

DEVELOPMENTAL DISABILITIES PROGRAM MANUAL OF FEE FOR SERVICE REIMBURSEMENT RATES AND PROCEDURES

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Developmental Services Division

SECTION ONE: Rates Of Reimbursement For The Provision Of Developmental Disabilities Case Management Services For Persons with Developmental Disabilities 16 Years Of Age Or Older or Who Reside in a DD Children's Group Home.

Effective: July 1, 2010

STANDARD RATE FOR REIMBURSEMENT OF CASE MANAGEMENT SERVICES

I. Introduction

This section presents the standard rate of reimbursement by the Montana Department of Public Health and Human Services (DPHHS), Developmental Disabilities Program (DDP) for the provision of case management services to persons with developmental disabilities 16 years of age or older or who reside in a DD children's group home. DDP provides both state-operated and contracted case management services. The standard rate of reimbursement for contracted case management services funded by DDP beginning July 1, 2010 is \$15.45 per each fifteen minute unit of service delivered to a consumer.

II. Availability of Case Management Services Reimbursement and the Maximum Billable Amount

Reimbursement for case management services is available to a TCM provider for any fifteen minute unit in which a case management service is delivered to the consumer up to the yearly maximum billable amount. At such time as the Contractor has billed for the maximum units equivalent to the total reimbursement performance of the Contractor, the Contractor, having been fully compensated for the delivery of all case management services during the fiscal year under the rate reimbursement methodology, must continue until the close of the current fiscal year to deliver services to all consumers being served and to be served by the Contractor in service for case management services.

III. Methodology for the Calculation of the Case Management Services Fifteen Minute Reimbursement Rate:

The standard Medicaid rate of reimbursement for the provision of case management services beginning July 1, 2010 has been calculated based on the following methodology.

The Montana Developmental Disabilities Program (DDP) has two types of targeted case managers (TCM) for individuals with developmental disabilities age 16 and over or who reside in a DD children's group home.

Some case managers are employees of the state of Montana, and the cost of providing state plan TCM services by the state employed case managers are charged at actual cost to Medicaid. The methodology below does not apply to state plan case management provided by state employees.

Most TCM providers are private contracted providers, paid on a fee for services basis. The Department uses the following methodology for initially calculating and then periodically re-basing the 15 minute standardized rate for case management services provided to individuals with developmental disabilities age 16 and over or who reside in a DD children's group home:

A. General Overview:

1. The Montana DDP rate setting follows the rate setting methodology proposed and or recommended by CMS.
2. This methodology will be utilized for the initial rate setting calculation and then utilized periodically for re-basing the rate.
3. DDP requires the contracted TCM providers to give DDP their most recent annual TCM costs (wages, benefits, other TCM costs) which DDP uses to develop the Cost Pool.
4. TCM costs incurred by the contracted case management providers are separated into two major components in the Cost Pool for recovery, which equals the Yearly Cost Per TCM FTE.
 - a. TCM Wages and TCM Benefits
 - b. Other TCM Costs (All other costs including direct, indirect, and travel.)
 - c. Wages, benefits, and all other cost categories are each increased by a small inflation factor intended to cover cost increases for the next two years.
 - d. These calculated or re-based costs are then converted to a Yearly Wage Cost per FTE, a Yearly Benefit Cost per FTE, and a Yearly Other Costs per FTE.
5. The Cost Pool per FTE is divided by the number of expected billable 15 minute increments per FTE to determine the 15 minute rate.

B. To determine **utilization**, which is the expected number of billable 15 minute units each full TCM FTE is expected to deliver, actual billing utilization experience from the previous fiscal year is used to calculate the expected number of billable 15 minute units per each FTE. In order to promote increased utilization by the providers, for weighted average calculation purposes the provider with the highest utilization number is weighted much more heavily than the other providers. The goal is for the highest utilization number to have a calculation weight of about 80% to 85%. The rate is then calculated based on the adjusted weighted average billing units per TCM FTE. This results in the rate being lower, the utilization expectation being higher, and the expectation that providers below the adjusted weighted average calculation will work to increase the number of units billed by their average TCM FTE.

C. The Cost Pool to Be Recovered:

Wages, wage benefits, and other TCM costs make up the cost pool.

1. Wages and Benefits Recoverable Costs:
 - a. DDP analyzes wages and benefits through contractor reports of the actual TCM wages and TCM benefits paid by Montana's DDP TCM contracted agencies for 100% of the case managers that they employ.
 - b. From the list of hourly wage and benefit rates DDP determines the average wage per hour and the average benefit per hour for all TCM case managers.
 - c. The average rate per hour is then increased by an inflation factor from 0% to 5% depending upon inflation documentation and the availability of funding. This inflation adjustment to the average cost does not become part of the base unless the provider incurs additional expenses in the next re-basing cycle.

- d. These calculated or re-based hourly rates are then multiplied by 2080 (hours per year) to determine the Yearly Wage Cost per FTE and the Yearly Benefit Cost per FTE.
- 2. Other TCM Recoverable Costs:
 - a. DDP analyzes the most current financial expenditure reports provided by TCM providers.
 - b. Volatile cost items will be analyzed closely to see if adjustments need to be made up or down based on reasonable expectations of current and future changes. If necessary, these changes will be incorporated into the costs.
 - c. DDP analyzes non-TCM wage and non-TCM benefit costs (all the other costs of providing TCM services). Each of the provider's 'Other TCM Costs per TCM FTE' is then combined to calculate one weighted average 'Other TCM Costs per TCM FTE'.
 - d. The same inflation adjustment methodology that is used to adjust the wage rate and the benefit rate (C.1.c. above) is applied to the Other TCM Costs per TCM FTE.
 - e. This Yearly Other TCM Costs per FTE is included in the total cost pool.
- 3. DDP TCM Rate Setting Final Calculation:
 - a. The Cost Pool per TCM FTE equals the total of the Yearly Wage Cost Per FTE, the Yearly Benefit Cost Per FTE, and the Yearly Other TCM Cost Per FTE.
 - b. The amount of recoverable costs (Cost Pool per TCM FTE) is divided by the number of expected billable 15 minute increments per year per TCM FTE to determine the DDP TCM 15 minute rate.

D. Annual Billable Unit Cap:

At such time as the Contractor has billed for the maximum units equivalent to the total reimbursement performance of the Contractor, the Contractor, having been fully compensated for the delivery of all case management services during the fiscal year under the rate reimbursement methodology, must continue until the close of the current fiscal year to deliver services to all consumers being served and to be served by the Contractor in service for case management services. If the average caseload per TCM FTE stays at or below 35, then the maximum compensation to the Contractor for the full year can not exceed a dollar amount equal to: the expected billable units per year per TCM FTE *TIMES* the number of TCM FTE (@35 or less caseload) *TIMES* the 15 minute rate. This calculation is also equal to the Recoverable Cost Pool Per TCM FTE *TIMES* the number of TCM FTE (@35 or less caseload) working for that provider.

E. Caseload Increase Adjustment to the Billing Cap:

If the average monthly caseload goes above 35 by the end of the year then the billing cap (see D above) is increased by a dollar amount for each client above 35. The calculation is based on: the average # of units per client per year (@ a caseload of 35) *TIMES* the 15 minute rate.

F. Effective Date:

1. Except as otherwise noted in the plan, the DDP TCM 15 minute rate is the same for both governmental and private providers of case management for persons with developmental disabilities.
2. The TCM non-mental health fee schedule is published on the Montana Medicaid Provider Website at:
<http://medicaidprovider.hhs.mt.gov/providerpages/providertype/providertype.shtml>.
3. The effective date for the final rate will be July 1, 2010.

IV. Estimated Calculation of the Fifteen Minute Rate Utilizing the Rate Methodology:

These are the individual components of the rate methodology with the actual or estimated calculations in *italics*:

To determine the number of expected 15 minute billable units per year per TCM FTE:

1. From FY 2009 utilization data:
Provider A: FTE = 15.5, units = 71351, units/FTE = 4603.3
Provider B: FTE = 2, units = 7978, units/FTE = 3989.0
Provider C: FTE = 18.75, Units = 65524, units/FTE = 3494.6
Provider D: FTE = 20.543, Units = 74871, units/FTE = 3868.9
2. Applying a weighted average calculation in which Provider A's FTE and Unit count is weighted at 84% and 87% respectively results in a total weighted average calculation of 4438.72 units per TCM FTE.

To determine the average cost pool per TCM FTE to be recovered via the rate:

1. There are three pieces to the cost pool:
 - a. Average Wage cost per TCM FTE per year:

Using 100% reporting from TCM providers determine the FTE weighted average wage rate per hour.
\$16.004 per hour

Increase this rate from 0% to 5% based on inflation documentation and the availability of funding.

While average inflation documentation has been just under 3% per year, it was determined that funding availability would only support a 1% inflationary increase. So $1.01 \times \$16.004 = \16.164 per hour.

Multiply the adjusted wage rate per hour times 2080 hours per year to determine the wage cost per TCM FTE per year.
 $2080 \text{ hours} \times \$16.164 \text{ per hour} = \$33,621 \text{ per year}$

b. Average Benefit cost per TCM FTE per year:

Using 100% reporting from TCM providers determine the FTE weighted average benefit rate per hour.

\$4.889 per hour

Increase this rate from 0% to 5% based on inflation documentation and the availability of funding.

While average inflation documentation has been just under 3% per year, it was determined that funding availability would only support a 1% inflationary increase. So $1.01 \times \$4.889 = \4.938 per hour.

Multiply the adjusted benefit rate per hour times 2080 hours per year to determine the benefit cost per TCM FTE per year.

$2080 \text{ hours} \times \$4.938 \text{ per hour} = \$10,271 \text{ per year}$

c. Average Other costs per TCM FTE per year:

Using 100% reporting from TCM providers determine the non-wage and non-benefit or Other costs for each TCM provider and then calculate the average other cost per TCM FTE per year by dividing the total of all the provider's other costs per year by the total number of TCM FTE.

Other costs per TCM FTE = \$24,430

Increase this rate from 0% to 5% based on inflation documentation and the availability of funding.

While average inflation documentation has been just under 3% per year, it was determined that funding availability would only support a 1% inflationary increase. So $1.01 \times \$24,430 = \$24,674$

2. Add the three costs together to determine the total cost per TCM FTE per year.

This is the cost pool.

Wage cost per year per TCM FTE = \$33,621

Benefit cost per year per TCM FTE = \$10,271

Other costs per year per TCM FTE = \$24,674

TOTAL cost per year per TCM FTE = \$68,566

To determine the 15 minute TCM rate:

Divide the Cost Pool per TCM FTE by the number of 15 minute billable units per TCM FTE.

$\$68,566 \text{ cost per year} / 4438.72 \text{ units per year} = \15.45 per unit

V. Calculation of the Annual Billable Unit Cap per Provider

1. To avoid over utilization of this rate by providers and thus recovering revenue in excess of costs, each provider is capped as to the total billable amount they can receive in the year based on the number of TCM FTE reported for this rate setting

process and the weighted average total cost per TCM FTE for all providers as reported for the rate setting process. The rate is intended to allow providers, on average, to recover the reported weighted average costs plus a small inflation adjustment.

2. Each provider can bill for no more than \$68,566 for each full time TCM FTE per year. The average TCM per provider can have no more than an average of 35 clients on his/her caseload. The provider organization's FTE level for calculating the total billing cap is determined by the number of FTE required to maintain a caseload of 35.
3. Provider A reported 15.5 TCM FTE: $4438.72 \text{ units/yr/FTE} \times 15.5 \text{ FTE} \times \$15.45 \text{ (rate)} = \$1,062,962$
4. Provider B reported 2.0 TCM FTE: $4438.72 \text{ units/yr/FTE} \times 2.0 \text{ FTE} \times \$15.45 \text{ (rate)} = \$137,156$.
5. Provider C reported 18.75 TCM FTE: $4438.72 \text{ units/yr/FTE} \times 18.75 \text{ FTE} \times \$15.45 \text{ (rate)} = \$1,285,842$.
6. Provider D reported 20.543 TCM FTE: $4438.72 \text{ units/yr/FTE} \times 20.543 \text{ FTE} \times \$15.45 \text{ (rate)} = \$1,408,802$.

VI. Calculation of the Caseload Increase Adjustment to the Billing Cap

1. At 4438.72 units/yr/FTE and 35 clients on the caseload for each FTE the number of units per client per year is $4438.72 / 35 = 126.82$ (round to 127).
2. $127 \text{ units per client} \times \$15.45 \text{ (rate)} = \$1,962.15$ per client per year.
3. For each client on the caseload above 35 the billing cap is increased by \$1,962.15.

VII. Reimbursable Targeted Case Management Services

Medicaid Reimbursable Targeted Case Management Services

Case management services delivered in accordance with the federal authorities governing targeted case management services as an optional service under a Medicaid state plan are reimbursable with Medicaid monies. Montana has implemented targeted case management services for persons with developmental disabilities who are 16 years of age or older or who reside in a DD children's group home. A person with developmental disabilities must be Medicaid eligible before the State may use Medicaid monies to reimburse any of the case management services provided to that person.

Those case management services that are reimbursable with Medicaid monies fall within the following core activities: 1) assessment/evaluation of service needs, 2) development of the care plan to address the service needs, 3) referral and linkage to service providers to address the needs identified in the care plan, and 4) monitoring/follow-up to ensure the needs are being met.

File Path:

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