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Date: **November 17, 2022**

Subject: **ND HCBS Rate Study Deliverable Packet #5**

Initial Budget Model to Compare Actual and Projected Expenditures

The North Dakota Department of Human Services (DHS) entered a contractual engagement with CBIZ Optumas (Optumas) on July 1, 2022, to complete an in-depth review of the state's rates for Home and Community Based Services (HCBS). Deliverable five (5.0) in the project was to develop an initial budget model to use historical, HCBS claims data to project future costs. The budget model also compares historical costs for members living in institutions to those living in a home or community-based environment, and factors in how changes to HCBS service offerings and rates paid to Qualified Service Providers (QSPs) will potentially impact future, total costs for members living in facilities versus members living in a home or community-based setting. This document outlines the data, assumptions, and methodology used to develop the budget model, which includes the following tasks:

5.1.1 Develop Historical Institutional Payment/Service Utilization Model by Service by Provider
5.1.2 Review Projected HCBS Payment/Service Utilization
5.1.3 Develop Budget Model to Compare Institutional vs. HCBS Expenditures and Identify Discrepancies

The HCBS populations in North Dakota that were reviewed include the 1915(c) waivers for aging (HCBS), autism (AUT), medically fragile (MFCWVR), and children's hospice (CHW); 1915(i) State Plan Amendment; personal care services included in the Medicaid State Plan (MSP-PC), Service Payments to the Elderly and Disabled (SPED), and Expanded Service Payments to the Elderly and Disabled (EX-SPED). Services provided to people served by the Development Disabilities (DD) waiver were also included where there are similar services to the other eight programs.

Data

Historical data used for purposes of this analysis were comprised of claims incurred from calendar year (CY) January 1, 2021 through December 31, 2021, paid through June 2022 for the fee-for-service (FFS) population in North Dakota. An additional data set was provided with incurred dates of service from CY21, paid through July 2022, for the North Dakota Medicaid Expansion population. Optumas did not use the Medicaid Expansion claims data after reviewing it because there were minimal claims with HCBS procedure codes.

Optumas also used monthly, member-level eligibility files provided for the FFS population. The eligibility data has three plan fields and five level of care fields used to determine the group for which each member was eligible. The members flagged as being eligible for MSP-PC were determined by looking at the claims data where members were using those services but were not already flagged as being part of one of the other populations. Since the claims data for Medicaid Expansion was not used, the eligibility data for that population was also not used.

Claims data with incurred dates prior to 1/1/2021 were analyzed but not used for purposes of this report since Optumas was reviewing current population demographics and utilization.

Other data used for the purpose of building the budget model were current fee schedules for nursing facilities and HCBS. The CY 2021 claims were repriced to the most current rates to develop the base data used in the budget model. For nursing facilities, the fee schedule was effective 1/1/2022, and for HCBS the fee schedules were effective 7/1/2022. Any trend applied to the budget model will be 2.5 years for nursing facilities, which is the number of years from 1/1/2022 to the midpoint of the biennium, 6/30/2024; HCBS will be trended for 2.0 years, from 7/1/2022 to 6/30/2024.

Assumptions and Methodology

The budget model will allow the user to specify a percentage of individuals living in nursing facilities who might be eligible to move to a home or community-based setting. The assumption when developing the model was that people residing in nursing facilities with the lowest acuity would be the most likely to transition, and that once they are in a home or community-based setting, they would be among individuals with higher acuity. Acuity was determined by looking at individuals' daily rates and determining the point in the range of minimum and maximum daily rates they fall into, based on the facility where they reside.

The budget model will allow the user to change assumptions for enrollment growth, changes in utilization, and rates paid to Qualified Service Providers (QSPs). These changes can be made at the region, program, and service levels.

Though the historical data did not reflect any utilization of HCBS for the Medicaid Expansion population, assumptions were added to the budget model estimating future utilization of 1915(i) services going forward.

Results

The output from the budget model is dependent on the input assumptions, determined by the user. Optumas met with DHS to talk through the assumptions and a few modifications were made to the model before it was finalized and sent to DHS. The output provides midpoint, lower bound, and upper bound budget estimates to give DHS a range in which to choose their estimate.