LeadingAge Wisconsin
Better Services for Better Aging

For Your Action

DHS Proposes Changes to Family Care Room & Board Methodology

The Department of Health Services (DHS) is accepting public comments through the end of June on proposed changes to its 1915 waivers with the Centers for Medicare and Medicaid Services (CMS). These waivers govern the way Family Care is implemented in the state. **We need you to submit comments so please continue reading.**

Is this important?

YES, if you operate an assisted living community (ALC) under contract to an MCO to serve Family Care members because DHS is proposing changes to the room and board (R&B) methodology, **which could impact your ALC's reimbursement**.

What is DHS proposing?

To briefly review, the rates paid by an MCO to an ALC are comprised of R&B and care and support (C&S). Under Family Care, the R&B costs are the member's obligation and paid from the waiver member's personal funds. The C&S portion is paid by the MCO from funds it receives from DHS through the capitation rate. DHS currently requires MCOs to use one of three methodologies to determine the R&B component of the Family Care rate. The methodology the MCO selects is then applied across all ALCs it has under contract. The three methodologies are:

- SSI-E less a $100 personal needs allowance; or
- HUD Fair Market Rate (FMR) plus the Supplemental Nutrition Assistance Allocation (called FoodShare in Wisconsin) payment; or
- Actual cost methodology.

In the 1915(c) waiver renewal, DHS is proposing to eliminate the actual cost methodology. Rather, the waiver member's R&B obligation would be the **lesser** of:

- SSI-E less a $100 personal needs allowance; or
- HUD FMR rental amounts based on residential type plus the maximum FoodShare amount for one person; or
- The amount of funds the MCO has determined the waiver member has available using procedures specified *(and yet to be determined)* by DHS

It is our understanding this approach will require the MCOs to determine which of the three methods will result in the lowest cost to each individual member, rather than applying one methodology to all ALCs.

As members may know, HUD rental amounts are county specific while the SSI-E is a state-wide rate. Both are updated annually as is the FoodShare rate. Under both the HUD and SSI-E methodologies, the prior year rate is used to determine the current year reimbursement. So, in 2019, MCOs would use the 2018 HUD and SSI-E rates. Under the HUD methodology, MCOs use the one-bedroom rent for adult family homes and CBRFs and two-bedroom rent for RCACs.

What's the impact of the change in methodology?

It's been difficult to assess the impact this will have on providers because the department's proposed change isn't due to take effect until January 2021. However LeadingAge Wisconsin has done some analysis based on current HUD and SSI-E numbers. Our spreadsheet, which can be accessed by clicking here, compares the 2019 HUD and SSI-E R&B reimbursement on a county-by county basis (AFH & CBRF on Tab 1, RCAC on Tab 2). The "lesser of" rates are highlighted in green. Using the spreadsheet members can at least see what the impact of the proposed change would be on their current R&B rates if implemented today. While it is possible these rates may increase marginally between now and 2021 we also know most providers do not receive annual or even bi-annual R&B rate increases.

LeadingAge Wisconsin continues to meet with DHS about their proposed changes. We have requested a hold-harmless provision to protect providers who would experience a reduction in the R&B rate due to the change in methodology. We have also asked that MCOs not be permitted to reduce the C&S rate in those situations where the provider experiences an increase in R&B reimbursement because of the change in methodology.

DHS is now accepting public comments on the 1915(c) waiver. We are asking members to email comments on the proposed change in R&B methodology to the department before June 30th. Your comments will be included in the record provided to CMS.

Access the public comment web page by clicking here. Look for the Family Care webmail link. Direct your comments on:

- The need for a hold-harmless provision to protect AL providers whose R&B rate exceeds the "lesser of" rate once the new methodology is implemented.
- The need for a requirement prohibiting MCOs from reducing an AL's C&S rate when the R&B rate increases.
- A requirement that MCOs pay ALCs the difference between the Family Care member's contribution and the lower of the HUD or SSI-E rate in situations where the member's finances are less than HUD or SSI-E.
- The need for an independent party (possibly the ADRCs) to determine which of the "lesser of" methods will be selected, particularly in those instances where the Family Care member has limited financial resources.
- Consistency in the way R&B rates are established from provider to provider. *(LeadingAge Wisconsin has learned that different MCOs using the same methodology sometimes pay ALs in the same county different R&B rates.)*
- MCO transparency in how C&S rates are determined under acuity based reimbursement

structures. *(LeadingAge Wisconsin is aware many ALCs have a very difficult time getting MCOs to explain how they arrived at a member rate under acuity-based reimbursement structures. While this does not specifically pertain to R&B rates, the association believes it is important for the department to know this is a concern for assisted living providers.)*

Please direct questions about this FYA to John Sauer (jsauer@LeadingAgeWI.org), Brent Rapos (brapos@LeadingAgeWI.org), or Jim Williams (jwilliams@LeadingAgeWI.org). We would also appreciate receiving a copy of any email comments you send to the department.

Thank you For Your Action!