

Date: January 9, 2017

To: Senator Eric L. Brakey, Chair
Representative Patricia Hymanson, Chair
Members, Joint Standing Committee on Health and Human Services

From: Nick Adolphsen, Director, DHHS/Government Relations and Policy

Re: Resolve, Directing the Department of Health and Human Services To Increase Reimbursement Rates for Home-based and Community-based Services – Chapter 83, Sections 3 and 4

Sections 3 and 4 of Resolve 2016, Chapter 83 directed the Department of Health and Human Services to review provider payment rates for services reimbursed under Section 40 of the MaineCare program:

Sec. 3 Rate study. Resolved: That the Department of Health and Human Services shall conduct a rate study of the services in rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 40, Home Health Services. The rate study must be conducted by a 3rd party, account for provider costs related to the services in Section 40 and include stakeholders for all services included in Section 40; and be it further

Sec. 4 Report. Resolved: That the Department of Health and Human Services shall provide a report to the joint standing committee of the Legislature having jurisdiction over health and human services matters with findings and recommendations for changes to the rates identified in section 4 no later than January 1, 2017; and be it further

The rate study is in process. As required, the Department has contracted with a third party, the national consulting firm Burns & Associates, Inc. (B&A). The Department chose B&A to ensure consistency in approach since the firm previously conducted a rate study for personal care and related services covered by Sections 12, 19, and 96 (the legislation cited above provided funding to implement one-half of the rate increases proposed in that rate study). As with prior DHHS-B&A rate reviews, this study will incorporate three core principles: *transparency* in terms of documenting data sources and methodologies, *granularity* in rate models that are based on a line-by-line breakdown of cost components for each reviewed service, and *provider engagement* with multiple opportunities to participate and influence the process.

The Department scheduled a project kick-off meeting with Section 40 for October 28, but the meeting was not well-attended and was ultimately rescheduled for November 17. B&A and the Department have been working with the Home Care & Hospice Alliance of Maine to encourage service providers to participate in the rate study.

Based in part on the discussion during the November 17 meeting, B&A developed and deployed a provider survey, which was released December 13. Completed surveys were due on January 9, but at the request of providers, the deadline has been extended to January 23, 2017.

After considering information from the provider survey as well as data from other sources, B&A intends to produce draft rate models for public comment sometime in February. Providers and other stakeholders will be given three-to-four weeks to offer comment. The Department will consider these comments and revise the draft rate models as appropriate. Final proposed rate models should be complete by April and will be shared with the Legislature at that time.