

Montana Interim Budget Committee – Health and Human Services

HB 632 Provider Rate Study & HB155 Provider Cost Reporting

September 14, 2022

Agenda

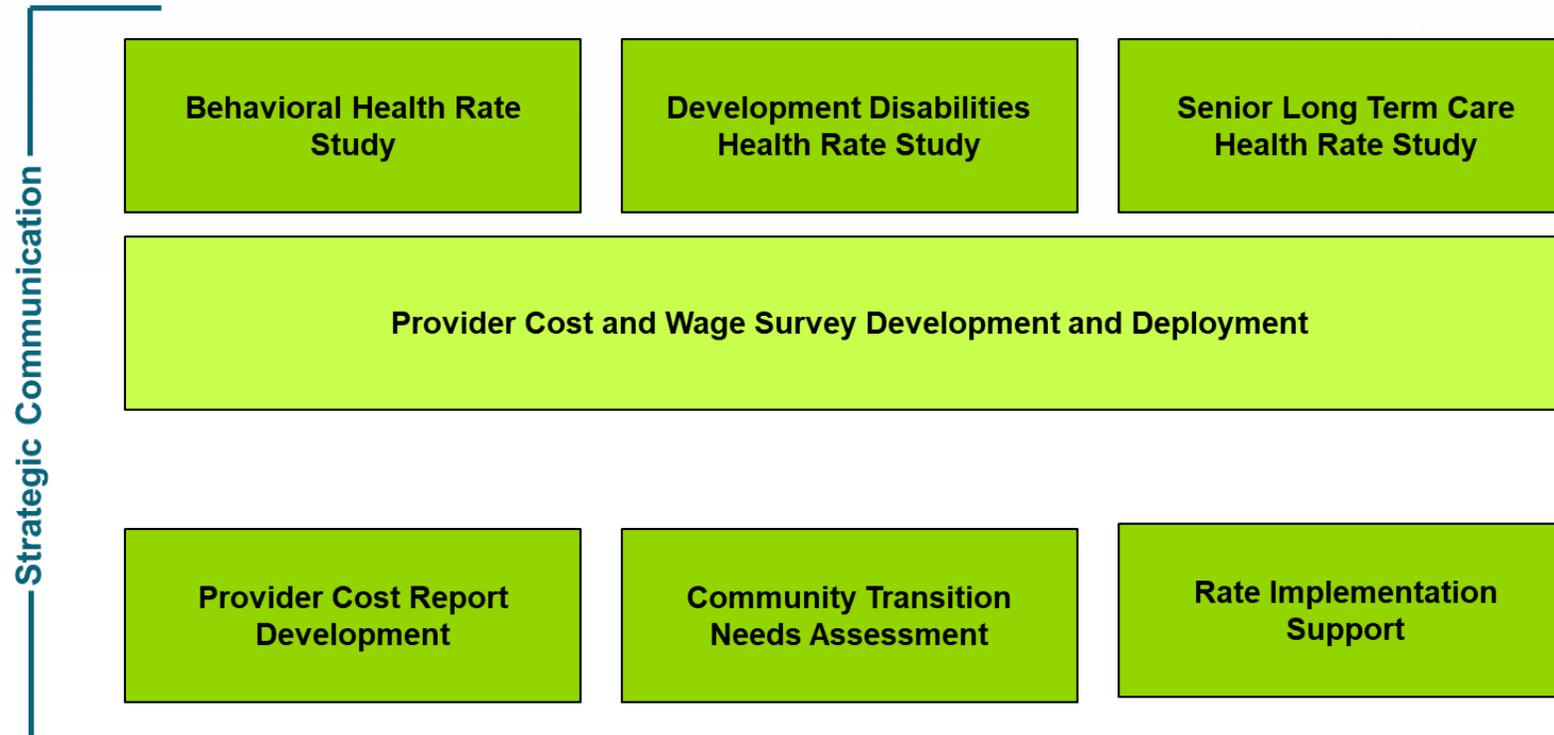
1. Welcome
2. Provider Rate Study Overview
3. General Reimbursement Recommendations
4. Fiscal Impact Analysis
5. Other Reimbursement Policy Guidance and Considerations for Implementation
6. Cost Reporting Plan and Recommendations

HB 632 Provider Rate Study Overview

HB 632 Engagement Initiatives

Montana's Department of Public Health and Human Services (DPHHS) contracted with Guidehouse to conduct a comprehensive rate review of services provided in Adult Behavioral Health (ABH), Children's Mental Health (CMH), Developmental Disabilities (DD) and Senior and Long Term Care (SLTC) programs.

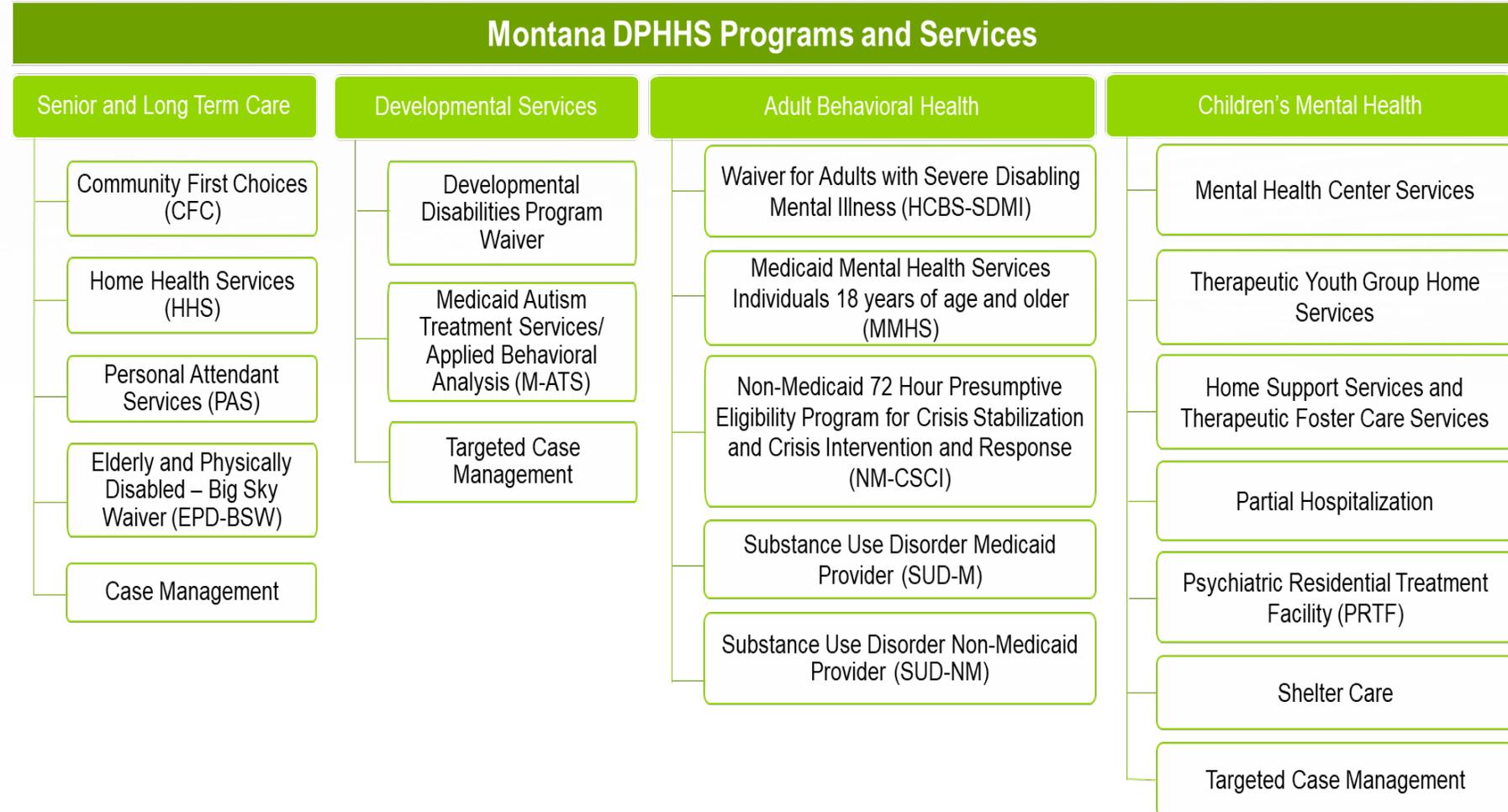
- The focus of the rate study was to address legislative requirements issued in 2021 through HB 632 Section 20 Subsection 2B. Specifically, HB 632 authorizes a provider rate study to determine the need for adjusting service rates to address the financial and service delivery impacts of COVID-19.



Provider Rate Study Overview

The Provider Rate Study involved rebasing of Behavioral Health, Developmental Disabilities, and Senior and Long Term Care rates to derive benchmark rate recommendations. The figure below identifies the programs specific to this study.

- Our rate recommendations and report are intended to fulfill legislative requirements in HB 632 to adjust rates to address impacts of COVID-19, and in HB 155 to develop a cost reporting plan.
- The report references other Guidehouse analyses outside this scope either when they are relevant to these programs, or when our findings have implications for programs outside the scope of the study.



Analysis by Service Categories

Guidehouse analyzed rate impacts driven by more systematic changes within the broader service categories identified below.

Residential Services
<ul style="list-style-type: none"> • Foster Care – Adult, Youth • Group Homes – Adult, Behavioral Health, Therapeutic Group, Intensive Mental Health • Congregate Living • Assisted Living Facilities and Adult Foster Homes, Specialized Adult Residential TBI-AR • Residential Training Support • Supported Living

In-Home
<ul style="list-style-type: none"> • Homemaker Chores • Nutrition (Meals) • Caregiver and Family Training and Supports • Companion • Extraordinary Needs Aide • Home Support Services • Medical Escort • Personal Assistance / Care / Supports • Respite • Special Child Care • Specially Trained Attendant

Intensive Outpatient
<ul style="list-style-type: none"> • ASAM Levels of Care • Crisis Stabilization • Partial Hospitalization • Medication Assisted Treatment • PACT, InPACT, CMP

Behavioral Services
<ul style="list-style-type: none"> • Community-based psychiatric rehabilitation & support • Dialectical Behavior Therapy • Illness Management and Recovery • Consultative Clinical and Therapeutic Services • Behavioral Support Services • Psychological Services

Supported Employment
<ul style="list-style-type: none"> • Life Coach • Supported Employment • Prevocational Services

Case Management
<ul style="list-style-type: none"> • Case Management • Targeted Case Management

Day Services
<ul style="list-style-type: none"> • Day Supports • Retirement Services • Adult Day Care • Day Habilitation / Treatment

Nursing
<ul style="list-style-type: none"> • Private Duty Nursing – RN • Private Duty Nursing- LPN

PRTF
<ul style="list-style-type: none"> • Psychiatric Residential Treatment Facilities – In State • Psychiatric Residential Treatment Facilities – Out of State

General Reimbursement Recommendations

General Reimbursement Recommendations

Guidehouse recommendations were developed according to the following general principles and considerations for aligning cost assumptions and rate methodologies across all services included in the rate study.

- **Standardize cost component assumptions and rate methodologies across populations and programs where feasible and appropriate.**
 - Guidehouse’s rate recommendations apply standard wage and other cost assumptions across the different service arrays included in the rate study.
 - Guidehouse established standard supervision, productivity, caseload, administrative and program support cost assumptions where provider surveys did not indicate significant differences in service characteristics for different populations.
 - We developed commensurate rates for common in-home services across populations such as personal assistance and personal care, homemaker, companion, respite, and meal services, as well as other services such as nursing and transportation.
 - We created a clear distinction between agency based and self-directed services to account for differences in administrative costs and supervision time required.
- **Adopt a common policy for geographic and other demographic adjustments to provider rates.**
 - Where the state chooses to apply a geographic rate adjustment, Guidehouse recommends a “high” geographic factor of 105% of the standard rate, and a “medium” factor of 102.5%.
 - We recommend reimbursement at 107.5% of the standard rate for services that apply a premium for services to frontier or “rural remote” areas.
 - Enhanced rates established for small providers have been set at 130% of the standard rate.

General Reimbursement Recommendations

Guidehouse recommendations were developed according to the following general principles and considerations for aligning cost assumptions and rate methodologies across all services included in the rate study.

- **Develop a uniform policy across populations and programs for reimbursing providers for necessary or expected absences from residents/attendees.**
 - Department policies concerning reimbursement for absences from residential and day services currently vary across different populations and programs. Some residential services are subject to strict limitations on use of retainer days, while other residential services do not have established bed hold policies but employ a small occupancy adjustment within the rate.
 - Guidehouse supports DPHHS efforts to develop a consistent retainer days policy of 30 days across its different service populations.
 - Our residential service rate recommendations assume this revised retainer day policy. We have also included a 98% residential occupancy adjustment to account for small amounts of annual resident turnover.
- **Bundle transportation costs into the rates for residential and day services where these costs are most frequently incurred. Reserve separate billing for transportation for settings and situations in which transportation is allowable, but less frequently utilized.**
 - Many programs included in the rate study already employ this policy, but transportation for developmental services is currently billed separately from residential and day service delivery.
 - Guidehouse residential and day service recommendations for developmental services include transportation costs within a bundled rate, which should not be separately billable.

Fiscal Impact Analysis

Fiscal Impact Assumptions

Guidehouse performed a fiscal impact analysis to determine potential implications for service expenditures.

- The fiscal impact analysis presented in the following slides is based on typical service utilization from previous fiscal years, projected into the future to estimate differences in state expenditures for services reimbursed at current rates versus rates benchmarked by Guidehouse.
- The baseline utilization data included in the analysis reflects SFY 2020.
 - More recent data was deemed inappropriate, due to distortions to expected utilization stemming from the COVID-19 public health emergency.
 - Data from SFY 2019 is not optimal due to information gaps related to the unavailability of data from some divisions within legacy data systems.
 - SFY 2020 utilization compared well with SFY 2019 where service data was completely represented in the 2019 data. SFY 2020 data did not show significant impacts from the pandemic.
 - Adjustments were made for specific service categories to account for lack of historical utilization.
- Expenditures labeled as “Paid at SFY22” represent a projection of SFY 2020 utilization if reimbursed at current rates effective in SFY 2022.
- **The analysis was performed for rate study purposes only, and does not represent State implementation decisions or funding commitments.**

Fiscal Impact Analysis – Federal and State (Add-Ons Included)

Overall Fiscal Impact includes state and federal share.

By Population	Paid at SFY22	Add-On Payments	Total Current Cost	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
Total	\$365,844,127	\$9,670,123	\$375,514,250	\$457,954,972	22.0%	\$82,440,723	100.0%	100.0%
AMDD	\$63,582,882	\$17,000	\$63,599,882	\$74,660,009	17.4%	\$11,060,127	16.9%	16.3%
CMH	\$79,515,051	\$2,337,108	\$81,852,159	\$90,863,588	11.0%	\$9,011,429	21.8%	19.8%
DSD	\$130,932,959	\$0	\$130,932,959	\$164,716,686	25.8%	\$33,783,727	34.9%	36.0%
SLTC	\$91,813,235	\$7,316,015	\$99,129,250	\$127,714,690	28.8%	\$28,585,439	26.4%	27.9%

Analysis for rate study purposes ONLY.

Fiscal Impact Analysis – State Share (Add-Ons Included)

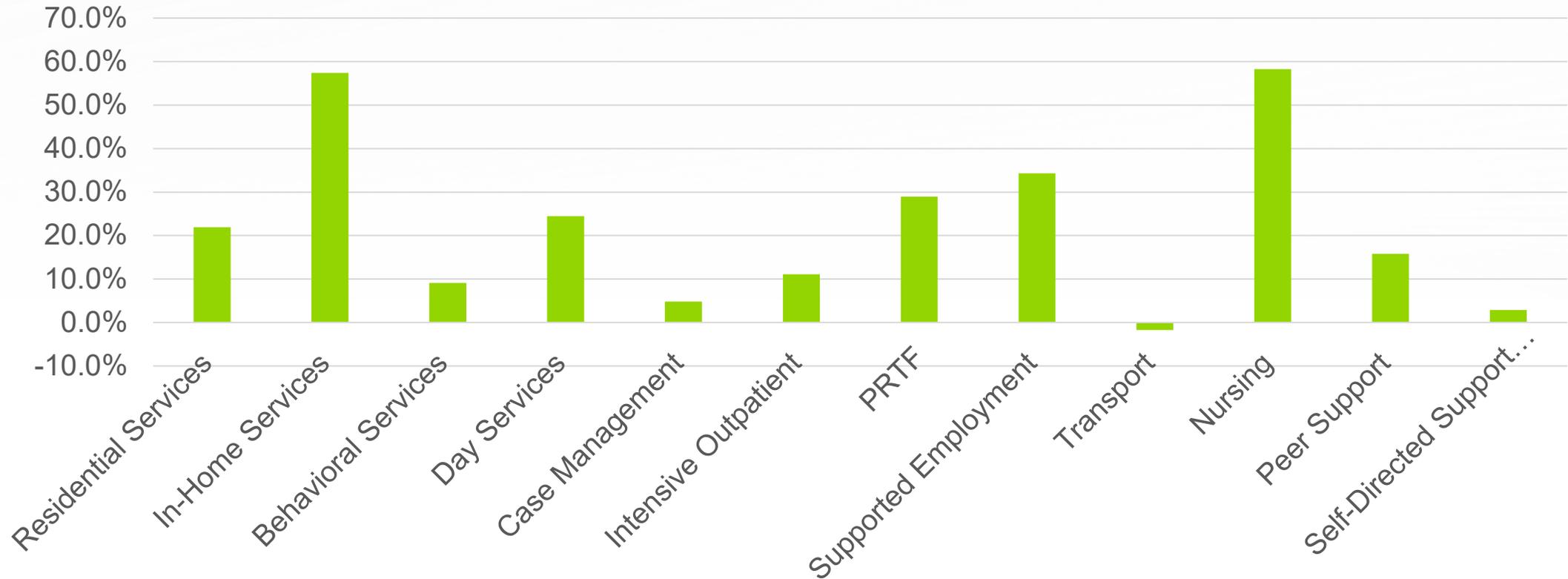
Fiscal Impact includes state share only, calculated at a FY2023 FMAP of 64.12%. At present, analysis does not include expansion population FMAP, FMAP differentials for specific programs, or ARPA-related enhanced FMAP for HCBS services. Analysis in the final report may differ slightly from results presented today, pending inclusion of additional state share variables.

By Population	Paid at SFY22	Add-On Payments	Total Current Cost	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
Total	\$123,564,452	\$3,238,893	\$126,803,345	\$154,480,678	21.8%	\$27,677,332	100.0%	100.0%
AMDD	\$17,636,581	\$4,772	\$17,641,354	\$20,959,394	18.8%	\$3,318,041	13.9%	13.6%
CMH	\$28,530,000	\$838,554	\$29,368,555	\$32,601,855	11.0%	\$3,233,301	23.2%	21.1%
DSD	\$46,978,746	\$0	\$46,978,746	\$59,100,347	25.8%	\$12,121,601	37.0%	38.3%
SLTC	\$30,419,125	\$2,395,566	\$32,814,691	\$41,819,081	27.4%	\$9,004,389	25.9%	27.1%

Analysis for rate study purposes ONLY.

Analysis by Service Categories – All Populations

The chart below illustrates the relative impact of benchmark increases for different types of services.

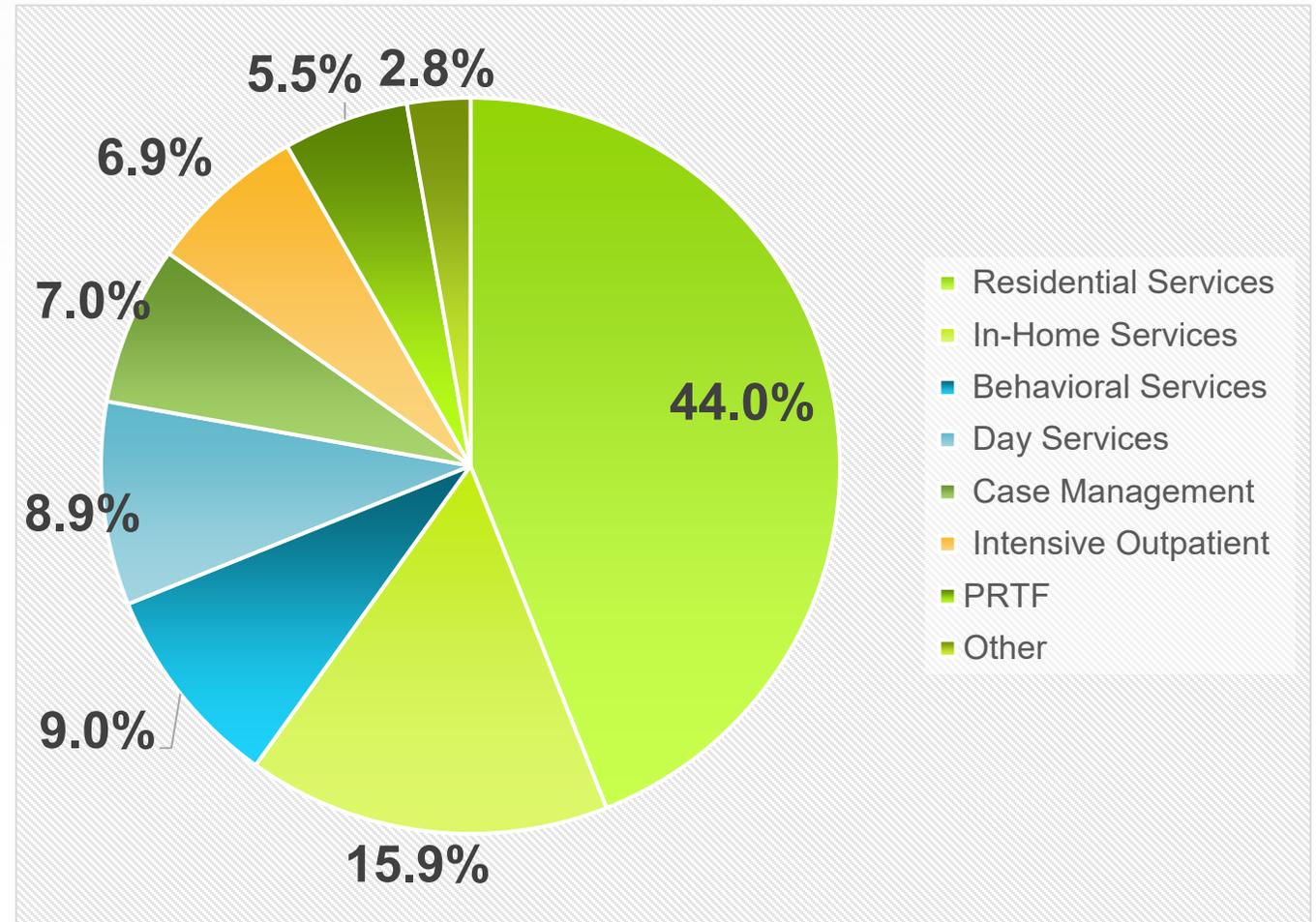


Analysis for rate study purposes ONLY.

Analysis by Service Category – All Populations

The chart below identifies which service categories are the major cost drivers for the system, as reflected in proportionate expenditures at current rates.

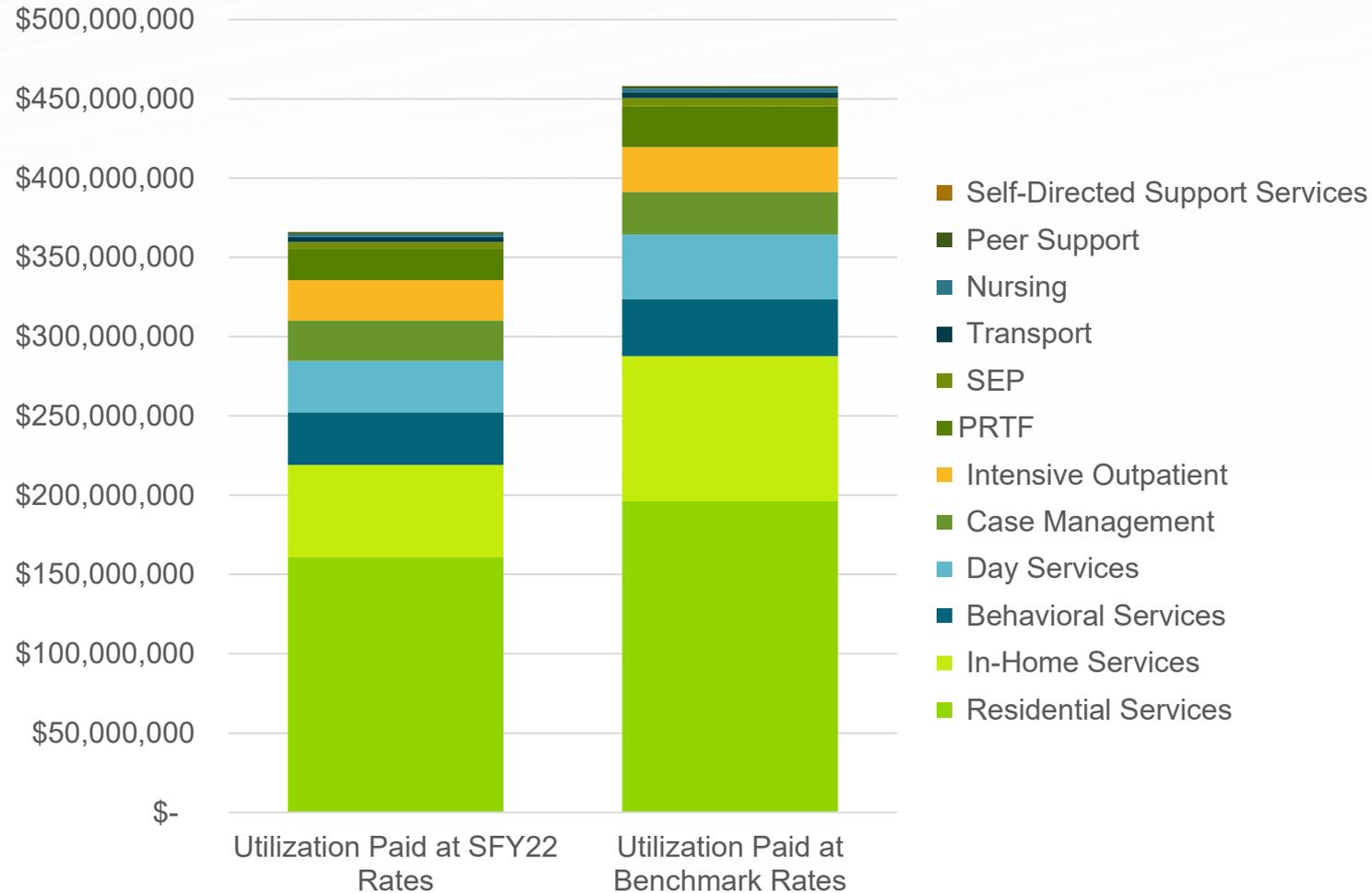
- The chart to the right visualizes the relative proportion expenditures represented by each service category.
- Rate increases for residential services are middle-of-the-road, but have significant impact due to the volume of service expenditures these rates represent.
- In-Home services are substantial cost drivers overall and have the greatest impact on programs that heavily utilize these services.



Analysis for rate study purposes ONLY.

Analysis by Service Categories – All Populations

The chart below illustrates the relative proportion of total expenditure represented by each service category.



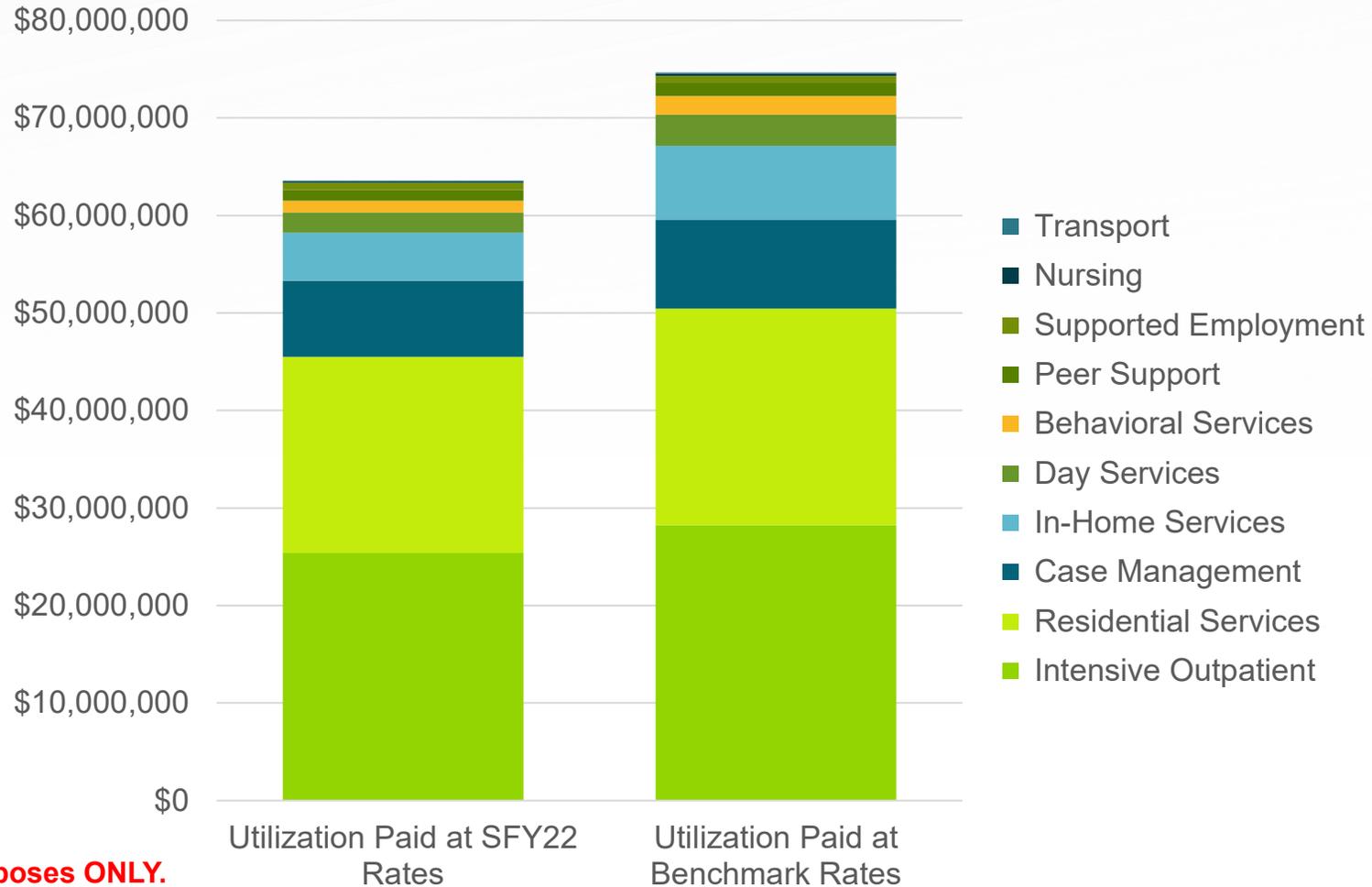
Analysis for rate study purposes ONLY.

Service Category – All Populations State Share (No Add-On Payments)

By Service Category	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
All Services	\$114,337,293	\$123,564,452	\$154,480,678	25.0%	\$30,916,225	100.0%	100.0%
Residential Services	\$50,840,672	\$57,183,479	\$69,727,419	21.9%	\$12,543,940	46.3%	45.1%
In-Home Services	\$17,992,075	\$18,324,123	\$28,844,673	57.4%	\$10,520,550	14.8%	18.7%
Behavioral Services	\$11,384,996	\$11,761,913	\$12,829,210	9.1%	\$1,067,296	9.5%	8.3%
Day Services	\$11,322,884	\$11,660,521	\$14,509,311	24.4%	\$2,848,791	9.4%	9.4%
Case Management	\$7,662,850	\$8,763,276	\$9,183,050	4.8%	\$419,774	7.1%	5.9%
Intensive Outpatient	\$5,077,560	\$5,221,574	\$5,800,177	11.1%	\$578,602	4.2%	3.8%
PRTF	\$6,860,825	\$7,215,507	\$9,303,668	28.9%	\$2,088,162	5.8%	6.0%
Supported Employment	\$1,347,365	\$1,350,883	\$1,814,205	34.3%	\$463,321	1.1%	1.2%
Transport	\$998,645	\$1,205,934	\$1,184,887	-1.7%	-\$21,047	1.0%	0.8%
Nursing	\$618,261	\$638,642	\$1,010,656	58.3%	\$372,013	0.5%	0.7%
Peer Support	\$209,698	\$216,532	\$250,722	15.8%	\$34,189	0.2%	0.2%
Self-Directed Support Services	\$21,461	\$22,066	\$22,700	2.9%	\$634	0.0%	0.0%

Analysis by Service Categories – AMDD Services

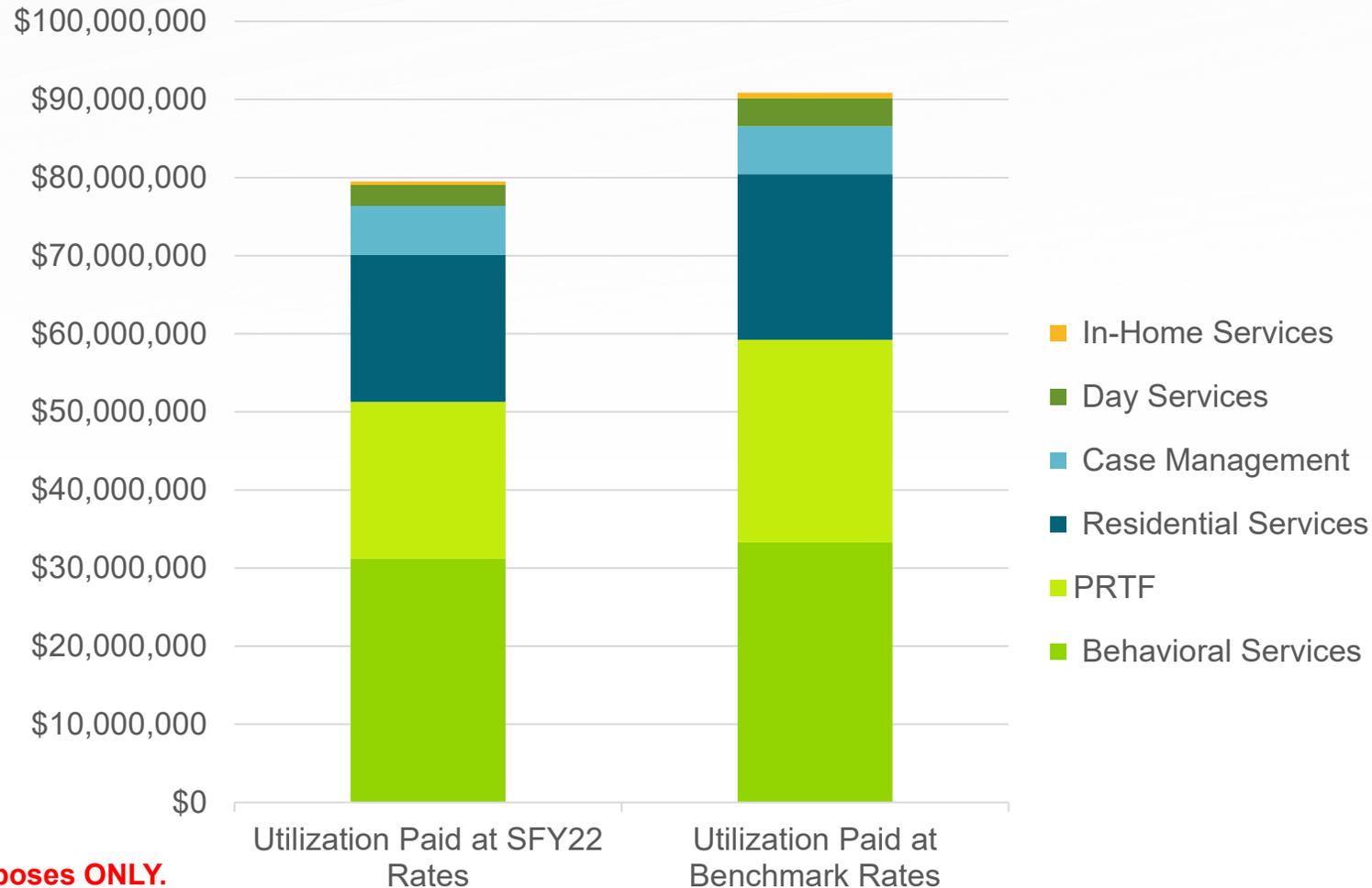
The chart below illustrates the relative proportion of total expenditure represented by each service category.



Analysis for rate study purposes ONLY.

Analysis by Service Categories – CMH Services

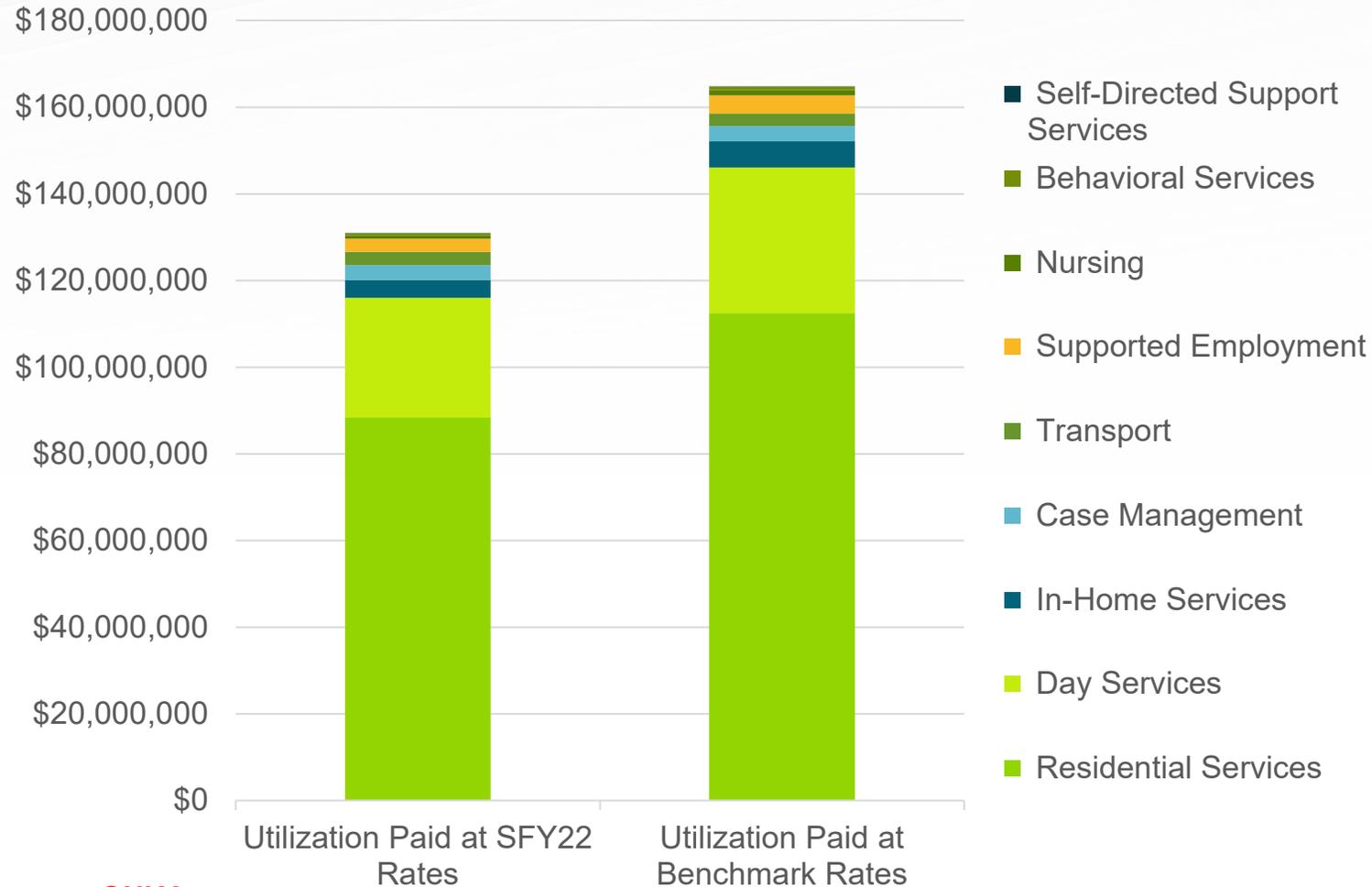
The chart below illustrates the relative proportion of total expenditure represented by each service category.



Analysis for rate study purposes ONLY.

Analysis by Service Categories – DSD Services

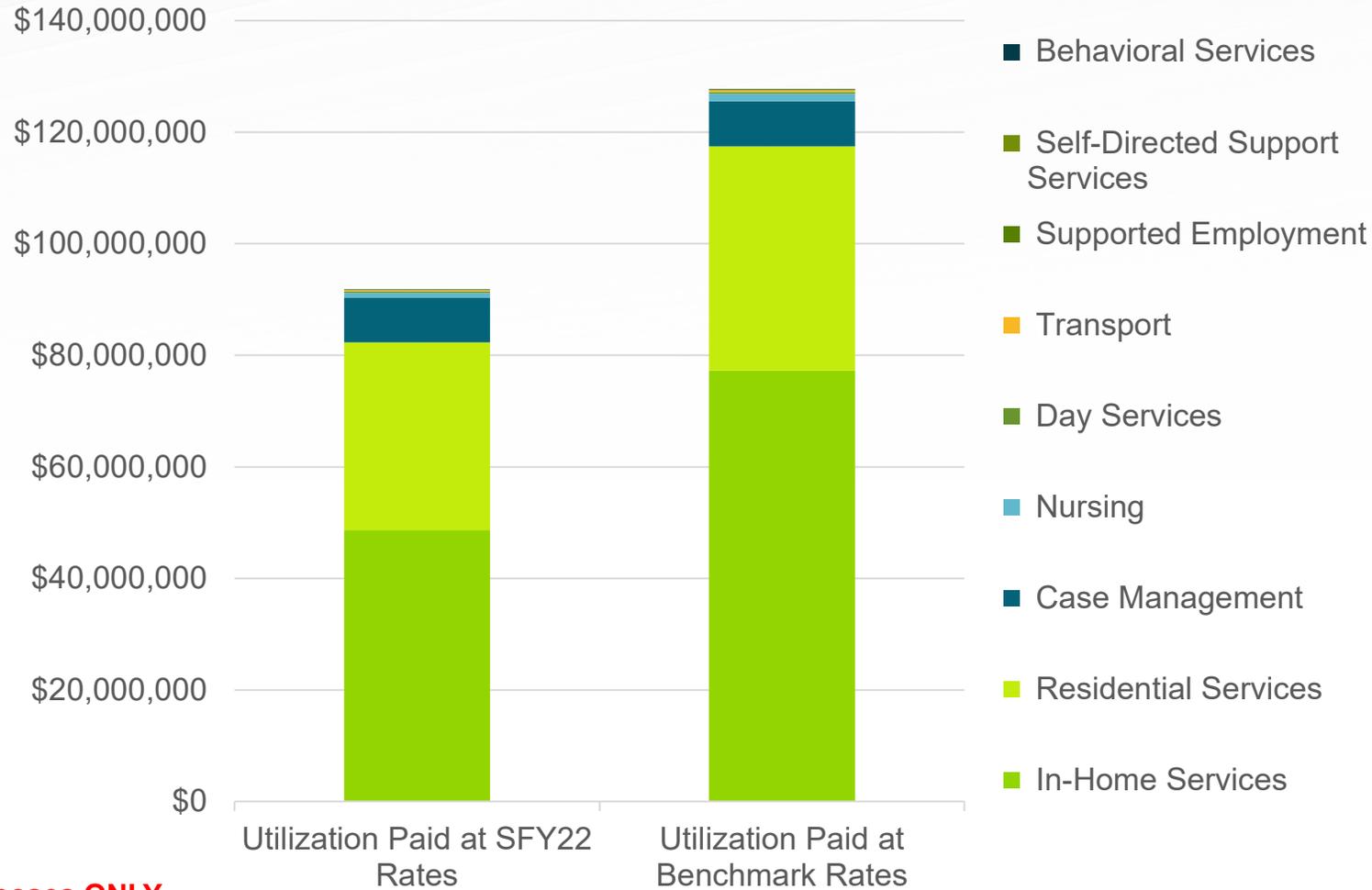
The chart below illustrates the relative proportion of total expenditure represented by each service category.



Analysis for rate study purposes ONLY.

Analysis by Service Categories – SLTC Services

The chart below illustrates the relative proportion of total expenditure represented by each service category.



Analysis for rate study purposes ONLY.

Other Reimbursement Policy Guidance and Considerations for Implementation

Additional Policy Considerations

Guidehouse has identified several additional reimbursement policy recommendations for DPHHS to consider in the process of rate implementation.

- **The Department should prioritize rate increases for services where current rates are the least aligned to growing costs.**
 - Rate analysis suggests that in-home services such as personal assistance/personal care and homemaker services, along with nursing and a few other services, would require 50-70% rate increases in order to keep up with growing labor costs. These services should be prioritized for reimbursement to sustain supports for care delivered in home settings.
 - While some residential services appear to require comparatively modest rate increases to keep up with growing costs, Guidehouse identified Congregate Living developmental services and institutional PRTF services as in need of substantial additional investment.
- **The Department should consider aligning reimbursement for private duty nursing services across the service array, including EPSDT rates.**
 - While private duty nursing services were not within the scope of the Guidehouse rate study, rates paid under this program are approximately the same as current rates for the populations and services included within the study.
 - Based on the labor market for RN and LPN practitioners analyzed by Guidehouse, EPSDT rates for private duty nursing are equally inadequate for covering labor costs, and the Department should consider increasing these rates to a level commensurate with our benchmark recommendations.
 - Guidehouse did not analyze the fiscal impact of increasing these rates for the EPSDT program.

Additional Policy Considerations

Guidehouse has identified several additional reimbursement policy recommendations for DPHHS to consider in the process of rate implementation.

- **The Department should consider a regular process of administrative rate update, that includes adjusting either wage assumptions or overall rate levels based on applicable inflation indices.**
 - If the Department were to implement the benchmark rate methodologies recommended by Guidehouse, it would be possible to review rate assumptions annually or bi-annually to assess the need for administrative update of specific types of costs—such as wages—without requiring comprehensive rate rebasing.
- **The Department should consider conducting a detailed review of case management service design and payment policy across populations and programs.**
 - The rate study identified significant variation in service delivery assumptions as well as reimbursement policy for Montana’s waiver case management and State Plan targeted case management programs.
 - Given the significant differences in caseloads evidenced in provider survey reporting, as well as service design assumptions used to define the different types and intensities of case management employed within the system overall, Guidehouse did not attempt to standardize rates or service assumption, but treated case management services for each population on its own terms.
 - However, since several of the different types of case management within the system are delivered by the same community of service providers, there is substantial opportunity to standardize reimbursement policy and service delivery standards across these programs.

Additional Policy Considerations

Guidehouse has identified several additional reimbursement policy recommendations for DPHHS to consider in the process of rate implementation.

- **The Department should consider developing a reimbursement methodology for adjusting residential service rates based on an individual’s assessed resource need.**
 - Guidehouse noted that many residential services are paid at a single rate across the service population, despite the fact that individual resource needs for different residents may vary substantially in the cost of the individual’s care incurred by providers.
 - It is possible to “fine tune” reimbursement rates for different residents, based on the individual resource need identified by an objective assessment tool. This is a common practice in other state Medicaid programs, especially for residential developmental services.
 - “Acuity-adjusted” rates allow states to align reimbursement more closely with actual resource needs, better incentivizing providers to serve individuals with more resource-intensive needs.
- **The Department should consider increasing professional service rates for mental health practitioners reimbursed under the RBRVS fee schedule to 90% of standard Medicare reimbursement for cognate practitioners.**
 - Guidehouse’s review of professional services reimbursement indicated that specific “mental health” practitioners, including psychologists, social workers, licensed professional counselors, and marriage and family therapists, receive significantly-reduced reimbursement for some therapy, counseling and assessment services relative to other types of practitioners.
 - Guidehouse is recommending updating “mental health” practitioner reimbursement to levels equivalent to 90% of the rates Medicare would pay for the same service delivered by a cognate practitioner.

Cost Reporting Plan and Recommendations

Cost Reporting Requirements Under HB 155

HB 155 requires a plan for collection of cost data and reports.

Plan for Collecting Expenditure Data

- DPHHS, in collaboration with providers, consumers, and other stakeholders, shall develop a plan for collecting expenditure data from Medicaid-dependent providers of services that:
 - Assist and support the elderly and persons with mental illness, physical disabilities, and developmental disabilities;
 - Are administered by the department divisions responsible for overseeing services for the elderly and persons with mental illness, physical disabilities, or developmental disabilities.
- “Medicaid-dependent providers” means providers with more than half of their clients receiving services through the Medicaid program.

Purpose of the Plan

Enable DPHHS and the legislature to:

- Analyze the data;
- Determine the cost of providing services;
- Make sound judgments about whether the rates being paid for each service are too high, too low, or appropriate; and
- Make decisions about rates that are based on sound data and analysis.

Source: <https://leg.mt.gov/bills/2021/billpdf/HB0155.pdf>

Cost Reporting Requirements Under HB 155 (cont.)

HB 155 requires a plan for collection of cost data and reports.

Plan Requirements

- Identify Medicaid-dependent providers;
- Identify high-volume services based on the units of service and costs;
- Identify smaller providers who should be exempt from data reporting requirements;
- Determine a base year for data collection and identify the types of expenditures and the providers who are required to report data in order to make it possible to analyze data and make determinations about rate adequacy;
- Ensure that expenditure data reporting requirements are consistent across divisions of the department to the extent possible;
- Identify how often data should be collected for purposes of updating the base year expenditures; and
- Create a schedule prioritizing the order in which data is collected from various providers in order to transition to a point at which all applicable provider information will be available and updated regularly.

Plan Timeline

- The plan must be completed no later than July 1, 2022 and provided to the 2023 legislature.

Cost Reporting Provider Focus Group

Guidehouse and DPHHS collaborated with provider representatives to discuss the development and planning of a cost reporting program and solicit feedback on implementing a program. The figure below identifies the programs that should be included for cost reporting.*

Montana DPHHS Programs and Services

Adult Behavioral Health Programs (AMDD)

- HCBS for Adults with Severe Disabling Mental Illness (SDMI)
- Substance Use Disorder (SUD) Medicaid Providers
- Medicaid Mental Health Services
- Targeted Case Management

Developmental Services (DSD)

- Developmental Disabilities Program Waiver
- Targeted Case Management

Senior and Long Term Care (SLTC)

- Community First Choices
- Personal Attendant Services
- Big Sky Waiver
- Home Health Services

Children's Mental Health (CMH)

- Mental Health Center Services
- Therapeutic Youth Group Home Services
- Home Support Services and Therapeutic Foster Care Services
- Partial Hospitalization
- Psychiatric Residential Treatment Facility (PRTF)
- Targeted Case Management

*Note: The following programs were deemed out of scope for cost reporting either because the programs are non-Medicaid, or because they are provided by individual practitioners: Autism Treatment Services or Applied Behavior Analysis, SUD Non-Medicaid and Non-Medicaid for Crisis Stabilization & Crisis Intervention and Response, and Out-of-State PRTFs. Additionally, the following service providers are not included for the cost reporting plan: (a) Services maintained under the RBRVS are excluded (e.g., Physical Therapy, Occupational therapy services under the HHS program); (b) Schools and individual practitioners are excluded (e.g., Board Certified Business Analysts, Medication-Assisted Treatment practitioners).

Cost Reporting Plan for Implementation

The Cost Reporting Plan includes an implementation plan for introducing a cost reporting program and it is intended to fulfill legislature requirements under House Bill 155.

- The plan specifies the programs, services, and providers that should be included as well as excluded from cost reporting based on guidance in House Bill 155. It also includes information on suggested content for the cost reports, supplemental material to support cost reporting, and considerations to administer and operate cost reports.
- Guidehouse conducted a review of 10 peer states and other states with established cost reporting programs for Medicaid populations to provide additional insights into common and promising practices that may be considered by the Department.

1

Service and Provider Scope

- Inclusion of Medicaid-Dependent Providers
- Small Provider Exemption
- Service Exclusions
- Service Prioritization

2

Cost Reporting Data and Standardization

- **Cost Reporting Data:** Revenue, expenses, wages, supplemental pay, other service data, provider certification
- **Six Types of Cost Reports:** Assisted Living Facilities (ALFs), Case Management, Nutrition, Mental Health and Substance Use Disorder, Psychiatric Treatment Residential Facility, Waiver and Home Health Providers

3

Supplemental Material and Support

- **Checklist for Cost Reporting:** Document that serves as a checkbox exercise for providers during submission process
- **Instructions for Cost Reports:** Detailed instructions on cost reporting topics including unallowable cost guidelines
- **Provider Training and Informational Sessions:** Initial and ongoing provider education

4

Administration and Operation Considerations

- **Frequency of Cost Reporting:** Annual
- **Time Period for Data Collection:** Submit data for a 12-month fiscal year (FY)
- **Base Year for Data Collection¹**
- **Cost Report Management and Staffing:** Estimated 4.25 FTEs²
- **Schedule for Cost Reporting and Monitoring:** Submit within 4 months after FY ends; audit each provider every 3 years

Note: (1) The start of the State's fiscal year after the Cost Reporting Plan is approved can serve as the first year for implementation; (2) Additional information about staffing is included on slide 33.

Service and Provider Scope

Medicaid-Dependent Providers means providers with more than half of their clients receiving services through the Medicaid program.

- Nearly all providers within the programs in scope are identified as Medicaid-Dependent providers, as defined by House Bill 155.
- Although a few providers are not Medicaid-dependent (e.g., Assisted Living Facilities) and may not be mandated to submit cost reports, the Department should consider encouraging the providers to submit cost reports.

Small Provider Exemption Criteria

- Providers with individual Medicaid reimbursement less than \$120k or 0.03 percent of total system reimbursement are “small” providers that may be exempt from cost reporting.
 - These providers collectively represent 2.5 percent of total system reimbursement and 35 percent of total number of providers across programs.
 - All services are represented in the remaining 97.5 percent of claims are “large” providers with the following exceptions incorporated.
 - Nutrition (Meals) providers are included although rendered entirely by small providers to account for the service in cost reporting.
 - Consultative Clinic and Therapeutic Services (CSCT) under the Big Sky waiver is excluded since the service is utilized only by one provider and total reimbursement is minimal at \$275.

Service and Provider Scope (cont.)

Other Service Exclusions

- **Transportation Services:** Standalone transportation services (mileage and trip) can be excluded from cost reporting since providers would account for transportation costs associated with service delivery as part of reporting program support costs for services.
- **Services Reimbursed at Cost:** Services that are billed and reimbursed at the actual cost to the individual provider and are not based on a standardized rate.
 - Specialized Medical Equipment and Supplies; Personal Emergency Response System (PERS); Environmental Accessibility Adaptations and Home Modification; Goods and Services; Dip Strip or Saliva Collection, Handling, and Testing; Health and Wellness.
 - These services represent under 0.8 percent of total Medicaid system reimbursement.

High-Volume Service Inclusion

- High volume services include below that represent 5 percent of total reimbursement across all programs may be prioritized for implementation:
 - Congregate Living, Personal Assistance Services (Personal Care, Medical Escort, Homemaker, Companion), Assisted Living Facilities (ALFs), Day Services, Supported Living, Psychiatric Treatment Residential Facilities (PRTFs), Case Management, Comprehensive School and Community Treatment (CSCT), Youth Group Homes (Therapeutic and Foster Care), Adult Group Homes (Behavioral, Adult Group, Mental, Intensive Mental).

Cost Report Management and Staffing

Cost reports are typically managed by state departments and staff responsible for auditing, budgeting, finance, and/or provider reimbursement processes.

- The staff resources needed to manage the six cost reporting programs are estimated to be 4.25 FTEs (3 auditor FTEs, 1 supervisor FTE, 0.25 SME supervisor FTE).
 - The estimate assumes each type of cost report would require approximately 0.7 FTEs to review, audit, and manage the provider cost reports.
 - A peer state serving provider populations similar to DPHHS's programs has a comparable staffing requirement for cost reporting.
- DPHHS currently has a combined total of 1.25 FTE where cost reporting is some portion of a position across multiple divisions. These positions are required to do work on programing not included in this provider cost reporting plan. This cost reporting plan would require 4.25 positions to do complex analysis for the recommended cost reporting.

Recommendations for Cost Reporting

The Department should consider the following for implementing the Cost Reporting Plan and introducing a cost reporting program.

- **Conduct a pilot cost reporting program that prioritizes services and programs that span all programs.**
 - The Department should consider conducting a pilot cost reporting program during the first year of implementation
 - Consider cost reports that include services spanning all divisions and high-volume services
- **Engage with providers during implementation of the cost reporting plan.**
 - Engagement with provider representatives to solicit feedback will assist with developing holistic cost reporting material (e.g., customized templates, instructions) and ease the implementation process for both the Department and the providers
- **Consider developing a comprehensive web-based portal for cost reporting.**
 - A one-stop-shop web portal for providers to submit cost reporting data
 - Potential advantages include reduced administrative burden, and increased accuracy and efficiency
- **Establish protocols to protect provider cost reporting data.**
 - Cost reporting data submitted to the Department maybe subject to public disclosure under the right to know provision of the Montana constitution and implementing statutes
 - The Department should consider implementing protocols to de-identify provider identification details before transmitting the information to protect a provider’s identity if the information is ever disclosed

Questions

Rate Study Inquiry Contact Information

For any questions on project initiatives, please contact:

Jackie Jandt

Medicaid Reform Initiative Specialist

(404) 444-9656

jjandt@mt.gov

Contacts

Jeff Moor

Director
Engagement Director - Rates Studies
jmoor@guidehouse.com

Jason Gerling

Director
Engagement Director - Community Transitions / Coordination
jason.gerling@guidehouse.com

Coy Jones

Director - Work Stream Lead, Rate Studies / HRD
coy.jones@guidehouse.com

Amy Riedesel

Associate Director - Work Stream Lead Community Transition
Coordinator
ariedesel@guidehouse.com

Jamin Barber

Associate Director - Project Manager



Appendix

Rate Study Stakeholder Feedback

Common Discussion Themes

Rate Workgroup and Provider Feedback

- Discussion on appropriate timeframe for reporting costs in Provider Cost and Wage Survey
- Necessity to review rates that were decreased in previous rate review efforts
- Creating a process that could provide regular updates to account for inflation
- Support for standardization of cost assumptions and rates across service arrays and populations
- Acknowledgement for addressing provider feedback throughout the rate study

Steering Committee Feedback

- Establishing a methodology that can be leveraged for periodical updates in the future
- Accounting for geographic rate variations in rural, urban, and frontier areas

Rate Study Stakeholder Feedback (cont.)

Common Discussion Themes

Union Meeting Feedback

- Consideration for the impact of inflation assumption on direct care provider's purchasing power
- Acknowledgement of accuracy of hourly wages and alignment with current costs

Participant Feedback

- Concerns about being able to hire workers and caregivers and turnover in the industry, especially due to market competition and wages
- Participants noted the lack of choice in providers, specifically in more rural parts of the state
- Participants advocated for better training and resources for workers, specifically caregivers, and promoting the concept of a "career"

Fiscal Impact Analysis – Federal and State (Add-Ons Excluded)

Overall Fiscal Impact includes state and federal share.

By Population	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
Total	\$339,205,457	\$365,844,127	\$457,954,972	25.2%	\$92,110,846	100.0%	100.0%
AMDD	\$57,560,816	\$63,582,882	\$74,660,009	17.4%	\$11,077,127	17.4%	16.3%
CMH	\$76,950,314	\$79,515,051	\$90,863,588	14.3%	\$11,348,537	21.7%	19.8%
DSD	\$124,042,776	\$130,932,959	\$164,716,686	25.8%	\$33,783,727	35.8%	36.0%
SLTC	\$80,651,551	\$91,813,235	\$127,714,690	39.1%	\$35,901,454	25.1%	27.9%

Analysis for rate study purposes ONLY.

Fiscal Impact Analysis – State Share (Add-Ons Excluded)

Fiscal Impact includes state share only, calculated at a FY2023 FMAP of 64.12%. At present, analysis does not include expansion population FMAP, FMAP differentials for specific programs, or ARPA-related enhanced FMAP for HCBS services. Analysis in the final report may differ slightly from results presented today, pending inclusion of additional state share variables.

By Population	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
Total	\$114,337,293	\$123,564,452	\$154,480,678	25.0%	\$30,916,225	100.0%	100.0%
AMDD	\$15,737,178	\$17,636,581	\$20,959,394	18.8%	\$3,322,813	14.3%	13.6%
CMH	\$27,609,773	\$28,530,000	\$32,601,855	14.3%	\$4,071,855	23.1%	21.1%
DSD	\$44,506,548	\$46,978,746	\$59,100,347	25.8%	\$12,121,601	38.0%	38.3%
SLTC	\$26,483,794	\$30,419,125	\$41,819,081	37.5%	\$11,399,956	24.6%	27.1%

Analysis for rate study purposes ONLY.

Survey Response Rates

All Providers, Services, and Populations

Provider by Size	Total Providers	Percentage of Large and Small Providers	Provider Survey Submissions*	Percent of Providers Responding
Over \$150K	205	48%	78	38%
Under \$150K	218	52%	19	9%
Total	423	100%	97	23%

Provider by Size	Total Expenditures	Percentage of Large and Small Provider Expenditures	Expenditures Captured in Survey Submission	Percent of Expenditures Captured in Surveys
Over \$150K	\$315,565,611	97%	\$221,621,797	70%
Under \$150K	\$8,198,291	3%	\$1,188,053	14%
Total	\$323,763,901	100%	\$222,809,850	69%

**Schools, MATS/ABA and Medication Assisted Treatment providers currently excluded

Survey Response Rates

Provider response rates compared across all rate study populations

Provider by Size	Total Providers*	Percentage of Large and Small Providers	Provider Survey Submissions*	Percent of Providers Responding
SLTC	311	100%	49	16%
Over \$150K	137	44%	36	26%
Under \$150K	174	56%	13	7%
AMDD	189	100%	44	23%
Over \$150K	98	52%	34	35%
Under \$150K	91	48%	10	11%
DDP	69	100%	39	57%
Over \$150K	56	81%	37	66%
Under \$150K	13	19%	2	15%
CMH	25	100%	18	72%
Over \$150K	20	80%	17	85%
Under \$150K	5	20%	1	20%

*Excluding Schools, MATS/ABA and Medication Assisted Treatment

Survey Response Rates

State expenditures represented across all rate study populations

Provider by Size	Total Expenditures*	Percentage of Large and Small Providers	Expenditures Captured in Survey Submission*	Percent of Expenditures Captured in Surveys
SLTC	\$104,961,858	100%	\$46,534,037	44%
Over \$150K	\$99,328,903	95%	\$45,791,427	46%
Under \$150K	\$5,632,955	5%	\$742,611	13%
AMDD	\$56,362,882	100%	\$38,460,888	68%
Over \$150K	\$54,703,127	97%	\$38,165,649	70%
Under \$150K	\$1,659,754	3%	\$295,238	18%
DDP	\$130,421,796	100%	\$106,192,185	81%
Over \$150K	\$129,583,925	99%	\$106,043,683	82%
Under \$150K	\$837,871	1%	\$148,502	18%
CMH	\$32,017,365	100%	\$31,622,740	99%
Over \$150K	\$31,949,655	100%	\$31,621,038	3%
Under \$150K	\$67,710	0%	\$0	99%

*Excluding Schools, MATS/ABA and Medication Assisted Treatment

Analysis by Service Categories

Because of the similarities in rate changes for similar types of services, Guidehouse analyzed rate impacts driven by more systematic changes within the broader service categories identified below.

Residential Services
<ul style="list-style-type: none"> • Foster Care – Adult, Youth • Group Homes – Adult, Behavioral Health, Therapeutic Group, Intensive Mental Health • Congregate Living • Assisted Living Facilities and Adult Foster Homes, Specialized Adult Residential TBI-AR • Residential Training Support • Supported Living

In-Home
<ul style="list-style-type: none"> • Homemaker Chores • Nutrition (Meals) • Caregiver and Family Training and Supports • Companion • Extraordinary Needs Aide • Home Support Services • Medical Escort • Personal Assistance / Care / Supports • Respite • Special Child Care • Specially Trained Attendant

Intensive Outpatient
<ul style="list-style-type: none"> • ASAM Levels of Care • Crisis Stabilization • Partial Hospitalization • Medication Assisted Treatment • PACT, InPACT, CMP

Behavioral Services
<ul style="list-style-type: none"> • Community-based psychiatric rehabilitation & support • Dialectical Behavior Therapy • Illness Management and Recovery • Consultative Clinical and Therapeutic Services • Behavioral Support Services • Psychological Services

Supported Employment
<ul style="list-style-type: none"> • Life Coach • Supported Employment • Prevocational Services

Case Management
<ul style="list-style-type: none"> • Case Management • Targeted Case Management

Day Services
<ul style="list-style-type: none"> • Day Supports • Retirement Services • Adult Day Care • Day Habilitation / Treatment

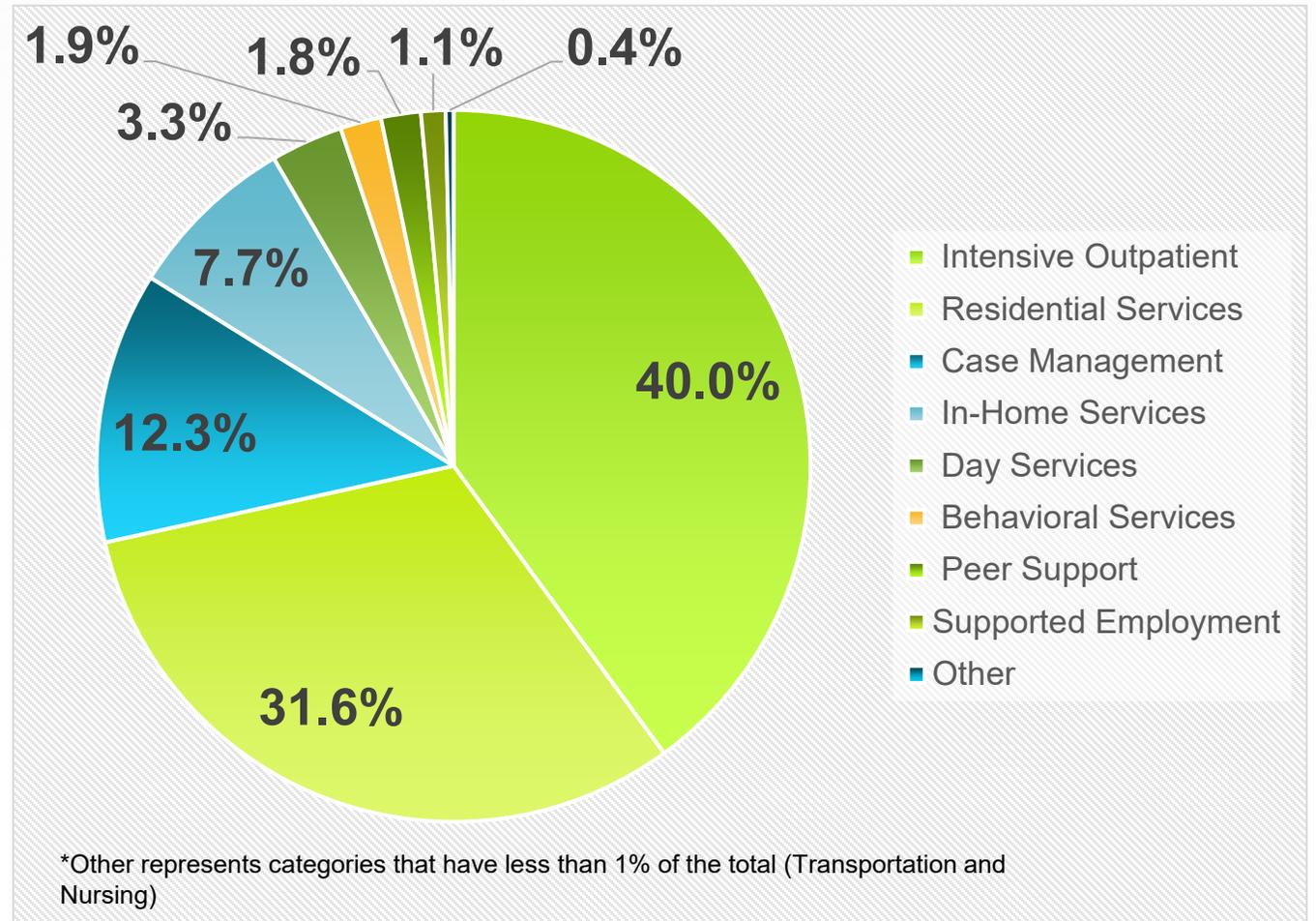
Nursing
<ul style="list-style-type: none"> • Private Duty Nursing – RN • Private Duty Nursing- LPN

PRTF
<ul style="list-style-type: none"> • Psychiatric Residential Treatment Facilities – In State • Psychiatric Residential Treatment Facilities – Out of State

Analysis by Service Category – AMDD Services

The chart below identifies which service categories are the major cost drivers for the system, as reflected in proportionate expenditures at current rates.

- The service mix specific for adult behavioral health has a different pattern than the larger population due to the large volume of intensive outpatient services that are only present in this population
- Residential services, accompanied by case management are the second and third largest categories.
- In-Home services and Nursing are a couple of the smallest categories in AMDD, which accounts for the smaller overall financial impact when comparing to SLTC and DSD.



Analysis by Service Category – AMDD

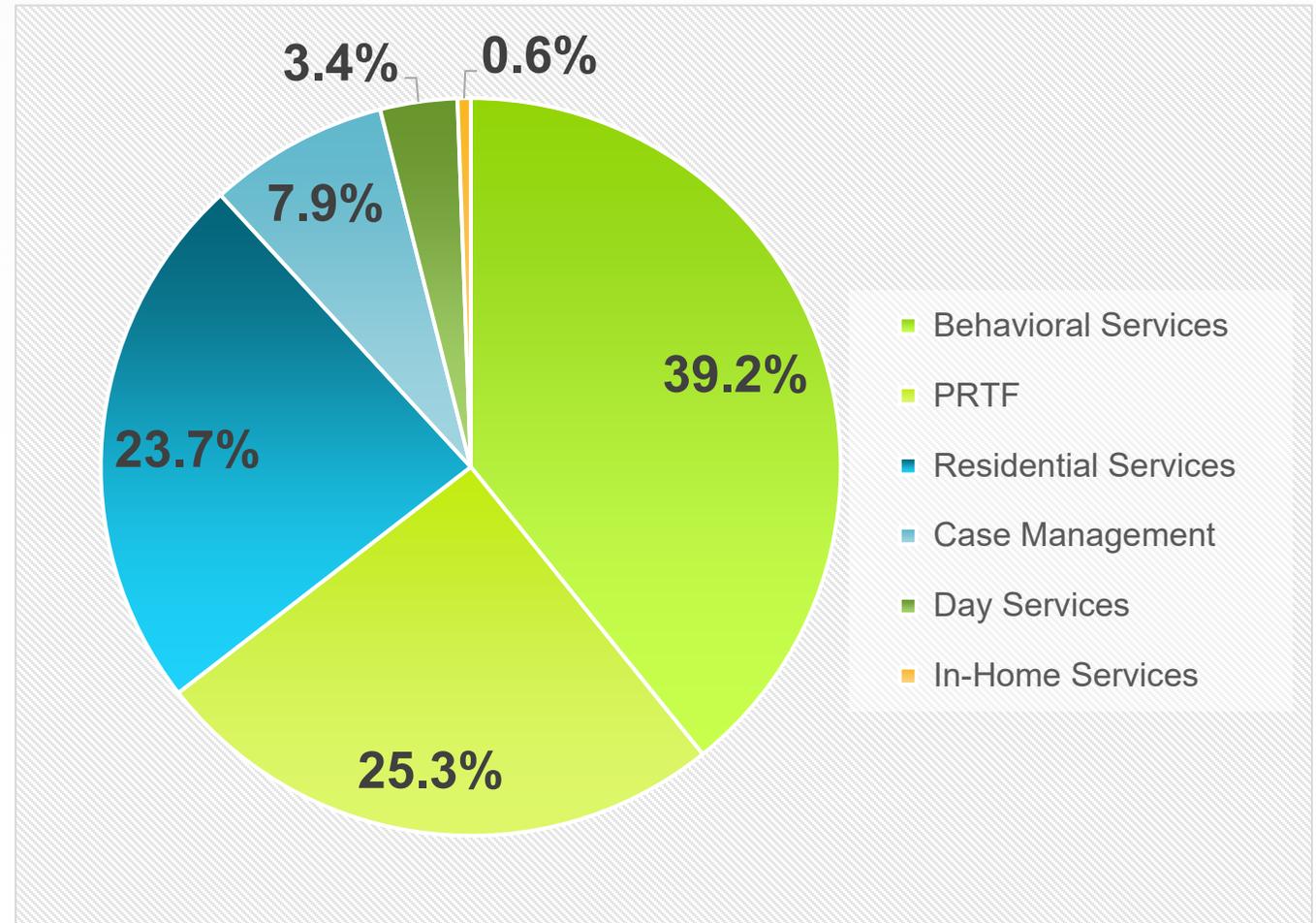
The table below includes only state share costs.

By Service Category	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
AMDD	\$15,737,178	\$17,636,581	\$20,959,394	18.8%	\$3,322,813	100.0%	100.0%
Residential Services	\$5,090,811	\$6,636,859	\$7,343,858	10.7%	\$706,999	37.6%	35.0%
Intensive Outpatient	\$5,077,560	\$5,221,574	\$5,800,177	11.1%	\$578,602	29.6%	27.7%
Case Management	\$2,328,497	\$2,398,587	\$2,795,249	16.5%	\$396,663	13.6%	13.3%
In-Home Services	\$1,675,005	\$1,763,047	\$2,714,860	54.0%	\$951,813	10.0%	13.0%
Day Services	\$667,036	\$686,448	\$1,051,625	53.2%	\$365,177	3.9%	5.0%
Behavioral Services	\$368,140	\$379,570	\$618,942	63.1%	\$239,372	2.2%	3.0%
Supported Employment	\$245,264	\$253,424	\$259,599	2.4%	\$6,175	1.4%	1.2%
Peer Support	\$209,698	\$216,532	\$250,722	15.8%	\$34,189	1.2%	1.2%
Nursing	\$50,602	\$52,349	\$81,546	55.8%	\$29,198	0.3%	0.4%
Transport	\$24,565	\$28,191	\$42,816	51.9%	\$14,624	0.2%	0.2%

Analysis by Service Category – CMH Services

The chart below identifies which service categories are the major cost drivers for the system, as reflected in proportionate expenditures at current rates.

- The service mix specific for children’s mental health also follows a different pattern than when looking at the entire state.
- Behavioral services are the largest group due to services such as CSCT.
- In-Home Services are the smallest category for children’s mental health which is an indicator as to why their overall financial impact is the smallest.



Analysis for rate study purposes ONLY.

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Analysis by Service Category – CMH

The table below includes only state share costs.

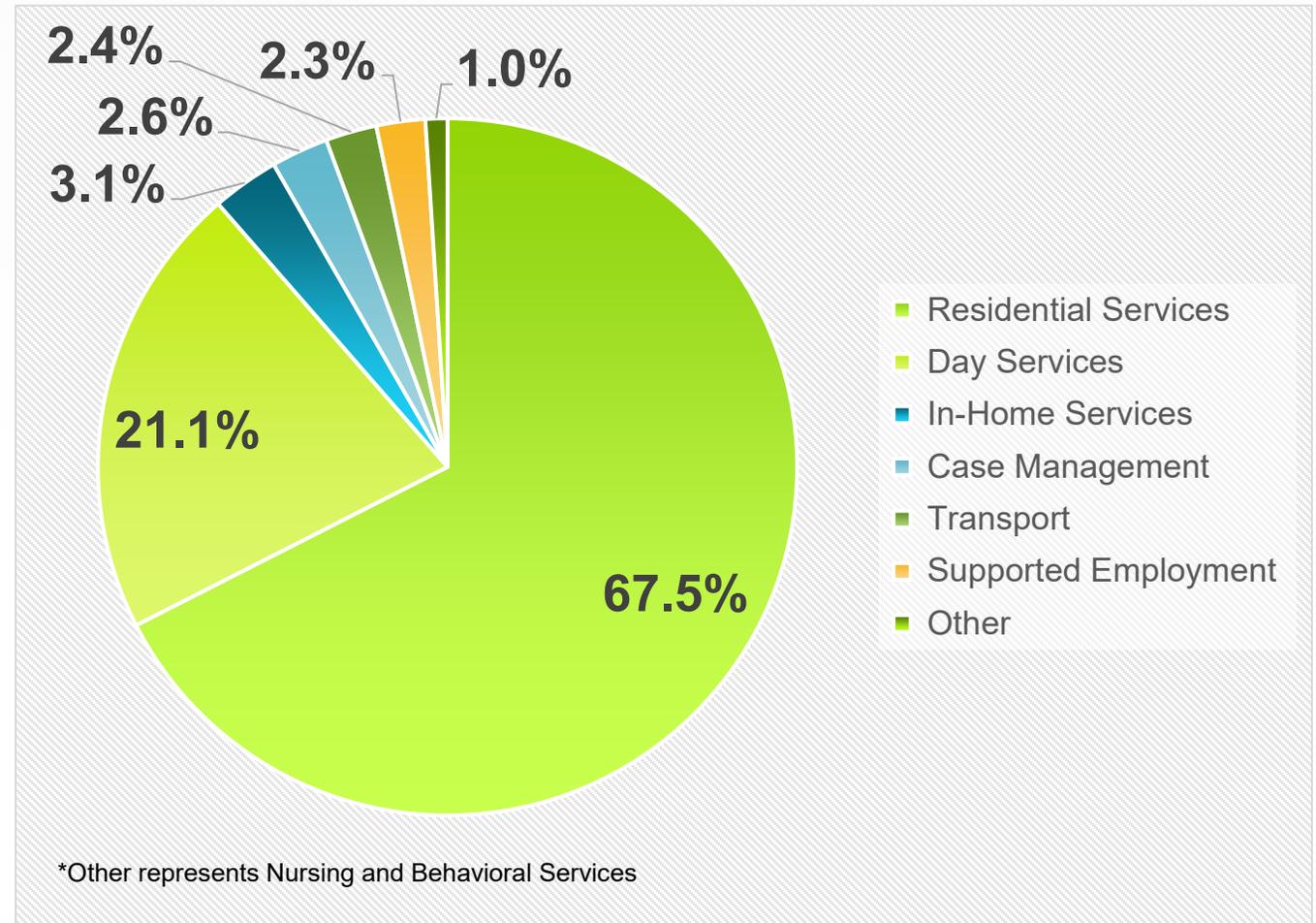
By Service Category	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
CMH	\$27,609,773	\$28,530,000	\$32,601,855	14.3%	\$4,071,855	100.0%	100.0%
Behavioral Services	\$10,837,414	\$11,188,116	\$11,939,597	6.7%	\$751,481	39.2%	36.6%
PRTF	\$6,860,825	\$7,215,507	\$9,303,668	28.9%	\$2,088,162	25.3%	28.5%
Residential Services	\$6,567,742	\$6,755,966	\$7,619,978	12.8%	\$864,012	23.7%	23.4%
Case Management	\$1,989,105	\$2,246,510	\$2,206,873	-1.8%	-\$39,637	7.9%	6.8%
Day Services	\$933,389	\$960,390	\$1,270,405	32.3%	\$310,015	3.4%	3.9%
In-Home Services	\$421,297	\$163,512	\$261,334	59.8%	\$97,823	0.6%	0.8%

Analysis for rate study purposes ONLY.

Analysis by Service Category – DSD Services

The chart below identifies which service categories are the major cost drivers for the system, as reflected in proportionate expenditures at current rates.

- The service mix specific to developmental services is significantly different than services overall for all populations.
- Residential services, accompanied by day services, heavily dominate service provision for this population.
- Although expenditures for in-home service increase dramatically for the developmental disability population, these services are a small part of overall service provision.



Analysis for rate study purposes ONLY.

Analysis by Service Category – DSD

The table below includes only state share costs.

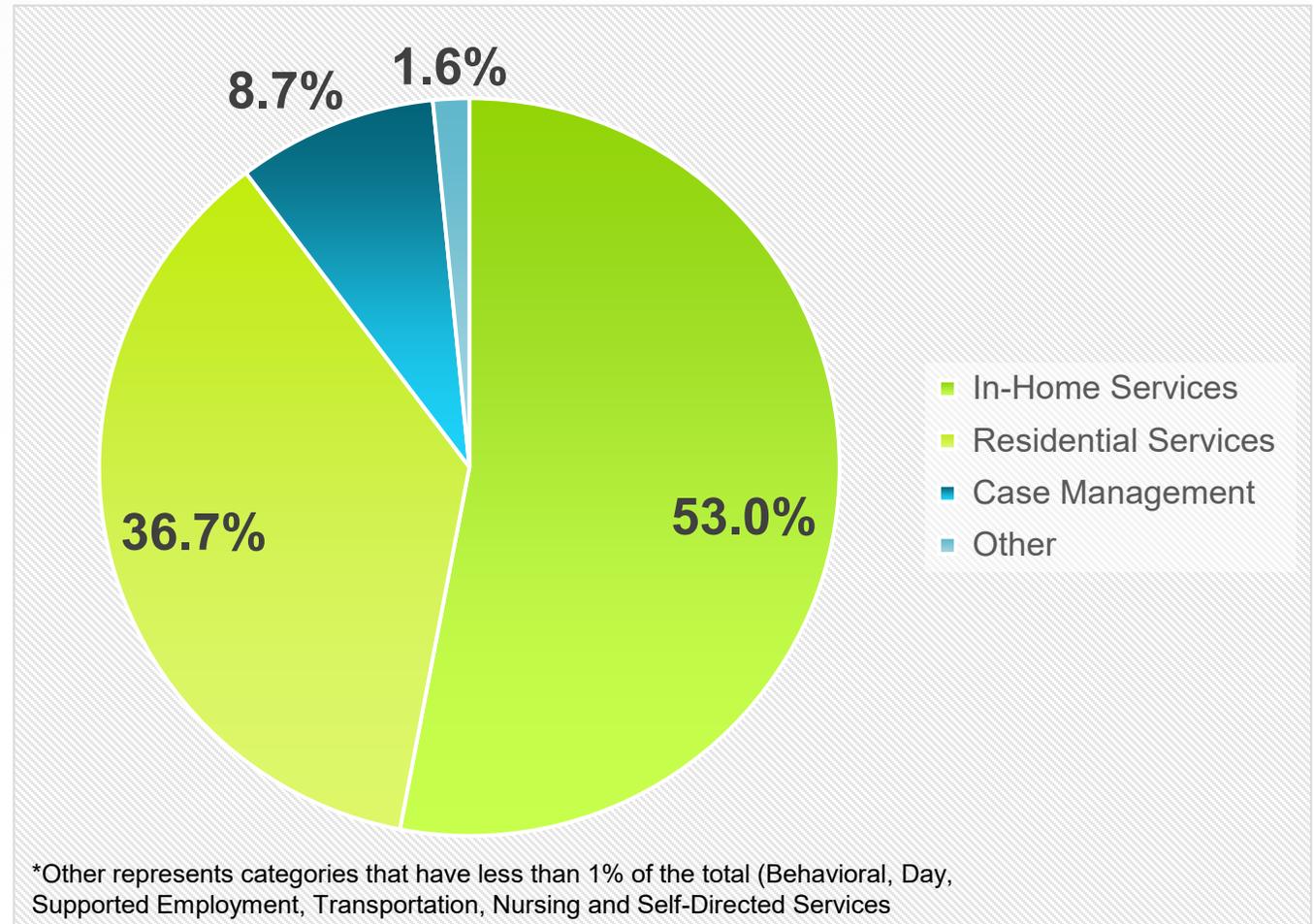
By Service Category	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
DSD	\$44,506,548	\$46,978,746	\$59,100,347	25.8%	\$12,121,601	100.0%	100.0%
Residential Services	\$30,523,974	\$31,705,819	\$40,344,278	27.2%	\$8,638,459	67.5%	68.3%
Day Services	\$9,649,273	\$9,922,663	\$12,063,535	21.6%	\$2,140,872	21.1%	20.4%
In-Home Services	\$1,369,381	\$1,459,873	\$2,161,104	48.0%	\$701,231	3.1%	3.7%
Case Management	\$527,560	\$1,242,058	\$1,275,058	2.7%	\$33,000	2.6%	2.2%
Transport	\$919,132	\$1,112,140	\$1,040,848	-6.4%	-\$71,292	2.4%	1.8%
SEP	\$1,066,336	\$1,060,664	\$1,504,653	41.9%	\$443,989	2.3%	2.5%
Nursing	\$272,081	\$282,189	\$441,382	56.4%	\$159,193	0.6%	0.7%
Behavioral Services	\$178,456	\$192,857	\$268,851	39.4%	\$75,994	0.4%	0.5%
Self-Directed Support Services	\$356	\$483	\$638	32.0%	\$155	0.0%	0.0%

Analysis for rate study purposes ONLY.

Analysis by Service Category – SLTC Services

The chart below identifies which service categories are the major cost drivers for the system, as reflected in proportionate expenditures at current rates.

- The service mix specific for senior and long-term care follows a similar pattern to the larger population.
- Residential services, accompanied by in-home services, heavily dominate service provision for this population.
- In-Home service rates have the largest increases which result in the senior and long-term care division showing the largest overall change in expenditures under the recommended benchmark rates.



Analysis by Service Category – SLTC

The table below includes only state share costs.

By Service Category	Paid in SFY20	Paid at SFY22	Benchmark Cost	Change	Difference	SFY22 % of Total	Benchmark % of Total
SLTC	\$26,483,794	\$30,419,125	\$41,819,081	37.5%	\$11,399,956	100.0%	100.0%
In-Home Services	\$14,526,393	\$14,937,692	\$23,707,375	58.7%	\$8,769,683	49.11%	56.7%
Residential Services	\$8,658,145	\$12,084,835	\$14,419,304	19.3%	\$2,334,469	39.73%	34.5%
Case Management	\$2,817,688	\$2,876,121	\$2,905,870	1.0%	\$29,748	9.45%	6.9%
Nursing	\$295,579	\$304,105	\$487,727	60.4%	\$183,623	1.00%	1.2%
Day Services	\$73,185	\$91,020	\$123,746	36.0%	\$32,726	0.30%	0.3%
Transport	\$54,949	\$65,603	\$101,224	54.3%	\$35,621	0.22%	0.2%
SEP	\$35,765	\$36,796	\$49,953	35.8%	\$13,158	0.12%	0.1%
Self-Directed Support Services	\$21,105	\$21,583	\$22,062	2.2%	\$479	0.07%	0.0%
Behavioral Services	\$985	\$1,370	\$1,819	32.8%	\$449	0.00%	0.0%

Analysis for rate study purposes ONLY.

Cost Reporting Standardization

DPHHS should consider designing and implementing the six types of cost reports outlined below.

Cost Report Type	Services Included
Assisted Living Facilities (ALFs)	Assisted Living Facilities and Adult Foster Care (BSW) Assisted Living (DD) Assisted Living Facilities and Adult Foster Care (SDMI)
Case Management	Targeted Case Management – Adult Behavioral Health Targeted Case Management – Development Disability Targeted Case Management – Youth Case Management (SDMI) Case Management (BSW)
Nutrition	Nutrition – Meals (BSW) Nutrition – Meals (BSW) Meals (DD)
Psychiatric Treatment Residential Facility (PRTFs)	In-State PRTFs

Cost Reporting Standardization (cont.)

Cost Report Type	Services Included
Mental Health and Substance Use Disorder	<ul style="list-style-type: none"> • Mental Health: PACT, Community Based Psychiatric Rehabilitation and Support (CBPRS), Day Treatment, Peer Support, Adult Foster, Adult Group Homes (Behavioral, Adult Group, Mental, Intensive Mental), Youth Group Homes (Therapeutic and Foster Care), Youth Day Treatment, Comprehensive School and Community Treatment (CSCT), Home Support Services, Peer Support • Substance Use Disorder (excluding Medication-Assisted Treatment Services): SUD Intensive Outpatient, SUD Clinically Managed (ASAM 3.5), SUD Medically Monitored (ASAM 3.7), SUD Partial Hospitalization (ASAM 2.5), Peer Support
Waiver and Home Health Providers	<ul style="list-style-type: none"> • Big Sky Waiver: Supported Employment, In-Home and Personal Assistance Service, Private Duty Nursing, Respite, Day Services, Residential Habilitation • Development Disability Waiver: Supported Employment, In-Home and Personal Assistance Services, Private Duty Nursing, Respite, Congregate Living, Supported Living, Day Services, Adult Foster • Severe Disabling Mental Illness Waiver: Supported Employment, In-Home and Personal Assistance Services, Private Duty Nursing, Respite, Day Services, Residential Habilitation • Community First Choice and Personal Attendant Services: Self-direct and Agency-directed – Personal Assistance and Nursing services • Home Health Services: Home Health Aide, Specially Trained Attendant

Cost Reporting Data

Each cost report should include one or more of the following reporting areas:

Cost Reporting Area	Description
1. Revenue:	Total revenue of the provider organization across programs with the exception of a few cost reports that encompass multiple programs and would require program-specific reporting.
2. Expenses:	Total costs of the provider organization for services rendered under each program. <ul style="list-style-type: none">•Cost per Service:•Unallowable Costs:
3. Wages and Supplemental Pay:	Wages and supplemental pay for each direct care, direct care supervisor, and direct care contractor position in the provider organization.
4. Other Service Data:	A few cost reports may include additional information like census data and statistics pertinent to individual services.
5. Audit and Certification Statement:	Each template should include a certification page that requires a chief decision maker (e.g., CEO/CFO/Accounting Manager) to verify or acknowledge that the submitted cost report does not contain any unallowable costs and the data is accurate.