2014 Legislature authorizes 5% rate increase for continuing care providers

TOPIC
Information about rate changes effective July 1, 2014 and provider requirements related the changes. Also, information about services which must now be authorized at state established rates.

PURPOSE
Notify lead agencies (county, health plans and tribes) and providers of rate increases for continuing care service providers and actions required.

CONTACT
Resources and contacts

SIGNED
LOREN COLMAN
Assistant Commissioner
Continuing Care Administration

TERMINOLOGY NOTICE
The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.
I. Introduction

The 2014 Minnesota Legislature authorized a 5.0% rate increase effective July 1, 2014 for continuing care providers (See Laws of Minnesota 2014, chapter 312, article 27, sections 71, 75). Depending upon the service, the increase applies to grants, allocations, reimbursement rates, case mix caps, individual limits and rate limits for services rendered on or after the effective date of the rate increase. The list of affected service providers is in Section II.A of this bulletin.

This legislation requires that 80% of the money made available by the rate adjustment be used to increase wages and compensation-related costs for eligible employees. This requirement applies to all home and community-based waivers and home care providers, Intermediate Care Facilities/Developmental Disabilities (ICF/DD) facilities and state grantees. More information about this requirement is included in Section III.

As part of this legislation, most providers that receive a rate increase are required to submit a quality improvement plan to the Minnesota Department of Human Services (DHS). Additional information on this requirement, timeline, and exemptions is included in Section IV.

DHS is working to establish consistent rate methodologies. DHS issued guidance that some services funded through waivers and Alternative Care must be authorized at state-established rates effective July 1, 2014. Section V of this bulletin provides information about how state-established rates will be enforced in Medicaid Management Information System (MMIS).

This bulletin includes information and instructions for the following changes:

- Implementation of the 5% rate increase passed by the 2014 Minnesota Legislature
- The legislative requirement to increase employee wages and compensation as related to the rate increase
- Requirements for provider submission of quality improvement plans to DHS to maintain the full rate increase
- State-established rates that are now required for some waiver and Alternative Care services

II. Implementation of the 5% rate increase

The 5% rate increase is effective for services rendered on or after July 1, 2014. The processes for implementing the rate increase are similar to the process followed to implement the April 1, 2014 rate increase. The sections below include information about services and grant programs affected, timelines, and actions required of DHS and lead agencies.
A. Services or grant programs affected by the rate change

- Alternative Care (AC) Program
- Brain Injury (BI) Waiver
- Community Alternative Care (CAC) Waiver
- Community Alternatives for Disabled Individuals (CADI) Waiver
- Day Training and Habilitation (DT&H)
- Developmental Disabilities (DD) Waiver
- Elderly Waiver (EW)
- Family Support Grant (FSG)
- Intermediate Care Facilities/Developmental Disabilities (ICF/DD)
- Moving Home Minnesota (MHM)
- Nursing services and home health services, which include skilled nursing, home health aide, and therapies under the state plan home care program
- Personal care assistance services (PCA) and qualified professional (QP) supervision of personal care assistance services
- Private duty nursing (PDN)
- Aging Grants
- Consumer Support Grant (CSG)
- Deaf and Hard of Hearing grants
- Disability Linkage Line
- Epilepsy Living Skills Programs
- Housing Access grants
- Self-advocacy grants
- Semi-Independent Living Services (SILS)
- Technology grants
- Transition initiative grants
- Employment Support grants
- Grants provided to people who are eligible for the Housing Opportunities for Persons with AIDS program

DHS will incorporate the rate increase for personal care assistance services into Community First Services and Supports (CFSS) rates when that service becomes available. Additionally, Essential Community Support (ECS) rates will reflect the increase upon implementation.

The Internal Revenue Service (IRS) announced on December 6, 2013 the standard mileage rate for the use of a car (also vans, pick-ups or panel trucks) is .56 cents per mile for business miles driven beginning January 1, 2014. DHS adjusted the federal mileage rate to .56 effective April 1, 2014. This mileage adjustment applied to all home and community-based services (HCBS) programs.
B. Service rate increases under managed care

A managed care organization that receives state payments for the services in Section A above must include the increase in their payments to providers for services rendered on or after July 1, 2014. To implement rate increases in this section, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, will be adjusted accordingly and account for the implementation date of the rate increase.

A managed care plan that receives state payments for the services in Section II.A above must include the rate increase in their payments to providers. Providers should contact the [MCO] for information regarding the effective date and procedures for rate increase.

C. Timeframe for rate adjustment

Please note that information in this bulletin and online addresses only the process and procedures for implementing rate changes effective July 1, 2014.

Lead agencies must amend home and community-based services contracts for those affected service providers they remain under contract with in order to pass through the rate increase within 60 days of the July 1, 2014 effective date. The amendments must be retroactive from the effective date of the rate change.

D. Required actions by DHS and Lead Agencies

1. Medicaid Management Information System (MMIS) and Waiver Management System updates

DHS will update the rate file in Medicaid Management Information System (MMIS) to reflect the 5.0% rate increase to the statewide maximum service rate limits as stated above. DHS will adjust county and tribal budget allocations for waiver program services accordingly in the Waiver Management System.

2. Rate increases for DT&H and ICF/DD services

DHS will calculate the provider rate increase for DT&H and ICF/DD services. DHS will finalize the rates and adjust the MMIS provider rate file. A new service agreement letter with the rate change will be sent to the provider.
3. MMIS automation for service agreements

Lead agencies must refrain from adding or making any changes to all service agreements in MMIS from June 23, 2014 through June 26, 2014 or until DHS gives the all clear message. DHS will run a MMIS automation process on June 25, 2014. This automation process will split service authorization lines on existing service agreements that begin before and end after July 1, 2014. Lead agencies can enter the rate increase effective July 1, 2014. Refer to MMIS Automation Process and Instructions for detailed instructions needed for making the rate adjustments in MMIS to service agreements.

4. County and tribal contracts

County or tribal contracts for services, grants, and programs listed in Section II.A above must amend their contracts to pass through these rate increases by September 1, 2014.

5. Consumer Directed Community Support (CDCS) budgets

Lead agencies must inform Consumer Directed Community Support (CDCS) participants of the rate increase and increase individual CDCS budgets accordingly. Use the CDCS Community Support Plan Addendum to communicate and document the budget and plan change. The lead agency must communicate the budget and plan change results to the Fiscal Support Entities (FSE).

6. Home care type B agreements

Lead agencies do not make changes to home care type B agreements. These agreements do not run through the MMIS automation process. The MMIS rate file is adjusted so the increase occurs during the billing process.

7. Family Support and Consumer Support Grants

Family Support and Consumer Support Grants will continue to follow the same manual adjustment process as previous years. Refer to the MMIS Automation Process and Instructions.

8. Federally negotiated rates to tribal providers

This requirement does not apply to federally negotiated Medical Assistance encounter rate payments to tribal providers.
9. Grant allocations

DHS will adjust grant allocations. Grantees need to manage their budgets with available grant funds. The updated grant allocations will be in a DHS bulletin published by the DHS Financial Management Division in August 2014.

10. Rate increase interaction with the Disability Rates Management System (RMS)

The Rate Management System (RMS) will be unavailable on June 25, 2014 so DHS can update the framework and historic rate files to reflect the 5% rate increase. No lead agency action is required in the RMS to implement the rate increase. Please see the [Disability Waiver Rates System](#) website for more information.

11. Rate increase interaction with the Customized Living (CL) Rate Tool

The CL Rate Tool version 9.1.1 incorporates the new rates and limits. Use the new version of the tool for all rate submissions after May 30, 2014. To reflect the new rates, import rates from the older version of the CL tool into the new 9.1.1 version. Print the correct rate guides and reports. Rates for previously submitted CL Tools were automatically adjusted with the 5% increase to the component rates after July 1, 2014. Do not resubmit accepted CL Tools submitted on older version tools for rates that span the July 1, 2014 rate increase date.

E. For more information

- Continuing Care and other provider rate changes Website
- CC program service rate limits
- MMIS automation process and instructions
- Resources and contacts

III. Compensation-related requirement

The legislation requires that 80% of the money made available by the rate adjustment be used for increases in compensation-related costs for eligible employees (See [Laws of Minnesota 2014, chapter 312, article 27, sections 71, 75](#)). Please see the Frequently Asked Questions on the Continuing Care and other provider rate changes website for information on calculating the amount of money that must be used for compensation-related costs. DHS may recoup funds from providers who fail to comply with this requirement.
Compensation-related costs means: wages and salaries, FICA taxes, Medicare taxes, state and federal unemployment taxes, Workers’ Compensation, mileage reimbursement, the employer’s share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, contributions to employee retirement accounts, and other benefits provided and workforce needs, including the recruiting and training of employees.

Eligible employees means: employees directly employed by the provider or facility on or after July 1, 2014, except: persons employed in the central office of a corporation or entity that has an ownership interest or exercises control over the provider or facility and persons paid under a management contract.

For public employees under a collective bargaining agreement, the increase for wages and benefits is available. Pay rates must be increased only to the extent that they comply with laws governing public employees’ collective bargaining. Money received as part of this rate increase must only be used for pay increases implemented between July 1, 2014 and August 1, 2014.

A. Services or Grant Programs affected

- Alternative Care (AC) Program
- Brain Injury (BI) Waiver
- Community Alternative Care (CAC) Waiver
- Community Alternatives for Disabled Individuals (CADI) Waiver
- Day Training and Habilitation (DT&H)
- Developmental Disabilities (DD) Waiver
- Elderly Waiver (EW)
- Family Support Grant (FSG)
- Intermediate Care Facilities/Developmental Disabilities (ICF/DD)
- Moving Home Minnesota (MHM)
- Skilled nursing, home health aide, and therapies under the state plan home care program
- Personal care assistance services (PCA) and qualified professional (QP) supervision of personal care assistance services
- Private duty nursing (PDN)/Home care nursing
- Aging Grants
- Consumer Support Grant (CSG)
- Deaf and Hard of Hearing grants
- Disability Linkage Line
- Epilepsy Living Skills Programs
- Housing Access grants
- Self-advocacy grants
- Semi-Independent Living Services (SILS)
- Technology grants
- Transition initiative grants
- Employment Support grants
• Grants provided to people who are eligible for the Housing Opportunities for Persons with AIDS program

B. What do providers need to do?

Providers must develop a distribution plan and share it with employees by January 1, 2015. DHS may request copies of the distribution plan and a provider assurance for review and verification.

Providers that have employees represented by an exclusive bargaining unit must obtain a letter of acceptance of the distribution plan signed by the exclusive bargaining agent. This letter must be provided to the commissioner upon request.

For the purpose of Consumer Directed Community Supports (CDCS), “provider” refers to the participant or their authorized representative who acts as the employer of persons who provide care to a participant or who purchase supports for the consumer. This employer relationship carries the same requirement as formal agency providers. All employers of direct support workers are expected to increase the wages and compensation costs of employees as required in law and adjust their budgets accordingly.

C. Distribution plan

Providers need to develop a distribution plan that describes how the compensation requirement will be implemented. The plan must include an estimate of the amount of money that will be distributed and how it will be used to increase compensation for employees. The plan must be posted by January 1, 2015 in an exposed location accessible to employees for at least six weeks.

The plan needs to include instructions about the complaint process for employees who believe they did not receive their compensated-related increases. These instructions must include the mailing address, email address, and telephone number of DHS. This contact information can be found on the Continuing Care and other provider rate changes website.

A formal distribution plan is not needed from CDCS participants since lead agencies review and approve their budgets. A CDCS community support plan addendum can be found at Continuing Care and other provider rate changes website.

D. For more information

• Continuing Care and other provider rate changes Website
• Resources and contacts
IV. Quality Improvement Project

The goal of this requirement is to encourage provider efforts to implement quality improvement projects. DHS will support providers in this process by offering information and tools for implementing quality improvement projects, as well as helping to connect providers to each other so they are able to learn from others’ experiences.

Most providers that receive the rate increase must submit to DHS a quality improvement project that will be implemented by June 30, 2015 (See Laws of Minnesota 2014, chapter 312, article 27, sections 71, 75). Quality improvement projects must address one of the following goals:

- Improve the quality of life of home and community-based service recipients in a meaningful way
- Improve the quality of services in a measurable way
- Deliver good quality services more efficiently while using the savings to enhance services for the participants served.

A. Quality improvement resources

DHS will work with providers to develop resources, such as webinars and information about promising practices, to support meaningful quality improvement projects. DHS will help and encourage providers to connect with each other to share information, experiences, and promising practices. Additionally, information for providers that have questions about how to develop and implement quality improvement projects will be available on the Continuing Care and other provider rate changes website.

B. Providers required to submit a quality improvement project

Providers and facilities providing services under the following programs are required to submit a quality improvement project:

- Alternative Care (AC) Program
- Brain Injury (BI) Waiver
- Community Alternative Care (CAC) Waiver
- Community Alternatives for Disabled Individuals (CADI) Waiver
- Day Training and Habilitation (DT&H)
- Developmental Disabilities (DD) Waiver
- Elderly Waiver (EW)
- Intermediate Care Facilities/Developmental Disabilities (ICF/DD)
- Moving Home Minnesota (MHM)
- Skilled nursing, home health aide, and therapies under the state plan home care program
- Private duty nursing (PDN)
CDCS participants do not need to submit a quality improvement project using the web-based Quality Improvement Tool. Participants must include information about how they will improve their supports or plans on their CDCS community support plan addendum.

C. Providers exempt from this requirement

Any provider is welcome to submit a quality improvement project. Projects submitted will be used to identify and promote learnings. However, providers and facilities providing services under the following programs are not required to submit a quality improvement project:

- Personal care assistance services (PCA) and qualified professional (QP) supervision of personal care assistance services
- Community First Services and Support
- Essential Community Supports
- Aging Grants
- Consumer Support Grant (CSG)
- Family Support Grant (FSG)
- Deaf and Hard of Hearing grants
- Disability Linkage Line
- Epilepsy Living Skills Programs
- Housing Access grants
- Self-advocacy grants
- Semi-Independent Living Services (SILS)
- Technology grants
- Transition initiative grants
- Employment Support grants
- Grants provided to people who are eligible for the Housing Opportunities for Persons with AIDS program

D. How to submit the quality improvement project

The quality improvement plan must be submitted to DHS by December 1, 2014. Projects must be submitted using a web-based Quality Improvement Tool. This tool will be available by August 15, 2014. A draft of this tool is available on the Continuing Care and other provider rate changes website.

Providers and facilities that fail to submit plans will have their rates reduced by one percent effective January 1, 2015.

E. For more information

- Continuing Care and other provider rate changes Website
- Resources and contacts
V. State established rates required for some waiver and Alternative Care services

DHS established consistent rate methodologies for the home and community-based waiver and Alternative Care programs. As part of that effort, DHS directed lead agencies that some services authorized July 1, 2014 or later must be authorized at state established rates. Rates for these services may have been negotiated between lead agencies and providers. The sections below list the services and rates by program that must now use the state established rate.

A. Automatically adjusted rates by program

For the services beginning July 1, 2014 under the programs listed below, all existing authorized rates in MMIS will be automatically adjusted to the state established rates listed in [CC program service rate limits](#).

For services beginning July 1, 2014 or later, lead agencies must authorize these rates for the services below. Beginning July 1, 2014 MMIS will not accept rates greater or less than the posted rates.

Table 1: Services with state established rates, by program

<table>
<thead>
<tr>
<th>Service Name</th>
<th>Service Unit</th>
<th>Procedure Code</th>
<th>AC</th>
<th>EW</th>
<th>BI</th>
<th>CAC</th>
<th>CADI</th>
<th>DD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Day Service</td>
<td>15 minute</td>
<td>S5100</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Day Service</td>
<td>Daily</td>
<td>S5102</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Day Service FADS</td>
<td>15 minute</td>
<td>S5100 U7</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Day Service FADS</td>
<td>Daily</td>
<td>S5102 U7</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Day Service Bath</td>
<td>15 minute</td>
<td>S5100 TF</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Companion Services</td>
<td>15 minute</td>
<td>S5135</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chore Service</td>
<td>15 minute</td>
<td>S5120</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Family Caregiver Coaching and Counseling</td>
<td>15 minute</td>
<td>S5115 TF</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Delivered</td>
<td>Per Meal</td>
<td>S5170</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Service Name | Service Unit | Procedure Code | AC | EW | BI | CAC | CADI | DD
---|---|---|---|---|---|---|---|---
Meals | | | | | | | | |
Homemaker – (Assistance with personal cares) | 15 minute | S5130 TG | X | X | | | | X
Homemaker – (Assistance with personal cares) | Daily | S5131 TG | X | X | | | | |
Homemaker – (Home Management) | 15 minute | S5130 TF | X | X | | | | X
Homemaker – (Home Management) | Daily | S5131 TF | X | X | | | | |
Nutrition Services | Visit | S9470 | X | | | | | |
Respite In Home | 15 minute | S5150 | X | X | | | | |
Respite In Home | Daily | S5151 | X | X | | | | |
Respite out of Home | 15 minute | S5150 UB | X | X | | | | |

**B. Manually adjusted rates by program**

For the services beginning July 1, 2014 under the programs listed below, all existing authorized rates in MMIS must be manually adjusted by lead agencies to the state established rates listed in [CC program service rate limits](#).

1. **County-provided case management**

County-provided case management must be authorized at the state established rate for services on or after July 1, 2014. Refer to the [CC program service rate limits](#) by program.

Contracted case management rates continue to be authorized at a county-determined rate based on contractual agreements, up to the service limit.

**Table 2: County-provided case management with state established rates, by program**
### Table 3: Respite services using procedure code H0045

<table>
<thead>
<tr>
<th>Service Name</th>
<th>Service Unit</th>
<th>Procedure Code</th>
<th>AC</th>
<th>EW</th>
<th>BI</th>
<th>CAC</th>
<th>CADI</th>
<th>DD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respite Hospital, 24 hours</td>
<td>Daily</td>
<td>H0045</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respite out of Home</td>
<td>Daily</td>
<td>H0045</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respite Certified Facility</td>
<td>Daily</td>
<td>H0045</td>
<td></td>
<td></td>
<td></td>
<td>NF’s per diem for the client’s case mix</td>
<td>NF’s per diem for the client’s case mix</td>
<td></td>
</tr>
</tbody>
</table>

2. Respite services using procedure code H0045

Respite services using the procedure code H0045 in the Elderly Waiver and Alternative Care programs must be authorized at the state established rate for services on or after July 1, 2014. Refer to the [CC program service rate limits](#) by program.

C. For more information

- [Continuing Care and other provider rate changes](#)
- [CC program service rate limits](#)
- [Resources and contacts](#)
Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651) 431-2100 (voice) or toll free at (800) 747-5484 or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.