

Residential Rate-Setting Project in Family Care

Purpose of project: Establish a uniform methodology for determining all-inclusive rates for services provided by community-based residential programs that reflect the reasonable costs of services in relation to the acuity of members served by those programs. The application of a common methodology will:

- promote access to and quality of services for members,
- treat consistently providers offering similar services,
- establish predictability for purchasers and providers of residential services,
- maintain transparency and good stewardship of resources; and
- ensure consistency with CMS guidelines.

Components of the Project: There are three key components to the project:

- **Member obligation for room and board costs of residential settings:** Room and board costs are funded by member income, as the first source of funding. For this reason, it is important to standardize the methodology for determining the amount of income a member contributes to his/her room and board, since this calculation establishes any balance the member cannot afford to pay. The Family Care Managed Care Organization may choose to fund the portion of room and board the member cannot afford if it is determined to be an effective and cost-effective way to support the member's outcomes in a non-institutional setting.
- **Room and Board Costs of Residential Settings:** Residential providers provide room and board as well as services for their residents. The federal Medicaid program requires that room and board costs be tracked separately from the Medicaid service costs within a residential setting. The federal Centers for Medicare and Medicaid Services (CMS) has agreed that the state can claim federal Medicaid matching funds for MCO payments for room and board in community-based settings in the Family Care program, provided the community-based room and board costs are no higher than institutional room and board costs in a nursing facility and the MCO determines that supplementation is an effective and cost-effective way to support the member's outcomes. This is based on the principle that the Family Care member resides in the assisted living setting "in lieu of" a nursing home. As part of that agreement, CMS is interested in receiving assurance that room and board costs are reasonable for a publicly funded program and relatively consistent across facilities.
- **Residential Service Costs:** Residential providers, in addition to room and board, provide Medicaid-covered services to residents, such as personal care, supportive home care, medication management, and other services.

Attached is a chart showing the workplan and timeframe for each component.

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Room and Board: Calculation of Member Obligation	
<ol style="list-style-type: none"> 1. Numbered Memo with instructions regarding treatment of medical or remedial expenses and discretionary income allowance <ul style="list-style-type: none"> • Training webcast for ADRCs • Effective date of implementation 2. Guidance issued regarding treatment of guardianship costs 	<p>Issued 3/5/2010</p> <p>Mid-March 4/1/2010</p> <p>July 2010</p>
Room and Board Costs	
<ol style="list-style-type: none"> 1. Basic methodology developed based on HUD benchmarks 2. DHS provides instructions regarding the maximum cost-effective amount of room and board that can be supported by an MCO, under the “in lieu of” guidelines 3. Further analysis by DHS/MCOs to determine if refinement(s) to methodology is needed for Milwaukee 4. Implementation, concurrent with service cost methodology 	<p>December 2009</p> <p>3/8/10</p> <p>July 2010</p> <p>January 2011</p>
Service Costs	
<ol style="list-style-type: none"> 1. DHS/MCOs develop list of possible Medicaid-covered services offered by residential providers 2. DHS/CHSRA sends survey to MCOs regarding cost data 3. DHS hosts meeting to get initial input from MCOs, providers, advocates and other stakeholders 4. Research methodologies used in other states 5. Complete Data Collection 6. DHS analysis and development of draft option(s), including fiscal and programmatic implications and possible transition mechanisms from current system to new methodology 7. DHS consults with MCOs, providers, advocates, and other stakeholders to receive comments on draft option(s) 8. Based on comments received, DHS develops final methodology, including transition mechanism(s) 9. Implementation, concurrent with room and board methodology 	<p>9/1/09</p> <p>Issued: 3/12/10 Response due: 3/31/10</p> <p>April 16 and 23, 2010</p> <p>Mid-April 2010</p> <p>Mid-April 2010</p> <p>6/1/10</p> <p>Mid-June 2010</p> <p>September 2010</p> <p>January 2011</p>

