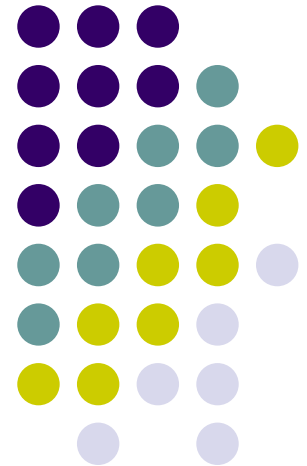


# Long Term Care Maine Policy and Reimbursement: Past, Present and Future – Berry Dunn Program January 8, 2019

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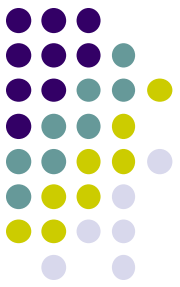




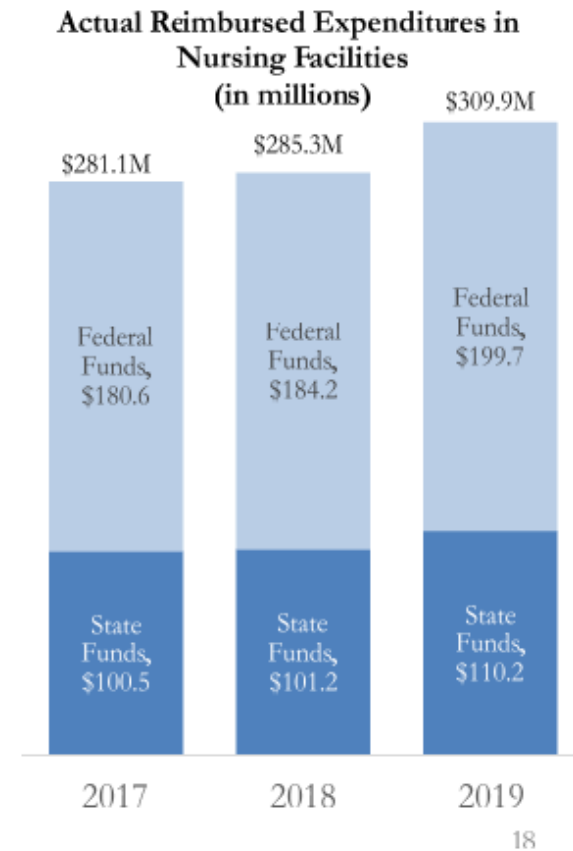
# Overview

- Commissioner Lambrew Slide – November 14, 2019 Presentation to AFA Committee – Past Three State Fiscal Years
- Underlying Statutory Architecture
- Prior History
- Recent Legislation
- Potential Future Changes

# MaineCare Nursing Facility Payments



- **Maine ranks:**
  - Among the most stringent states on functional eligibility criteria, thus serves relatively few nursing home residents with low needs
  - Top 20 on most measures of provider supply: personal care assistants, registered nurse hours per resident assisted living and residential care units
- **MaineCare nursing facility payments:**
  - Average annual spending growth was 10 percent from 2017 to 2019
  - In the biennial, a prospective cost of living adjustment and reestablishing rebasing on a two year cycle will add \$55 million in General Fund and Federal matching funds in 2020 and 2021
- **LD 1758:** Agreement that in FY 2020:
  - Total Cost: \$22-24 million, State share: ~\$7 m
  - Appropriation: \$520,000 (\$1.04 m for the biennial)
    - 7% of total

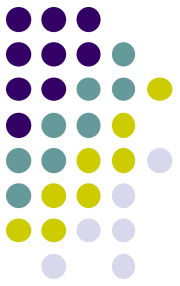


# Statutory Architecture – 22 MRS § 1708

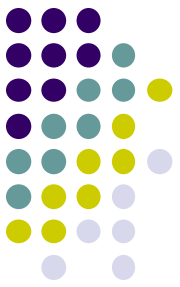


- Some elements go back to 1975 and earlier
- Prohibits flat rate reimbursement
- Must take into account state & federal laws, regs, safety standards
- Keep within federal limits – Upper Payment Limit
- “Reasonable & adequate to meet costs incurred by efficiently & economically operated facilities”
- Requires annual inflation adjustments (COLAs)

# 2014 Reforms – LD 1776



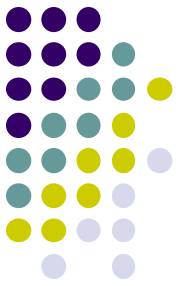
- Rebasing – established 2014 as base and required rebasing every 2 years – based on updated data
- Mandated changes to Principles of Reimbursement
  - Peer group limits for direct care and routine care components increased to 110% of median
  - Eliminated administrative & management cost ceilings
  - Details re annual COLAs –based on Federal DOL data
  - Supplemental payment for facilities with over 70% Maine Care residents - \$0.40 per Maine Care patient day for each 1% over 70%



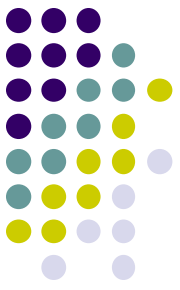
## 2018 Reforms – LD 925

- Supplemental appropriations for state fiscal year ending June 30, 2019
- Vetoed by Governor LePage
- Veto overridden July 9, 2018
- Strong bipartisan support from Leadership of both parties secured override

# LD 925 – NF Reforms – Updating of Rebasing



- For FYE 2019, Base year is 2016
- For FYE 2020 and following – use most recent cost report available
- Include COLAs
- Hold harmless protection

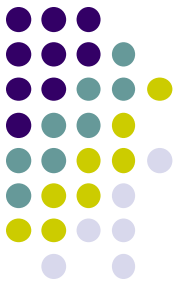


## LD 925 - More NF Reforms

- Special Wage Allowance (“SWA”) for FYE 2019 – 10% of allowable wages & benefits
- Occupancy penalty for FYE 2019 & 2020 & 2021 will not be imposed where occupancy less than 70%
- Occupancy penalty for FYE 2022 and after – kicks in when occupancy is below 85% for facilities with 61 beds or more, and when occupancy below 80% for facilities with 60 beds or less
- Changes for relief to low cost, high MaineCare facilities – where MaineCare residents more than 80% -- increased from \$0.40 per MaineCare resident day to \$0.60 per day, and not cost settled

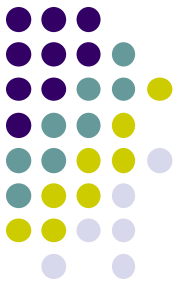


# LD 925 – Residential Care Facilities Reforms



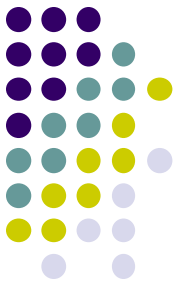
- SWA of 10% of wages & benefits
- Inflation COLAs for FYE 2020 and following

# LD 925 – Incremental 2018 Appropriations



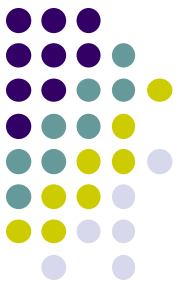
- LD 925 Elements
  - \$11,100,000 State General Fund
  - \$22,149,000 Federal Funds
- Grand Totals per Lambrew Chart
  - \$101.2 State General Fund
  - \$285.3 Million

# LD 1758 – 2019 End of Session DRAMA



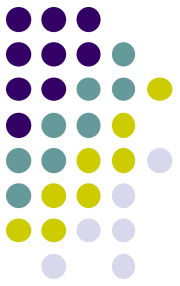
- Strong support -- Senate President Jackson and Leaders of both parties
- Governor Mills would not sign in June and held the bill based on concern re “upper payment limit” (“UPL”) under Federal law
- MHCA – Rick Erb, consultant Joseph Lubarsky & Andy Cashman met w Commissioner Lambrew, Legislative Leaders and staff through the fall – offered alternative methodology to determine UPL -- which DHHS accepted and will implement
- December 9, 2019 – Governor Mills letter – she is “permitting LD 1758 to become law” – will permit 5.5% rate increase for 2020

# LD 1758 – NF and Residential Care –2 SWAs



- FYE 2019 SWA of 10% continues in future years until these SWA related costs are reflected in a future rebasing
- A second SWA of 10% is provided for FYE 2020 and future years until these SWA related costs are reflected in a future rebasing
- SWAs for FYE 2020 and following include contract labor costs

# LD 1758 – Additional Appropriations for 2019



- \$5,920,000 from General Fund
- \$9,726,220 from Federal Funds
- Totals per Lambrew BEFORE LD 1758
  - \$309.9.3 Million
    - \$110.2 State General Fund
    - \$199.7 Federal

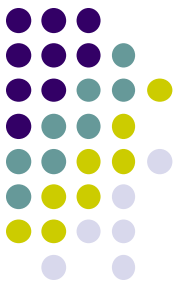
# Upcoming Session – LD 1577

## Carryover



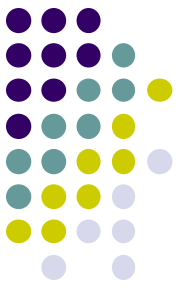
- Rep. Ann Perry Bill with discrete reforms
- Received Committee support – Would
  - Restore opportunity to close and reserve beds and later reopen;
  - Allow medical director costs;
  - Reimburse for cloud based software
- Committee did not support health insurance as fixed cost, bad debts, or bed hold days for adult family homes

# Upcoming Session – Report of Long-Term Care Workforce Shortage Commission



- Commission created as part of Budget Law
- Has met 5 times since September 11, 2019
- Will propose legislation and other recommendations to HHS Committee
- Charge to Commission included
  - Measure demand
  - Make recruitment strategy recos
  - Education and career ladder
  - Barriers to hiring and strategies to improve job quality

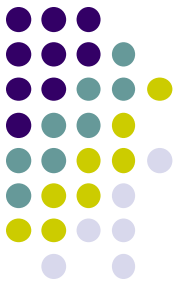
# #1 -SOME of Workforce Commission Recos



- See website <https://legislature.maine.gov/long-term-care-workforce-commission>
- Recommendations on December 9 Chart
  - Increase wages for DCWs to 125% of minimum wage
  - Rate setting for non-facility based – and increased rates for specialized care – dementia and bariatric
  - Annual Colas for DCW rates – and rates reflecting future minimum wage increases

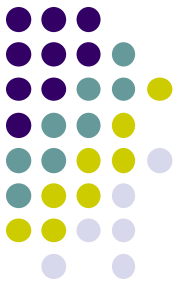


## #2 –More Commission Recos



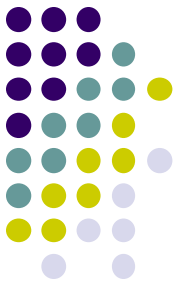
- Directives to DHHS re DCW qualifications and training
  - Standardize qualifications for entry DCW
  - Standardize training and certification
  - Remove barriers for family members as paid caregivers
  - Expand coverage for assistive technology

# #3 –More Commission Recos



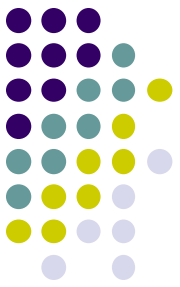
- Recos re Addressing Barriers
  - Reform public assistance constraints re income etc
  - Work with DOE and higher ed re training and education programs
  - Public service campaigns
  - Create career pathways

# #4 –More Commission Recos



- 2-year oversight Commission
- DECD to prioritize this segment
- Look at Civil Monetary Penalties to fund workforce shortage
- DHHS to make quarterly reports
- DHHS to investigate impact of swing beds in critical access hospitals and rural NFs – and consider options to remedy negative impacts

# OADS and OMS Report –Reco Reforms for Aging and LTSS



- Report December 31, 2019
- Recommendations for Reform: Aging and Long-Term Services and Supports
- “Convening” May 7, 2019 – 60 Stakeholders
  - DHHS then formed Aging and LTSS Advisory Committee
  - Committee met 4 times – Glen Cyr a member
  - Report highlights 2 Focus Areas and multiple recommendations

# Focus Area 1 – Expand Access to In-Home Services



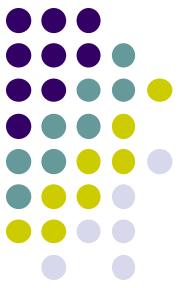
- Create Medicaid Community First Choice (CFC) Program under Section 1915 (k) waiver
- Expand use of assistive technology to make home care more feasible
- Strengthen LTSS info and referral system (No Wrong Door)
- Make LTSS Care coordination more efficient
- Streamline delivery across similar programs

# Focus Area 2 – Strengthen Coordination for Dual Eligible



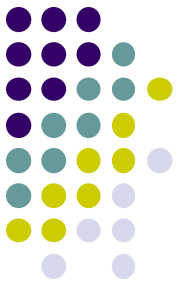
- Study options to strengthen coordination for dual eligibles – including fee for service models that build on Maine health homes, and capitated managed care models with Medicare-Medicaid Plans, Dual Eligible Special Needs Plans and other accountable entities
- Strengthen data analysis
- Update Dual Eligible Special Needs Plans to strengthen coordination and meet new Fed requirements

# Mills Administration – Future NF Reforms ? Stay Tuned...



- Governor Mills Letter of 12/09/2019
- “... the confusion over this and prior pieces of legislation about nursing facility rates is a symptom of a complicated and outdated system of reimbursement for nursing facility services. As such, I have directed DHHS to examine reforms that would promote simplicity, quality, transparency, and accountability.”

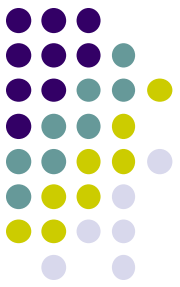
# Mills Letter – More Guidance



- Mills letter directs DHHS to put in place regulation governing LD 1758 funds with reporting requirement “on how rate increase being used to provide increases in direct service care wages, contract labor wages and allowable benefits”
- States that LD 1758 funding should “most appropriately go toward supportive wages of workers who are most directly involved in care of those residing in nursing facilities, not for administrative costs or increases [in] executive compensation”

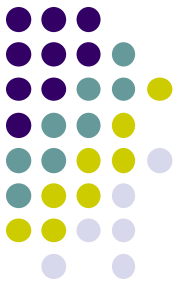


# Comprehensive Evaluation and Development of MaineCare Rate Setting System



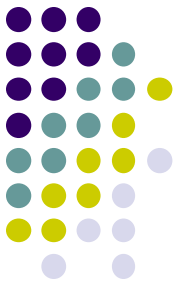
- RFP issued January 4, 2020
- “The State of Maine is seeking proposals for an evaluation of its current rates and Rate-setting Methodologies for MaineCare Provider reimbursement, and for the development of a plan to rationalize and streamline the current system, including a comprehensive assessment of rates for all MaineCare covered services.”

# Services



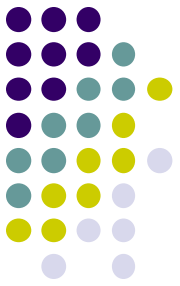
- The services resulting from this RFP will:
  - Provide a comprehensive evaluation of MaineCare's rates and rate setting system in comparison to other rates and payment models employed nationally for Medicaid, Medicare, and other payers;
  - Design a workplan for the creation of a comprehensive, streamlined and coherent system, including a plan for the development of rates for specific services and programs.

# Goals



- The work outlined in this RFP will help inform decision making around MaineCare reimbursement rates, payment models and methodologies, while providing the framework to assess if rates:
  - Are adequate to ensure a robust Provider network,
  - Are financially sustainable to the State,
  - Incent high value care, and
  - Comply with federal requirements, such as [Section 1902\(a\)\(30\)](#) of the Social Security Act regarding state plans for medical assistance.

# Timeline and Focus on APMs

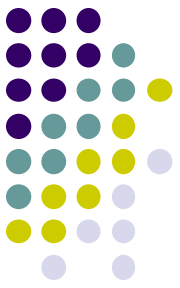


- Period of Performance
  - RFP responses due January 31, 2020
  - Start April 1, 2020
  - End March 31, 2021
- Repeated references to Alternative Payment Methods
  - A health care Payment Method that uses financial incentives to promote or leverage greater value - including higher quality care at lower costs - for patients, purchasers, payers and Providers. APMs may include, but are not limited to, **bundled payments with a pay for performance component, bundled payments for episodes of care, incorporation of shared savings and/or downside risk into the delivery of a service, and capitation.** More information can be found at <https://qpp.cms.gov/apms/overview>.

# Benchmark reimbursement rates and Payment Methods



- Benchmark existing MaineCare rates and payment models for every service (except Pharmacy)
- Analyze Payment Methods employed for each MaineCare service and provide a comparison to other Payment Methods - including:
  - Methods used by other peer states (minimum of 5) under managed Fee For Service System:
  - Medicare Payment Methods for comparable services; and
  - Commercial health insurance plan Payment Methods for comparable services in the State,



# Identify “Outliers”

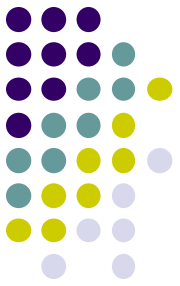
- Identify outliers within MaineCare relative to identified Medicaid plans, Medicare, and commercial health insurance plans, for:
  - Payment Methods for comparable services (e.g., rates that are cost-based when most other states pay FFS or paid FFS in 15-minute increments when other states pay bundled PMPM, etc.).
  - Payment rates, on the low or high end compared to rates for comparable services under comparable Rate Methodologies.

# Recommend Candidates for APMs



- To support the Department's interest in examining APMs that could improve the value of care through achievement of higher quality of care and/or reduced cost/ cost trends:
  - Provide a description and examples of APMs from other state Medicaid programs – and Medicare and private insurers, when appropriate -- for services comparable to MaineCare services.
  - Identify MaineCare services that may be appropriate candidates for the development of APMs and provide rationale for these recommendations.

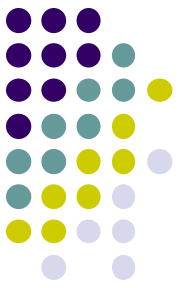
# Required Reports --#1 Evaluation



- Report cataloging and benchmarking MaineCare payment rates and methods with other states Medicaid rates, Medicare rates, and private insurance rates and recommending candidates for APMs.
- Four Months from Start Date



# #2 – Plan for Comprehensive Assessment Process



- Provide a report identifying areas where MaineCare could better rationalize Payment Methodologies and models
- Propose a process and structure the Department may use over the long-term for rate setting, adjustments and rebasing
- Propose a priority list of services for rate review in the short- and longer-term

# #2 – Plan for Comprehensive Assessment Process -- More



- Provide a report estimating rate review and other costs of implementing recommendations.
- Prepare a presentation to the Department and stakeholders of the findings of this study.
- All – 8 months from start date