

August 9, 2010

To: Assisted Living Members Serving Family Care/Partnership Enrollees
cc Interested WAHSA Members and Associates (FYI Only)

From: John Sauer, Executive Director

Subject: Collection of Assisted Living Cost Data-- DHS/WAHSA Request for Data

Note: Via this memo, WAHSA is requesting that its assisted living members serving Family Care and Partnership enrollees submit cost data directly to the Association. This data is needed to help ensure DHS' assisted living rate-setting methodology reflects the actual costs of serving publicly funded clients.

The Department of Health Services (DHS) is working to establish a uniform residential rate-setting methodology for the Family Care and Partnership programs. Effective January 1, 2011, DHS intends to require that the Managed Care Organizations (MCOs) follow this rate-setting methodology when purchasing assisted living (AL) care and services (RCACs, CBRFs, and AFHs) for enrollees.

The attached August 6th email from DHS Deputy Administrator Fredi Bove briefly explains how the Department intends to build its rate-setting methodology. Essentially, the DHS has contracted with the UW Center for Health Systems Research & Analysis (CHSRA) to develop a rate-setting system that correlates AL rates with Family Care enrollees' acuity needs as measured by the long term care functional screen. The data source for the AL rates is MCO encounter data for 2007, 2008 and the first two quarters of 2009. This means that DHS is building its rate-setting system based on rates paid to the AL providers by the MCOs; our understanding is that the vast majority of providers are paid rates below the actual cost of care and services provided to Family Care/Partnership enrollees. *Without incorporating actual cost data into its rate-setting methodology, WAHSA is fairly certain the resultant system will inadequately reimburse most AL providers serving publicly-funded clients.*

Because DHS has yet to incorporate cost data in building its proposed rate-setting methodology, a coalition of association providers has agreed to seek cost data from their respective members and subsequently make this data available to DHS. If we are successful in collecting a reasonably large sample of cost data from AL providers, DHS has pledged to use this data in refining its rate-setting system (Bove also has requested this cost data directly from AL providers that previously attended a DHS-sponsored residential rate-setting "Listening Session").



Therefore, WAHSA is asking all AL members serving Family Care and/or Partnership enrollees to please complete the abbreviated cost reporting form available at:

www.wahsa.org/dhscost.xls

Here are some key points related to completing and sharing your cost data with WAHSA:

1. WAHSA has concluded that it is in the best interests of our members to share AL cost data with DHS. Otherwise, the payment system is almost guaranteed to inadequately reimburse providers.
2. DHS wishes to collect cost data only from those AL providers that are currently (i.e., now or within the past 180 days) serving Family Care and/or Partnership clients. If you do not serve Family Care/Partnership clients or these programs are not yet available in your locale, please do not submit cost data.
3. WAHSA is especially seeking cost data from those providers for whom MCO AL payments are substantially below the actual cost of care and services.
4. The abbreviated cost reporting form (www.wahsa.org/dhscost.xls) enables organizations to report multiple facility cost data on a single Excel sheet.
5. Providers only need to complete the yellow-colored lines on the cost reporting form; all other lines will be automatically completed based on the data you provide.
6. If you are able to submit cost data but FTE data is unavailable, please go ahead and submit the available data.
7. Be sure to indicate the cost-reporting period and pay particular attention to reporting payroll related cost data to ensure costs are reported for the year in which the costs were incurred (that is, be careful to accurately reflect payroll accruals).
8. WAHSA asks that you electronically submit your AL data directly to the Association. Please save a copy of your completed abbreviated cost reporting form and attached it to your email to Brian Schoeneck at: bschoeneck@wahsa.org. We need your completed form *no later than August 25, 2010*. If we receive an adequate response from our members, we plan to batch the cost reports and forward them to DHS. If members' response to this request is poor, we do not plan to share cost data with the Department. DHS has indicated they must have our cost data by August 27th if they are to incorporate cost data into the final rate-setting methodology.
9. WAHSA repeatedly has informed DHS that the long term care functional screen does not adequately reflect the acuity and behavioral needs of Family Care clients and should be modified. We will continue to object to using the current functional screen without supplemental information as a measure of client needs and services.

Should you have any questions on this request for AL cost report data or the DHS residential rate-setting methodology, please do not hesitate to contact John Sauer (jsauer@wahsa.org) or Brian Schoeneck (bschoeneck@wahsa.org) by email or phone ((1-800-466-7011)).

Thank you for your assistance.

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Email from DHS Deputy Administrator Fredi Bove on Residential Rate-Setting Methodology:

From: Bove, Fredi-Ellen E - DHS [mailto:FrediEllen.Bove@dhs.wisconsin.gov]
Sent: Friday, **August 06, 2010 5:16 PM**
To: John Sauer
Cc: Kahn, Carrie P - DHS
Subject: Family Care Residential Rate Setting Project: Provider Data Collection

As you know, earlier this year the Department initiated a residential rate setting project for the Family Care program. At the last listening session on July 12, some providers at the meeting expressed interest in submitting provider cost data to the project to augment the Department's current set of provider cost data, provided the format and process for cost data submission was relatively simple for providers. Based on stakeholder input on the draft format circulated on July 21, we have developed the attached revised form.

Submission of cost data is strictly voluntary for providers. The Department welcomes data submissions from individual providers or from associations. Several associations that are recipients of this email have offered to distribute the data collection form to their membership and collect the data from their membership. Data should be submitted by Friday, August 27.

As indicated on the form, providers should note the time period covered by the cost data and whether the cost data has been audited. Audited cost data is preferable. Providers should pay particular attention to reporting payroll related cost data that ensures costs are reported for the year in which the costs were incurred (that is, be careful to accurately reflect payroll accruals).

As explained by Dept staff at the July 12 stakeholder meeting, DHS intends to use both encounter data, which is information on payments to providers, and provider cost data in the residential rate setting model. Because encounter data is comprehensive and can be linked to individual members and their acuity, it appears most feasible and sound to use the encounter data as the base data to develop a preliminary model, which would be subject to further review and refinements. Provider cost data will be used in the model to test the validity of the preliminary model and identify and develop refinements.

As indicated in my email earlier this week, the Department is hosting its next meeting for stakeholders on August 17, from 10:00 AM-12:00 Noon to provide an update on the status of the project and discuss preliminary analysis. The meeting will be held in Room 751 of the DHS office building at 1 West Wilson St., Madison. Phone-in capability will be available as well.

Thank you for your interest and involvement in this issue