NEW JERSEY DEVELOPMENTAL DISABILITIES RATE SETTING STUDY

INTRODUCTORY MEETING - MAY 9, 2013

MYERS AND STAUFFER LC (MSLC)
JOHNSTON VILLEGAS-GRUBBS & ASSOCIATES LLC (JVGA)

DEDICATED TO GOVERNMENT HEALTH PROGRAMS
MEETING AGENDA

- Introduce Myers and Stauffer/JVGA
- Review project purpose/objectives
- Review project plan/timeline
- Discuss plan for stakeholder involvement
- Provide time for stakeholder input
TEAM MEMBERS – MYERS AND STAUFFER LC

Kevin Londeen
Kathy Wade
Annette Laracuente
MYERS AND STAUFFER LC

- Company organized in 1977
- Works exclusively with state/federal agencies operating public health care programs
- Staff of approximately 570 associates
- Offices in 18 locations
MYERS AND STAUFFER LC

- Intellectual / Developmental Disabilities Experience
  - Rate Setting
  - Provider Cost Audit/Settlements
TEAM MEMBERS – JVGA LLC

John Villegas-Grubbs
Claudia Fahrenthold
Robyn Zippilli
JOHNSTON, VILLEGAS-GRUBBS LLC

• Founded in 2004 / DD Rates in Nine states

• 20+ years of financial and business management of LTC Medicaid programs

• Graduate level social and clinical service experts, 100 years Combined Team Experience in Developmental Disabilities

• Previously the business operations director for the Arizona Department of Economic Security, Division of Developmental Disabilities
RATE SETTING PRINCIPLES

• Responsiveness to standards and consumer needs (Person Centered)

• Fairness and Equity

• Portability (Money Follows the Person)

• Clear and Meaningful Process
PROJECT PURPOSE

• New Jersey Rate Study Goals and Objectives
  
  • Establish standard fee schedule to be used in movement to a fee-for-service, Medicaid based model
  
  • Completed fee schedule will address all services, either currently offered under the Community Care Waiver (CCW) or to be offered under the upcoming Supports Program (through the Medicaid Comprehensive Waiver)
PROJECT PURPOSE

• New Jersey Rate Study Goals and Objectives
  • Encourage broad-based provider and stakeholder participation
  • Encourage cost efficiencies through new payment system
  • Provide equity in rates or “like rates for like services”
  • Assist state/providers with transition to new reimbursement/payment system
PROJECT PURPOSE

• Rate Study Milestones
  • Evaluate current reimbursement practices
  • Develop rate setting methodology for DDD and DMHAS
  • Calculate rates for DDD and DMHAS
  • Develop implementation plan
  • Involve stakeholders throughout project
STAKEHOLDER COMMITTEES

- Two formal committees established:
  - **Advisory Committee**—15 member group (13 providers plus 2 parent representatives) to brainstorm solutions to complicated issues, to address key rate setting factors, and provide industry leadership
  - **Financial Committee**—10 member group (all providers) needed to assist rate setters with analysis of general ledger data, allocations of general and administrative expenses, and establish the cost of delivering a particular service to a particular individual
**ONGOING INPUT AND CONTACT**

- We will be scheduling a series of monthly calls to give stakeholders an update on the process.

- All questions, suggestions, and stakeholder input regarding the rate setting process should be submitted to:

  **DDD.RateSetting@dhs.state.nj.us**

The email will be monitored by Eric Kaufmann, DDD Budget Director and Rate Setting Project Manager.
PROJECT PLAN

1. Gather data from state/providers
2. Develop rate models for review by stakeholders
3. Refine rates to reflect input from stakeholders
4. Develop implementation plan
PROJECT PLAN – DATA REQUIREMENTS

- Provider current cost and service statistics
- State payments (SFY 2012)
- Program policy description/service requirements
PROJECT PLAN-RATE MODELING

• Utilize cost data from providers currently providing services
• Utilize existing staffing structures and descriptions of service expectations
• Develop preliminary rate for fee-for-service program
PROJECT PLAN – RATE REFINEMENT

- Share detailed rate models with provider Advisory and Financial groups
- Solicit feedback to improve models
• Prepare fiscal analysis

• Consult with provider Advisory and Financial groups during development of analysis
PROJECT PLAN - IMPLEMENTATION

- Depending on individual provider fiscal impacts, additional rate feature may be considered (e.g., hold harmless, phased rate adjustments, stop loss/stop gain, etc.)

- The goal is to allow each provider time to adjust to new fee-for-service system

- Assist with transition to new payment system
### PROJECT PLAN – TIME LINE

<table>
<thead>
<tr>
<th>Duration</th>
<th>Activity</th>
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<tbody>
<tr>
<td>May/June</td>
<td>Gather data</td>
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<tr>
<td>June/July</td>
<td>Analyze data and begin rate modeling</td>
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<tr>
<td>July/August</td>
<td>Complete rate modeling and meet with provider financial/advisory groups</td>
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<tr>
<td>August/September</td>
<td>Refine rates and continue provider meetings</td>
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<tr>
<td>September 30, 2013</td>
<td>Finalize rates</td>
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<tr>
<td>October – January</td>
<td>Implementation</td>
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KEY QUESTIONS FOR CONSIDERATION

• What opportunities will exist for stakeholder involvement?
• Will rates be based on the available funding in the DDD system or will rates be based on the true cost of care?
• How will geography play into the construction of rates? In your previous rate setting work, how have geographical influences impacted rate development?
• How will vacancies be factored into the rate setting process?
KEY QUESTIONS FOR CONSIDERATION

• What will the “provider readiness” process include and what tools / guidance will be given to providers to assess a provider’s ability to convert to a fee-for-service model?

• How will behavioral and medical needs of individuals be addressed and captured in the rate?

• Will providers be asked to convert into a fee-for-service model all at once or will conversion be phased in over time? Will there be a hold harmless period during the conversion?
Questions & Preliminary Input