



Supports For Community Living

Legislative Oversight And Investigations

July 16, 2021



Home and Community Based Waivers

- SCL is a Medicaid Home and Community Based (HCBS) Waiver
- Kentucky has six HCBS waivers
- States use HCBS waivers to offer services to members in their homes instead of institutions



Key Dates in SCL Study

- 2017 (March)
 - Committee authorization of SCL study
 - Navigant contract to study HCBS waivers
- 2018 Legislation increasing reimbursement
- 2019 Navigant report on waiver redesign
- 2020 COVID-19 and waiver services task force
- 2021 Waiver redesign task force
- 2022 Earliest possible redesign



Proposal

- Close out the current study
- Consider authorizing a new study after redesign has been operational long enough to have a track record



Staff Activities on SCL Study

- Analyzed claims data (2018)
- Attended Navigant meetings (2019)
- Reviewed Navigant findings and obtained provider feedback (2020)
- Monitored task force meetings (2020-2021)
- Shared findings with DMS (2021)

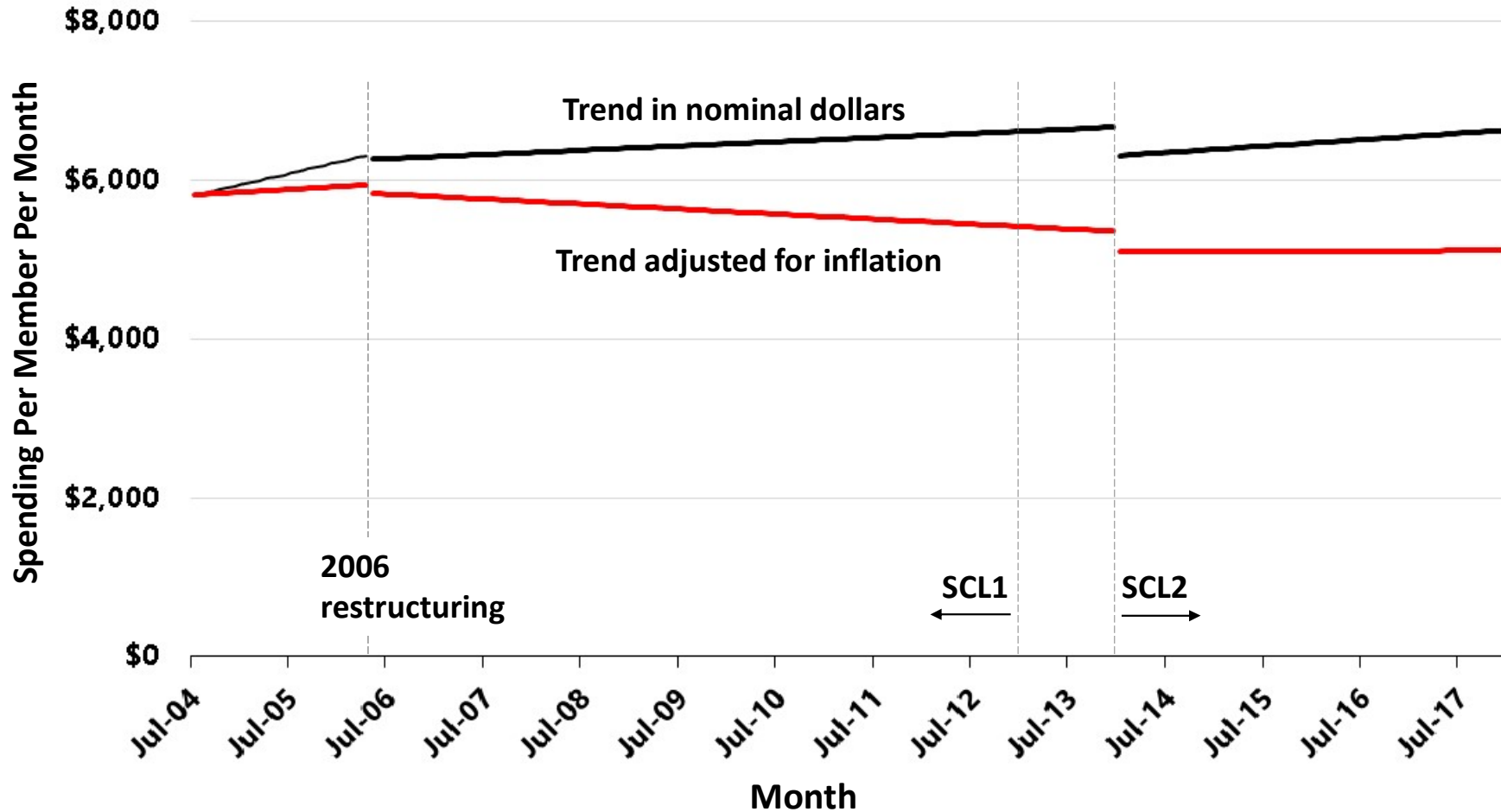


SCL Rates 2004 To 2017

- Staff analyzed SCL claims data from DMS
- No across-the-board increase until 2018
- Rates changed at times, some up, some down
- Restructuring in 2006 (Michelle P. decision)
- Restructuring throughout 2014 (SCL1 → SCL2)

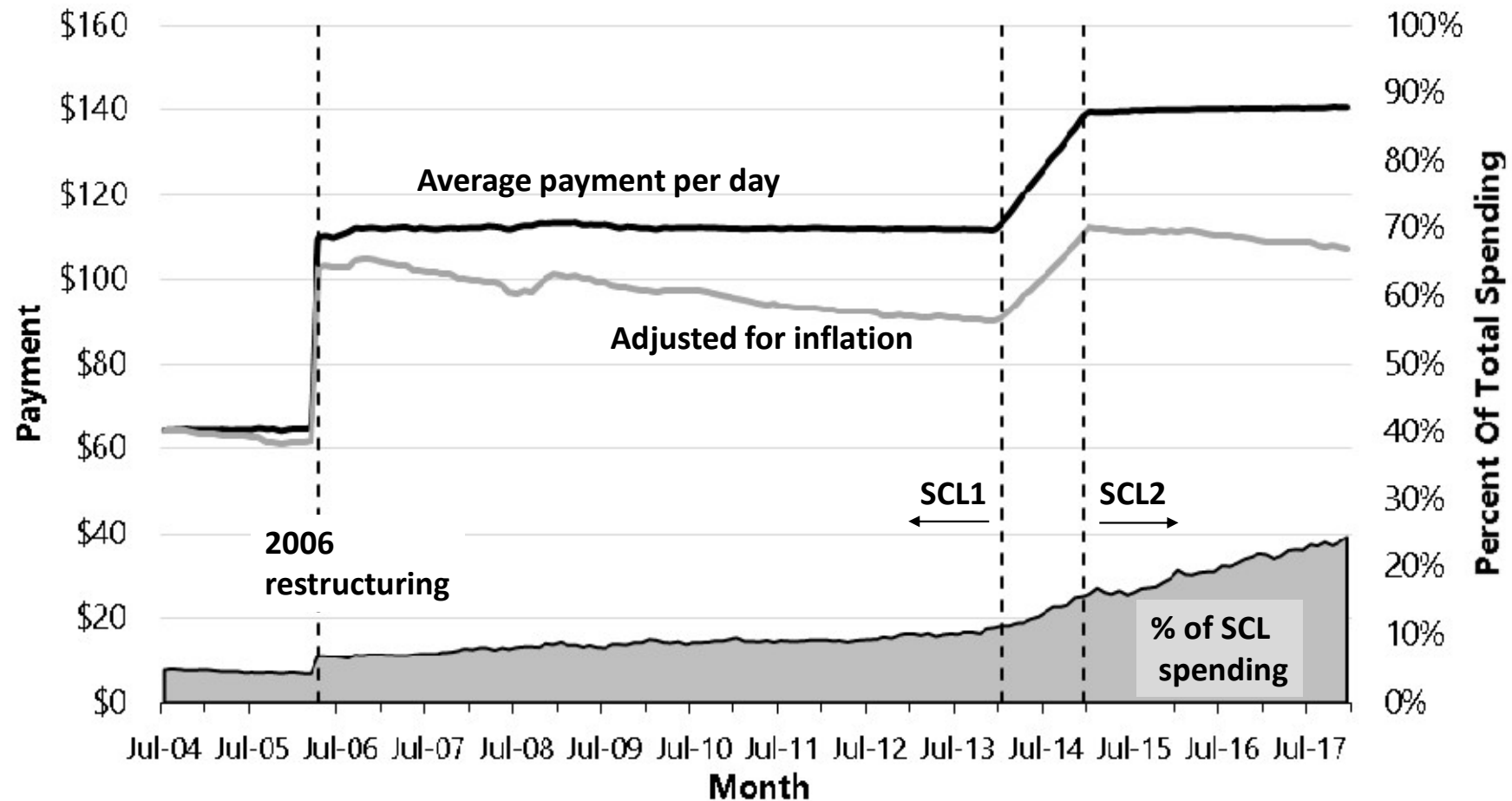


SCL Per-Member Trends 2004 To 2017





Rate Example: Residential Family Care





SCL Rates Since FY 2019

- 2018 RS HB 200 increased SCL rates by 10%
- The new rates have continued since then
- Provider response mixed—concerns:
 - Inadequate increase
 - Need for future cost of living increases



Medicaid Rate and Reimbursement Requirements

- Medicaid reimbursement rates must be consistent with:
 - 42 CFR 447.200 to 447.205
 - Plans must describe the methods used to set rates.
 - Plans must be reviewed and updated every 5 years.
 - Social Security Act 1902(a)30(A)
 - Plans must provide quality care and be sufficient to enlist providers.



Compliance Finding

- DMS Noncompliance with CMS regulation
 - As of 2017, no published rate methodology for HCBS waivers since 2001
 - As of 2017, no codified methodology for setting or reviewing waiver rates



Response to Finding

- DMS cited CMS approval of all SCL applications and amendments
- Potential Future Implications
 - Affected parties may sue CMS after approval
 - CMS might use stricter reviews in future



Navigant Waiver Rate Study (Timeline)

- 2017 DMS contracts with Navigant Consulting
- 2018 Navigant presents preliminary assessment report
- 2019 Navigant releases rate model
- 2020 CHFS announces waiver redesign placed on hold



Navigant Waiver Rate Study (Model)

- Recommended consolidation and standardization of rates
 - Constrained by budgetary restrictions
 - Rate increases for some services and waivers
 - Rate decreases for some services and waivers
 - Fundamentally based on current direct care wages
 - Current wages are constrained by current reimbursement rates
- DMS indicated that a budget increase would be necessary to standardize rates and services across all waivers.



Reimbursement Rates and the Direct Care Workforce

- Low availability and high turnover
- Evidence of higher wages leading to workforce improvements:
 - Participant-directed services focus group
 - Provider survey feedback
 - Data from other states
- Improvements to SCL waiver services are likely dependent upon direct care wage increases



Conclusion

- Staff propose to close out SCL study without a formal report for now
 - Original waiver redesign launched alongside SCL study
 - Original waiver redesign effort is currently on hold
 - Further redesign delayed until 2022 or later