



## **Implement new fee schedule for home and community-based services providers**

### **Issue:**

- Many home and community-based services (HCBS) waiver providers are not required to be licensed, and service standards are managed through county contracts. The Centers for Medicare & Medicaid Services (CMS) notified the state that this arrangement is unacceptable and the use of contracts is to be discontinued no later than Jan. 1, 2014, for Minnesota to continue to receive federal financial participation for these MA waived services.
- Stakeholders and providers have been interested in developing standards universal across HCBS to streamline administrative requirements and simplify related processes.
- DHS has worked with stakeholders to develop standards that will apply to nearly all home and community-based services, including those that are unlicensed and those that are licensed but currently apply only to people with developmental disabilities or people receiving foster care services under a waiver. The 2012 Legislature passed the standards under Minnesota Statutes, Chapter 245D, to apply to unlicensed services. The department's proposal expanding the 245D standards to currently licensed services, regardless of waiver type or diagnosis, is being considered in the 2013 legislative session.
- DHS held a meeting on the amendments and licensing fees in October 2012 with more than 400 stakeholders. Cost recovery options were presented and providers were invited to submit feedback.
- The cost recovery methodology in this proposal is based on the feedback. The proposal uses a hybrid of the options to most equitably distribute costs between small and large providers.

### **Proposal:**

In the governor's budget proposal:

- The 245D standards are being expanded to include services currently licensed for providers of developmental disabilities services (under Chapter 245B) and corporate adult foster care sites where foster care services funded by the waivers are currently being provided. (When Chapter 245D is implemented, the 245B license requirements will be repealed.) A single statewide 245D program license to provide one or more services subject to licensure under Chapter 245D will be issued. License holders will pay an annual base rate of \$1,125 plus \$92 times the number of individuals served on the last day of June of the current license year for programs serving 10 or more. The fee is limited to a maximum of 200, regardless of the actual number served. Programs serving nine or fewer individuals pay only the base rate.
- When residential supports and services are provided in a community residential setting or day services are provided in a location that is controlled by a license holder, each location will receive a secondary license for basic physical plant standards.
- The county licensing agency will inspect community residential settings and may charge a fee to recover the actual cost of inspections, not to exceed \$500 a year (a continuation of the current fee.)
- DHS will inspect the day service facilities and will charge a \$250 application fee for each new facility and a \$100 annual fee for the inspection of the facility.

- An integrated licensing system will be established for home care services providers currently licensed by the Department of Health (MDH) (under Chapter 144A) who provide services that will be subject to licensure under Chapter 245D. The goal is to avoid duplicative licensing standards and functions for providers subject to both home care and HCBS licensing requirements.

### **Impact:**

- Basic health, safety, and rights protections will be afforded to all people receiving licensed HCBS.
- Reports of providers' licensing reviews will be posted on DHS' website to support consumer choice.
- Service standards will be easier to understand for consumers and others. Standards will apply to all licensed HCBS, across all disabilities, creating efficiencies.
- Providers will be subject to consistent standards regardless of where they provide the service. Additionally, providers have formal due process rights if they dispute a licensing action.
- The state will satisfy the requirements of CMS' corrective action plan.
- Providers currently licensed to provide residential and in-home services under Chapter 245B are expected to pay a reduced licensing fee. Providers currently licensed to provide day training and habilitation under Chapter 245B are expected to pay a higher licensing fee.
- Providers who are currently unlicensed will be subject to the licensing fee and it will be a new cost of doing business

### **Number of people affected:**

- An estimated 32,000 individuals receive HCBS to be licensed under Chapter 245D.
- An estimated 1,600 providers will be licensed under Chapter 245D.
- Of the 1,600 providers, 950 will be licensed for the first time.
- Of the 1,600 providers, 650 currently hold a license to provide developmental disabilities services.
- Of the 1,600 providers, 140 are licensed by MDH to provide home care services.

### **Fiscal impact:**

- This proposal is budget neutral to the state.
- No general fund dollars are appropriated to fund the cost of licensing HCBS. Costs will be covered through licensing fees set at a rate to recover direct costs of licensing.
- The initial license application fee is \$500 (this does not include the 10 percent surcharge under Minnesota Statutes, section 16E.22, which is scheduled to expire June 30, 2015).
- Currently licensed programs will be converted to the HCBS license without an initial application fee, but will pay the 245D fee for calendar year 2014.

#### New fee revenues to support licensing

FY 2014: \$500,000

FY 2015: \$2.70 million

FY 2016: \$2.70 million

FY 2017: \$2.70 million

### **Related information:**

- Minnesota Management & Budget website: <http://www.mmb.state.mn.us/>
- DHS licensing fact sheet: <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4743-ENG>
- DHS HCBS Waiver Provider Standards page: [http://www.dhs.state.mn.us/main/dhs16\\_172393](http://www.dhs.state.mn.us/main/dhs16_172393)
- DHS 245D License Fee Survey Results: [http://www.dhs.state.mn.us/main/dhs16\\_173258](http://www.dhs.state.mn.us/main/dhs16_173258)

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