identifying services in the purchasing plan.

**5. Service Authorizations:**

After ABC cost plans are reviewed, determined to be correct, and approved by the Area office or PSA contractor, the waiver support coordinator will be notified and will promptly supply the provider with an authorization to provide and bill for services effective 7/1/08, or a later date when service approvals are final. Due to the compressed timeframes, waiver support coordinators are requested to expedite submission of service authorizations so that providers can plan for the changes in revenue and bill promptly for services delivered.

**6. Communication of Rate Reduction Procedures:**

Area offices should meet with local providers, Waiver Support Coordinators, Family Care Council members and other stakeholders to review the planned changes and obtain assistance in notifying other interested parties within the Area. Area offices are directed to meet or confer with waiver support coordinators to train them on implementation procedures and to answer questions. Areas should also establish meetings with local providers to review the process for updating cost plans and affecting rate reductions and billing requirements, and answer any questions that they may have. Other communication measures that will be taken include, but are not limited to:

- Posted procedures relating to the rate reduction on the APD web site.
- Copy of the procedures will be furnished to all available associations, Family Care Councils and other groups to assist in communicating procedures for the change.

If you have questions relating to the rate reduction, please contact your Area APD office, or Linda Mabile or Lorena Fulcher at 850-414-9132 or 850-488-5998.

## **Attachment A Procedures for Updating Cost Plans in ABC**

The Area Offices will receive a list of all consumers who do not have a July 1, 2008 cost plan in the ABC system. These consumers will need to have the new cost plan entered with the new rates for each service. An additional list of consumers whose rates in the July 1, 2008 cost plans did not match any of the new rates will be sent to the Area Offices. These will need to be manually changed on the cost plan and the allocations adjusted to match the new July 1 rates.

- a. All service plans with a rate that matches the current (pre July 1, 2008) rate will have the rate changed automatically in ABC and a revised allocation entered. (The Area Offices may need to go into service plans and update the allocation, if needed, for the duration of the service plan, based on the July 1 rate.) Be sure to include in the comments section the number of units (per day, week, or month) that the provider is authorized to provide.
- b. Rates will be modified for all services and the allocation adjusted with the exception of the following services: 1) the PCA rate will be modified to \$3.75 qt. hr., however, Area staff will have to calculate the allocation and approve the service plan. 2) the daily rate for residential habilitation standard and behavior focus will be modified to reflect the reduced rate, however the allocation will have to be calculated by Area staff and the plan approved.
- c. All monthly Residential Habilitation and Support Coordination service plans will have the allocation adjusted for the new rates for the duration of the service plan. Those will not need to be adjusted by the Area Office.
- d. For services with negotiated rates, the electronic modification will be a per cent reduction from the current rate showing in ABC and a corresponding per cent reduction in the annual allocation. Because of the methodology used for the negotiated rates, Area staff are requested not to make changes in rates for these services prior to the electronic update being performed. (Services include: Transportation, Intensive Behavioral Residential Habilitation, Special Medical Home Care.)
- e. When the service plans are complete and approved, the WSC will provide a copy of the new service plan, indicating the new rate and intensity of the service to the provider. This should be provided prior to July 1 start date for the cost plan.

Providers must receive copies of all revised service authorizations as soon as possible to avoid billing issues.