Provider Rate Study Meeting for Union Stakeholders Minutes

April 19, 2022
2:30 PM – 4:30 PM (MST)

This meeting was a hybrid meeting with the option to attend in person or join by Zoom. The following is the information to connect into the meeting:

Meeting Room Location:

Montana State Capitol, Room 152
1301 East Sixth Ave, Helena MT

Zoom Invite Information:

Join Zoom Meeting
https://mt-gov.zoom.us/j/88202112830?pwd=amt1NmhLSWZrVDNTRjNoU1oxMzFLQT09

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Agenda

1. Welcome
   - Jackie Jandt with DPHHS opened the meeting and conducted introductions.
   - Coy Jones with Guidehouse provided an overview of the agenda and topics for discussion.
2. Rate Study Overview
   - Guidehouse presented an update on the Rate Study Overview
   - Question: Does the behavioral health rate study include rates for state hospitals or MSH?
     - GH: There is some interest on where our rate study impacts the community service network. It is certainly of interest, but there will not be direct impacts on reimbursement for staff or individuals at the state hospital.

- Montana Staff: Montana is not a densely populated state so when looking at any rate development in services you're drawing from a similar provider pool, so there is a chance of ancillary impact into state run facilities that we are not directly charged with. HB155 is the specific task order for working with Guidehouse. There is a second task order on nursing home reimbursement. The Director's view is get a base line on rates across all providing services. While hospitals are not in the view at this time, we are looking at the waivers which could expand to others as more task orders come along. Interested parties will be able to weigh in as other studies come along, but today is to lay out how Guidehouse is proposing changes to rates and look at complex cases at state hospitals and transition them into the community. They will give an overview of where everything is and address chunks at a time.
- GH: Studying these services are in high priority due to additional funding being available for HCBS under federal legislation from ARPA. This is not due to lack of interest in other services.

3. Rate Modeling Overview
   - Guidehouse provided an update on the Rate Modeling
4. Provider Cost and Wage Survey Overview
   - Guidehouse provided an update on the Provider Cost and Wage Survey
   - Q: Do you look at the differences between urban and rural areas?
     - GH: We have considered geographic analysis, meaning urban/suburban vs rural analysis. The survey is not telling us a lot on these differences, as the survey looks at providers that service multiple areas and tend to pay the same amount without tracking for the different areas. This is something we need to look at.
   - Q: Are you proposing that only wages change or also changes in rate components and the process? Will this allow an opportunity for direct care workers to have input on the rate process?
     - GH: Right now, we've looked at wage differences in different part of the state, but wages largely drive rates. 60% to 70% of the rate is related to staff time. There is not a large difference between rates and wage structure. Regarding the ability to participate, all the meetings are public so there is an opportunity to provide direct feedback. We are still in the process for next few months before anything is finalized, so we are encouraging all to participate and weigh in. We are planning to deliver our recommendations in mid-June, but it will be a broader process after recommendations are made and the state will have to open formal comment period.
   - Q: In seeing some of initial presentations, Guidehouse has indicated it looking at other states like Washington for rates and structure process. Can you provide more detail on what that looked like and how it was included in process?
     - GH: We made peer state rate comparisons, so not looking directly at wages but the rate differences for similar services. No peer rates were included in today's presentation, but we are happy to make comparisons available. Montana tends to be in the middle of other peer states. Colorado and Washington are a little higher due to socioeconomic dynamics, but other states come in at lower rates than Montana. Our conclusion is that there is no consensus that Montana is

underfunding compared to other Medicaid programs, and we are using this to make sure it keeping up with other programs.

- Comment: It is critical when looking at provider rates to understand they are directly linked to wage rates for direct caregivers, so looking at peer studies would be helpful if those are available.

5. Wage Analysis
   - Guidehouse provided an update on Wage Analysis.
   - Q: Do you take into consideration safety and where the service is being provided at? Do you account for the safety aspect?
     - GH: We try to consider these things. A big conversation is over workers compensations claims and this is the main area that safety is taken into account. One of the difficulties of considering safety in rates and wages is how this leads to differences in cost. This is hard to do on the wage front if there is a safety premium or if someone will only work in a certain setting and there is a certain wage. Data we have is not sophisticated enough to make distinction on safety objectively. There are two ways to consider safety and clinical efficacy in the rate. We are looking at base fundamentals of rate, but we are also looking at an evolution of reimbursement in the state to drive a systematic approach in the long term. Rather than safety premium, acuity-based rates on an individual basis is something you see in all patient populations. There is potential in the future to reinforce safety and clinical efficacy. Initial assessment improvement is needed to harness that data and is something we see more states looking to. CMS is interested in acuity-based rates. Additionally, VBP is a way to incentivize provider performance to lock in on intended outcomes to fashion reimbursement for reduction in harm. We are not there yet.
     - GH: An example of premiums is children's health, which is reimbursed at $16 compared to others. There are greater challenges to deliver these services for the provider and care worker, which explains higher wage premium. We welcome feedback on the notion of incentivizing workforce to level set for deficiencies. Montana and others are using ARPA funds to look at workforce incentives and bonus payments. During PHE, Appendix Ks used federal funds to provide hazard pay for safety for treating members with COVID. States want to continue to permanently use this.
   - Q: How is the impact of inflation reflected in wage recommendations, and how does the BLS PPI reflect impact of workers actual purchasing power?
     - GH: We will want to address these issues. What is not included in rates is effects of overtime pay and other factors that drive pay up. This data allows us to compare "vanilla" rates to broader rates and national rates, but we recognize this isn't the final rates, so we need to include overtime and other factors to track inflation in uncertain times. There are a lot of figures on wage inflation in different industries, and we studied as many indexes as possible. There is also additional data that includes inflation as close to current time period as possible. The recommendation notes that it is important to consider these factors and revisiting assumptions by the time rates are implemented.
   - Comment: Rates seem to be more than expected in rural areas.

    - GH: There is a lack of training in rural areas, so we have to recruit to these areas. Is this a rate problem or supply problem? At what point would rate attract people? This needs to be evaluated further.
- Q: Does this include private, public, or both employees?
    - GH: Only includes providers of private sector employers.
- Q: Did you look at public sector trend?
    - GH: This is not intended as we aren't looking at rates for that sector.
- Comment: Wages seem accurate.

6. Administrative and Program Support Costs
    - Guidehouse presented on Administrative and Program Support Costs.
7. Employee-Related Expenses (ERE)
    - Guidehouse presented on Employee-Related Expenses.
    - Q: Some of the rates you are looking at are set statutorily, so when doing an analysis on rates for pay, the rates for state employees are already set. Would there be consideration for what this study would look like knowing what the rates are for public employees, or are you just focusing on the private sector?
        - GH: We will look at public employees' wages for those services. It is an important comparison point since it is a competitive ecosystem. It is an important reference point, but it is not always factored in. Many private providers complain that on the state side there can be good wages, and "why can't we get that wage?" However, the wage needs to be considered with benefits and acuity and resource need, so it is not an even comparison. While it is an important comparison point, often it is a different setting, so we are careful to include state/government data if those rates are not included or don't align.
        - Montana Staff: FQHC rates are different than the private sector rate. However, we are looking at fee-based reimbursement which differs from cost-based reimbursement at state facilities and FQHCs. The rates are impacted differently and it is comparing apples and oranges. We are still looking at them to see if we can make a difference and will work with the Director and Governor, and this issue is bigger than just the state facilities. All facilities are performing similar services, so we keep unpacking and thinking bigger and broader.
8. Project Timeline and Next Steps
    - Guidehouse provided an update on the timeline and next steps.
9. Q&A
    - Q: You mentioned multiple task orders, but at end of the task what form will these deliverables take? Legislative action? What happens next?
        - Montana Staff: By July the Department is required to present a plan to state. It may or may not become part of the Governor's budget or the Department's budget, so this would all be starting for the 2023 legislative session. Mostly depends on the Governor's budget, and if the Department puts forward recommendations they may have to prioritize. If it is included, it will be a legislative package. If not, we may have legislators sponsor legislation on the proposals separate from the budget. There are legislators on steering committee. It is the Director's intent to continue to keep looking at this and there is work to do. The Union Reps need to be attentive to where things go, and their input is valuable and can impact in a lot of different ways.

- Q: If rates and wages are comparable, will it be compared to MSH? Will this data be brought against MSH?
    - Montana Staff: We can't confirm or deny, as we have not been a part of any conversations. If that is what is going to happen, you are comparing apples and oranges. There are Statutory requirements for state employees wages. It is a different animal and will be its own animal to take forward. Could be another task order. Guidehouse has experience all over country and could provide this for us. We are concentrating on the fee-based rather than cost-based wages for the time being. MCDC still must follow rules and regulations but is eligible for Medicaid money. We could be looking at all state facilities down the road.

Adjournment @ 4:30 PM (MST)

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