

Residential Habilitation Services Cost and Utilization Estimates

In follow-up to discussions regarding changes to the Residential Habilitation Services unit rates and service definitions, the estimates below reflect our estimate of the relevant factors:

Based on data provided by OLTL, the occupancy rate (paid claims vs HCSIS authorized days) difference between the FY15-16 experience (94.65%) and the FY16-17 experience (92.80%) is 1.85%. One of the differences between the two years is the imposition of the 12 hour rule in the service definition.

The overall statewide delta between the rate methodology assumption of 100% occupancy and actual experience in FY16-17 is 7.2%.

The brain injury providers are asking for the addition of a 3% vacancy factor in the two Residential Habilitation Service rates (W0100 and W0102) effective 7/1/18. In addition, we request a change to the Residential Habilitation Service definitions to reflect an eight hour day rather than the 12 hour day in the current definition.

Both of these changes are consistent with the way that the Office of Developmental Disabilities (ODP) defines and sets rates for their Medicaid fee schedule Residential Habilitation Services. The ODP fiscal office has estimated a statewide average of a 1% change (increase) in utilization resulting from their own service definition revision from 12 to 8 hours, effective 1/1/18. ODP also uses an occupancy assumption of 97% in their current fee schedule rate methodology.

For OLTL, The state cost of Residential Habilitation Service fee schedule rates changing (increasing) to include a 3% vacancy factor for one year at FY16-17 utilization and FY18-19 FMAP (52.25%) is \$412,355.

For OLTL, The state cost of Residential Habilitation Service fee schedule rates changing to reflect a service definition revision from a 12 to 8 hour day at a 3% vacancy factor for one year at FY16-17 utilization and FY18-19 FMAP is \$141,574.

The total cost to make these two changes for one year of fee schedule rates statewide is \$553,930, which would be adjusted to account for the net effect of CHC roll-out and timing changes and utilization trend changes after FY16-17.