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HEALTH MANAGEMENT ASSOCIATES

*Rate and Payment Options Study*

*Final Report on Rate Study Recommendations*

PRESENTED TO

RHODE ISLAND DEPARTMENT OF BEHAVIORAL HEALTHCARE,  
DEVELOPMENTAL DISABILITIES AND HOSPITALS

*Research and Consulting in the Fields of Health and Human Services Policy, Health Economics  
and Finance, Program Evaluation, Data Analysis, and Health System Restructuring*

## Executive Summary

The Rhode Island Department of Behavior Healthcare, Developmental Disabilities and Hospitals (BHDDH) oversees the system of supports for approximately 4,000 Rhode Islanders with intellectual and developmental disabilities (I/DD). This system includes home and community-based services (HCBS) delivered by a network of 35 private providers. These services include residential supports (including services provided in individuals' own homes and family homes, shared living arrangements, and group homes), community-based and center-based supports that offer meaningful day activities, and employment supports.

BHDDH is leading a significant systems-change initiative focused on strengthening the service delivery system for individuals with I/DD. Broadly, this work includes three key elements:

- A review of the array of available services and the definitions and standards for each service
- A study of provider payment rates as well as billing policies
- An evaluation of the tools and processes used to assess individual needs and how these assessments translate to individual funding allocations ('tier packages')

Building on system reforms stretching back over a decade as well as Rhode Island's consent decree with the United States Department of Justice, this project seeks to support the shift toward a robust community-based support system that promotes individual self-determination, choice, and control; to promote flexibility and innovation in services; and to ensure that payment rates adequately cover the cost of high-quality services.

BHDDH contracted with Burns & Associates, a division of Health Management Associates (HMA-Burns) to provide technical assistance and support throughout this project. Since its founding in 2006, Burns & Associates has consulted with I/DD agencies in 22 states, including leading comprehensive rate studies for home and community-based services in 12 of these states.

## Assessments and Individual Budgets

After BHDDH began the project and contracted with HMA-Burns, the American Association on Intellectual and Developmental Disabilities (AAIDD) announced that it was revising the adult version of its Supports Intensity Scale (SIS-A), including renorming the scoring of the instrument. Rhode Island uses the SIS-A in concert with supplemental questions to assign individuals to one of five 'tiers'. These tiers, in turn, are used to determine the rates providers are paid for certain services as well as the amount of funding that individuals receive to access services. AAIDD has stated that the revised SIS-A would be released in early 2023. Given that the revision makes substantial changes to the scoring of the SIS-A, it became necessary to delay the evaluation of the assessment framework and tier packages. This evaluation will require a reasonably sized sample of assessments conducted with the revised SIS-A; it is anticipated that the analysis can be conducted in mid-2023.

In the interim, HMA-Burns has offered several recommendations to respond to stakeholder concerns and increase flexibility and self-determination for individuals:

- *Removing employment services from the tier packages.* This change supports Rhode Island’s employment first goals by eliminating the need for individuals to choose between employment supports and other services.
- *Requiring providers to bill for Community-Based Support and Center-Based Support services (currently termed Day Programs) based on an individual’s assigned tier rather than a program’s staffing ratio.* This change will ensure greater predictability in the level of service that an individual will be able to access, eliminating instances in which individuals receive fewer services than planned because their provider bills a higher rate than assumed in their tier package. Additionally, this change would simplify providers’ monitoring and billing processes.
- *Combining several individual components of the tier package for the purposes of planning.* The study recommends that the amounts assumed for Community-Based Supports, Day Program, Transportation, Overnight Shared Supports, and Respite be treated as a single budget to increase the flexibility in the use of the tier packages.
- *Repricing the tier packages to account for the proposed changes in payment rates.* This is consistent with BHDDH’s current practices and ensures that individuals are able to receive the same level of support assumed in the tier packages.

## Service Array

This study found that Rhode Island has an expansive service array with broad service definitions that support flexibility in program design and delivery. The study does recommend the establishment of several new services. Some of these changes would establish a clearer framework for existing supports while others would constitute new services. Recommendations include:

- *Supportive Living*, which would be a residential living option that is less intensive and offers greater independence than a group home. In this model, individuals live in their own homes and share staffing supports provided by the agency that owns or controls the housing.
- *Remote Supports*, which allow individuals to receive support from staff who are at a centralized location rather than physically present with the individual.
- *Companion Room and Board* to cover the cost of room and board of a companion/ roommate living with an eligible individual.
- *Discovery* to help individuals identify the type of job they want to do.
- *Personal Care in the Workplace* for individuals who require assistance with personal care needs while at work, but who do not need employment-related supports.
- *Vehicle Modifications* to pay for adaptations or alterations to a privately-owned vehicle that serves as the individual’s primary means of transportation.
- *Peer Supports and Family-to-Family Training* to allow individuals with lived experience help others navigate the service delivery system and identify other community resources.

In addition to the establishment of these services, the study recommends several changes to existing services, including:

- *Consolidating Home-Based Day Programs into Group Home rates.* The rate study establishes Group Home funding levels that provide for 24-hour staffing, eliminating the need for a separate service for individuals who do not receive services away from the home.
- *Establishing a framework for ‘specialized’ group homes.* To support the development of homes customized to serve residents with specialized needs, the rate study proposes to create a structure to establish rates for these homes based on staff qualifications and staffing levels.
- *Establishing outcome-based rates for Job Coaching.* The rate study proposes to pay Job Coaching providers based on the hours that the individual they support works rather than the number of hours of support provided. This approach incentivizes both working individuals to increase the hours that they work, consistent with their goals, and fading unnecessary supports.
- *Renaming Day Programs and eliminating ratio requirements.* The rate study proposes to replace Day Programs with Community-Based Supports and Center-Based Supports to emphasize that programs should be designed around the needs of individuals rather than a specific, limited time of day. For similar reasons, the rate study recommends the elimination of staffing ratio requirements for these services.

## Provider Payment Rates

Drawing on its experience conducting more than a dozen similar rate studies across the country, HMA-Burns facilitated a rate study comprised with three broad phases:

- *Phase 1: Background Research and Kick-Off Meetings* covered a review of background materials (such as the terms and conditions of Rhode Island’s Medicaid Section 1115 Waiver, BHDDH’s billing manual, and previously issued reports) as well as initial meetings with BHDDH staff and service providers. This phase aimed to document current service requirements and to begin to identify the existing strengths and needs of the system.
- *Phase 2: Data Collection* included both primary data collection (the design and administration of a survey for providers and a survey for individuals and families as well as additional stakeholder meetings) and secondary data collection (benchmarks for individual cost drivers such as staff wages as well as rates paid by other programs for comparable services).
- *Phase 3: Rate Model Development* included the design of rate models for each service and a public comment process to solicit stakeholder feedback before finalizing recommendations.

In total, the recommended rate changes would increase total payments by an estimated 22 percent based on fiscal year 2021 utilization. Rate increases are driven primarily by higher assumed costs for direct support professional compensation and program support. These adjustments build on a number of increases granted over the past three years that have totaled approximately 40 percent for most services. Although the rate study recommends increases for most services, some rates would be reduced. However, the federal American Rescue Plan Act (ARPA) prevents full implementation of some of these reductions until early 2025.

If funded, implementation of the proposed rate changes could begin in July 2023, but would need to be accompanied by updates to existing policies and billing systems.