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TO: Children, Families, Health, and Human Services Interim Committee
Legislative Finance Committee
Budget Committee

FROM: Mike Randol, Medicaid and Health Services Executive Director/Medicaid Director

DATE: December 26, 2023

SUBJECT: Medicaid Change Reporting – December 2023

Purpose:

This memo is to complete the requirements set forth in 53-6-101 (12)(a) by reporting changes to provider rates, Montana Medicaid waivers, and/or the Montana Medicaid State Plan to the Children, Families, Health, and Human Services Interim Committee, the Legislative Finance Committee, and the Health and Human Services Interim Budget Committee.

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Provider Rate Changes

Effective October 1, 2023, the Department of Public Health and Human Services (DPHHS) proposes to adopt Version 40 of the 3M All Patient Refined-Diagnosis Related Groups (APR-DRG) grouper. This grouper update includes changes to DRG relative weights and average length of stays, adds some DRGs, and deletes other DRGs. The department proposes to increase the following base rates:

- General Hospitals increase to \$5,660.
- Centers of Excellence increase to \$8,430.
- Inpatient Rehabilitative Facilities increase to \$6,790.
- Long Term Acute Care Hospitals increase to \$7,640.

These changes to APR-DRG are projected to provide for an increase of \$6,944,413 for State Fiscal Year 2024.

Effective November 12, 2023, DPHHS proposes to enact rate changes for Montana's three Home and Community Based Services (HCBS) Medicaid waiver services, for Centers for Medicare and Medicaid Services (CMS) approval:

- Big Sky Home and Community Based Waiver
- Home and Community Based Comprehensive Waiver for Individuals with Developmental Disabilities
- Behavioral Health Severe Disabling Mental Illness HCBS Waiver

Rate Increase Background

In 2022, DPHHS contracted with Guidehouse to conduct a comprehensive Medicaid provider rate review for three DPHHS divisions: Behavioral Health and Developmental Disabilities, Health Resources, and Senior and Long-Term Care. The review utilized a multitude of data sources, survey data collection and stakeholder feedback.

Guidehouse identified benchmark rates based on the average costs for providers to deliver services. The benchmark rates provided a framework that was used by both the Department and legislature in determining provider rate increases. Ultimately, the legislature approved an historic increase in Medicaid provider rates. Legislative funding is being applied across all studied rates using the same methodology. To reduce existing disparities in rates, this methodology increases rates by a percentage of the difference between current and benchmark rates.

The Medicaid 1915(c) HCBS waiver rate increases are effective November 12, 2023, the day after the approved Public Health Emergency Appendix K ends on November 11, 2023. The Appendix K authorizes the waiver rate increases from July 1, 2023, through November 11, 2023, giving DPHHS enough time to hold the statutory 30-day public notice period before submitting all three of Montana's HCBS waiver amendments:

Medicaid Rate Increases included in the Guidehouse Study

As a result of the Guidehouse study and the 2023 Legislative Session appropriation, the **studied** Medicaid waiver provider types will receive an average of 17.82% rate increase. The specific rate increase for each service is dependent upon the difference between the current rate and the Guidehouse benchmark rate.

The provider types included in the Guidehouse study are:

Provider Type	Weighted Rate Change (FY 2024)
DEVELOPMENTAL DISABILITIES PROGRAM	16.04%
BIG SKY WAIVER HOME & COMMUNITY BASED SERVICES	15.20%
SEVERE DISABILING MENTAL ILLNESS HOME AND COMMUNITY BASED WAIVER	18.01%

Medicaid Rate Increases **Not** Included in the Guidehouse Study

Medicaid waiver services and provider types not included in the Guidehouse study will be amended to receive an approximate 4% rate increase appropriated in the 2023 Montana Legislative Session, except the following Home and Community Based Comprehensive Waiver for Individuals with Developmental Disabilities services:

- Environmental Modifications
- Specialized Medical Equipment and Supplies
- Individual Goods and Services
- Personal Emergency Response System
- Remote Monitoring Equipment
- Remote Monitoring
- Supported Employment-Co-Worker Support
- Level II Behavioral Support Services

Hospice Rates

The federally established Medicaid Hospice rates have been received by the Department. The implementation rule is in progress. The rate averages to 3% based on varying factors including quality reporting.

Provider Participation Changes

Effective November 12, 2023, the Home and Community Based Comprehensive Waiver for Individuals with Developmental Disabilities proposes the following changes:

- Update Appendix C.2.d. for accuracy of services that allows “legally responsible individuals” as paid caregivers. These services include Individual Goods and Services, Specialized Medical Equipment and Supplies, and Transportation that were previously approved for this allowance by CMS.
- Update plan of care language and goal structure (i.e., replace quarterly reports with mid-year reviews of the plan of care, or Personal Support Plan; initial plan of care is finalized within 45 days of enrollment with an interim service plan).

Effective November 12, 2023, Montana proposes to implement an Electronic Visit Verification solution for all three HCBS waivers. This system replaces paper timesheets with the real-time check-in and check-out process. Additionally, the system will pre-validate Medicaid claims for processing to save providers time and resources.

Eligibility Changes

N/A

Benefit Plan Changes

N/A