

# Rate Setting Methodologies for Waiver Services

## Project Overview



Minnesota Department of **Human Services**  
Disability Services Division

**Rate Setting Methodologies for Waiver Services**

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### SUMMARY:

The commissioner shall establish statewide rate-setting methodologies that meet federal waiver requirements for home and community-based waiver services for individuals with disabilities. The rate-setting methodologies must abide by the principles of transparency and equitability across the state. The methodologies must involve a uniform process of structuring rates for each service and must promote quality and participant choice.

### BACKGROUND:

The department of Human Services (DHS) sets rates for home care services and personal care assistant services. The department also sets maximum rates for case management services. For all other waiver services, the department sets a per-unit limit in MMIS (referred to as a rate file limit). Counties negotiate service rates with providers based on the enrollee's need and may negotiate rates that exceed the rate file limits based on the enrollee's needs.

As part of the Community Alternatives Care (CAC) waiver renewal, the Centers for Medicare & Medicaid (CMS) stated that the State of Minnesota's current rate setting methodology for waiver services does not assure that payments for these services are consistent with efficiency, economy, and quality of care as stated in section 1902(a)(30)(A) of the Social Security Act. CMS informed the department that a state must have uniform rate determination methods or standards that apply to each waiver service in order to ensure that payments across all areas of the state are equivalent and that any differences in rates are based on factors specified in the methodology or formula based on concrete indices (e.g., difficulty of care or geographic factors). CMS proposed that the department create a uniformly-applied statewide rate-setting methodology that allows for rate variations to capture the individualized nature of some services.

Since 2004, the department has engaged in several projects with subject matter experts such as Navigant Consulting, Inc. to research various national rate methodologies. This work, along with the rate tools created for Customized Living Services by Aging and Adult Services, has provided a framework for the department to create rate setting methodologies. These methodologies will utilize service components to build rates for services based on individual need while maintaining a consistent rate setting structure.

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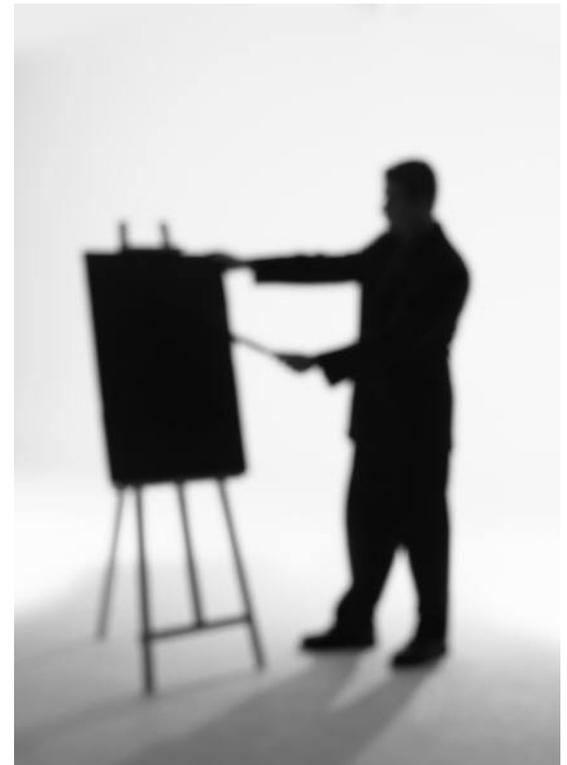
### GOALS:

The goal of this project is to create state-wide rate setting methodologies for waiver services that build rates based on:

1. The components available within each waiver service
2. A person's assessed need for particular components within each service
3. The standardized value of those particular service components
4. Other cost variations due to factors such as general and administrative costs, demographic differences, waiver leave day adjustments, etc.

The department will manage rates using a web based technology. Case managers will enter information regarding participants' assessed needs. The technology will

1. Calculate the rates for services based the standardized costs for service components
2. Store rate data which can be accessed for reporting purposes



### SCOPE:

<i>This project will:</i>	<i>This project will not:</i>
<ol style="list-style-type: none"><li>1. Bring DHS into federal compliance for the renewal of federal financial participation in the disability waiver programs</li><li>2. Identify components of each waiver service</li><li>3. Determine standard values for each service component</li><li>4. Identify methodologies to create rates based on service components and individual needs</li></ol>	<ol style="list-style-type: none"><li>1. Create a single rate for each waiver service</li><li>2. Replace aggregate management of county allocations</li><li>3. Change the CDCS budget allocation methodology</li><li>4. Create new money for waiver program services</li><li>5. Guarantee that current waiver service rates will be maintained</li></ol>

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#### PRINCIPLES TO PARTICIPATE:

The Department has established a set of guiding principles necessary to participate in the work groups in order to continue movement toward reaching the project goals. These principles are as follows:

- Always assume good intentions
- Each member's role is valued and necessary; so is individual attendance
- Participants bring their perspectives, not their biases; leave agendas at the door
- Participants listen, collaborate, and take into consideration diverse perspectives and needs
- Problems identified must be in conjunction with suggestions for solutions

