

Policy Title: Rates Band Proposal

Primary Contact and Names of Members Who Worked on the Proposal:

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Brief Description

DHS should develop and implement by December 2021 a statewide rate band that: a. starts with worker wages, b. is transparent and consistent across programs and settings; c. has built-in increases based on the Consumer Price Index (CPI) annually, and d. is developed with provider input from the beginning.

Analysis - Anticipated benefits

Establishing a consistent, transparent statewide rate band that starts with worker wages and increases the likelihood that:

1. the direct support professional is adequately compensated for their work
2. the provider network is adequately compensated
3. rates reflect current costs
4. less time is invested in rate negotiations
5. there would be consistency across the state and across providers; and
6. increasing costs (CPI) are built-in so that rates do not become stagnant.

This avoids the current "look back" model that becomes a self-fulfilling prophecy of providing inadequate payment rates based on the past. This proposal will benefit the direct care professional with an adequate wage, the provider network by ensuring robust business models, and increases the likelihood that people needing care have an adequate network of adequately compensated providers.

In 2017 the Government Accountability Office issued a report on the need for improved oversight in rates paid for long-term services and supports: <https://www.gao.gov/assets/690/681946.pdf> The report identified the need for rates to take workforce dynamics into account.

“The payment rates set by MCOs to community-based providers, such as home care workers, could have an impact on access to services. CMS issued an informational bulletin in August 2016 that encouraged states to be mindful of the relationship between access to care and wages for the Medicaid home care workforce. See Department of Health and Human Services, Centers for Medicare & Medicaid Services, Suggested Approaches for Strengthening and Stabilizing the Medicaid Home Care Workforce, Center for Medicaid & CHIP Services Informational Bulletin (Baltimore, Md.: Aug. 3, 2016).”

In its [2016 Bulletin](#) “Suggested Approaches for Strengthening and Stabilizing the Medicaid Home Care Workforce” – the Center for Medicare and Medicaid Services (CMS) said:

“Wages paid to individual workers are often slow to be adjusted in response to inflation and economic growth, and can lag behind wage increases in other health and service sectors. Analyses of how the home care industry relates to the larger marketplace within a state are encouraged when states establish rate-setting methodologies to providers, and when providers determine the wage structure for their employees. This includes taking into account geographic differences in wages within a state.”

- Potential funding options/cost savings/benefits
Time and money are saved in negotiating rates each year, and benefits exist through the likelihood of ensuring an adequate provider network, increasing the health and safety of people needing care and avoiding costly health care crises that occur when care networks are inadequate. Funding would largely come from more equitably redistributing existing funds across the long-term care system.
- What state agency or other entity would be responsible for implementing the proposal, if it were approved?

The Department of Health Services (DHS)

- Cost estimates:
The sub-group was not able to provide an accurate cost estimate at this time.

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