

Rate Methodology and Rate Setting for Home- and Community-Based Services

Rate Operations Section



COLORADO

Department of Health Care
Policy & Financing

Meeting Agenda

1. Home- and Community- Based Services (HCBS) Rate Methodology and Setting:
 - Background
 - Process
2. Understanding how the Department uses results of the HCBS Rate Setting process
3. Opportunities for feedback and questions



HCBS Rate Methodology and Rate Setting - Background

- Over the last few years, the Centers for Medicare and Medicaid Services (CMS) has increased the standards by which they review and approve rates and rate methodologies for HCBS waivers (see the CMS training "[Rate Methodology in a FFS HCBS Structure](#)").
- In order to receive CMS waiver approval for the FY17-18 rate updates, the Department was required to provide a standardized rate methodology and set rates according to that methodology.



HCBS Rate Methodology and Rate Setting - Background

The Department developed an HCBS rate methodology and utilized this methodology to set rates for the following HCBS Waivers:

- Elderly, Blind, and Disabled (EBD) Waiver
- Community Mental Health Supports (CMHS) Waiver
- Brain Injury (BI) Waiver
- Spinal Cord Injury (SCI) Waiver
- Children's HCBS (CHCBS) Waiver



HCBS Rate Setting - Process

For waiver services in those waivers, the Department identified:

- Inputs for each waiver service. Inputs generally include thing salaries for direct and indirect care, facility, administrative, and capital.
- Prices for each input.

This information helps the Department develop a final rate as determined by the HCBS Rate Methodology. This final rate is different from the Department's current rate.



HCBS Rate Setting - Process

After this work, the Department is then able to identify the following:

1. **Current Rate**- Rate currently on the HCBS FFS fee schedule and reimbursed for billed claims.
2. **Final Rate**- Final Rate calculated using the Department's HCBS rate methodology.
3. **Budget Neutrality Factor**- The percentage by which the final rate is reduced to equal the current rate of reimbursement to ensure reimbursement does not exceed approved appropriations.



HCBS Rate Setting - Process

As an example, the current rate, final rate, and budget neutrality factor for Alternative Care Facilities is:

Service	EBD	CMHS	BI	SCI	CHCBS	Current Rate	Final Rate	Budget Neutrality Factor
Alternative Care Facility	Y	Y	N	N	N	\$51.92	\$88.97	41.64%



HCBS Rate Setting - Process

In May 2017, the Department presented the HCBS Rate Methodology to stakeholders and provided stakeholders with a list of inputs, as well as prices for salaries and capital expenses, for feedback prior to sending the rates to CMS for approval.

Stakeholders had one month to provide feedback. The Department conducted follow-up research and incorporated validated feedback into rates.



Utilizing Final Rates

- With the new rate methodology and rate setting process the Department is able to identify services that have gaps between current rates and final rates.
- The Department is working to understand how this information can be utilized to inform:
 - Tools and mechanisms to close these gaps
 - Identification of potential access concerns



Opportunities for Feedback

The Department will send out current rates, final rates, and budget neutrality factors to stakeholders through existing mailing lists.

Additionally, the Department has launched an area on the Department's website and posted information and resources for the HCBS rate methodology and rate setting.

Go to [Provider Rates & Fee Schedules](#) and click the HCBS Rates Information and Resources drop down at the bottom of the page to access final rates and methodology.



Questions and Feedback

To provide feedback please contact:

Victoria Montoya

HCBS Rate Analyst

Victoria.Montoya@state.co.us

Randie DeHerrera

Rate Operations Section Manager

Randie.DeHerrera@state.co.us



Thank You



COLORADO

Department of Health Care
Policy & Financing