



November 28, 2022

Nancy Nikolas-Maier, Director, Aging Services Division

North Dakota Department of Human Services
600 E. Boulevard Avenue, Department 325
Bismarck, North Dakota 58505-0250

PROPRIETARY AND CONFIDENTIAL

Subject: Deliverable 6.0: Report on Findings on Initial HCBS Rate Methodology Analysis

Dear Ms. Nikolas-Maier and Steering Committee Members:

Optumas is pleased to present the final deliverable of our current engagement with North Dakota's Department of Human Services, '*Deliverable 6.0 Report on Findings on Initial HCBS Rate Methodology Analysis*'. This work represents the culmination of the hard work the Steering Committee has engaged in with our team to complete this rate study. During this engagement, Optumas reviewed and reported on the state's current rate methodology and structure, program design, alignment of current practices with the state's policy goals, current process flows, utilization data for HCBS consumers, selected states and their HCBS service offerings compared to North Dakota's and developed a budget model for the state to use in planning future rates.

This final deliverable summarizes and highlights the most significant findings and recommendations identified and reviewed during this engagement. We are grateful for the opportunity to assist with this very important project to improve services to individuals who are aging or disabled across the state of North Dakota.

Sincerely,

Margot Chappel
Senior Manager, **CBIZ Optumas**

CC: Megan Frenzen, Managing Director
Amy Filler, Manager
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North Dakota Department of Human Services

**Deliverable 6.0: Report on Findings of Initial HCBS Rate
Methodology Analysis**

Final Report Summarizing Contract Activities and Innovation
Recommendations



CBIZ Optumas

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Final Report Summarizing Contract Activities and Innovation Recommendations

Introduction

The North Dakota Department of Human Services (DHS) engaged CBIZ Optumas to study home and community-based services (HCBS) rates for the 1915(c) waivers for aging, autism, medically fragile, and children’s hospice, 1915(i) state plan amendment, other HCBS covered by Medicaid, and the state-funded Service Payment to the Elderly and Disabled (SPED) and Expanded Service Payments to the Elderly and Disabled (Ex-SPED). Optumas was also tasked with determining if there are similar services in the DD waiver offered in the other programs being reviewed, enabling the state to ensure equitable reimbursement for services.

Optumas initiated this engagement with a kickoff meeting during which the steering committee identified project priorities, initiatives underway, potential initiatives, policy goals, data sources and documentation Optumas would need to access to complete the work outlined for this engagement. Following that meeting, Optumas started work on the first deliverable which documented program descriptions, a summary of rate setting methodologies currently used by the state, and summarized barriers to care for North Dakotans who are aging or disabled.

Based on what was received from the state and accessed from publicly available sites, process flows, authorization processes, alignment of policy goals, and rate methodology were all documented in the second set of deliverables. Additional research was conducted to illuminate compensation for providers in HCBS and institutional settings.

In deliverable 3.0 the Optumas team reviewed current population demographics by setting across the state, we well as utilization rates and patterns across the above mentioned HCBS programs and waivers. Service arrays by HCBS population in North Dakota were compared with those from four states: Colorado, Nebraska, Montana, and South Dakota. Optumas examined payment methodologies for HCBS in eight states. In addition to the four listed above, Idaho, Iowa, Kansas, and Minnesota were also initially reviewed. In those four states, HCBS was paid through managed care. They were eliminated from the deliverable comparison however, since that differs from North Dakota’s current methodology.

The service offerings in Colorado, Nebraska, Montana, and South Dakota can be seen in Appendix A (attached as a separate spreadsheet). Optumas created crosswalks of North Dakota’s services by waiver program to services and programs in those four states. The crosswalk is included in this final deliverable starting on page 11. Potential gaps in North Dakota’s service array were identified as compared to those states as well as CMS advisement on recommended core HCBS waiver services.

The fourth deliverable in this engagement included developing comprehensive service array options for the state as well as recommendations for flexibility in the rate methodology service structure to best serve individuals with varying acuity. Processes and the state’s current capacity for addressing emergency needs and decompensation in individuals who receive services were also examined. Optumas recommended developing state policies and procedures to address the identified gaps.

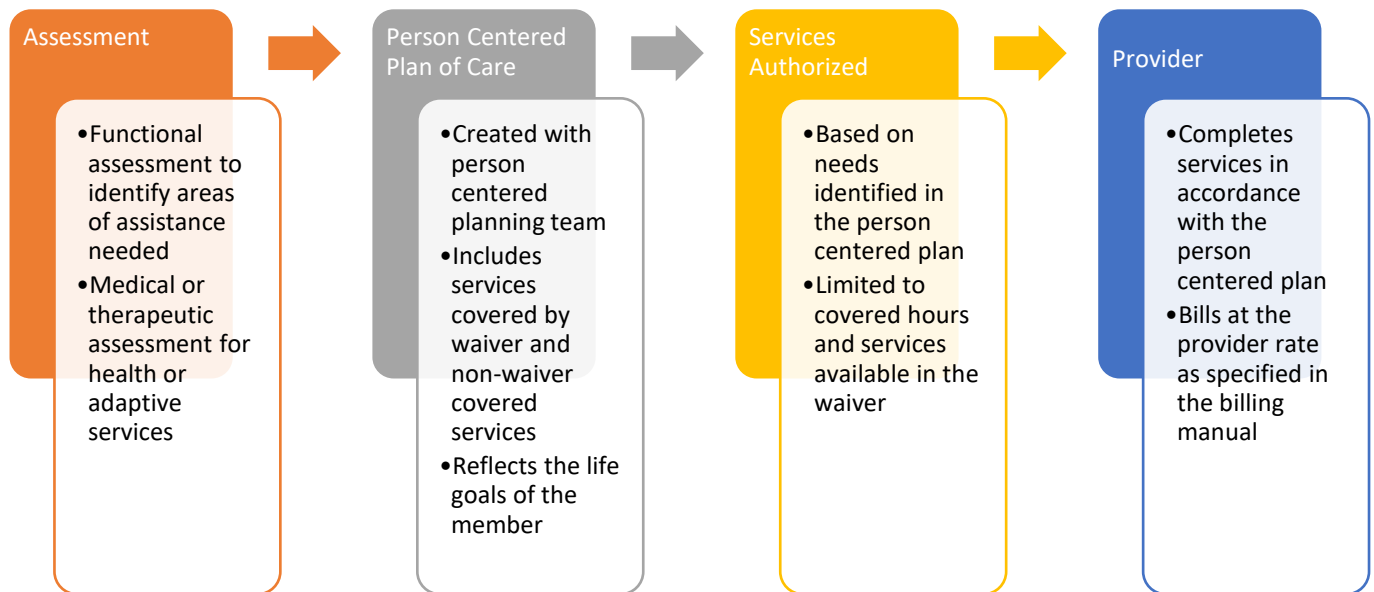
Deliverable 5.0 identified discrepancies in pay to Qualified Service Providers (QSPs). A survey of QSPs was conducted, the results of which were also presented. A budget model was developed and delivered to the state as well. Findings and innovation recommendations were made in almost every deliverable. This report represents the final deliverable 6.0, a culmination of work performed during the entire engagement.

Summary Process Flows of Current HCBS Offerings

Several waivers offered in North Dakota provide the option for self-direction. That means the rate paid to the actual service provider is established by the waiver participant within certain parameters (minimum wage and individual budget maximum). The rate paid by Medicaid for the service is at the State maximum. If a waiver participant pays a rate higher than the maximum rate for the service, the additional cost cannot be billed to Medicaid.

The overall process a member would go through to move from an assessment of need through planning into the delivery of billable services is presented in the graphic below. The second figure on the following page shows the extra step included for individuals who utilize self-directed services and select and pay their own providers.

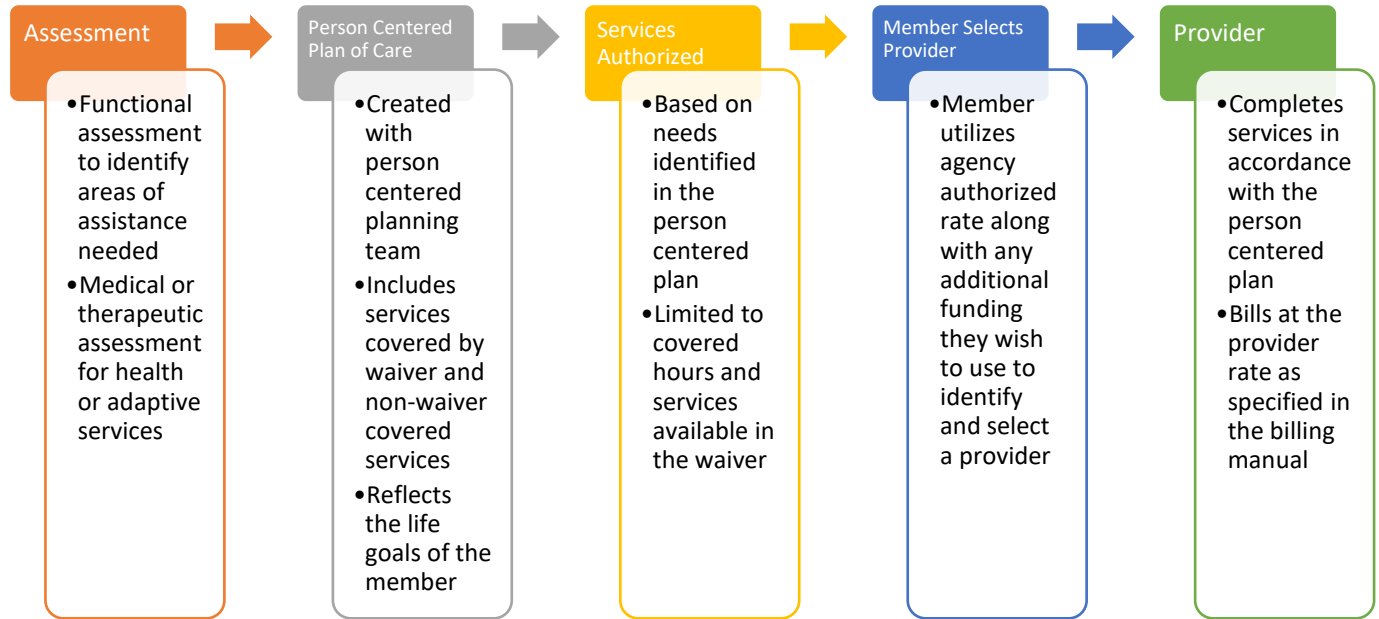
Figure 1: Process Flow for Most Individuals Who Receive Services



Summary Process Flows of Current HCBS Offerings

CBIZ Optumas

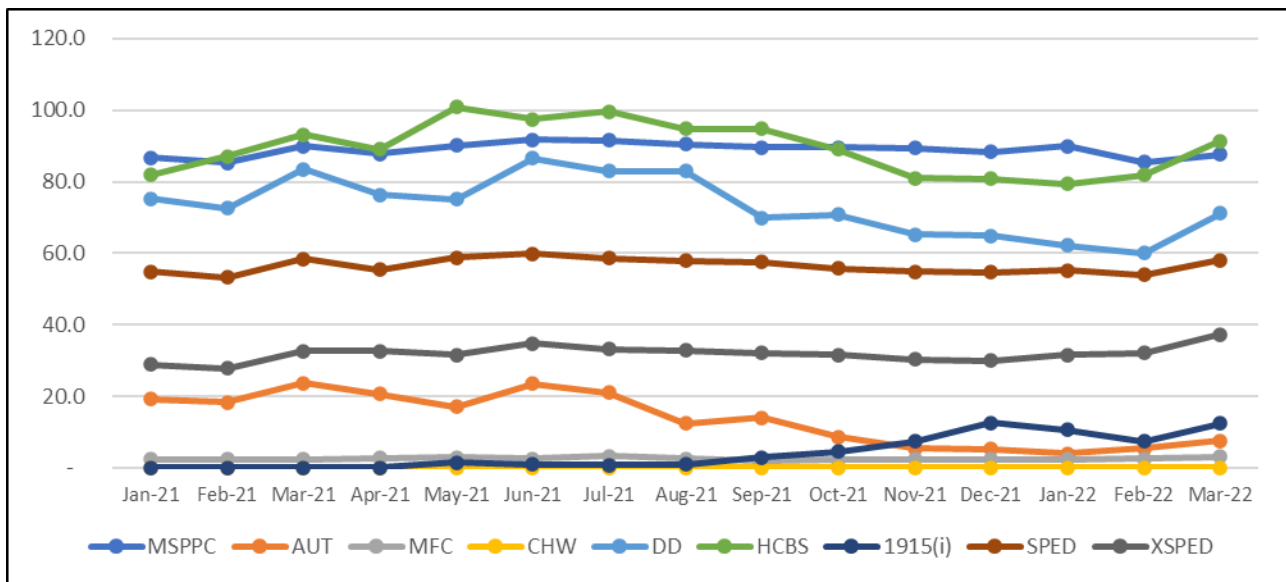
Figure 2: Process Flow for Individuals Eligible for Self-Directed Services



Results of Population and Service Utilization Analytics

Optumas looked at utilization rates (units per member) durationally by program. The members who received Medicaid State Plan personal care services and those on HCBS waiver had the highest utilization rates followed by DD waiver. Chart 1 indicates that all programs saw an uptick in utilization rates in recent months. Optumas presented a similar graph in Deliverable 3.0 with data for calendar year 2021 (CY21). Three additional months have been added to Chart 1 for the purposes of this report. The data in Chart 1 on the following page is based on incurred claims from January 2021 through March 2022. The data from April 2022 through June 2022 was omitted from Chart 1 because the runout on the data was not sufficient to show accurate utilization of services.

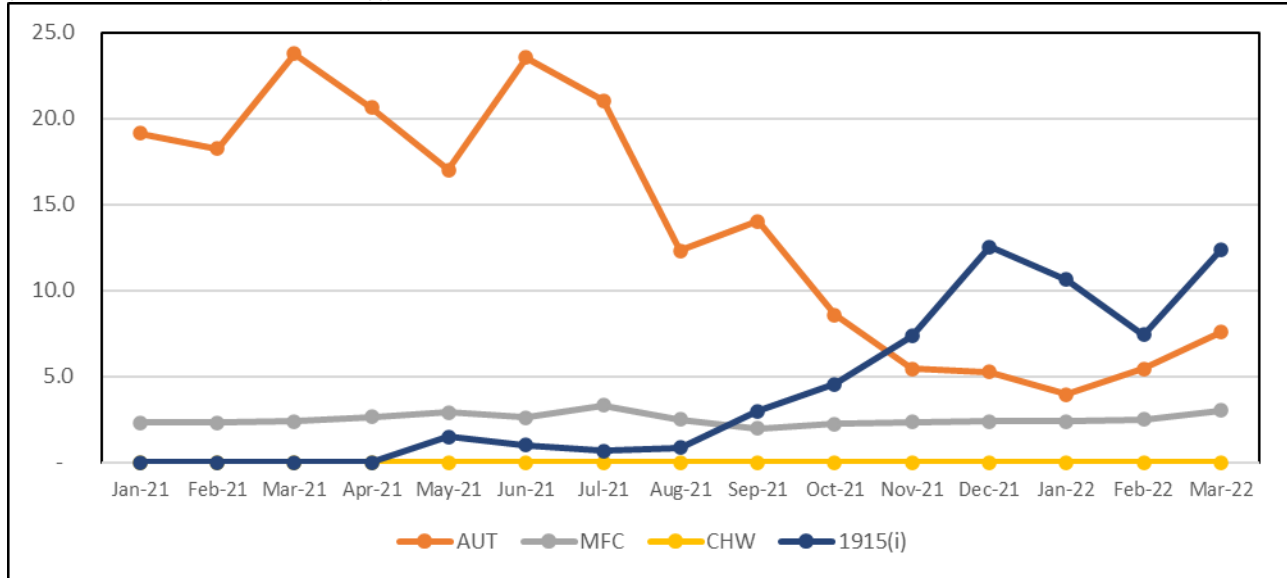
Chart 1: Utilization of All HCBS Services in North Dakota by Program Over Time (Jan'21 – Mar'22)



To better view utilization of services over time for autism, medically fragile, and 1915(i), Chart 2 is provided. Children’s Hospice continues to have no members utilizing services. Like the other programs, autism, medically fragile children, and 1915(i) show an increase in utilization per member in early 2022.

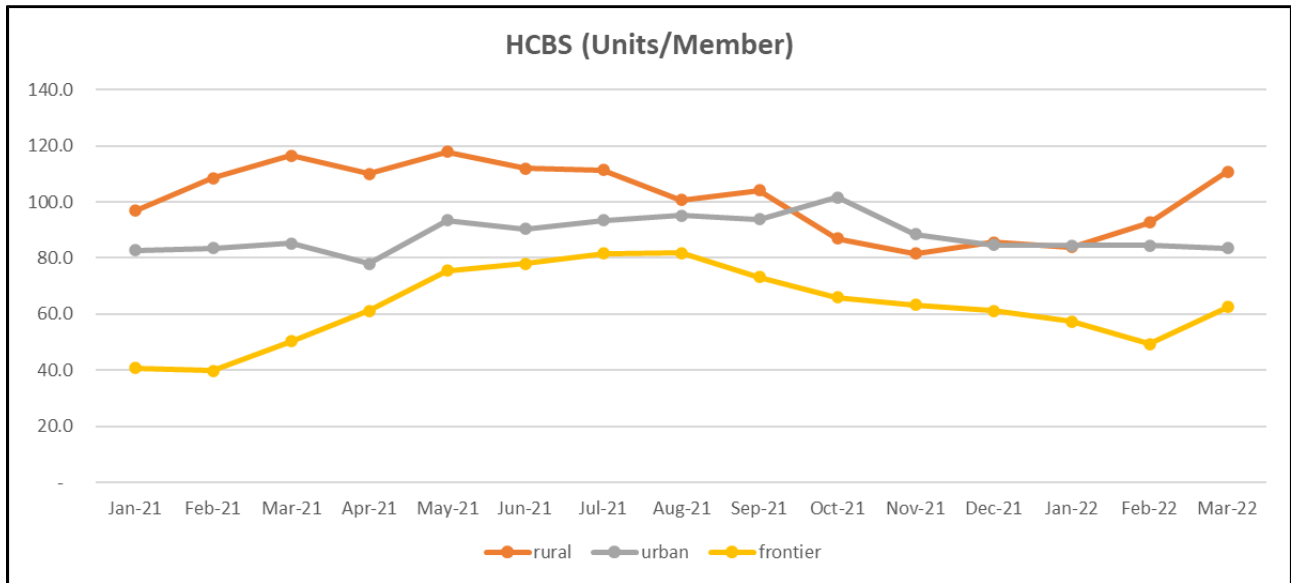
Chart 2: Utilization of Subset HCBS Services in North Dakota by Program Over Time (Jan'21 – Jun'22)

(Includes AUT, MFC, CHW, and 1915(i))



Optumas used the fee for service (FFS) claims and eligibility data to drill down further and examine utilization at the program level across time by county classifications of urban, rural, and frontier to attempt to identify service gaps. In all cases, frontier areas show the lowest number of units per member being utilized. The one exception is for Ex-SPED. To determine if the frontier counties are showing lower utilization due to a different mix of services (e.g. members living in frontier counties might be using more daily rate services), Optumas performed some additional analyses, by limiting the services to only those that are billed on a daily basis. For HCBS (AD) members, SPED, Ex-SPED, and Medicaid State Plan Personal Care members, the results can be seen in the following charts.

Chart 3a and 3b: HCBS (AD) Utilization by Urban, Rural, and Frontier



In Chart 3 above, frontier utilization across all services for HCBS (AD) members is clearly the lowest. But, when services are limited to those billed daily only, frontier members are no longer the lowest utilizers, as seen in the chart below.

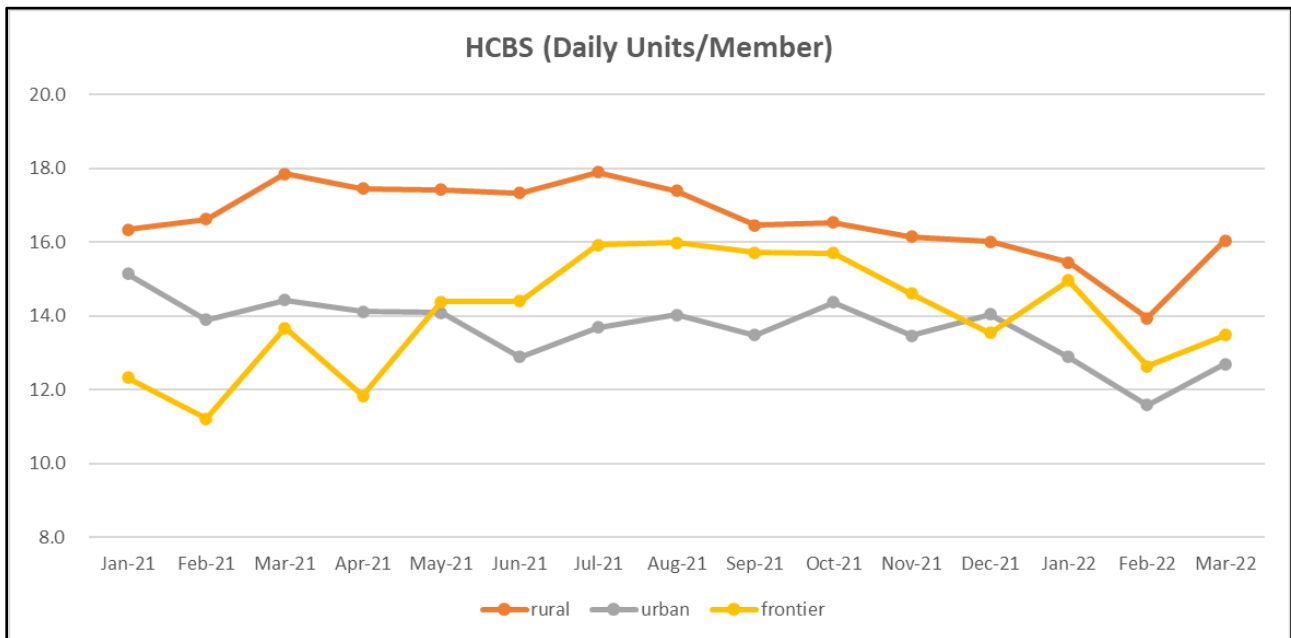
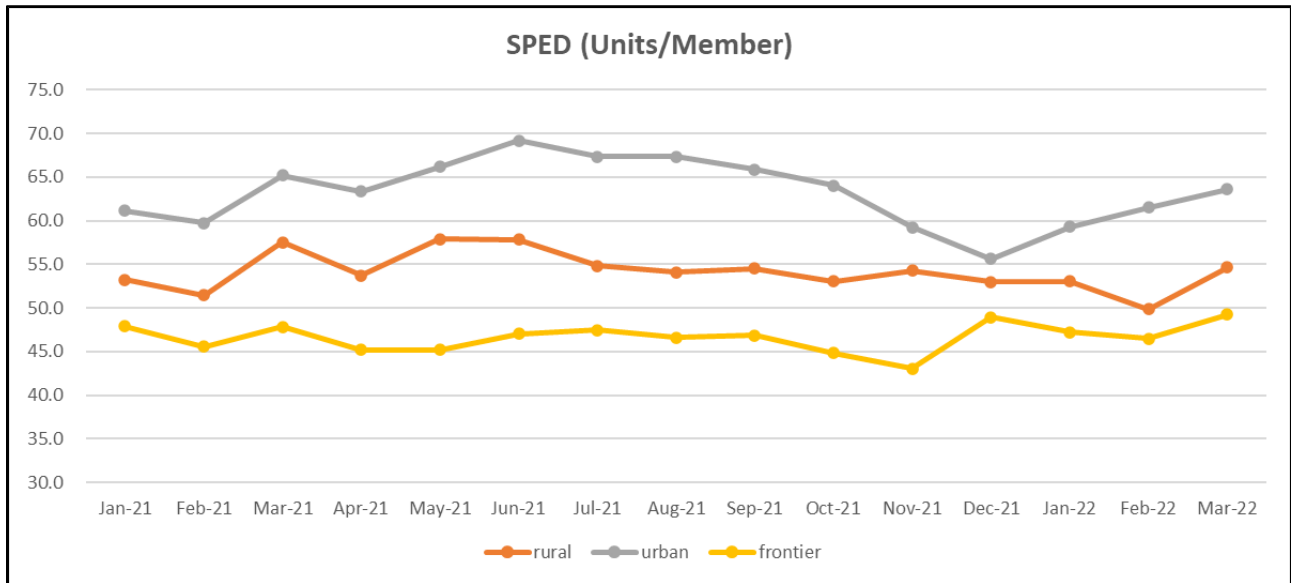


Chart 4a and 4b: SPED Utilization by Urban, Rural, and Frontier



Like the HCBS (AD) population, SPED members living in frontier counties also show the lowest utilization when looking at all services, as seen in Chart 4 above. But, when services are limited to those billed daily only, frontier members are the highest utilizers for most of the time period, as seen in the chart below.

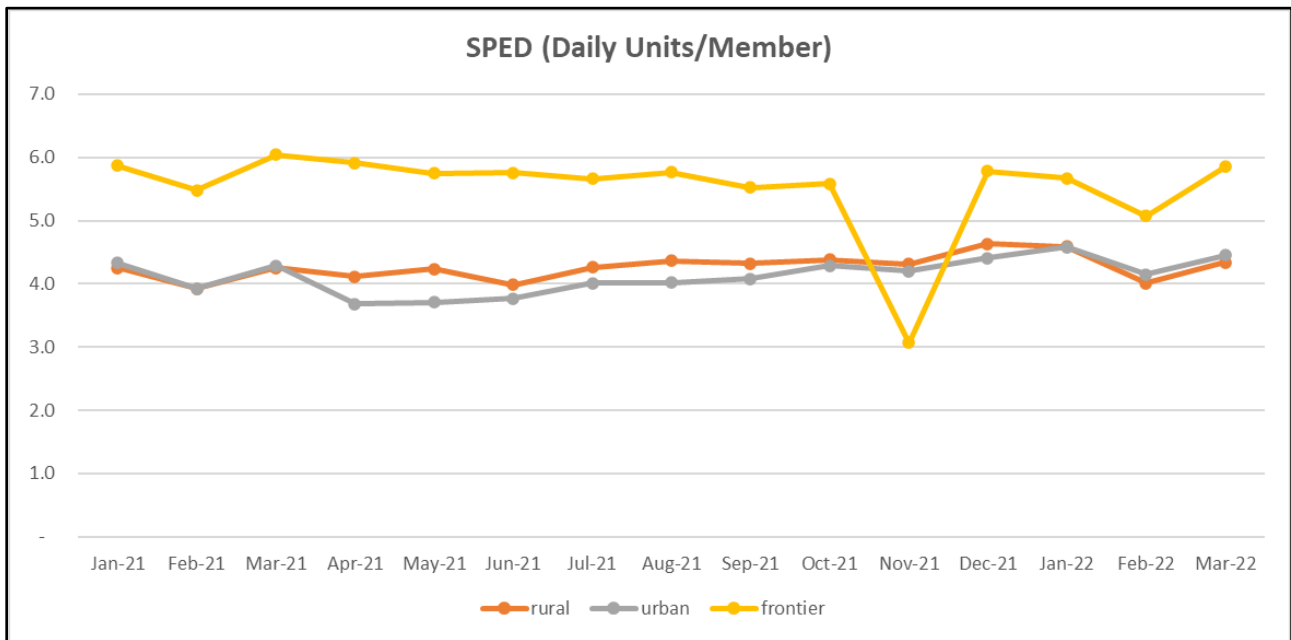
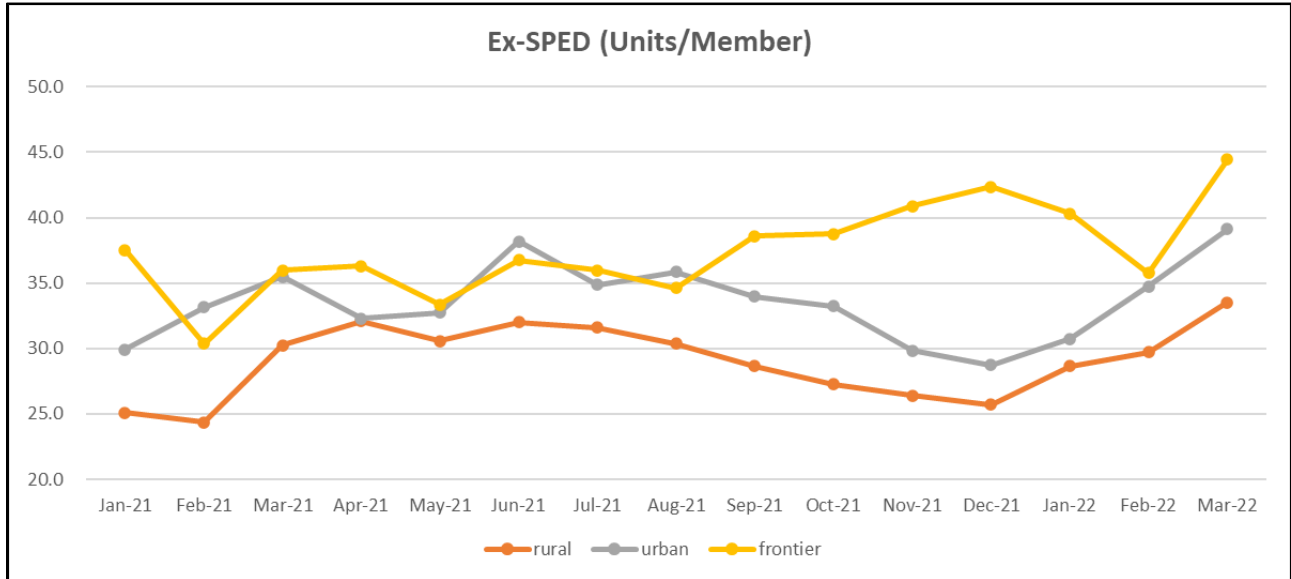


Chart 5a and 5b: Ex-SPED Utilization by Urban, Rural, and Frontier



Ex-SPED was the exception because across all services, frontier members show the highest utilization in Chart 5 above. When limiting the chart to only daily services, frontier members are not always the highest utilizers, as seen in the chart below.

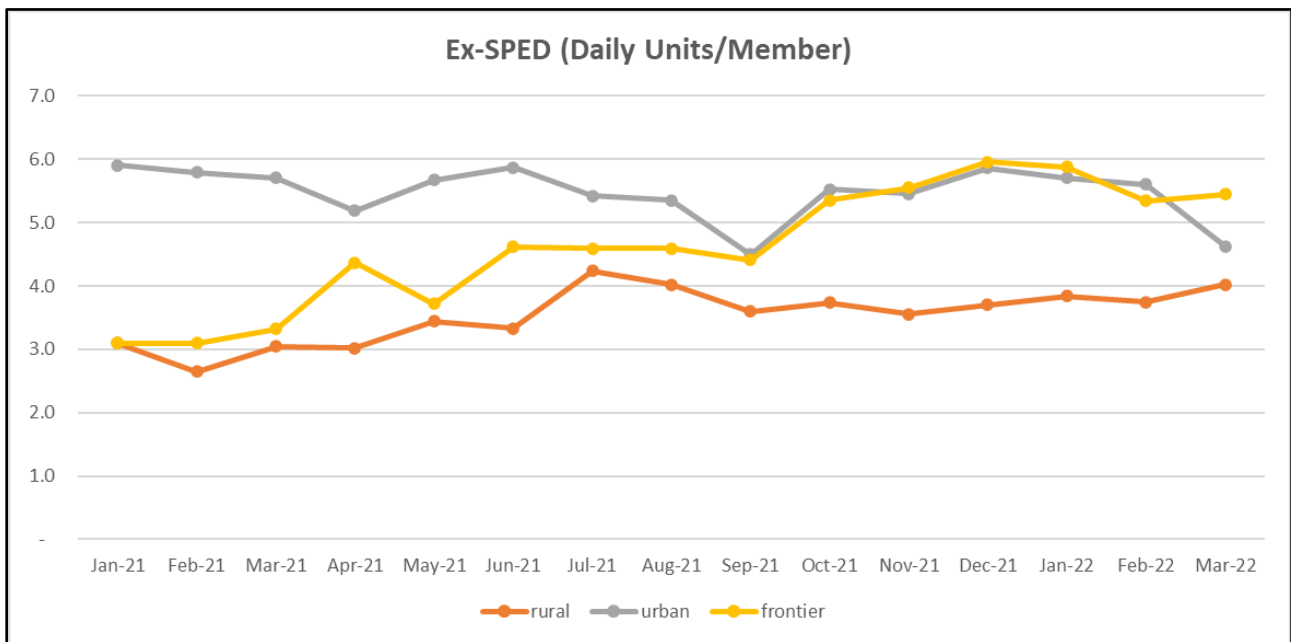
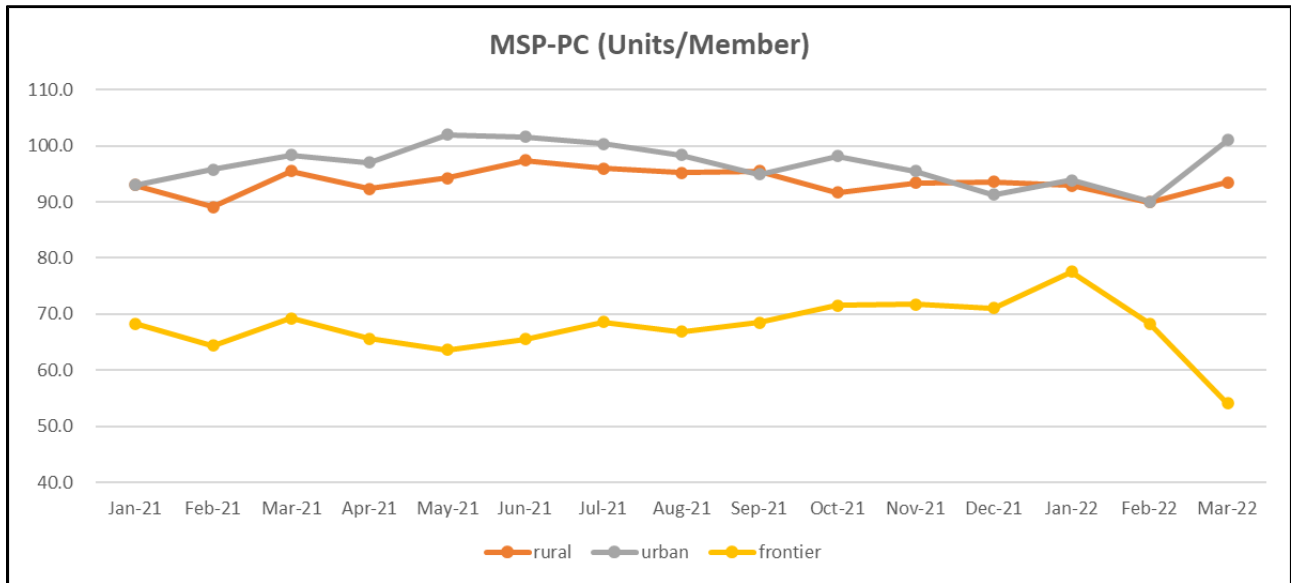
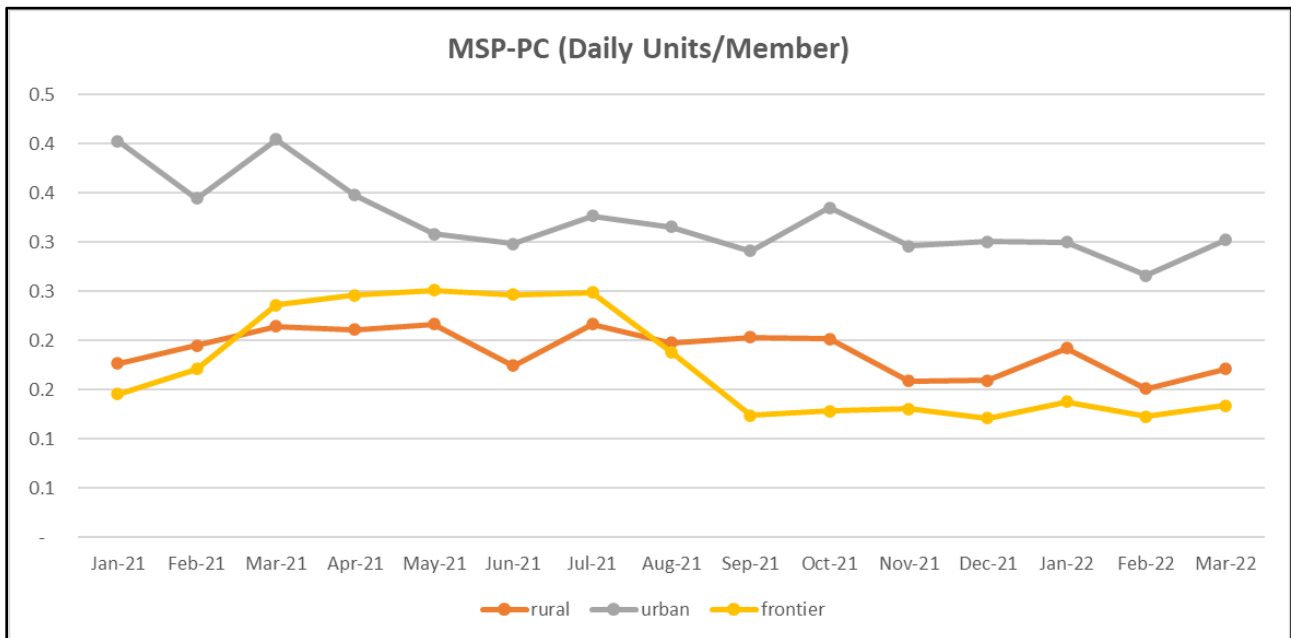


Chart 6a and 6b: MSP-PC Utilization by Urban, Rural, and Frontier



Members using Medicaid State Plan Personal Care Services and living in frontier counties show significantly lower utilization across all services as seen in Chart 6 above. Limiting the chart to only daily services closed the gap for members living in frontier counties.



Whereas looking at services by unit type did close the gap for frontier members using HCBS (AD), SPED, Ex-SPED and Medicaid State Plan Personal Care Services, there are still potential opportunities to fill gaps in the sparsely populated counties.

Service Array and Opportunities for Improving Access to Care and Addressing Intensity

North Dakota can optimize its service offerings across the HCBS waivers to improve access to care for individuals receiving services through HCBS waivers and other programs examined during this engagement. This can be achieved by looking at how states offer services across waivers as compared to those offered in North Dakota's HCBS waivers and by aligning services with those suggested by CMS.

The states of Colorado, Nebraska, Montana, and South Dakota offer waivers like North Dakota's AD, HCBS, Medically Fragile Children, Children's Hospice, and 1915(i) waiver in their HCBS service program. The services offered through these waivers address comprehensive care as does North Dakota. Additional services in each state's waivers and how they compare to North Dakota's service offerings are outlined in the table on the next page.

Table 1: Comparison States' Waivers and Services

State	Waiver	ND Waiver	Additional Services Offered by State
Colorado	Complementary and Integrative Health	AD	Acupuncture, Chiropractic, Consumer Directed Attendant Support Services, In-Home Support Services, Life Skills Training, Massage Therapy, Medication Reminder (Supplies, Equipment, and Medication for Elderly, Blind, and Disabled), Peer Mentorship, Mentorship, and Transition Setup Services
	Elderly, Blind, and Disabled	AD	
	Children's Home and Community Based Services	MFC	In-Home Nursing Services
	HCBS Waiver for Children with Life-Limiting Illness	CH	Bereavement Counseling, Massage Therapy, and Therapeutic Life Limiting Illness Support: Individual Counseling, Family Counseling, Group Counseling Services
	HCBS Waiver for Community Mental Health Supports	1915(i)	Life Skills Training, Peer Mentorship, Mentorship, Remote Support Technology, and Transition Setup Services
Nebraska	HCBS Waiver for Aged and Adults and Children with Disabilities	AD	Extra Care for Children with Disabilities, Independence Skills Building, and Companion
Montana	Big Sky	AD	Occupational Therapy, Physical Therapy, Speech Therapy, Audiology, Financial Management Services, Independence Advisor, Consultative Clinical and Therapeutic Services, Dietetic Service, Health and Wellness, Pain and Symptom Management, Post-Acute Rehabilitation, and Vehicle Modification Services
	Severe and Disabling Mental Illness Home and Community Based Services	1915(i)	Behavioral Support Services, Consultative Clinical Services, Pain and Symptom Management, Behavioral Intervention Assistance, Health and Wellness, and Life Coaching Services
South Dakota	Home and Community-Based Options and Person-Centered Excellence (HOPE)	AD	In-Home Nursing Services, Nutrition Supplements, Structured Family Caregiving, Supports for Participant Direction, and Vehicle Modifications
	Assisted Daily Living Services	AD	

North Dakota offers many of the CMS recommendations across their waivers. In previous deliverables Optumas recommended North Dakota add health promotion and disease prevention education as a service interwoven across all areas of service and programs. Adding that service should enhance the effectiveness of North Dakota's service offerings and provide better overall knowledge, improved outcomes, and satisfaction for the target populations and their families. Finally, Optumas recommends North Dakota consider incorporating innovative service offerings such as those offered in the identified comparison states.

Further, Optumas also recommends that North Dakota reference guidelines set forth by MACPAC when making future considerations in expanding HCBS services. These guidelines indicate that services should enhance community living and be person-centered. Services should also expand access and encourage use of HCBS services by meeting the needs of diverse populations using long term services and supports¹.

It is valuable for North Dakota to align its HCBS service offerings to CMS recommendations². In the AD waiver, Optumas recommends North Dakota add Therapeutic Services, Dietary Management by a Registered Dietician, Pharmacy Services, Caregiver and Client Training, Hospice Care, Senior Centers, Congregate Meal Sites, Legal Services, and Telephone Reassurance to its service array.

The table on the next page demonstrates how North Dakota aligns with CMS recommended services and indicates where the comparison states have adopted CMS recommended service offerings. A cell in the chart containing an "x" indicates that North Dakota offers a service that aligns with a CMS HCBS service category in one of its waiver offerings. Cells highlighted in green indicate a comparison state offers a service that aligns with the CMS HCBS service category in its corresponding waiver. Blank cells indicate that neither North Dakota nor the comparison states reviewed offer a service corresponding to a CMS HCBS suggested service category.

¹ Accessed at [Considerations in Redesigning the Medicaid Home- and Community-Based Services \(HCBS\) Benefit \(macpac.gov\)](https://www.macpac.gov/considerations-in-redesigning-the-medicaid-home-and-community-based-services-hcbs-benefit/)

² Accessed at [Home- and Community-Based Services | CMS](https://www.cms.gov/medicaid-coverage-innovations/home-and-community-based-services)

Table 2: North Dakota Services Alignment with CMS Suggested HCBS Services

CMS Suggested HCBS Services		North Dakota							
Category	Services	AD	MSP-PC	Autism	MFC	CH	SPED	Ex-SPED	1915i
Home Health Care	Skilled nursing care	x				x			
	Therapies: Occupational, speech, and physical					x			
	Dietary management by registered dietician				x				
	Pharmacy								
General Health Services	Durable medical equipment	x			x				
	Case management	x		x	x	x	x		x
	Personal care	x	x				x		
	Caregiver and client training								
	Health promotion and disease prevention								
	Hospice care (comfort care for patients likely to die from their medical conditions)					x			
Human Services (Supported Daily Living)	Senior centers								
	Adult daycares	x					x	x	
	Congregate meal sites								
	Home-delivered meal programs	x					x	x	
	Personal care (dressing, bathing, toileting, eating, transferring to or from a bed or chair, etc.)	x					x		
	Transportation and access	x			x		x	x	
	Home repairs and modifications	x			x		x	x	
	Home safety assessments	x							
	Homemaker and chore services	x					x	x	
	Information and referral services								x
	Financial services								
	Legal services, such as help preparing a will								
	Telephone reassurance								

Key	
x	North Dakota Waiver Service
	Similar Comparison State Service
Blank	Neither ND nor Comparison State Offers that Service

Comparison of Institutional vs. HCBS Expenditures

Historic institutional utilization and expenditures can be seen in Appendix B by facility. This information is based on claims incurred in CY21. The average daily cost for the period was \$268.14 across all facilities with an average per member per month cost of \$7,909.10. For the same period, HCBS expenditures averaged \$3,601.09 per member per month, which can be seen in Appendix C. Appendix C was also displayed as part of tab |5.1.3 Comparison| in the budget model and reflects the level of need by quartile with 25% of member months in each of the four quartiles. This information shows that members in the lowest quartile averaged \$890.23 per month in services while the highest quartile averaged \$7,162.49 per month in services.

Rate Methodology Description and Opportunities for Improvement

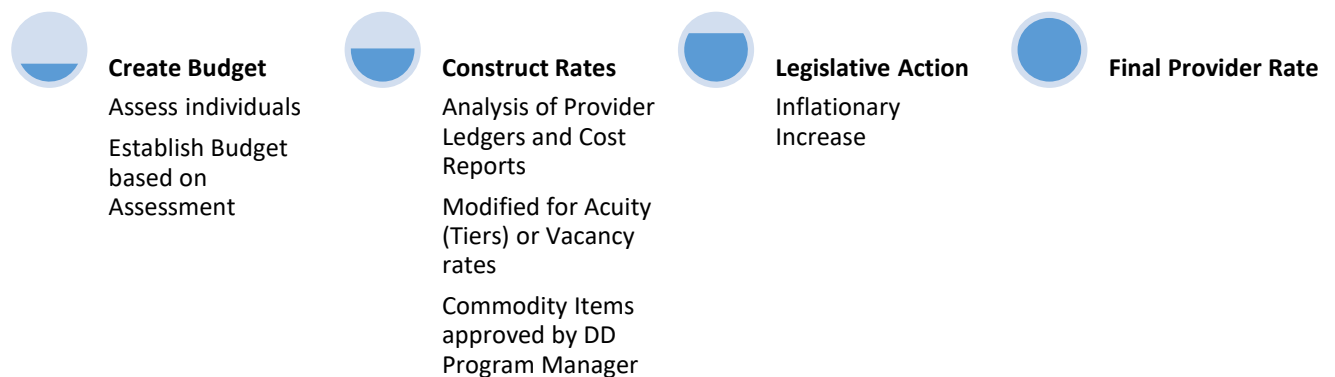
Early in this engagement, Optumas derived information related to rate methodologies from the waiver applications available on the CMS website. Rates were created for the HCBS, autism, children’s hospice, and medically fragile waivers by utilizing a benchmark to an existing service either within Medicaid or a state program. An estimate of costs from prior years was utilized when a benchmark was unavailable. After rates were originally set, the rate was increased over time through legislative approval. Figure 3 below illustrates the process flow for setting service rates.

Figure 3: Process Flow for Service Rate Settings



Rates for the DD waiver were generated by a vendor who analyzed provider ledgers and cost reports to develop rates that factored in wages and administrative expenses. Rates can further be modified to reflect vacancy rates or the acuity level of the waiver participant.

Figure 4: Process flow for DD Rate Development



The Optumas team reviewed all of North Dakota’s waivers and other service programs and legislation related to setting rates. HCBS, autism, children’s hospice, and medically fragile waiver rates were created by benchmarking an existing service to a similar one either within Medicaid or another State program.

Where benchmarks were unavailable, cost estimates from prior years were used. Rates were then increased over time through legislative processes.

Comparatively, DD waiver rates were developed by a vendor who looked at cost reports and provider ledgers to develop rates factoring in wages and administrative expenses. DD rates can be further modified for acuity or vacancy rates. The DD waiver rate setting process serves as an example for all other waivers and state programs serving individuals in need.

Several North Dakota waivers provide a self-directed option, meaning the rate paid to the service provider is established by the individuals receiving services within specific parameters (i.e., minimum wage and individual budget maximum). Medicaid will not pay for service costs exceeding the State maximum allowable. If individuals who receive services choose to pay a rate higher than the established rate for the service, additional costs must be paid by the individual, their family, or other source.

Serving Individuals with Varying Acuity

North Dakota’s HCBS program, Medicaid State Plan – Personal Care (MSP-PC), includes rates related to acuity of needs for individuals who receive services. The MSP-PC serves individuals who are eligible for Medicaid benefits. There are three levels of acuity as indicated in the table below. Acuity levels are determined by assessing the ability of the individual who receives services to perform Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs). Providers for individuals who receive services on this waiver can receive a rural differential payment for serving people in frontier or rural areas of the state. However, the rate is only paid on days when transportation to the individual needing services is required, perhaps disincentivizing provision of services to an individual in need for more than two days.

Table 3: Acuity Level Tiers for DD Waiver

Level	Criteria
Level A	Impairment in one ADL and three IADLs
Level B	Level A criteria, plus meets nursing facility level of care
Level C	Meets the nursing facility level of care in addition to having impairment in five ADLs

Deliverable 4.1.3. *Document Processes and Capacity for Addressing Emergency Needs and Decomensation* also cites North Dakota’s rates for youth in foster care based on acuity. Please see that document for details. In summary though, there are three rates for that service based on acuity. An additional rate is available for emergency placements. Please see that deliverable for more information.

Flexibility to Serve Individuals of Varying Acuity

There is flexibility to set rates depending on acuity within the MSP-PC program. The Medicaid State Plan reads, “The daily rate is an average per day rate that is provider specific and may not exceed the maximum per day rate established by the department.” The need for care is determined by level of ability to perform ADLs and IADLs rather than diagnosis since individuals with the same or similar diagnoses can have varying abilities indicating need for services. Optumas recommends building acuity into all state waivers and other HCBS programs. CMS recommends states establish rates based on acuity to ensure flexibility for individuals who receive services.

Conclusion

Now that North Dakota has completed a comprehensive rate study and has received recommendations from its engagement with Optumas the state has some important decisions to make. The budget model calculator can be used to project budgetary needs for legislative approval during the 2023 session and beyond. The state must determine whether to build in tiers for rates across the HCBS waivers and other programs serving individuals in need. A comprehensive rate setting process is advisable in the not-too-distant future to further advance the state's progress in meeting the needs of all individuals receiving services.

Appendices

The appendices are contained in the accompanying Excel workbook with the following title:

ND HCBS Appendices for Deliverable 6 – 2022.11.28.xlsx

Appendix A: Lists of Other States' HCBS Service Offerings

Appendix B: Historical Institutional Costs

Appendix C: Historical HCBS Cost