



# Voluntary Foster Care Agencies Managed Care Transition

*October 12, 2018*

# Today's Discussion

## Agenda

Draft Residual Medicaid Per Diem Rates

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Transition Rate Overview and Feedback

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Raise the Age

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Stakeholder Q&A

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# **Draft**

# **Residual Medicaid Per Diem Rates**



## Voluntary Foster Care Agency (VFCA) Residual Per Diem Rates - Overview

- The Residual Medicaid Per Diem was designed to reimburse the Core Limited Health-Related Services
- The Residual Medicaid Per Diem is subject to Centers for Medicare & Medicaid Services (CMS)/State Plan Approval – State submitted DRAFT State Plan Amendment submission to CMS on October 5, 2018
- There is four year transition period from current rates to Residual Medicaid Per Diem Rates

# VFCA Residual Per Diem Rates – Staffing Components

- The Residual Medicaid Per Diem will be paid by Medicaid Managed Care Plans (MMCP) to VFCAs to cover Medicaid costs now included in the VFCA per diem paid today that are not otherwise outlined in the MCO contract, i.e., the Core Limited Health-Related Services provided in residential settings
  - The Medicaid costs of the Core Limited Health-Related Services primarily reflect staffing costs
- In addition to the staffing components shown in the table, additional resources for Managed Care Liaisons is included in the Residual Medicaid Per Diem to facilitate effective communication and coordination with MMCP.

Staffing Components	
Practitioners	Licensed Behavioral Health Professionals (LBHPs)
	Nursing Staff
	Medical Escorts
Supervisors	Medicaid Managed Care Liaison/Administration
	Clinical Consultation/ Program Supervision

# VFCA Residual Per Diem Rates – Facility Types

- Residual rate build included the development of staffing assumptions (Full Time Equivalents (FTE) and costs) by types of facilities that care for Foster Care children today
  - Facility types mirror the VFCA per diem facility classifications that are billed today by VFCAs

Level	Description	Facility Type
Level 1	General Treatment	Foster Boarding Home
Level 2	Specialized Treatment	Therapeutic Boarding Home (TBH)/AIDS
		Medically Fragile (Formally Border Babies)
		Special Needs
Level 3	Congregate Care	Maternity Group Home (GH) Agency Operated Boarding Home (ABH) <b>Supervised Independent Living Program (SILP)</b>
Level 4	Specialized Congregate Care	Institutional
		Group Residence (GR)
		Diagnostic
		Hard to Place/Special Other Congregate <b>Raise the Age</b>

## VFCA Residual Per Diem Rates – Assumptions

Assumption	Description
<b>FTE</b>	<ul style="list-style-type: none"> <li>Relied upon data from the 2015 Cost Report, Empire Report and working sessions with VFCA subgroup</li> <li>Established a per child cost using FTE per child ratio</li> </ul>
<b>Wage/Salary</b>	<ul style="list-style-type: none"> <li>Estimated wages using Bureau of Labor Statistics May 2016 data for New York</li> <li>Used median salary for each staffing component with a 1.05% downward adjustment</li> <li>Trended the 2016 salaries using CPI trend rate (2.05%)</li> </ul>
<b>Indirect Costs</b>	<ul style="list-style-type: none"> <li>Calculated employee related expenses, <b>travel and training expenses on a per child basis</b></li> <li>Applied an annual 10% administrative expense which includes consideration of capital costs for treatment</li> </ul>
<b>Draft Residual Per Diem</b>	<ul style="list-style-type: none"> <li>Converted costs to a daily basis to arrive at a draft per diem rate</li> </ul>
<b>Modeled Residual Rates</b>	<ul style="list-style-type: none"> <li>Applied trend to the draft residual per diem rates to get fully implemented modeled rates</li> </ul>

# FTE Assumption/VFCA Health Facilities License Guidelines Crosswalk

FTE Assumptions in Residual Rate Build	Core Health Related Services in Guidelines
Nursing Staff	Nursing and Medication Administration
Medical Escorts*	Medical Escorts
Program Supervisor Clinical Consultation*	Clinical Consultation/Program Supervision Services
Managed Care Liaison Program Administrator Service Coordination*	VFCA Medicaid Managed Care Liaison Services / Administrator
LBHP	Skill Building

\* Medicaid Treatment Planning and Discharge Planning is primarily in these staffing assumption categories



## Staffing / FTE Assumptions

- Final Draft FTE Assumptions Reflect Modifications to Staff Assumptions
  - Additional Nursing
  - Additional LBHPs
  - Service Coordination in Institution
  - Added Managed Care Liaisons

# Draft VFCA Residual Medicaid Per Diem Rates

Service Level	Facility Type	Care Days	DRAFT 2019 Residual Per Diem Rates
<b>Level 1 General Treatment</b>	Foster Boarding Home	3,381,599	\$11.87
<b>Level 2 Specialized Treatment</b>	Therapeutic Boarding Home (TBH)/AIDS	634,687	\$33.35
	Medically Fragile (Formally Boarder Babies)	51,335	\$52.04
	Other Non-congregate	50,287	\$38.14
<b>Level 3 Congregate Care</b>	Maternity Group Home (GH) Agency Operated Boarding Home (ABH) <b>Supervised Independent Living Program (SILP)</b>	204,393	\$26.34
<b>Level 4 Specialized Congregate Care</b>	Institutional	518,025	\$47.40
	Group Residence (GR)	21,506	\$43.43
	Diagnostic	28,329	\$96.75
	Hard to Place/Special Other Congregate <b>Raise the Age</b>	710,101	\$75.25
<b>Total</b>		<b>5,600,262</b>	

# Managed Care Capitated Rates and Transition Payments

- The goal of the Transition payments is to provide a smooth glide path that mitigates swings in cash flow during the initial years of the transition to Managed Care
  - The MCOs will pay at least the Residual Medicaid Per Diem government rates for a transition period
  - Transition Period will be for **four years**
  - Those Residual Medicaid Per Diem government rates will reflect VFCAs transition rates from current VFCA Medicaid Per Diem to Residual Medicaid Per Diem
  - Following the four year period MCOs will negotiate the rates with VFCAs and be at risk for per unit cost as well as utilization

## Managed Care Capitated Rates and Transition Payments

- Transition payments were developed on a revenue neutral basis (extra dollars are not added to fund transition payments) to transition the VFCAs from the current Per Diem to the Residual Medicaid Per Diem for the period from 2019 through 2021
- The transitional payments would apply at the agency level
  - ✓ **Step Up Agencies:** Agencies that will receive higher payments overall (on an agency, not per rate basis) from the Residual Rate compared to the existing VFCA Per Diem payments will **step up** to the Residual Medicaid Per Diem over the transition period (their rate will be higher today at the outset of the transition)
  - ✓ **Step Down Agencies:** Agencies that will receive lower payments overall (on an agency, not per rate basis) from the Residual Medicaid Per Diem Rate compared to the existing VFCA Medicaid Per Diem payments will **step down** to the Residual Medicaid Per Diem over the transition period
  - ✓ Under current draft Residual Medicaid Per Diem rates there are only 12 Step Down Agencies

## Information for VFCAs Regarding Transitional Rates

- **Across all VFCAs roughly 80% of former per diem costs relate to the Core Health-Related Services included in the Residual Medicaid Per Diem**
- Expressed another way, 20% of the per diem costs include services which the VFCA *may* contract with the Plan and are outside of the Residual Medicaid Per Diem
- The percentages of the per diem placed in the Residual Medicaid Per Diem will vary from VFCA to VFCA because the contracted service vary from agency to agency
- State provided, by VFCA, the following DRAFT information in June:
  - Today's Per Diem by faculty type in 2016
  - Residual Rate in 2016
  - Amount of Per Diem outside of Residual in 2016
  - Transitional Rates Year 1 (July 2019)
  - Transitional Rates Year 2 (July 2020)
  - Transitional Rates Year 3 (July 2021)
  - Transitional Rate = Residual Medicaid Per Diem Rate Year 4 (July 2022)
- After Year 4 VFCAs will need to negotiate rates with MMCPs


# Transitional Scenario 1

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Agency Name	Provider Type	Care Days	Current Per Diem Rate	Estimated % Residual	2019 Modeled Rate	2019 Transitional Rate	2020 Transitional Rate	2021 Transitional Rate	2022 Transitional Rate
Agency X	FBH	12,000	\$12.75	80%	\$11.87	\$11.09	\$11.58	\$12.09	\$12.62
Agency X	GH	14,000	\$12.75	80%	\$26.34	\$24.60	\$25.70	\$26.83	\$27.99
Agency X	Hard-to-Place	20,000	\$60.00	80%	\$75.25	\$70.28	\$73.41	\$76.64	\$79.97

## Scenario Overview

- Agency Level: Surplus
- Provider Type:
  - All – Surplus [F > D x E]

## Transitional Rate Changes

 Transitional step up & trend



Department of Health

Office of Children and Family Services

# Transitional Scenario 2

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Agency Name	Provider Type	Care Days	Current Per Diem Rate	Estimated % Residual	2019 Modeled Rate	2019 Transitional Rate	2020 Transitional Rate	2021 Transitional Rate	2022 Transitional Rate
Agency Y	FBH	80,000	\$18.00	80%	\$11.87	\$11.87	\$12.11	\$12.36	\$12.62
Agency Y	GH	14,000	\$29.00	80%	\$26.34	\$24.60	\$25.70	\$26.83	\$27.99
Agency Y	Institution	9,000	\$29.00	80%	\$47.40	\$44.27	\$46.24	\$48.28	\$50.38
Agency Y	Hard-to-Place	20,000	\$52.00	80%	\$75.25	\$70.28	\$73.41	\$76.64	\$79.97

## Scenario Overview

- Agency Level: Surplus
- Provider Type:
  - Foster Boarding Home – Deficit  $[F < D \times E]$
  - All Other – Surplus  $[F > D \times E]$

## Transitional Rate Changes



Trend only



Transitional step up & trend



Department of Health

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# Transitional Scenario 3

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Agency Name	Provider Type	Care Days	Current Per Diem Rate	Estimated % Residual	2019 Modeled Rate	2019 Transitional Rate	2020 Transitional Rate	2021 Transitional Rate	2022 Transitional Rate
Agency Z	Hard-To-Place	12,000	\$115.00	80%	\$75.25	\$83.61	\$82.48	\$81.27	\$79.97
Agency Z	Therapeutic	20,000	\$40.00	80%	\$33.35	\$33.35	\$34.03	\$34.73	\$35.44

## Scenario Overview

- Agency Level: Deficit
- Provider Type:
  - Hard-to-Place – Deficit  $[D \times E < F]$
  - Therapeutic – Surplus  $[D \times E > F]$

## Transitional Rate Changes

-  Transitional step down & trend
-  Trend only



Department of Health

Office of Children and Family Services



# Transition Rate Overview/Feedback



# Transition Rate and Program Type

Points of Consideration after distributing the transitional rates to all VFCA and receiving feedback

- **Current Non-Per Diem Agencies**
- **Agency with a New Medicaid Program since 2016**
  - The transitional rates were based off of 2016 data and there are a small number of new programs established since 2016
- **New Program Development**
  - New Program Development: Agencies that have a MSAR program type that is not consistent with the Medicaid rate type
  - Some agencies who have a Medicaid rate they have never used and may no longer be accurate program type
- **Program Type does not reflect the Program**
  - There were agencies not receiving a VFCA Medicaid Per Diem
  - There were some errors in the 2016 data indicating the incorrect program type
  - Some SILP programs are using AOBH or GH rates

# Current Non-Per Diem Agencies

- Providers will receive a rate that aligns with their MSAR program type effective July 1, 2018.
- There were 25 agencies operating with out a per diem
- Agencies have been instructed to:
  - Complete Article 29-I application
  - Apply for a new Residual Medicaid rate
  - New Residual Medicaid Rate will NOT require a transition

## Agency with a New Medicaid Program since 2016

- Complete the Article 29-I application and indicate what programs they have today
- There are 5 agencies that have been approved for a new program type since the 2016 data
- Approved New Medicaid rates
- There will NOT be a set of transition rates issued

**Example:** Agency A was operating an Youth Reception Center (YRC) program in 2016 and will be approved to operate a Medicaid Hard to Place program



# New Program Development

- Agencies that have a MSAR program type that is not consistent with the Medicaid rate type
  - Agencies with a MSAR program type that is not consistent with the Medicaid rate type will receive transitional rates
- Existing per diem agencies that have not billed for their rate
  - Existing per diem agencies that have not billed for their rate will receive a new Medicaid rate without transition rates
- Both of these agencies that have a program type that is not consistent should:
  - Complete the Article 29-I application and indicate what programs they have **TODAY**
  - Complete the Medicaid Rate Application, OCFS and DOH will process those applications using existing process

**Example:** Agency A has a MSAR rate of TFBH and their Medicaid rate is Foster Boarding Home (FBH). They should complete the 29-I application using what program they operate **TODAY** then apply for a Level 2 TFBH Medicaid rate using existing process.

Once the TFBH Medicaid rate is approved the agency would be instructed to update their 29-I application.

# Program Type does not reflect the Program

Agencies that have a program type that does not accurately reflect the new residual rate

- Operate a SILP but have a GH or ABOH rate
  - SILP will be added to the rate summaries
  - No rate changes required and transition rate summaries already distributed will remain
- Did not receive a rate for a program (not a new program)
  - Agencies will receive a rate for all existing programs
  - Updated Transition rates will be distributed to reflect the programs missing
- Incorrect rate (data error)
  - Error will be corrected
  - Rate will reflect correction and an Updated Transition rate summary will be distributed to reflect the programs missing

# Raise the Age



# Raise the Age Legislation

- From start date – June 30, 2019
  - All agencies will be assigned the Statewide average of the Hard-to-Place rate of approximately \$88.00.
  - The Department of Health will issue letters to agencies
- Effective July 1, 2019: agencies will use the Hard-to-Place rate.
  - Agencies will complete a new RTA section of Level 4 on the Article 29-I application.
  - Standards for Raise the Age programs are the same as the Hard to Place programs



# Stakeholder Q & A



# Stakeholder Q & A

1. Are ambulance and transportation to medical appointments direct bills to Managed Care or FFS & not covered under the Residual Medicaid per diem?
  - DOH and OCFS is working on the Medicaid updates to reflect ambulance transportation. Ambulance services will not be part of the residual per diem and will be direct bills. Routine transportation to medical appointments is covered in the Residual Medicaid Per Diem.
2. Will there be cost reporting required for the Residual Medicaid Per Diem?
  - Yes there will be cost reporting, the cost reports must reflect services covered by the Residual Medicaid per diem.
3. Can the VFCA use the Residual Medicaid Per Diem to pay for non-billable time for the MD/NP/Psychologists ? Is this considered clinical consultation?
  - The Residual Medicaid Per Diem includes administration cost as well as clinical consultation and program supervision.

# Stakeholder Q & A

## 4. How will CSE youth be managed under the 29-I?

- The Medicaid Residual Per Diem Rate serves as a “PROXY” dollar figure that is added to the MSAR that results in the CSE MSAR. The CSE MSAR is billed to the LDSS and Local School District. So, there is no Medicaid billing for the Residual rate for CSE kids.
- The intent of adding the Medicaid Residual Rate is to support the 5 Core Limited Health-Related Services. So, VFCAs that serve CSE kids will be held to the same standards as VFCAs that serve children in Foster Care
- Also, VFCAs may provide Other Limited Health Services to CSE kids. About ½ the CSE population is Medicaid eligible. To provide Other Limited Health Services and bill for them, the VFCA needs to understand the child’s Health Insurance Status.
- Straight Medicaid = bill Fee for Services
- Medicaid Managed Care= bill MCO (must have contract with MCO)
- Private Health Insurance = bill Private Health insurance (must have contract with Plan)

# Stakeholder Q & A

5. Will there be funding for Service Coordination in the Residual Medicaid Per Diem for Level 4 (Institution, Hard to Place and Raise the Age).
- Yes, Service coordination is calculated in the rate for Level 4 (Institution, Hard to Place and Raise the Age). Level 1, 2,3 and Level 4- Group residence will continue to be eligible for Health Home Care management and the rate does not include money for Service Coordination.
6. Is there an upstate and downstate differential?
- There is not an upstate and downstate differential, we have considered upstate and downstate assumptions and determined that although different in nature do not drive the need for a differential.
7. Is there an expectation of 24 hour Nursing coverage in some of the Institution programs?
- It is expected that the nursing coverage meets the needs of the children in the program.
8. In the programs with babies are the babies counted in the ratios as well as the mothers?
- Ratios take into consideration children in Foster care

# Stakeholder Q & A

9. Is Billing Guidance forthcoming?

- Yes, DOH and OCFS are working on billing guidance with updates to reflect the Residual Medicaid Per Diem

10. Is the administration set at 10% in the Residual Medicaid Per Diem?

- Yes, administrative costs must be supported by cost report data to support anything beyond 10%. The cost reports used to calculate the Residual Medicaid Per Diem did not substantiate an administrative cost higher than the standard 10%.

11. Is the administrative percentage negotiable?

- When the State reviews the cost reports administrative costs will be captured.

# Resources to Keep Informed

DOH website:

[https://www.health.ny.gov/health\\_care/medicaid/redesign/behavioral\\_health/children/web-info\\_child\\_mst.htm](https://www.health.ny.gov/health_care/medicaid/redesign/behavioral_health/children/web-info_child_mst.htm)

Article 29-I Health Facilities Licensure Webinar-May 2018

[https://www.health.ny.gov/health\\_care/medicaid/redesign/behavioral\\_health/children/docs/final\\_vfca\\_training\\_5\\_18\\_2018.pdf](https://www.health.ny.gov/health_care/medicaid/redesign/behavioral_health/children/docs/final_vfca_training_5_18_2018.pdf)

Questions/Comments:

**DOH Transition Mail Log**

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