ALP Reimbursement in a Managed Care Environment

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Presenters

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Agenda

- Provide an overview of transition discussions to date
- Lessons learned from past transitions
- Identify key outstanding issues and questions
- Input and feedback from you
- Facilitated discussion regarding the challenges and opportunities moving forward.

Discussions to Date

- LeadingAge NY (including member representation) has been involved in DOH Workgroup regarding ALP preparation for managed care transition.
  
  - Subgroup was developed to focus on reimbursement and finance issues, which met in January 2017.
  
  - Neither group has any upcoming meetings scheduled; however DOH promises to schedule meetings soon.
When Will ALP Transition Happen?

- DOH officially announced delay; it has now been pushed back to:
  - Oct. 1, 2018 for New York City
  - Jan. 1, 2019 for the rest of the state.
- DOH decided to delay the transition given the current managed care initiatives and related work plan for the Department and providers.
- DOH stated in the announcement that the ALP will be transitioned as a package of services.

ALP Reimbursement Under Managed Care

- Currently, ALPs are reimbursed per Resource Utilization Group (RUG) category and region. There are 16 RUG categories and regions.
- Current rates can be found here: https://www.health.ny.gov/facilities/long_term_care/reimbursement/alp/
- Managed care organizations (MCOs) and managed long term care (MLTC) plans expressed concern about potential complexity and variability of current structure. They are asking for a simpler mechanism.
Simplifying Reimbursement: Options

- Single rate for ALP services:
  - Develop a single rate, based on an average of the ALP population
  - While this allows for administrative simplicity for the ALP and the plan, it does not incentivize the ALP to care for a higher needs population.

- Case Mix:
  - Each ALP has an acuity adjusted rate based on the case mix of the population similar to nursing home reimbursement
  - While this may result in reimbursement that is more reflective of the acuity of the population being served in any given facility, the process is very complex, and there is concern about recreating problems that exist in nursing home process (administrative burden, OMIG audit process, etc.) in the ALP.

The Data Slide: Commonly Used RUGs & Selected RUG Rates

<table>
<thead>
<tr>
<th>RUG</th>
<th>Volume</th>
<th>NYC Rate</th>
<th>SYR Rate</th>
<th>ELMIRA Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>48.8%</td>
<td>$73.75</td>
<td>$55.14</td>
<td>$51.60</td>
</tr>
<tr>
<td>PB</td>
<td>22.3%</td>
<td>$95.64</td>
<td>$69.57</td>
<td>$65.28</td>
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<tr>
<td>PC</td>
<td>10.6%</td>
<td>106.98</td>
<td>77.01</td>
<td>72.28</td>
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<tr>
<td>CA</td>
<td>8.9%</td>
<td>$88.16</td>
<td>$64.79</td>
<td>$60.80</td>
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<tr>
<td>BB</td>
<td>3.0%</td>
<td>$106.98</td>
<td>$77.01</td>
<td>$72.28</td>
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<tr>
<td>CB</td>
<td>2.8%</td>
<td>$115.44</td>
<td>$82.72</td>
<td>$77.51</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>30 DAYS x ALP RATE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>RUG</strong></td>
<td><strong>NYC Rate</strong></td>
<td><strong>SYR Rate</strong></td>
</tr>
<tr>
<td>PA</td>
<td>$2,213</td>
<td>$1,654</td>
<td>$1,548</td>
<td></td>
</tr>
<tr>
<td>PB</td>
<td>$2,869</td>
<td>$2,087</td>
<td>$1,958</td>
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<tr>
<td>PC</td>
<td>$3,209</td>
<td>$2,310</td>
<td>$2,168</td>
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<tr>
<td>CA</td>
<td>$2,645</td>
<td>$1,944</td>
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<tr>
<td>BB</td>
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<td>$2,310</td>
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<tr>
<td>CB</td>
<td>$3,463</td>
<td>$2,482</td>
<td>$2,325</td>
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</tbody>
</table>

Note: RUG rates are for 2017; volume is from Jul. 2013- Jun. 2014
Source: LeadingAge NY Analysis of Medicaid claims data

<table>
<thead>
<tr>
<th>RUG</th>
<th>NYC RATE</th>
<th>AS A PERCENT OF THE &quot;PA&quot; RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>$73.75</td>
<td>100%</td>
</tr>
<tr>
<td>BA</td>
<td>$87.62</td>
<td>119%</td>
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<tr>
<td>CA</td>
<td>$88.16</td>
<td>120%</td>
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<tr>
<td>PB</td>
<td>$95.64</td>
<td>130%</td>
</tr>
<tr>
<td>BB</td>
<td>$106.98</td>
<td>145%</td>
</tr>
<tr>
<td>PC</td>
<td>$106.98</td>
<td>145%</td>
</tr>
<tr>
<td>PD</td>
<td>$114.92</td>
<td>156%</td>
</tr>
<tr>
<td>CB</td>
<td>$115.44</td>
<td>157%</td>
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<tr>
<td>BC</td>
<td>$119.50</td>
<td>162%</td>
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<tr>
<td>CC</td>
<td>$123.29</td>
<td>167%</td>
</tr>
<tr>
<td>PE</td>
<td>$128.68</td>
<td>174%</td>
</tr>
<tr>
<td>BA</td>
<td>$133.93</td>
<td>182%</td>
</tr>
<tr>
<td>RA</td>
<td>$137.19</td>
<td>186%</td>
</tr>
<tr>
<td>CD</td>
<td>$141.31</td>
<td>192%</td>
</tr>
<tr>
<td>SB</td>
<td>$146.50</td>
<td>199%</td>
</tr>
<tr>
<td>RB</td>
<td>$149.77</td>
<td>203%</td>
</tr>
</tbody>
</table>

Note: RUG rates are for 2017; volume is from Jul. 2013- Jun. 2014
Source: LeadingAge NY Analysis of Medicaid claims data
Options continued

• While there are 16 RUG categories and regions, the ALP resident population tends to fall within one of 5-6 RUG groups.
• Can we narrow reimbursement categories to reflect the 5-6 groups?
• Do we need to reduce the categories to fewer than 5-6, and if so, what does that look like?
• Is there a need to reduce the number of regions, and if so, how do we collapse without bring rates down in a region?
• UAS-NY data requested from DOH to further analyze.
• Member feedback

Network Adequacy

• Network adequacy provision:
  – must provide consumer choice in each county, providing two or more options to the consumer;
  – 11 counties do not have an ALP, and some have one or two ALPs

• Number of options on plan and ALP side have implications for negotiations
Rate Protection

• DOH has suggested rate protection for a period of 1-2 years

• Plan could not pay below benchmark rate for that period of time

New ALP Cost Report in the Future?

• Analysis of cost, as well as the minimum wage rate adjustment process, has highlighted the need for a more refined cost reporting mechanism.

• Current ACF financial report does not separate costs
  — for different categories of licensure, such as ACF vs. ALP beds under one roof
  — SSI-covered services (room and board) versus ALP Medicaid covered services

• DOH plans to develop a new ALP-specific cost report

• LeadingAge NY is exploring how to possibly modify existing reports to fit the needs of the ALP
  — Consideration will need to be given to how ALPs with non-ALP beds in their building will parse out their costs in a consistent way.

• Member input will be needed
DME and Supplies

Background:

- The ALP Medicaid payment covers the provision of medical supplies and equipment not requiring prior approval.
- DME providers may only submit claims for a Medicaid eligible ALP participant for DME items requiring prior approval.
- See Medicaid Update DME Clarification, March 2007
  
  [Link to Medicaid Update]

- Procedure codes that require prior approval are underlined in the DME fee schedule, available at
  
  [Link to DME Fee Schedule]

DME and Supplies

- Confusion about what ALP is responsible for
  - Different terms contribute to confusion
  - The process for approval, authorization, etc. for DME and supplies can change, which impacts inclusion in the ALP rate
  - Confusion about what is considered DME and supplies; for ex. hearing aids

- Thus, ALP providers should consult DME fee schedule when there is a question

- We are working to change the process moving forward to eliminate these variables and confusion.
  - ALP would be responsible for most day to day items that residents need
  - High cost items/customized DME to be excluded
Minimum Wage

- ALP 2017 published rate adjustments based on minimum wage survey
- Challenging process given no true “cost report”
- Minimum wage mandate has a five-year phase-in period, and the dollar amount will grow
  - Need to ensure data is accurate to inform budget allocation
  - LeadingAge NY continues to work with DOH to better clarify data collection effort in the future
- Advocacy regarding sufficiency of funds; concerns about:
  - Overall sufficiency
  - Did not support non Medicaid providers
  - Pressure to increase other wages
- How do this work when managed care/MLTC is the payer?

Questions???

What Do You Think?

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Facilitated Discussion and Dialogue With Participants, Featuring:

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